This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold, nor may offers to buy them be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 27, 2020

NEW ISSUE—FULL BOOK-ENTRY

INSURED RATING: Standard & Poor's: "AA"
UNDERLYING RATING: Standard & Poor's: "A"
(See "MISCELLANEOUS – Ratings" herein)

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California ("Bond Counsel"), under existing statutes, regulations, rulings and judicial decisions, interest on the Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax. See "TAX MATTERS" herein with respect to tax consequences relating to the Bonds.

$13,105,000*
LYNWOOD UNIFIED SCHOOL DISTRICT
(Los Angeles County, California)
2020 General Obligation Refunding Bonds
(Federally Taxable)

Dated: Date of Delivery **Due: August 1, as shown on inside cover page**

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. Capitalized terms used but not otherwise defined on this cover page shall have the meanings assigned to such terms herein.

The Lynwood Unified School District (Los Angeles County, California) 2020 General Obligation Refunding Bonds (Federally Taxable) (the "Bonds") are being issued by the District to (i) advance refund certain of the District's outstanding Prior Bonds and (ii) pay the costs of issuing the Bonds.

The Bonds are general obligations of the District payable solely from *ad valorem* property taxes. The Board of Supervisors of Los Angeles County is empowered and obligated to levy such *ad valorem* property taxes, without limitation as to rate or amount, upon all property within the District subject to taxation thereby (except certain personal property which is taxable at limited rates), for the payment of the principal of and interest on the Bonds when due.

The Bonds will be dated as of their date of initial delivery and will be issued as current interest bonds, such that interest thereon will accrue from such date and be payable semiannually on February 1 and August 1 of each year, commencing August 1, 2020. The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee for The Depository Trust Company, New York, New York (collectively referred to herein as "DTC"). Purchasers of the Bonds (the "Beneficial Owners") will not receive physical certificates representing their interest in the Bonds, but will instead receive credit balances on the books of their respective nominees. Payments of the principal of and interest on the Bonds will be made by the designated Paying Agent to DTC for subsequent disbursement to DTC Participants who will remit such payments to the Beneficial Owners.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by Build America Mutual Assurance Company.

BAM
BUILD AMERICA MUTUAL

The Bonds are subject to optional and mandatory sinking fund redemption as further described herein.*

Maturity Schedule
(see inside front cover)

*The Bonds will be offered when, as and if issued and received by the Underwriter subject to the approval of legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, Bond Counsel. Certain legal matters will be passed upon for the District by Stradling Yocca Carlson & Rauth, a Professional Corporation, as Disclosure Counsel, and for the Underwriter by Kutak Rock LLP, Irvine, California. The Bonds, in book-entry form, will be available for delivery through the facilities of DTC in New York, New York on or about March 17, 2020.**

STIFEL

Dated: February ___, 2020

* Preliminary, subject to change.

MATURITY SCHEDULE*

Base CUSIP[(1)]:

$13,105,000*
LYNWOOD UNIFIED SCHOOL DISTRICT
(Los Angeles County, California)
2020 General Obligation Refunding Bonds
(Federally Taxable)

$__________ Serial Bonds

Maturity (August 1)	Principal Amount	Interest Rate	Yield	CUSIP Suffix[(1)]
2020				
2021				
2022				
2023				
2024				
2025				
2026				
2027				
2028				
2029				
2030				
2031				
2032				

$_______ -____% Term Bonds due August 1, 2038; Yield: ___%; CUSIP Suffix[(1)]

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* Preliminary, subject to change.

(1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services ("CGS"), managed by S&P Capital IQ on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. None of the Underwriter, the Municipal Advisor or the District is responsible for the selection or correctness of the CUSIP numbers set forth herein. CUSIP numbers have been assigned by an independent company not affiliated with the District, the Municipal Advisor or the Underwriter and are included solely for the convenience of the registered owners of the applicable Bonds. The CUSIP number for a specific maturity is subject to being changed after the execution and delivery of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

This Official Statement does not constitute an offering of any security other than the original offering of the Bonds of the District. No dealer, broker, salesperson or other person has been authorized by the District to give any information or to make any representations other than as contained in this Official Statement, and if given or made, such other information or representation not so authorized should not be relied upon as having been given or authorized by the District.

The issuance and sale of the Bonds have not been registered under the Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, in reliance upon exemptions provided thereunder by Sections 3(a)2 and 3(a)12, respectively. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

The information set forth herein, other than that provided by the District, has been obtained from sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the District. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

When used in this Official Statement and in any continuing disclosure by the District in any press release and in any oral statement made with the approval of an authorized officer of the District or any other entity described or referenced in this Official Statement, the words or phrases "will likely result," "are expected to," "will continue," "is anticipated," "estimate," "project," "forecast," "expect," "intend" and similar expressions identify "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material.

The Underwriter has provided the following sentence for inclusion in this Official Statement: "The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information."

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENT AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

The District maintains a website and certain social media accounts. However, the information presented there is not incorporated into this Official Statement by any reference, and should not be relied upon in making investment decisions with respect to the Bonds.

Build America Mutual Assurance Company ("BAM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "THE BONDS – Bond Insurance" and "APPENDIX F – SPECIMEN MUNICIPAL BOND INSURANCE POLICY."

LYNWOOD UNIFIED SCHOOL DISTRICT
(Los Angeles County, California)

Board of Education

Gary Hardie, Jr., *President*
Maria G. Lopez, *Vice President*
Briseida Gonzalez, MSW, *Clerk*
Alfonso Morales, Esq., *Member*
Alma-Delia Renteria, M.Ed., *Member*

District Administration

Dr. Gudiel Crosthwaite, *Superintendent*
Gregory Fromm, *Chief Business Official*

PROFESSIONAL SERVICES

Bond and Disclosure Counsel

Stradling Yocca Carlson & Rauth,
a Professional Corporation
San Francisco, California

Municipal Advisor
Mission Trail Advisors, LLC
Long Beach, California

Paying Agent

U.S. Bank National Association,
as agent of the Treasurer and Tax Collector of Los Angeles County
Los Angeles, California

Escrow Agent

U.S. Bank National Association,
Los Angeles, California

Escrow Verification

Causey Demgen & Moore, PC
Denver, California

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$13,105,000*
LYNWOOD UNIFIED SCHOOL DISTRICT
(Los Angeles County, California)
2020 General Obligation Refunding Bonds
(Federally Taxable)

INTRODUCTION

This Official Statement, which includes the cover page, inside cover page and appendices hereto, provides information in connection with the sale of Lynwood Unified School District (Los Angeles County, California) 2020 General Obligation Refunding Bonds (Federally Taxable) in the principal amount of $13,105,000* (the "Bonds").

This Introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page, inside cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement.

General

The Lynwood Unified School District (the "District"), formed in 1950, provides kindergarten through twelfth grade education services to residents in Los Angeles County, California (the "County"). The District encompasses an area of approximately 6.5 square miles, and includes most of the City of Lynwood. The District operates 12 elementary schools, three middle schools, two high schools, one continuation high school, one adult school and two child care centers. For fiscal year 2019-20, the District's average daily attendance ("ADA") is projected to be 12,265 students and property within the District has an assessed valuation of $3,518,630,406.

The District is governed by a five-member Board of Education (the "Board"), each member of which is elected to a four-year term. Elections for positions to the Board are held every two years, alternating between two and three available positions. The management and policies of the District are administered by a Superintendent appointed by the Board who is responsible for day-to-day District operations as well as the supervision of the District's other key personnel. Dr. Gudiel Crosthwaite is the District Superintendent.

Unless otherwise indicated, the following financial, statistical and demographic data has been provided by the District. Additional information concerning the District and copies of the most recent and subsequent audited financial reports of the District may be obtained by contacting: Lynwood Unified School District, 11321 Bullis Road, Lynwood, California 90262, Attention: Chief Business Official.

See "TAX BASE FOR REPAYMENT OF BONDS" for more information regarding the District's assessed valuation, and "DISTRICT FINANCIAL INFORMATION" and "LYNWOOD UNIFIED SCHOOL DISTRICT" herein for more information regarding the District generally. The District's audited financial statements for the fiscal year ended June 30, 2019 are attached hereto as APPENDIX B and should be read in their entirety.

Purpose of the Bonds

The Bonds are being issued by the District to (i) advance refund a portion of the District's outstanding Election of 2012 General Obligation Bonds, Series A (the "Prior Bonds"), and (ii) pay the costs of issuance thereof.

See "THE BONDS – Application and Investment of Bond Proceeds – Bonds" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

Authority for Issuance of the Bonds

The Bonds are issued pursuant to certain provisions of the State of California Government Code and pursuant to the Resolution of the Board (as defined herein) approved on December 12, 2019. See "THE BONDS – Authority for Issuance" herein.

Sources of Payment for the Bonds

The Bonds are general obligations of the District payable solely from *ad valorem* property taxes. The Board of Supervisors of the County is empowered and obligated to levy such *ad valorem* property taxes, without limitation as to rate or amount, upon all property within the District subject to taxation thereby (except certain personal property which is taxable at limited rates), for the payment of principal of and interest on the Bonds when due. See "THE BONDS – Security and Sources of Payment" and "TAX BASE FOR REPAYMENT OF BONDS" herein.

Description of the Bonds

Form and Registration. The Bonds will be issued in fully registered form only, without coupons. The Bonds will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), who will act as securities depository for the Bonds. See "THE BONDS – General Provisions" and "– Book-Entry Only System" herein. Purchasers of the Bonds (the "Beneficial Owners") will not receive physical certificates representing their interests in the Bonds purchased, but will instead receive credit balances on the books of their respective nominees. In the event that the book-entry only system described below is no longer used with respect to the Bonds, the Bonds will be registered in accordance with the Resolution described herein. See "THE BONDS – Discontinuation of Book-Entry Only System; Registration, Payment and Transfer of Bonds" herein.

So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the "Owners," "Bondowners" or "Holders" of the Bonds (other than under the caption "TAX MATTERS" and in APPENDIX A) will mean Cede & Co. and will not mean the Beneficial Owners of the Bonds.

Denominations. Individual purchases of interests in the Bonds will be available to purchasers of the Bonds in the denominations of $5,000 principal amount, or any integral multiples thereof.

***Redemption*.**[*] Certain of the Bonds are subject to optional and mandatory sinking fund redemption prior to their stated maturity dates, as further described herein. See "THE BONDS– Redemption" herein.

[*] Preliminary, subject to change.

Payments. The Bonds will be dated as of the date of their initial execution and issuance (the "Date of Delivery"). The Bonds will be issued as current interest bonds, such that interest thereon will accrue from the Date of Delivery, and be payable semiannually on each February 1 and August 1, commencing August 1, 2020 (each, a "Bond Payment Date"). Principal on the Bonds is payable on August 1 of each year, as shown on the inside cover pages hereof.

Payments of the principal of and interest on the Bonds will be made by the designated paying agent, bond registrar and transfer agent (the "Paying Agent"), to DTC for subsequent disbursement through DTC Participants (defined herein) to the Beneficial Owners. U.S. Bank National Association has been appointed as agent of the Treasurer and Tax Collector (the "Treasurer") of the County, to act as Paying Agent for the Bonds. See also "—Book-Entry Only System" herein.

Bond Insurance. The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a Municipal Bond Insurance Policy (the "Policy") to be issued concurrently with the delivery of the Bonds by Build America Mutual Assurance Company ("BAM"). See "THE BONDS – Bond Insurance."

In the event of a default in the payment of principal of or interest on the Bonds, when all or some becomes due, any Owner of such Bonds may have a claim under the Policy secured in connection with the Bonds. The Policy may not insure against redemption premium, if any, with respect to the Bonds.

In the event that BAM is unable to make payments of principal of or interest on the Bonds, as such payments become due under the Policy, such Bonds will be payable solely as otherwise described herein. In the event that BAM becomes obligated to make payments with respect to the Bonds, no assurance can be given that such event would not adversely affect the market price of such Bonds or the marketability or liquidity of such Bonds.

As a result of obtaining the Policy, the long-term ratings on the Bonds will be dependent in part on the financial strength of BAM and its claim paying ability. BAM's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of BAM and of the ratings on the Bonds insured by BAM will not be subject to downgrade, and such event could adversely affect the market price of the Bonds, or the marketability or liquidity for such Bonds.

Tax Matters

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, interest on the Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended. In the further opinion of Bond Counsel, interest on the Bonds is exempt from State personal income tax. See "TAX MATTERS" herein.

Offering and Delivery of the Bonds

The Bonds are offered when, as and if issued, subject to approval as to their legality by Bond Counsel. It is anticipated that the Bonds in book-entry form will be available for delivery through DTC in New York, New York, on or about March 17, 2020.[*]

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[*] Preliminary, subject to change.

Bond Owner's Risks

The Bonds are general obligations of the District payable solely from *ad valorem* property taxes which are authorized to be levied on all taxable property in the District, without limitation as to rate or amount (except with respect to certain personal property which is taxable at limited rates). For more complete information regarding taxation of property within the District, and certain other considerations, see "TAX BASE FOR REPAYMENT OF BONDS" and "LIMITATION ON REMEDIES; BANKRUPTCY" herein.

Continuing Disclosure

The District has covenanted that it will comply with and carry out the provisions of that certain Continuing Disclosure Certificate relating to the Bonds. Pursuant thereto, the District will covenant for the benefit of the Owners and Beneficial Owners of the Bonds to make available certain financial information and operating data relating to the District and to provide notices of the occurrence of certain listed events. Such covenants will be made in order to assist Stifel, Nicolaus & Company, Incorporated (the "Underwriter") to comply with S.E.C. Rule 15c2-12(b)(5) (the "Rule"). The specific nature of the information to be made available and of the notices of listed events is summarized below under "LEGAL MATTERS – Continuing Disclosure – Current Undertaking" and "APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR THE BONDS" herein.

Professionals Involved in the Offering

Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, is acting as Bond Counsel and Disclosure Counsel to the District with respect to the Bonds. Mission Trail Advisors LLC, Long Beach, California, is acting as Municipal Advisor to the District in connection with the Bonds. Stradling Yocca Carlson & Rauth, a Professional Corporation and Mission Trail Advisors LLC will receive compensation from the District contingent upon the sale and delivery of the Bonds. Certain matters will be passed on for the Underwriter by Kutak Rock LLP, Irvine, California. Causey Demgen & Moore, PC, Denver, Colorado, will act as Verification Agent in connection with the Refunded Bonds (as defined herein). From time to time, Bond Counsel represents the Underwriter on matters unrelated to the District or the Bonds.

Forward Looking Statements

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "project," "intend," "budget" or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information regarding the District herein.

The achievements of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The District does not plan to issue any updates or revisions to the forward-looking statements set forth in this Official Statement.

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Copies of documents referred to herein and information concerning the Bonds are available from the Lynwood Unified School District, 11321 Bullis Road, Lynwood, California 90262, telephone: (310) 886-1600. The District may impose a charge for copying, mailing and handling.

No dealer, broker, salesperson or other person has been authorized by the District to give any information or to make any representations other than as contained herein and, if given or made, such other information or representations must not be relied upon as having been authorized by the District. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. The summaries and references to documents, statutes and constitutional provisions referred to herein do not purport to be comprehensive or definitive, and are qualified in their entireties by reference to each such documents, statutes and constitutional provisions.

The information set forth herein, other than that provided by the District, has been obtained from official sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the District. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

THE BONDS

Authority for Issuance

The Bonds are issued pursuant to the provisions of Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the State Government Code, and pursuant to a resolution of the Board relating to the Bonds adopted on December 12, 2019 (the "Resolution").

Security and Sources of Payment

The Bonds are general obligations of the District payable solely from the proceeds of *ad valorem* property taxes. The County Board is empowered and obligated to levy such *ad valorem* property taxes, without limitation as to rate or amount, upon all property within the District subject to taxation thereby (except certain personal property which is taxable at limited rates), for the payment of principal of and interest on the Bonds when due. Such *ad valorem* property taxes will be levied annually in addition to all other taxes in an amount sufficient to pay the principal of and interest on the Bonds when due. The levy may include an allowance for an annual reserve, established for the purpose of avoiding fluctuating tax levies. While the County has historically levied *ad valorem* property taxes to establish such a reserve for other bonds of the District, the County is not obligated to establish or maintain such a reserve for the Bonds, and the District can make no representations that the County will do so in future years. Such taxes, when collected, will be placed by the County in the Debt Service Fund (defined herein) established by the Resolution, which fund is required to be segregated and maintained by the County and which is designated for the payment of the Bonds, and interest thereon when due, and for no other purpose. Pursuant to the Resolution, the District has pledged funds on deposit in the Debt Service Fund to the payment of the Bonds. Although the County is obligated to levy *ad valorem* property taxes for the payment of the Bonds as described above, and will maintain the Debt Service Fund, the Bonds are not a debt of the County.

Moneys in the Debt Service Fund, to the extent necessary to pay the principal of and interest on the Bonds, as the same becomes due and payable, will be transferred by the County to the Paying Agent. The Paying Agent will in turn remit the funds to DTC for remittance of such principal and interest to its Participants (as defined herein) for subsequent disbursement to the respective Beneficial Owners of such Bonds.

The amount of the annual *ad valorem* property taxes levied by the County to repay the Bonds as described above will be determined by the relationship between the assessed valuation of taxable property in the District and the amount of debt service due on the Bonds in any year. Fluctuations in the assessed value of taxable property in the District may cause the annual tax rates to fluctuate. Economic and other factors beyond the District's control, such as general market decline in land values, disruption in financial markets that may reduce the availability of financing for purchasers of property, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by the State and local agencies and property used for qualified education, hospital, charitable or religious purposes), or the complete or partial destruction of the taxable property caused by a natural or manmade disaster, such as earthquake, flood, wildfire, drought or toxic contamination, could cause a reduction in the assessed value of taxable property within the District and necessitate a corresponding increase in the respective annual tax rates. For further information regarding the District's assessed valuation, tax rates, overlapping debt, and other matters concerning taxation, see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIIIA of the California Constitution" and "TAX BASE FOR REPAYMENT OF BONDS" herein.

Statutory Lien

Pursuant to Government Code Section 53515, the Bonds will be secured by a statutory lien on all revenues received pursuant to the levy and collection of *ad valorem* property taxes for the payment thereof. The lien automatically attaches, without further action or authorization by the Board, and is valid and binding from the time the Bonds are executed and delivered. The revenues received pursuant to the levy and collection of the *ad valorem* property tax will be immediately subject to the lien, and such lien will be enforceable against the District, its successor, transferees and creditors, and all other parties asserting rights therein, irrespective of whether such parties have notice of the lien and without the need for physical delivery, recordation, filing or further act.

This statutory lien, by its terms, secures not only the Bonds, but also any other bonds of the District issued after January 1, 2016 and payable, as to both principal and interest, from the proceeds of *ad valorem* property taxes that may be levied pursuant to paragraphs (2) and (3) of subdivision (b) of Section 1 of Article XIIIA of the State Constitution. The statutory lien provision does not specify the relative priority of obligations so secured or a method of allocation in the event that the revenues received pursuant to the levy and collection of such *ad valorem* property taxes are insufficient to pay all amounts then due and owing that are secured by the statutory lien.

Bond Insurance

Bond Insurance Policy, Concurrently with the issuance of the Bonds, BAM will issue its Policy for the Bonds. The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as APPENDIX F to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Build America Mutual Assurance Company. BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM's financial strength is rated "AA/Stable" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"). An explanation of the significance of the rating and current reports may be obtained from S&P at www.standardandpoors.com. The rating of BAM should be evaluated independently. The rating reflects the S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

Capitalization of BAM.

BAM's total admitted assets, total liabilities, and total capital and surplus, as of September 30, 2019 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $552.8 million, $130.8 million and $422.1 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at www.buildamerica.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above

(Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "THE BONDS - Bond Insurance."

Additional Information Available from BAM.

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at buildamerica.com/creditinsights/. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at buildamerica.com/obligor/. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers. The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Bonds, whether at the initial offering or otherwise.

General Provisions

The Bonds will be issued in book-entry form only and will be initially issued and registered in the name of Cede & Co. Beneficial Owners will not receive certificates representing their interests in the Bonds, but will instead receive credit balances on the books of their respective nominees.

Interest on the Bonds accrues from the Date of Delivery, and is payable on each Bond Payment Date, commencing August 1, 2020. Interest on the Bonds shall be computed on the basis of a 360-day year of twelve 30-day months. Each Bond shall bear interest from the Bond Payment Date next preceding the date of authentication thereof unless it is authenticated as of a day during the period from the 16th day of the month immediately preceding any Bond Payment Date to and including such Bond Payment Date, in which event it shall bear interest from such Bond Payment Date, or unless it is authenticated on or before July 15, 2020, in which event it shall bear interest from the Date of Delivery. The Bonds are issuable in denominations of $5,000 principal amount, or any integral multiple thereof, and mature on August 1, in the years and amounts set forth on the inside cover page hereof.

Payment of interest on any Bond on any Bond Payment Date will be made to the person appearing on the registration books of the Paying Agent as the registered Owner thereof as of the 15th day of the month immediately preceding such Bond Payment Date (the "Record Date"), such interest to be paid by wire transfer to the bank and account number on file with the Paying Agent as of the Record Date. The principal of and redemption premiums, if any, payable on the Bonds shall be payable upon maturity upon surrender at the principal office of the Paying Agent. The principal of, and interest, and redemption premiums, if any, on the Bonds shall be payable in lawful money of the United States of America. The Paying Agent is authorized to pay the Bonds when duly presented for payment at maturity, and to cancel all Bonds upon payment thereof. So long as the Bonds are held in the book-entry system of DTC, all payments of principal of and interest on the Bonds will be made by the Paying Agent to Cede & Co. (as a nominee of DTC), as the registered Owner of the Bonds. See "THE BONDS – Book-Entry Only System."

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Annual Debt Service

The following table displays the annual debt service requirements of the District for the Bonds, together with outstanding bonded indebtedness of the District (net of the Refunded Bonds, as defined herein, and assuming no further optional redemptions):

		The Bonds		
Year Ending Aug. 1	**Outstanding Bonded Debt Service[(1)*]**	**Annual Principal Payment**	**Annual Interest Payment[(2)]**	**Total Annual Debt Service Payment**
2020	$5,572,579.99			
2021	5,251,872.76			
2022	5,417,852.76			
2023	4,977,112.76			
2024	4,695,799.76			
2025	4,866,299.76			
2026	5,065,499.76			
2027	5,266,462.76			
2028	5,438,068.76			
2029	3,381,368.76			
2030	3,525,068.76			
2031	3,698,818.76			
2032	3,894,218.76			
2033	4,098,818.76			
2034	4,308,956.76			
2035	4,526,756.76			
2036	4,750,819.26			
2037	5,001,062.76			
2038	5,242,025.00			
2039	6,677,837.50			
2040	6,964,525.00			
2041	7,261,000.00			
2042	6,447,400.00			
2043	2,812,400.00			
2044	2,925,200.00			
2045	3,045,200.00			
2046	3,166,800.00			
2047	3,289,600.00			
2048	3,423,200.00			
2049	3,556,800.00			
Total	$138,549,425.91			

* Preliminary, subject to change.

(1) Does not include debt service on the Refunded Bonds (as defined herein).

(2) Interest payments on the Bonds will be made semiannually on February 1 and August 1 of each year, commencing August 1, 2020.

See "DISTRICT FINANCIAL INFORMATION – District Debt Structure – General Obligation Bonds" for a breakdown by issuance of the annual debt service requirements for the District's outstanding general obligation bonded debt.

Application and Investment of Bond Proceeds

The Bonds are being issued to (i) advance refund certain of the Prior Bonds, as further described below (so refunded, the "Refunded Bonds"), and (ii) pay the costs of issuing the Bonds.

The net proceeds from the sale of the Bonds will be deposited with U.S. Bank National Association, as Escrow Agent, to the credit of an escrow fund (the "Escrow Fund") held pursuant to that certain Escrow Agreement, dated as of March 1, 2020, by and between the District and the Escrow Agent. Amounts deposited in the Escrow Fund will be used to purchase certain non-callable direct and general obligations of the United States of America, or non-callable obligations the payment of which is unconditionally guaranteed by the United States of America (collectively, the "Federal Securities"), the principal of and interest on which will be sufficient, together with any monies deposited in the Escrow Fund and held as cash, to enable the Escrow Agent to pay the redemption price of the Refunded Bonds on the first optional redemption date therefor, as well as the interest due on the Refunded Bonds on and prior to such date.

The tables below show information on the specific maturities of the Refunded Bonds.

REFUNDED BONDS*
Lynwood Unified School District
Election of 2012 General Obligation Bonds, Series A

Maturity Date (August 1)	CUSIP	Principal Amount	Outstanding Principal to be Refunded	Redemption Date	Redemption Price (% of Principal Amount)
2024	551800DV4	$485,000	$485,000	August 1, 2023	100%
2025	551800DW2	515,000	515,000	August 1, 2023	100
2026	551800DX0	550,000	550,000	August 1, 2023	100
2027	551800DY8	580,000	580,000	August 1, 2023	100
2028	551800DZ5	615,000	615,000	August 1, 2023	100
2033	551800EA9	3,705,000	3,705,000	August 1, 2023	100
2038	551800EB7	5,135,000	5,135,000	August 1, 2023	100

The sufficiency of the amounts on deposit in the Escrow Fund, together with realizable interest and earnings thereon, to refund the Refunded Bonds as described above will be verified by Causey Demgen & Moore P.C., as the verification agent (the "Verification Agent"). As a result of the deposit and application of funds so provided in the Escrow Agreement, and assuming the accuracy of the computations of the Underwriter and the Verification Agent, the Refunded Bonds will be defeased and the obligation of the County to levy *ad valorem* property taxes for payment thereof will terminate.

Any accrued interest received by the County from the sale of the Bonds will be paid to the County treasury, to the credit of the debt service fund created by the Resolution (the "Debt Service Funds") and used only for payment of principal of and interest on the Bonds, and for no other purpose.

Funds on deposit in the Escrow Fund will be invested as described above. Moneys in the Debt Service Fund will be invested through the County's pooled investment fund. See "APPENDIX E – LOS ANGELES COUNTY TREASURY POOL" herein.

* Preliminary, subject to change.

Redemption

Optional Redemption. * The Bonds maturing on and before August 1, 2030 are not subject to redemption prior to their fixed maturity dates. The Bonds maturing on and after August 1, 2031 may be redeemed prior to their respective stated maturity dates at the option of the District, from any source of funds, in whole or in part, on August 1, 2030 or on any date thereafter, at a redemption price equal to the principal amount of such Bonds called for redemption, together with interest accrued thereon to the date fixed for redemption, without premium.

Mandatory Redemption. * The Bonds maturing on August 1, 20__ (the "Term Bonds"), are subject to redemption prior to maturity from mandatory sinking fund payments on August 1 of each year, on and after August 1, 20__, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption, without premium. The principal amount of such Term Bonds to be so redeemed and the dates therefor and the final payment date is as indicated in the following table:

Year Ending August 1	Principal To Be Redeemed

(1) Maturity.

Selection of Bonds for Redemption. Whenever provision is made for the optional redemption of Bonds and less than all Bonds are to be redeemed, the Paying Agent, upon written instruction from the District, will select Bonds for redemption as so directed and if not directed, in inverse order of maturity. Within a maturity, the Paying Agent will select Bonds for redemption by lot. Redemption by lot will be in such manner as the Paying Agent shall determine; provided, however, that with respect to redemption by lot, the portion of any Bond to be redeemed in part will be in the principal amount of $5,000, or any integral multiple thereof.

Redemption Notice. When redemption is authorized or required pursuant to the Resolution, the Paying Agent, upon written instruction from the District, will give notice (a "Redemption Notice") of the redemption of the Bonds. Each Redemption Notice will specify (a) the Bonds or designated portions thereof (in the case of redemption of the Bonds in part but not in whole) which are to be redeemed, (b) the date of redemption, (c) the place or places where the redemption will be made, including the name and address of the Paying Agent, (d) the redemption price, (e) the CUSIP numbers (if any) assigned to the Bonds to be redeemed, (f) the Bond numbers of the Bonds to be redeemed in whole or in part and, in the case of any Bond to be redeemed in part only, the principal amount of such Bond to be redeemed, and (g) the original issue date, interest rate and stated maturity date of each Bond to be redeemed in whole or in part.

The Paying Agent will take the following actions with respect to each such Redemption Notice: (a) at least 20 but not more than 45 days prior to the redemption date, such Redemption Notice will be given to the respective Owners of Bonds designated for redemption by registered or certified mail, postage prepaid, at their addresses appearing on the bond register; (b) at least 20 but not more than 45 days prior to the redemption date, such Redemption Notice will be given by registered or certified mail,

* Preliminary, subject to change.

postage prepaid, telephonically confirmed facsimile transmission, or overnight delivery service, to the Securities Depository; (c) at least 20 but not more than 45 days prior to the redemption date, such Redemption Notice will be given by registered or certified mail, postage prepaid, or overnight delivery service, to one of the Information Services; and (d) provide a Redemption Notice to such other persons as may be required pursuant to the Continuing Disclosure Certificate.

"Information Services" means the Municipal Securities Rulemaking Board's Electronic Municipal Market Access.

"Securities Depository" shall mean The Depository Trust Company, 55 Water Street, New York, New York 10041.

A certificate of the Paying Agent or the District that a Redemption Notice has been given as provided in the Resolution will be conclusive as against all parties. Neither failure to receive any Redemption Notice nor any defect in any such Redemption Notice so given will affect the sufficiency of the proceedings for the redemption of the affected Bonds. Each check issued or other transfer of funds made by the Paying Agent for the purpose of redeeming Bonds will bear or include the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

Payment of Redeemed Bonds. When a Redemption Notice has been given substantially as described above, and, when the amount necessary for the redemption of the Bonds called for redemption (principal, interest, and premium, if any) is irrevocably set aside in trust for that purpose, as described in "—Defeasance," the Bonds designated for redemption in such notice will become due and payable on the date fixed for redemption thereof and upon presentation and surrender of said Bonds at the place specified in the Redemption Notice, said Bonds will be redeemed and paid at the redemption price out of such funds. All unpaid interest payable at or prior to the redemption date will continue to be payable to the respective Owners, but without interest thereon.

Partial Redemption of Bonds. Upon the surrender of any Bond redeemed in part only, the Paying Agent will execute and deliver to the Owner thereof a new Bond or Bonds of like tenor and maturity and of authorized denominations equal in principal amounts to the unredeemed portion of the Bond surrendered. Such partial redemption is valid upon payment of the amount required to be paid to such Owner, and the County and the District will be released and discharged thereupon from all liability to the extent of such payment.

Effect of Redemption Notice. If on the applicable designated redemption date, money for the redemption of the Bonds to be redeemed, together with interest to such redemption date, is held by an independent escrow agent selected by the District so as to be available therefor on such redemption date as described in "—Defeasance," and if a Redemption Notice thereof will have been given substantially as described above, then from and after such redemption date, interest on the Bonds to be redeemed shall cease to accrue and become payable.

Rescission of Redemption Notice. With respect to any Redemption Notice in connection with the optional redemption of Bonds (or portions thereof) as described above, unless upon the giving of such notice such Bonds or portions thereof shall be deemed to have been defeased as described in "—Defeasance," such Redemption Notice will state that such redemption will be conditional upon the receipt by an independent escrow agent selected by the District, on or prior to the date fixed for such redemption, of the moneys necessary and sufficient to pay the principal, premium, if any, and interest on, such Bonds (or portions thereof) to be redeemed, and that if such moneys shall not have been so received said Redemption Notice will be of no force and effect, no portion of the Bonds will be subject to redemption on such date and such Bonds will not be required to be redeemed on such date. In the event that such Redemption Notice contains such a condition and such moneys are not so received, the redemption will not be made and the Paying Agent will within a reasonable time thereafter (but in no event later than the date originally set for redemption) give notice to the persons to whom and in the manner in which the Redemption Notice was given that such moneys were not so received. In addition, the District will have the right to rescind any Redemption Notice, by written notice to the Paying Agent, on or prior to the date fixed for such redemption. The Paying Agent will distribute a notice of the rescission of such Redemption Notice in the same manner as such notice was originally provided.

Bonds No Longer Outstanding. When any Bonds (or portions thereof), which have been duly called for redemption prior to maturity, or with respect to which irrevocable instructions to call for redemption prior to maturity at the earliest redemption date have been given to the Paying Agent, in form satisfactory to it, and sufficient moneys shall be held irrevocably in trust for the payment of the redemption price of such Bonds or portions thereof, and, accrued interest thereon to the date fixed for redemption, then such Bonds will no longer be deemed outstanding and shall be surrendered to the Paying Agent for cancellation.

Book-Entry Only System

The information under this caption concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC, Direct Participants or Indirect Participants (as defined herein) (collectively, the "DTC Participants") will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis or that DTC, Direct Participants or Indirect Participants will act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each of maturity of the Bonds, each in the aggregate principal amount of such bond, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. However, the information presented on such website is not incorporated herein by any reference to such website.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The Beneficial Owner is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the Record Date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds or distributions on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or Paying Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds or distributions to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered. The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

Discontinuation of Book-Entry Only System; Registration, Payment and Transfer of Bonds

So long as any of the Bonds remain outstanding, the District will cause the Paying Agent to maintain at its principal office all books and records necessary for the registration, exchange and transfer of such Bonds, which shall at all times be open to inspection by the District, and, upon presentation for such purpose, the Paying Agent shall, under such reasonable regulations as it may prescribe, register, exchange or transfer or cause to be registered, exchanged or transferred, on said books, Bonds as provided in the Resolution.

In the event that the book-entry only system as described herein is no longer used with respect to the Bonds, the following provisions will govern the registration, transfer, and exchange of the Bonds.

The principal of, premium and interest on the Bonds upon the redemption thereof will be payable in lawful money of the United States of America upon presentation and surrender of the Bonds at the principal trust office of the Paying Agent. Interest on the Bonds will be paid by the Paying Agent by wire to a bank and account number on file with the Paying Agent as of the Record Date.

Any Bond may be exchanged for Bonds of like tenor, maturity and Transfer Amount (which with respect to any outstanding Bonds means the principal amount thereof) upon presentation and surrender at the principal trust office of the Paying Agent, together with a request for exchange signed by the registered Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. A Bond may be transferred only on the Bond Register by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation at the office of the Paying Agent, accompanied by delivery of a written instrument of transfer in a form approved by the Paying Agent, duly executed. Upon exchange or transfer, the Paying Agent shall register, authenticate and deliver a new Bond or Bonds of like tenor and of any authorized denomination or denominations requested by the Owner equal to the Transfer Amount of the Bond surrendered and bearing interest at the same rate and maturing on the same date.

Neither the District nor the Paying Agent will be required (a) to issue or transfer any Bonds during a period beginning with the opening of business on the 16th day next preceding any Bond Payment Date, the stated maturity of any of the Bonds or any date of selection of Bonds to be redeemed and ending with the close of business on the applicable Bond Payment Date, the close of business on the applicable stated maturity date or any day on which the applicable notice of redemption is given or (b) to transfer any Bonds which have been selected or called for redemption in whole or in part.

Defeasance

All or any portion of the outstanding maturities of the Bonds may be defeased prior to maturity in the following ways:

(a) Cash: by irrevocably depositing with an independent escrow agent selected by the District an amount of cash which together with amounts transferred from the Debt Service Fund (if any) is sufficient to pay all such Bonds outstanding and designated for defeasance (including all principal thereof, interest thereon and redemption premium, if any) at or before their maturity date; or

(b) Government Obligations: by irrevocably depositing with an independent escrow agent selected by the District noncallable Government Obligations together with cash, if required, together with interest to accrue thereon and moneys transferred from the Debt Service Fund (if any), in such amount as will, together with the interest to accrue thereon, in the opinion of an independent certified public accountant, be fully sufficient to pay and discharge all Bonds outstanding and designated for defeasance (including all principal thereof, interest thereon and redemption premium, if any) at or before their maturity date;

then, notwithstanding that any Bonds shall not have been surrendered for payment, all obligations of the District with respect to all outstanding Bonds shall cease and terminate, except only the obligation of the independent escrow agent selected by the District to pay or cause to be paid from funds deposited pursuant to paragraphs (a) or (b) above, to the Owners of the Bonds not so surrendered and paid all sums due with respect thereto.

"Government Obligations" means direct and general obligations of the United States of America, or obligations that are unconditionally guaranteed as to principal and interest by the United States of America (which may consist of obligations of the Resolution Funding Corporation that constitute interest strips), or obligations the payment of the principal of and interest on which is secured, guaranteed or otherwise backed by, directly or indirectly, a pledge of the full faith and credit of the United States of America. In the case of direct and general obligations of the United States of America, Government Obligations shall include evidences of direct ownership of proportionate interests in future interest or principal payments of such obligations. Investments in such proportionate interests must be limited to circumstances where (a) a bank or trust company acts as custodian and holds the underlying United States obligations; (b) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying United States obligations; and (c) the underlying United States obligations are held in a special account, segregated from the custodian's general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated; provided that such obligations are rated or assessed by S&P Global Ratings ("S&P") or Moody's Investors Service ("Moody's") at least as high as direct or general obligations of the United States of America.

ESTIMATED SOURCES AND USES OF FUNDS

The proceeds of the Bonds are expected to be applied as follows:

	The Bonds
Sources of Funds	
Principal Amount of Bonds	
Total Sources	
Uses of Funds	
Costs of Issuance[(1)]	
Deposit to Escrow Fund	
Total Uses	

(1) Reflects all costs of issuance, including the underwriting discount, legal and Municipal Advisory fees, printing costs, rating agency fees, the premium for the Policy, and the costs and fees of the Paying Agent, Escrow Agent and Verification Agent.

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TAX BASE FOR REPAYMENT OF BONDS

The information in this section describes ad valorem *property taxation, assessed valuation, and other measures of the tax base of the District. The Bonds are payable solely from* ad valorem *property taxes levied and collected by the County on taxable property in the District. The District's general fund is not a source for the repayment of the Bonds.*

Ad Valorem Property Taxation

District property taxes are assessed and collected by the County at the same time and on the same tax rolls as county, city and special district taxes. Assessed valuations are the same for both District and County taxing purposes.

Taxes are levied for each fiscal year on taxable real and personal property which is located within the boundaries of the District as of the preceding January 1. For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State assessed public utilities property and real property having a tax lien which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Property not attached to land, such as personal or business property, is assessed on the "unsecured roll." A supplemental roll is developed when property changes hands or new construction is completed. The County levies and collects all property taxes for property falling within the County's taxing boundaries.

The valuation of secured property is established as of January 1 and is subsequently equalized in August. Property taxes are payable in two installments, due November 1 and February 1 respectively and become delinquent on December 10 and April 10 respectively. A 10% penalty attaches to any delinquent installment, plus a minimum $10 cost on the second installment, plus any additional amount determined by the Treasurer. Property on the secured roll with delinquent taxes is declared tax-defaulted on or about the end of the County's fiscal year. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus a redemption penalty of 1.5% per month to the time of redemption, and a redemption fee. If taxes are unpaid for a period of five years or more, the property is subject to sale by the tax-collecting authority of the County.

Property taxes on the unsecured roll are due as of the January 1 lien date and become delinquent if they are not paid by August 31. In the case of unsecured property taxes, a 10% penalty attaches to delinquent taxes on property on the unsecured roll, and an additional penalty of 1.5% per month begins to accrue beginning November 1 of the fiscal year, and a lien may be recorded against the assessee. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the assessee; (2) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a judgment lien on specific property of the assessee; (3) filing a certificate of delinquency for record in the County Recorder's office in order to obtain a lien on specified property of the assessee; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee. See also "—Tax Levies, Collections and Delinquencies" herein.

State law exempts from taxation $7,000 of the full cash value of an owner-occupied dwelling, but this exemption does not result in any loss of revenue to local agencies, since the State reimburses local agencies for the value of the exemptions.

All property is assessed using full cash value as defined by Article XIIIA of the State Constitution. State law provides exemptions from *ad valorem* property taxation for certain classes of property such as churches, colleges, non-profit hospitals, and charitable institutions.

Future assessed valuation growth allowed under Article XIIIA (new construction, certain changes of ownership, 2% inflation) is allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies, including school districts, will share the growth of "base" revenues from the tax rate area. Each year's growth allocation becomes part of each agency's allocation in the following year.

Assessed Valuations

Property within the District has a total assessed valuation for fiscal year 2019-20 of $3,518,630,406. The following table represents the ten-year history of assessed valuations in the District, each as of the date the equalized assessment roll is established in August of each year.

ASSESSED VALUATIONS
Fiscal Year 2010-11 through 2019-20
Lynwood Unified School District

	Local Secured	Utility	Unsecured	Total	% Change
2010-11	$2,549,725,477	$779	$56,904,809	$2,606,631,065	--
2011-12	2,581,850,285	969	66,053,239	2,647,904,493	1.58%
2012-13	2,639,443,562	977	64,276,774	2,703,721,313	2.11
2013-14	2,543,721,589	191	49,781,806	2,593,503,586	(4.08)
2014-15	2,649,918,098	182	50,347,466	2,700,265,746	4.12
2015-16	2,788,078,961	177	52,201,242	2,840,280,380	5.19
2016-17	2,904,727,156	159	54,395,580	2,959,122,895	4.18
2017-18	3,055,418,183	153	54,212,849	3,109,631,185	5.09
2018-19	3,334,503,542	0	93,417,752	3,427,921,294	10.24
2019-20	3,419,396,189	0	99,234,217	3,518,630,406	2.65

Source: California Municipal Statistics, Inc. (except for percent change).

Economic and other factors beyond the District's control, such as general market decline in property values, disruption in financial markets that may reduce availability of financing for purchasers of property, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by the State and local agencies and property used for qualified education, hospital, charitable or religious purposes), or the complete or partial destruction of the taxable property caused by a natural or manmade disaster, such as earthquake, drought, fire, wildfire, flood or toxic contamination could cause a reduction in the assessed value of taxable property within the boundaries of the District. Any such reduction would result in a corresponding increase in the annual tax rates levied by the County to pay the debt service with respect to the Bonds. See "THE BONDS – Security and Sources of Payment" herein.

Appeals and Adjustments of Assessed Valuation. Under State law, property owners may apply for a reduction of their property tax assessment by filing a written application, in form prescribed by the State Board of Equalization (the "SBE"), with the appropriate county board of equalization or assessment appeals board. In most cases, the appeal is filed because the applicant believes that present market conditions (such as residential home prices) cause the property to be worth less than its current assessed value. Any reduction in the assessment ultimately granted as a result of such appeal applies to the year for which application is made and during which the written application was filed. Such reductions are subject to yearly reappraisals and may be adjusted back to their original values when market conditions improve. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIIIA. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIIIA of the California Constitution" herein.

A second type of assessment appeal involves a challenge to the base year value of an assessed property. Appeals for reduction in the base year value of an assessment, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. The base year is determined by the completion date of new construction or the date of change of ownership. Any base year appeal must be made within four years of the change of ownership or new construction date.

In addition to the above-described taxpayer appeals, county assessors may independently reduce assessed valuations based on changes in the market value of property, or for other factors such as the complete or partial destruction of taxable property caused by natural or man-made disasters such as earthquakes, floods, fire, drought or toxic contamination pursuant to relevant provisions of the State Constitution. See also "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIIIA of the California Constitution" herein. Such reductions are subject to yearly reappraisals by the county assessor and may be adjusted back to their original values when real estate market conditions improve. Once property has regained its prior assessed value, adjusted for inflation, it once again is subject to the annual inflationary growth rate factor allowed under Article XIIIA.

No assurance can be given that future property tax appeals, or actions by the County Assessor will not significantly reduce the assessed valuation of property within the boundaries of the District.

Assessed Valuation by Jurisdiction. The following table shows the District's assessed valuation by jurisdiction for fiscal year 2019-20.

ASSESSED VALUATION AND PARCELS BY JURISDICTION[1]
Fiscal Year 2019-20
Lynwood Unified School District

Jurisdiction:	Assessed Valuation in District	% of District	Assessed Valuation of Jurisdiction	% of Jurisdiction in District
City of Compton	$34,257,358	0.97%	$7,064,850,123	0.48%
City of Lynwood	3,452,824,487	98.13	3,607,689,540	95.71
City of South Gate	31,548,561	0.90	6,232,160,375	0.51
Total District	$3,518,630,406	100.00%		
Los Angeles County	$3,518,630,406	100.00%	$1,612,990,196,814	0.22%

Source: California Municipal Statistics, Inc.

Assessed Valuation by Land Use. The following table shows the distribution of taxable property within the District by principal use, as measured by assessed valuation and parcels in fiscal year 2019-20.

ASSESSED VALUATION AND PARCELS BY LAND USE
Fiscal Year 2019-20
Lynwood Unified School District

Non-Residential:	**2019-20 Assessed Valuation**[1]	**% of Total**	**No. of Parcels**	**% of Total**
Commercial	$427,714,796	12.51%	603	5.70%
Vacant Commercial	14,216,861	0.42	87	0.82
Industrial	265,892,307	7.78	183	1.73
Vacant Industrial	8,146,593	0.24	26	0.25
Recreational	3,149,923	0.09	3	0.03
Government/Social/Institutional	33,389,632	0.98	75	0.71
Miscellaneous	12,012,963	0.35	160	1.51
Subtotal Non-Residential	$764,523,075	22.36%	1,137	10.74%%
Residential:				
Single Family Residence	$1,809,622,259	52.92%	7,295	68.93%
Condominium/Townhouse	12,722,806	0.37	53	0.50
Mobile Home Park	1,622,281	0.05	1	0.01
2-4 Residential Units	527,860,567	15.44	1,561	14.75
5+ Residential Units/Apartments	293,598,412	8.59%	391	3.69
Vacant Residential	9,446,789	0.28	145	1.37
Subtotal Residential	$2,654,873,114	77.64%	9,446	89.26%
Total	$3,419,396,189	100.00%	10,583	100.00%

(1) Local Secured Assessed Valuation, excluding tax-exempt property.
Source: California Municipal Statistics, Inc.

Assessed Valuation of Single Family Homes. The following table shows the distribution of single family homes within the District among various fiscal year 2019-20 assessed valuation ranges, as well as the average and median assessed valuation of single family homes within the District.

ASSESSED VALUATION OF SINGLE FAMILY HOMES
Fiscal Year 2019-20
Lynwood Unified School District

	No. of Parcels	2019-20 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	7,295	$1,809,622,259	$248,063	$237,333

2019-20 Assessed Valuation	No. of Parcels[1]	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $24,999	20	0.274%	0.274%	$388,397	0.021%	0.021%
25,000 - 49,999	332	4.551	4.825	13,378,407	0.739	0.761
50,000 - 74,999	332	4.551	9.376	20,283,607	1.121	1.882
75,000 - 99,999	199	2.728	12.104	17,345,202	0.958	2.840
100,000 - 124,999	232	3.180	15.284	26,114,168	1.443	4.283
125,000 - 149,999	301	4.126	19.411	41,547,846	2.296	6.579
150,000 - 174,999	475	6.511	25.922	77,571,627	4.287	10.866
175,000 - 199,999	602	8.252	34.174	113,428,037	6.268	17.134
200,000 - 224,999	788	10.802	44.976	167,562,570	9.260	26.393
225,000 - 249,999	700	9.596	54.572	165,880,479	9.167	35.560
250,000 - 274,999	551	7.553	62.125	144,246,310	7.971	43.531
275,000 - 299,999	511	7.005	69.130	146,820,999	8.113	51.644
300,000 - 324,999	436	5.977	75.106	136,434,573	7.539	59.184
325,000 - 349,999	310	4.249	79.356	105,029,469	5.804	64.988
350,000 - 374,999	282	3.866	83.221	102,320,303	5.654	70.642
375,000 - 399,999	316	4.332	87.553	122,588,070	6.774	77.416
400,000 - 424,999	295	4.044	91.597	121,514,391	6.715	84.131
425,000 - 449,999	252	3.454	95.051	110,019,637	6.080	90.211
450,000 - 474,999	157	2.152	97.204	72,479,225	4.005	94.216
475,000 - 499,999	97	1.330	98.533	47,157,219	2.606	96.822
500,000 and greater	107	1.467	100.000	57,511,723	3.178	100.000
	7,295	100.000%		$1,809,622,259	100.000%	

[1] Improved single family residential parcels. Excludes condominiums and parcels with multiple family units.
Source: California Municipal Statistics, Inc.

Tax Levies, Collections and Delinquencies

The following tables show secured *ad valorem* property tax levies within the District and the amounts delinquent as of June 30, for fiscal years 2008-09 through 2018-19.

SECURED TAX CHARGES AND DELINQUENCIES
Fiscal Years 2008-09 through 2018-19
Lynwood Unified School District

	Secured Tax Charge(1)	Amt. Del. June 30	% Del. June 30
2008-09	$5,063,453.35	$237,977.44	4.70%
2009-10	5,162,233.89	177,701.98	3.44
2010-11	5,005,734.02	120,482.19	2.41
2011-12	5,107,569.09	106,906.33	2.09
2012-13	5,243,143.50	94,510.33	1.80
2013-14	5,043,146.43	74,574.43	1.48
2014-15	5,269,881.40	76,141.83	1.44
2015-16	5,563,616.67	79,179.79	1.42
2016-17	5,787,691.12	68,974.44	1.19
2017-18	6,125,713.71	76,349.30	1.25
2018-19	6,748,000.43	92,509.95	1.37

	Secured Tax Charge(2)	Amt. Del. June 30	% Del. June 30
2008-09	$1,144,604.51	$94,094.21	8.22%
2009-10	1,132,866.95	124,099.50	10.95
2010-11	1,244,197.60	128,470.11	10.33
2011-12	1,317,151.73	130,247.54	9.89
2012-13	1,320,062.13	120,789.09	9.15
2013-14	3,027,205.86	83,746.91	2.77
2014-15	2,239,900.99	56,583.65	2.53
2015-16	2,650,546.18	47,341.45	1.79
2016-17	2,973,502.81	48,565.53	1.63
2017-18	5,779,695.62	89,749.02	1.55
2018-19	3,808,881.71	59,394.88	1.56

(1) 1% General Fund apportionment. Excludes Successor Agency impounds. Reflects county-wide delinquency rate.
(2) General obligation bond debt service levy.
Source: California Municipal Statistics, Inc.

Alternative Method of Tax Apportionment – "Teeter Plan"

Certain counties in the State operate under a statutory program entitled Alternate Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"). Under the Teeter Plan local taxing entities receive 100% of their tax levies net of delinquencies, but do not receive interest or penalties on delinquent taxes collected by the county. **The County has <u>not</u> adopted the Teeter Plan, and consequently the Teeter Plan is not available to local taxing entities within the County, such as the District. The District's receipt of property taxes is therefore subject to delinquencies.**

The District participates in the California Statewide Delinquent Tax Finance Authority ("CSDTFA"). CSDTFA is a joint exercise of powers agency formed for the purpose of purchasing delinquent *ad valorem* property taxes of its members in accordance with Section 6516.6 of the Government Code of the State of California. The District anticipates that CSDTFA will from time to time purchase delinquent *ad valorem* property tax receivables from the District. For the most recent fiscal year for which CSDTFA purchased delinquencies (the 2018-19 fiscal year), such delinquencies were purchased from the District at a purchase price equal to 110% thereof. Any penalty charges collected with respect to such delinquencies will be retained by CSDTFA. CSDTFA does not currently purchase *ad valorem* property tax receivables related to the payment of general obligation bonds of the District. Thus, the District's participation in CSDTFA's program does not ensure that the District will receive the timely payment of *ad valorem* property taxes levied to secure the Bonds. See also "—*Ad Valorem* Property Taxation" herein

Tax Rates

A representative tax rate area (a "TRA") located within the boundaries of the District is TRAs 6089. The table below shows the total *ad valorem* property tax rates, as a percentage of assessed valuation, levied by all taxing entities in this TRA during the five-year period from fiscal years 2015-16 through 2019-20.

SUMMARY OF *AD VALOREM* PROPERTY TAX RATES
Fiscal Years 2015-16 through 2019-20
Typical Total Tax Rates (TRA 6089)[(1)]
Lynwood Unified School District

	2015-16	2016-17	2017-18	2018-19	2019-20
General	1.000000%	1.000000%	1.000000%	1.000000%	1.000000%
City of Lynwood	.125000	.125000	.125000	.125000	.125000
Lynwood Unified School District	.095833	.103080	.190141	.117374	.188737
Compton Community College District	.022019	.021936	.022806	.045071	.046868
Metropolitan Water District	.003500	.003500	.003500	.003500	.003500
Total	1.246352%	1.253516%	1.341447%	1.290945%	1.364105%

(1) Fiscal year 2019-20 assessed valuation of property within TRA 6089 is $2,257,905,971, representing 64.17% of the District's total assessed valuation.

Source: California Municipal Statistics, Inc.

Principal Taxpayers

The more property (by assessed value) which is owned by a single taxpayer within the District, the greater amount of tax collections that are exposed to weaknesses in such a taxpayer's financial situation and ability or willingness to pay property taxes. The following table lists the 20 largest local secured taxpayers in the District in terms of their fiscal year 2019-20 secured assessed valuations. Each taxpayer listed below is a name listed on the tax rolls. The District cannot make any representation as to whether individual persons, corporations or other organizations are liable for tax payments with respect to multiple properties held in various names that in aggregate may be larger than is suggested by the table below.

LARGEST LOCAL SECURED TAXPAYERS
Fiscal Year 2019-20
Lynwood Unified School District

	Property Owner	2019-20 Primary Land Use	Assessed Valuation	% of Total[(1)]
1.	Terreno Lynwood LLC	Industrial	$62,963,006	1.84%
2.	Plamex Investment LLC	Shopping Center	46,790,627	1.37
3.	Duke Realty LP	Industrial	40,535,451	1.19
4.	Albi Lynwood Investments LLC	Commercial	19,643,284	0.57
5.	NHP PMB St. Francis Lynwood	Office Building	19,085,429	0.56
6.	EK Lynwood LLC	Shopping Center	16,147,008	0.47
7.	805 Property LLC	Shopping Center	14,326,696	0.42
8.	Urban LLC	Shopping Center	11,849,636	0.35
9.	Arturo and Juanita Barrera, Trustees	Apartments	11,112,687	0.32
10.	Sohail S. Mahboubian Trust	Medical Building	10,899,481	0.32
11.	BGN Properties Palm Gate LP	Apartments	9,183,870	0.27
12.	Deborah Drooz	Commercial	8,453,968	0.25
13.	Tony Trinh Trust	Commercial	8,383,540	0.25
14.	Nova Storage Lynwood LP	Industrial	8,069,503	0.24
15.	Kurt S. & Sandra L. Demeire	Apartments	7,597,403	0.22
16.	Melcar Investments LP	Apartments	7,542,734	0.22
17.	Sunshine Capital Group LLC	Medical Building	7,497,392	0.22
18.	3615 East Imperial Highway LLC	Assisted Living Facility	7,163,153	0.21
19.	Esperanza M. Ponce Trust	Apartments	7,057,661	0.21
20.	10600 Long Beach Boulevard	Apartments	6,566,100	0.19
			$330,868,629	9.68%

(1) 2019-20 local secured assessed valuation is $3,419,396,189.
Source: California Municipal Statistics, Inc.

Statement of Direct and Overlapping Debt

Set forth on the following page is a direct and overlapping debt report (the "Debt Report") prepared by California Municipal Statistics, Inc. effective as of November 1, 2019. The Debt Report is included for general information purposes only. Neither the District nor the Underwriter has reviewed the Debt Report for completeness or accuracy and neither makes any representation in connection therewith.

The Debt Report generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the District in whole or in part. Such long-term obligations generally are not payable from revenues of the District (except as indicated) nor are they necessarily obligations secured by land within the District or the District. In many cases long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency.

The first column in the table names each public agency which has outstanding debt as of the date of the report and whose territory overlaps the boundaries of the District in whole or in part. The second column shows the percentage of each overlapping agency's assessed value located within the boundaries of the District. This percentage, multiplied by the total outstanding debt of each overlapping agency (which is not shown in the table) produces the amount shown in the third column, which is the apportionment of each overlapping agency's outstanding debt to taxable property within the boundaries of the District.

STATEMENT OF DIRECT AND OVERLAPPING DEBT
Lynwood Unified School District

2019-20 Assessed Valuation: $3,518,630,406

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	**% Applicable**	**Debt 11/1/19**
Metropolitan Water District	0.114%	$54,777
Compton Community College District	15.546	17,572,799
Lynwood Unified School District	**100.000**	**67,977,605**[(1)]
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$85,605,181
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
Los Angeles County General Fund Obligations	0.218%	$5,168,854
Los Angeles County Superintendent of Schools Certificates of Participation	0.218	11,298
Los Angeles County Sanitation District No. 1 Authority	10.764	393,728
Lynwood Unified School District Certificates of Participation	**100.000**	**17,500,000**
City of Lynwood Certificates of Participation	95.707	16,928,534
City of Compton Certificates of Participation	0.485	171,302
City of South Gate Certificates of Participation and Pension Obligation Bonds	0.506	109,903
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		$40,283,619
OVERLAPPING TAX INCREMENT DEBT:		
Successor Agency to Lynwood Redevelopment Agency	64.853-93.935%	$40,242,855
Successor Agency to South Gate Redevelopment Agency	0.347	64,785
TOTAL OVERLAPPING TAX INCREMENT DEBT		$40,307,640
COMBINED TOTAL DEBT		$166,196,440 [(2)]

Ratios to 2019-20 Assessed Valuation:
Direct Debt ($67,977,605).. 1.93%
Total Direct and Overlapping Tax and Assessment Debt............. 2.43%
Total Direct Debt ($85,477,605).. 2.43%
Combined Total Debt 4.72%

Ratios to Redevelopment Incremental Valuation ($832,300,063):
Overlapping Tax Increment Debt………………………………4.84%

(1) Excludes the Bonds described herein, but includes the Refunded Bonds. Also does not reflect the issuance of the District's Election of 2016 General Obligation Bonds, Series B (Federally Tax-Exempt) (the "2016 Series B Bonds"), in the principal amount of $25,000,000, which were issued on January 28, 2020. See also "LYNWOOD UNIFIED SCHOOL DISTRICT – District Debt Structure – General Obligation Bonds" herein.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Source: California Municipal Statistics, Inc.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

The principal of and interest on the Bonds are payable solely from the proceeds of an ad valorem *property tax levied by the County for the payment thereof. (See "THE BONDS – Security and Sources of Payment" herein) Articles XIIIA, XIIIB, XIIIC and XIIID of the Constitution, Propositions 98 and 111, and certain other provisions of law discussed below, are included in this section to describe the potential effect of these Constitutional and statutory measures on the ability of the County to levy taxes on behalf of the District and to the District to spend tax proceeds for operating and other purposes, and it should not be inferred from the inclusion of such materials that these laws impose any limitation on the ability of the County to levy taxes for payment of the Bonds.*

Article XIIIA of the California Constitution

Article XIIIA ("Article XIIIA") of the State Constitution limits the amount of *ad valorem* property taxes on real property to 1% of "full cash value" as determined by the county assessor. Article XIIIA defines "full cash value" to mean "the county assessor's valuation of real property as shown on the 1975-76 bill under "full cash value," or thereafter, the appraised value of real property when purchased, newly constructed or a change in ownership has occurred after the 1975 assessment," subject to exemptions in certain circumstances of property transfer or reconstruction. Determined in this manner, the full cash value is also referred to as the "base year value." The full cash value is subject to annual adjustment to reflect increases, not to exceed 2% for any year, or decreases in the consumer price index or comparable local data, or to reflect reductions in property value caused by damage, destruction or other factors.

Article XIIIA has been amended to allow for temporary reductions of assessed value in instances where the fair market value of real property falls below the adjusted base year value described above. Proposition 8—approved by the voters in November of 1978—provides for the enrollment of the lesser of the base year value or the market value of real property, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property, or other factors causing a similar decline. In these instances, the market value is required to be reviewed annually until the market value exceeds the base year value. Reductions in assessed value could result in a corresponding increase in the annual tax rate levied by the County to pay debt service on the Bonds. See "THE BONDS – Security and Sources of Payment" and "TAX BASE FOR REPAYMENT OF BONDS" herein.

Article XIIIA requires a vote of two-thirds or more of the qualified electorate of a city, county, special district or other public agency to impose special taxes, while totally precluding the imposition of any additional *ad valorem*, sales or transaction tax on real property. Article XIIIA exempts from the 1% tax limitation any taxes above that level required to pay debt service (a) on any indebtedness approved by the voters prior to July 1, 1978, or (b), as the result of an amendment approved by State voters on June 3, 1986, on any bonded indebtedness approved by two-thirds of the votes cast by the voters for the acquisition or improvement of real property on or after July 1, 1978, or (c) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by fifty-five percent or more of the votes cast on the proposition, but only if certain accountability measures are included in the proposition. In addition, Article XIIIA requires the approval of two-thirds of all members of the State legislature (the "Legislature") to change any state taxes for the purpose of increasing tax revenues.

Split Roll Property Tax Ballot Measure. On October 15, 2018, a proposed ballot initiative became eligible for the November 2020 Statewide ballot (the "2020 Ballot Measure"). If approved by a majority of voters casting a ballot at the November 2020 Statewide election, the 2020 Ballot Measure would amend Article XIIIA such that the "full cash value" of commercial and industrial real property that is not zoned for commercial agricultural production, for each lien date, would be equal to the fair market value of that property. If passed, the 2020 Ballot Measure would not affect the "full cash value" of residential property or real property used for commercial agricultural production, which would continue to be subject to annual increases not to exceed 2%. After compensating the State General Fund for resulting reductions in State personal income tax and corporate tax revenues, and compensating cities, counties and special districts for the cost of implementing the 2020 Ballot Measure, approximately 40% of the remaining additional tax revenues generated as a result of the 2020 Ballot Measure would be deposited into a fund created pursuant to the 2020 Ballot Measure called the Local School and Community College Property Tax Fund, with such funds being used to supplement, and not replace, existing funding school districts and community college districts receive under the State's constitutional minimum funding requirement. The District cannot predict whether the 2020 Ballot Measure will appear on the Statewide ballot at the November 2020 election or, if it does, whether the 2020 Ballot Measure will be approved by a majority of voters casting a ballot. If approved, the District cannot make any assurance as to what effect the implementation of the 2020 Ballot Measure will have on District revenues or the assessed valuation of real property in the District.

Legislation Implementing Article XIIIA

Legislation has been enacted and amended a number of times since 1978 to implement Article XIIIA. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The 1% property tax is automatically levied by the county and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1979.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the annual adjustment not to exceed 2% are allocated among the various jurisdictions in the "taxing area" based upon their respective "situs." Any such allocation made to a local agency continues as part of its allocation in future years.

All taxable property value included in this Official Statement is shown at 100% of taxable value (unless noted differently) and all tax rates reflect the $1 per $100 of taxable value.

Both the United States Supreme Court and the California State Supreme Court have upheld the general validity of Article XIIIA.

Proposition 50 and Proposition 171

On June 3, 1986, the voters of the State approved Proposition 50. Proposition 50 amends Section 2 of Article XIIIA of the State Constitution to allow owners of property that was "substantially damaged or destroyed" by a disaster, as declared by the Governor (the "Damaged Property"), to transfer their existing base year value (the "Original Base Year Value") to a comparable replacement property within the same county, which is acquired or constructed within five years after the disaster. At the time of such transfer, the Damaged Property will be reassessed at its full cash value immediately prior to damage or destruction (the "Original Cash Value"); however, such property will retain its base year value notwithstanding such a transfer. Property is substantially damaged or destroyed if either the land or the improvements sustain physical damage amounting to more than 50% of either the land or improvements full cash value immediately prior to the disaster. There is no filing deadline, but the assessor can only correct four years of assessments when the owner fails to file a claim within four years of acquiring a replacement property.

Under Proposition 50, the base year value of the replacement property (the "Replacement Base Year Value") depends on the relation of the full cash value of the replacement property (the "Replacement Cash Value") to the Original Cash Value: if the Replacement Cash Value exceeds 120% of the Original Cash Value, then the Replacement Base Year Value is calculated by combining the Original Base Year Value with such excessive Replacement Cash Value; if the Replacement Cash Value does not exceed 120% of the Original Cash Value, then the Replacement Base Year Value equals the Original Base Year Value; if the Replacement Cash Value is less than the Original Cash Value, then the Replacement Base Year Value equals the Replacement Cash Value. The replacement property must be comparable in size, utility, and function to the Damaged Property.

On November 2, 1993, the voters of the State approved Proposition 171. Proposition 171 amends subdivision (e) of Section 2 of Article XIIIA of the State Constitution to allow owners of Damaged Property to transfer their Original Base Year Value to a "comparable replacement property" located within another county in the State, which is acquired or newly constructed within three years after the disaster.

Intra-county transfers under Proposition 171 are more restrictive than inter-county transfers under Proposition 50. For example, Proposition 171 (1) only applies to (a) structures that are owned and occupied by property owners as their principal place of residence and (b) land of a "reasonable size that is used as a site for a residence;" (2) explicitly does not apply to property owned by firms, partnerships, associations, corporations, companies, or legal entities of any kind; (3) only applies to replacement property located in a county that adopted an ordinance allowing Proposition 171 transfers; (4) claims must be timely filed within three years of the date of purchase or completion of new construction; and (5) only applies to comparable replacement property, which has a full cash value that is of "equal or lesser value" than the Original Cash Value.

Within the context of Proposition 171, "equal or lesser value" means that the amount of the Replacement Cash Value does not exceed either (1) 105% of the Original Cash Value when the replacement property is acquired or constructed within one year of the destruction, (2) 110% of the Original Cash Value when the replacement property is acquired or constructed within two years of the destruction, or (3) 115% of the Original Cash Value when the replacement property is acquired or constructed within three years of the destruction

Unitary Property

Some amount of property tax revenue of the District is derived from utility property which is considered part of a utility system with components located in many taxing jurisdictions ("unitary property"). Under the State Constitution, such property is assessed by the SBE as part of a "going concern" rather than as individual pieces of real or personal property. State-assessed unitary and certain other property is allocated to the counties by SBE, taxed at special county-wide rates, and the tax revenues distributed to taxing jurisdictions (including the District) according to statutory formulae generally based on the distribution of taxes in the prior year. So long as the District is not a basic aid district, taxes lost through any reduction in assessed valuation will be compensated by the State as equalization aid under the State's school financing formula. See also "DISTRICT FINANCIAL INFORMATION" herein.

Article XIIIB of the California Constitution

Article XIIIB ("Article XIIIB") of the State Constitution, as subsequently amended by Propositions 98 and 111, respectively, limits the annual appropriations of the State and of any city, county, school district, authority or other political subdivision of the State to the level of appropriations of the particular governmental entity for the prior fiscal year, as adjusted for changes in the cost of living and in population and for transfers in the financial responsibility for providing services and for certain declared emergencies. As amended, Article XIIIB defines:

(a) "change in the cost of living" with respect to school districts to mean the percentage change in California per capita income from the preceding year, and

(b) "change in population" with respect to a school district to mean the percentage change in the ADA of the school district from the preceding fiscal year.

For fiscal years beginning on or after July 1, 1990, the appropriations limit of each entity of government shall be the appropriations limit for the 1986-87 fiscal year adjusted for the changes made from that fiscal year pursuant to the provisions of Article XIIIB, as amended.

The appropriations of an entity of local government subject to Article XIIIB limitations include the proceeds of taxes levied by or for that entity and the proceeds of certain state subventions to that entity. "Proceeds of taxes" include, but are not limited to, all tax revenues and the proceeds to the entity from (a) regulatory licenses, user charges and user fees (but only to the extent that these proceeds exceed the reasonable costs in providing the regulation, product or service), and (b) the investment of tax revenues.

Appropriations subject to limitation do not include (a) refunds of taxes, (b) appropriations for debt service such as the Bonds, (c) appropriations required to comply with certain mandates of the courts or the federal government, (d) appropriations of certain special districts, (e) appropriations for all qualified capital outlay projects as defined by the Legislature, (f) appropriations derived from certain fuel and vehicle taxes and (g) appropriations derived from certain taxes on tobacco products.

Article XIIIB includes a requirement that all revenues received by an entity of government other than the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be returned by a revision of tax rates or fee schedules within the next two subsequent fiscal years.

Article XIIIB also includes a requirement that fifty percent of all revenues received by the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be transferred and allocated to the State School Fund pursuant to Section 8.5 of Article XVI of the State Constitution. See "– Propositions 98 and 111" herein.

Proposition 26

On November 2, 2010, voters in the State approved Proposition 26. Proposition 26 amends Article XIIIC of the State Constitution to expand the definition of "tax" to include "any levy, charge, or exaction of any kind imposed by a local government" except the following: (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property; (5) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law; (6) a charge imposed as a condition of property development; and (7) assessments and property-related fees imposed in accordance with the provisions of Article XIIID. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity.

Article XIIIC and Article XIIID of the California Constitution

On November 5, 1996, the voters of the State approved Proposition 218, popularly known as the "Right to Vote on Taxes Act." Proposition 218 added to the California Constitution Articles XIIIC and XIIID (respectively, "Article XIIIC" and "Article XIIID"), which contain a number of provisions affecting the ability of local agencies, including school districts, to levy and collect both existing and future taxes, assessments, fees and charges.

According to the "Title and Summary" of Proposition 218 prepared by the California Attorney General, Proposition 218 limits "the authority of local governments to impose taxes and property-related assessments, fees and charges." Among other things, Article XIIIC establishes that every tax is either a "general tax" (imposed for general governmental purposes) or a "special tax" (imposed for specific purposes), prohibits special purpose government agencies such as school districts from levying general taxes, and prohibits any local agency from imposing, extending or increasing any special tax beyond its maximum authorized rate without a two-thirds vote; and also provides that the initiative power will not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. Article XIIIC further provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIIIA of the California Constitution and special taxes approved by a two-thirds vote under Article XIIIA, Section 4. Article XIIID deals with assessments and property-related fees and charges, and explicitly provides that nothing in Article XIIIC or XIIID will be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development.

The District does currently not impose any taxes, assessments, or property-related fees or charges which are subject to the provisions of Proposition 218. It does, however, receive a portion of the basic 1% *ad valorem* property tax levied and collected by the County pursuant to Article XIIIA of the California Constitution. The provisions of Proposition 218 may have an indirect effect on the District, such as by limiting or reducing the revenues otherwise available to other local governments whose boundaries encompass property located within the District thereby causing such local governments to reduce service levels and possibly adversely affecting the value of property within the District.

Propositions 98 and 111

On November 8, 1988, voters approved Proposition 98, a combined initiative constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act" (the "Accountability Act"). Certain provisions of the Accountability Act were, however, modified by Proposition 111, discussed below, the provisions of which became effective on July 1, 1990. The

Accountability Act changed State funding of public education below the university level and the operation of the State's appropriations limit. The Accountability Act guarantees State funding for K-12 school districts and community college districts (hereinafter referred to collectively as "K-14 school districts") at a level equal to the greater of (a) the same percentage of State general fund revenues as the percentage appropriated to such districts in the 1986-87 fiscal year, and (b) the amount actually appropriated to such districts from the State general fund in the previous fiscal year, adjusted for increases in enrollment and changes in the cost of living. The Accountability Act permits the Legislature to suspend this formula for a one-year period.

The Accountability Act also changed how tax revenues in excess of the State appropriations limit are distributed. Any excess State tax revenues up to a specified amount are, instead of being returned to taxpayers, transferred to K-14 school districts. Any such transfer to K-14 school districts would be excluded from the appropriations limit for K-14 school districts and the K-14 school district appropriations limit for the next year is automatically increased by the amount of such transfer. These additional moneys enter the base funding calculation for K-14 school districts for subsequent years, creating further pressure on other portions of the State budget, particularly if revenues decline in a year following an Article XIIIB surplus. The maximum amount of excess tax revenues which can be transferred to K-14 school districts is 4% of the minimum State spending for education mandated by the Accountability Act.

Since the Accountability Act is unclear in some details, there can be no assurances that the Legislature or a court might not interpret the Accountability Act to require a different percentage of State general fund revenues to be allocated to K-14 school districts, or to apply the relevant percentage to the State's budgets in a different way than is proposed in the Governor's Budget.

On June 5, 1990, the voters approved Proposition 111 (Senate Constitutional Amendment No. 1) called the "Traffic Congestion Relief and Spending Limit Act of 1990" ("Proposition 111") which further modified Article XIIIB and Sections 8 and 8.5 of Article XVI of the State Constitution with respect to appropriations limitations and school funding priority and allocation.

The most significant provisions of Proposition 111 are summarized as follows:

a. Annual Adjustments to Spending Limit. The annual adjustments to the Article XIIIB spending limit were liberalized to be more closely linked to the rate of economic growth. Instead of being tied to the Consumer Price Index, the "change in the cost of living" is now measured by the change in California per capita personal income. The definition of "change in population" specifies that a portion of the State's spending limit is to be adjusted to reflect changes in school attendance.

b. Treatment of Excess Tax Revenues. "Excess" tax revenues with respect to Article XIIIB are now determined based on a two-year cycle, so that the State can avoid having to return to taxpayers excess tax revenues in one year if its appropriations in the next fiscal year are under its limit. In addition, the Proposition 98 provision regarding excess tax revenues was modified. After any two-year period, if there are excess State tax revenues, 50% of the excess are to be transferred to K-14 school districts with the balance returned to taxpayers; under prior law, 100% of excess State tax revenues went to K-14 school districts, but only up to a maximum of 4% of such districts' minimum funding level. Also, reversing prior law, any excess State tax revenues transferred to K-14 school districts are not built into the school districts' base expenditures for calculating their entitlement for State aid in the next year, and the State's appropriations limit is not to be increased by this amount.

c. Exclusions from Spending Limit. Two exceptions were added to the calculation of appropriations which are subject to the Article XIIIB spending limit" (i) for "qualified capital outlay projects" as defined by the Legislature, and (ii) any increases in gasoline taxes above the 1990 level (then nine cents per gallon), sales and use taxes on such increment in gasoline taxes, and increases in receipts from vehicle weight fees above the levels in effect on January 1, 1990. These latter provisions were necessary to make effective the transportation funding package approved by the Legislature and the Governor, which was expected to raise over $15 billion in additional taxes from 1990 through 2000 to fund transportation programs.

d. Recalculation of Appropriations Limit. The Article XIIIB appropriations limit for each unit of government, including the State, is to be recalculated beginning in fiscal year 1990-91. It is based on the actual limit for fiscal year 1986-87, adjusted forward to 1990-91 as if Proposition 111 had been in effect.

e. School Funding Guarantee. There is a complex adjustment in the formula enacted in Proposition 98 which guarantees K-14 school districts a certain amount of State general fund revenues. Under prior law, K-14 school districts were guaranteed the greater of (1) 40.9% of State general fund revenues ("Test 1") or (2) the amount appropriated in the prior year adjusted for changes in the cost of living (measured as in Article XIIIB by reference to per capita personal income) and enrollment ("Test 2"). Under Proposition 111, K-14 school districts will receive the greater of (1) Test 1, (2) Test 2, or (3) a third test ("Test 3"), which will replace Test 2 in any year when growth in per capita State general fund revenues from the prior year is less than the annual growth in California per capita personal income. Under Test 3, K-14 school district will receive the amount appropriated in the prior year adjusted for change in enrollment and per capita State general fund revenues, plus an additional small adjustment factor. If Test 3 is used in any year, the difference between Test 3 and Test 2 will become a "credit" (also known as a "maintenance factor") to K-14 school districts which will be paid in future years when State general fund revenue growth exceeds personal income growth.

Proposition 1A and Proposition 22

On November 2, 2004, California voters approved Proposition 1A, which amends the State constitution to significantly reduce the State's authority over major local government revenue sources. Under Proposition 1A, the State cannot (i) reduce local sales tax rates or alter the method of allocating the revenue generated by such taxes, (ii) shift property taxes from local governments to schools or community colleges, (iii) change how property tax revenues are shared among local governments without two-third approval of both houses of the Legislature or (iv) decrease Vehicle License Fee revenues without providing local governments with equal replacement funding. Proposition 1A does allow the State to approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also amends the State Constitution to require the State to suspend certain State laws creating mandates in any year that the State does not fully reimburse local governments for their costs to comply with the mandates. This provision does not apply to mandates relating to schools or community colleges or to those mandates relating to employee rights.

Proposition 22, The Local Taxpayer, Public Safety, and Transportation Protection Act, approved by the voters of the State on February 5, 2008, prohibits the State from enacting new laws that require redevelopment agencies to shift funds to schools, community colleges or other agencies and eliminates the State's authority to shift property taxes temporarily during a severe financial hardship of the State. In addition, Proposition 22 restricts the State's authority to use State fuel tax revenues to pay debt service on state transportation bonds, to borrow or change the distribution of state fuel tax revenues, and to use vehicle license fee revenues to reimburse local governments for state mandated costs. Proposition 22 impacts resources in the State's general fund and transportation funds, the State's main funding source for schools and community colleges, as well as universities, prisons and health and social services programs. According to an analysis of Proposition 22 submitted by the Legislative Analyst's Office (the "LAO") on July 15, 2010, the reduction in resources available for the State to spend on these other programs as a consequence of the passage of Proposition 22 was expected to be approximately $1 billion in fiscal year 2010-11, with an estimated immediate fiscal effect equal to approximately 1 percent of the State's total general fund spending. The longer-term effect of Proposition 22, according to the LAO analysis, will be an increase in the State's general fund costs by approximately $1 billion annually for several decades.

Proposition 55

The California Children's Education and Health Care Protection Act of 2016 (also known as "Proposition 55") is a constitutional amendment approved by the voters of the State on November 8, 2016. Proposition 55 extends, through 2030, the increases to personal income tax rates for high-income taxpayers that were approved as part of Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment (also known as "Proposition 30"). Proposition 30 increased the marginal personal income tax rate by: (i) 1% for taxable income over $250,000 but less than $300,001 for single filers (over $500,000 but less than $600,001 for joint filers and over $340,000 but less than $408,001 for head-of-household filers), (ii) 2% for taxable income over $300,000 but less than $500,001 for single filers (over $600,000 but less than $1,000,001 for joint filers and over $408,000 but less than $680,001 for head-of-household filers), and (iii) 3% for taxable income over $500,000 for single filers (over $1,000,000 for joint filers and over $680,000 for head-of-household filers).

The revenues generated from the personal income tax increases will be included in the calculation of the Proposition 98 Minimum Funding Guarantee (defined herein) for school districts and community college districts. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES – Proposition 98 and Proposition 111." From an accounting perspective, the revenues generated from the personal income tax increases are being deposited into the State account created pursuant to Proposition 30 called the Education Protection Account (the "EPA"). Pursuant to Proposition 30, funds in the EPA will be allocated quarterly, with 89% of such funds provided to schools districts and 11% provided to community college districts. The funds will be distributed to school districts and community college districts in the same manner as existing unrestricted per-student funding, except that no school district will receive less than $200 per unit of ADA and no community college district will receive less than $100 per full time equivalent student. The governing board of each school district and community college district is granted sole authority to determine how the moneys received from the EPA are spent, provided that the appropriate governing board is required to make these spending determinations in open session at a public meeting and such local governing board is prohibited from using any funds from the EPA for salaries or benefits of administrators or any other administrative costs.

Jarvis vs. Connell

On May 29, 2002, the California Court of Appeal for the Second District decided the case of *Howard Jarvis Taxpayers Association, et al. v. Kathleen Connell* (as Controller of the State of California). The Court of Appeal held that either a final budget bill, an emergency appropriation, a self-executing authorization pursuant to state statutes (such as continuing appropriations) or the California Constitution or a federal mandate is necessary for the State Controller to disburse funds. The foregoing requirement could apply to amounts budgeted by the District as being received from the State. To the extent the holding in such case would apply to State payments reflected in the District's budget, the requirement that there be either a final budget bill or an emergency appropriation may result in the delay of such payments to the District if such required legislative action is delayed, unless the payments are self-executing authorizations or are subject to a federal mandate. On May 1, 2003, the California Supreme Court upheld the holding of the Court of Appeal, stating that the Controller is not authorized under State law to disburse funds prior to the enactment of a budget or other proper appropriation, but under federal law, the Controller is required, notwithstanding a budget impasse and the limitations imposed by State law, to timely pay those State employees who are subject to the minimum wage and overtime compensation provisions of the federal Fair Labor Standards Act.

Proposition 2

On November 4, 2014, voters approved the Rainy Day Budget Stabilization Fund Act (also known as "Proposition 2"). Proposition 2 is a legislatively-referred constitutional amendment which makes certain changes to State budgeting practices, including substantially revising the conditions under which transfers are made to and from the State's Budget Stabilization Account (the "BSA") established by the California Balanced Budget Act of 2004 (also known as Proposition 58).

Under Proposition 2, and beginning in fiscal year 2015-16 and each fiscal year thereafter, the State will generally be required to annually transfer to the BSA an amount equal to 1.5% of estimated State general fund revenues (the "Annual BSA Transfer"). Supplemental transfers to the BSA (a "Supplemental BSA Transfer") are also required in any fiscal year in which the estimated State general fund revenues that are allocable to capital gains taxes exceed 8% of total estimated general fund tax revenues. Such excess capital gains taxes—net of any portion thereof owed to K-14 school districts pursuant to Proposition 98—will be transferred to the BSA. Proposition 2 also increases the maximum size of the BSA to an amount equal to 10% of estimated State general fund revenues for any given fiscal year. In any fiscal year in which a required transfer to the BSA would result in an amount in excess of the 10% threshold, Proposition 2 requires such excess to be expended on State infrastructure, including deferred maintenance.

For the first 15-year period ending with the 2029-30 fiscal year, Proposition 2 provides that half of any required transfer to the BSA, either annual or supplemental, must be appropriated to reduce certain State liabilities, including making certain payments owed to K-14 school districts, repaying State interfund borrowing, reimbursing local governments for State mandated services, and reducing or prefunding accrued liabilities associated with State-level pension and retirement benefits. Following the initial 15-year period, the Governor and the Legislature are given discretion to apply up to half of any required transfer to the BSA to the reduction of such State liabilities. Any amount not applied towards such reduction must be transferred to the BSA or applied to infrastructure, as described above.

Proposition 2 changes the conditions under which the Governor and the Legislature may draw upon or reduce transfers to the BSA. The Governor does not retain unilateral discretion to suspend transfers to the BSA, nor does the Legislature retain discretion to transfer funds from the BSA for any reason, as previously provided by law. Rather, the Governor must declare a "budget emergency," defined as an emergency within the meaning of Article XIIIB of the Constitution or a determination that estimated resources are inadequate to fund State general fund expenditures, for the current or ensuing fiscal year, at a level equal to the highest level of State spending within the three immediately preceding fiscal years. Any such declaration must be followed by a legislative bill providing for a reduction or transfer. Draws on the BSA are limited to the amount necessary to address the budget emergency, and no draw in any fiscal year may exceed 50% of funds on deposit in the BSA unless a budget emergency was declared in the preceding fiscal year.

Proposition 2 also requires the creation of the Public School System Stabilization Account (the "PSSSA") into which transfers will be made in any fiscal year in which a Supplemental BSA Transfer is required (as described above). Such transfer will be equal to the portion of capital gains taxes above the 8% threshold that would be otherwise paid to K-14 school districts as part of the minimum funding guarantee. A transfer to the PSSSA will only be made if certain additional conditions are met, as follows: (i) the minimum funding guarantee was not suspended in the immediately preceding fiscal year, (ii) the operative Proposition 98 formula for the fiscal year in which a PSSSA transfer might be made is "Test 1," (iii) no maintenance factor obligation is being created in the budgetary legislation for the fiscal year in which a PSSSA transfer might be made, (iv) all prior maintenance factor obligations have been fully repaid, and (v) the minimum funding guarantee for the fiscal year in which a PSSSA transfer might be made is higher than the immediately preceding fiscal year, as adjusted for enrollment growth and cost of living. Proposition 2 caps the size of the PSSSA at 10% of the estimated minimum guarantee in any fiscal year, and any excess funds must be paid to K-14 school districts. Reductions to any required transfer to the PSSSA, or draws on the PSSSA, are subject to the same budget emergency requirements described above. However, Proposition 2 also mandates draws on the PSSSA in any fiscal year in which the estimated minimum funding guarantee is less than the prior year's funding level, as adjusted for enrollment growth and cost of living.

SB 858. Senate Bill 858 ("SB 858") became effective upon the passage of Proposition 2. SB 858 includes provisions which could limit the amount of reserves that may be maintained by a school district in certain circumstances. Under SB 858, in any fiscal year immediately following a fiscal year in which the State has made a transfer into the PSSSA, any adopted or revised budget by a school district would need to contain a combined unassigned and assigned ending fund balance that (a) for school districts with an ADA of less than 400,000, is not more than two times the amount of the reserve for economic uncertainties mandated by the Education Code, or (b) for school districts with an ADA that is more than 400,000, is not more than three times the amount of the reserve for economic uncertainties mandated by the Education Code. In certain cases, the county superintendent of schools may grant a school district a waiver from this limitation on reserves for up to two consecutive years within a three-year period if there are certain extraordinary fiscal circumstances.

The District, which has an ADA of less than 400,000, is required to maintain a reserve for economic uncertainty in an amount equal to 3% of its general fund expenditures and other financing uses.

SB 751. Senate Bill 751 ("SB 751"), enacted on October 11, 2017, alters the reserve requirements imposed by SB 858. Under SB 751, in a fiscal year immediately after a fiscal year in which the amount of moneys in the PSSSA is equal to or exceeds 3% of the combined total general fund revenues appropriated for school districts and allocated local proceeds of taxes for that fiscal year, a school district budget that is adopted or revised cannot have an assigned or unassigned ending fund balance that exceeds 10% of those funds. SB 751 excludes from the requirements of those provisions basic aid school districts (also known as community funded districts) and small school districts having fewer than 2,501 units of average daily attendance.

Future Initiatives

Article XIIIA, Article XIIIB, Article XIIIC and Article XIIID of the California Constitution and Propositions 98, 39, 22, 26, 30, 55 and 51 were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted further affecting District revenues or the District's ability to expend revenues. The nature and impact of these measures cannot be anticipated by the District.

DISTRICT FINANCIAL INFORMATION

The information in this section concerning the District's general fund finances and State funding of public education is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of and interest on the Bonds is payable from the general fund of the District. The Bonds are payable solely from the proceeds of an ad valorem *property tax required to be levied by the County within the boundaries of the District in an amount sufficient for the payment thereof. See "THE BONDS – Security and Sources of Payment" herein.*

State Funding of Education

School district revenues consist primarily of guaranteed State moneys, local property taxes and funds received from the State in the form of categorical aid under ongoing programs of local assistance. All State aid is subject to the appropriation of funds in the State's annual budget.

Revenue Limit Funding. Previously, school districts operated under general purpose revenue limits established by the State Department of Education. In general, revenue limits were calculated for each school district by multiplying the ADA for such district by a base revenue limit per unit of ADA. Revenue limit calculations were subject to adjustment in accordance with a number of factors designed to provide cost of living adjustments ("COLAs") and to equalize revenues among school districts of the same type. Funding of a school district's revenue limit was provided by a mix of local property taxes and State apportionments of basic and equalization aid. Since fiscal year 2013-14, school districts have been funded based on uniform funding grants assigned to certain grade spans. See "—Local Control Funding Formula" herein.

Local Control Funding Formula. State Assembly Bill 97 (Stats. 2013, Chapter 47) ("AB 97"), enacted as part of the fiscal year 2013-14 State budget, established the current system for funding school districts, charter schools and county offices of education. Certain provisions of AB 97 were amended and clarified by Senate Bill 91 (Stats. 2013, Chapter 49) ("SB 91").

The primary component of AB 97, as amended by SB 91, is the implementation of the Local Control Funding Formula ("LCFF"), which replaced the revenue limit funding system for determining State apportionments, as well as the majority of categorical program funding. State allocations are now provided on the basis of target base funding grants per unit of ADA (a "Base Grant") assigned to each of four grade spans. Each Base Grant is subject to certain adjustments and add-ons, as discussed below. Full implementation of the LCFF occurred over a period of eight fiscal years. In each year, an annual transition adjustment was calculated for each school district, equal to such district's proportionate share of appropriations included in the State budget to close the gap between the prior-year funding level and the target allocation following full implementation of the LCFF. In each year, school districts had the same proportion of their respective funding gaps closed, with dollar amounts varying depending on the size of a district's funding gap.

The Base Grants per unit of ADA for each grade span are as follows: (i) $6,845 for grades K-3; (ii) $6,947 for grades 4-6; (iii) $7,154 for grades 7-8; and (iv) $8,289 for grades 9-12. During the implementation period of the LCFF, the Base Grants were adjusted for COLAs by applying the implicit price deflator for government goods and services. The provision of COLAs is currently subject to appropriation for such adjustment in the annual State budget. The differences among Base Grants are linked to differentials in statewide average revenue limit rates by district type, and are intended to recognize the generally higher costs of education at higher grade levels. See also "—State Budget" herein for the adjusted Base Grants provided for in current State budget legislation.

The Base Grants for grades K-3 and 9-12 are subject to adjustments of 10.4% and 2.6%, respectively, to cover the costs of class size reduction in early grades and the provision of career technical education in high schools. Following full implementation of the LCFF, and unless otherwise collectively bargained for, school districts serving students in grades K-3 must maintain an average class enrollment of 24 or fewer students in grades K-3 at each school site in order to continue receiving the adjustment to the K-3 Base Grant. Such school districts must also make progress towards this class size reduction goal in proportion to the growth in their funding over the implementation period. Additional add-ons are also provided to school districts that received categorical block grant funding pursuant to the Targeted Instructional Improvement and Home-to-School Transportation programs during fiscal year 2012-13.

School districts that serve students of limited English proficiency ("EL" students), students from low income families that are eligible for free or reduced priced meals ("LI" students) and foster youth are eligible to receive additional funding grants. Enrollment counts are unduplicated, such that students may not be counted as both EL and LI (foster youth automatically meet the eligibility requirements for free or reduced priced meals). A supplemental grant add-on (each, a "Supplemental Grant") is authorized for school districts that serve EL/LI students, equal to 20% of the applicable Base Grant multiplied by such districts' percentage of unduplicated EL/LI student enrollment. School districts whose EL/LI populations exceed 55% of their total enrollment are eligible for a concentration grant add-on (each, a "Concentration Grant") equal to 50% of the applicable Base Grant multiplied the percentage of such district's unduplicated EL/LI student enrollment in excess of the 55% threshold.

The following table shows a breakdown of the District's ADA by grade span, total enrollment, and the percentage of EL/LI student enrollment, for fiscal years 2012-13 through 2019-20.

ADA, ENROLLMENT AND EL/LI ENROLLMENT PERCENTAGE
Fiscal Years 2012-13 through 2019-20
Lynwood Unified School District

	Average Daily Attendance(1)					Enrollment	
Fiscal Year	K-3	4-6	7-8	9-12	Total ADA	Total Enrollment(2)	% of EL/LI Enrollment(3)
2012-13	4,796	3,119	2,102	4,270	14,288	15,029	N/A
2013-14	4,746	3,069	2,052	4,322	14,198	14,919	92%
2014-15	4,517	3,285	2,025	4,327	14,154	14,776	96
2015-16	4,392	3,392	1,992	4,254	14,030	14,830	96
2016-17	4,320	3,361	2,009	4,091	13,781	14,454	95
2017-18	4,170	3,210	2,100	3,932	13,412	14,211	92
2018-19	3,905	3,036	2,041	3,841	12,824	13,802	94
2019-20(4)	3,657	2,872	1,984	3,752	12,265	13,213	97

Note: ADA numbers may not add due to rounding.

(1) Except for fiscal year 2019-20, reflects ADA as of the second principal reporting period (P-2 ADA), ending on or before the last attendance month prior to April 15 of each school year. An attendance month is equal to each four-week period of instruction beginning with the first day of school for a particular school district.

(2) Reflects certified enrollment as of the fall census day (the first Wednesday in October), which is reported to the California Longitudinal Pupil Achievement Data System ("CALPADS") in each school year and used to calculate each school district's unduplicated EL/LI student enrollment. Adjustments may be made to the certified EL/LI counts by the California Department of Education. CALPADS figures generally exclude preschool and adult transitional students.

(3) For purposes of calculating Supplemental and Concentration Grants, a school district's fiscal year 2013-14 percentage of unduplicated EL/LI students was expressed solely as a percentage of its total fiscal year 2013-14 total enrollment. For fiscal year 2014-15, the percentage of unduplicated EL/LI enrollment was based on the two-year average of EL/LI enrollment in fiscal years 2013-14 and 2014-15, or the current year percentage of EL/LI enrollment, whichever was greater. Since fiscal year 2015-16, a school district's percentage of unduplicated EL/LI students has been based on a rolling average of such district's EL/LI enrollment for the then-current fiscal year and the two immediately preceding fiscal years.

(4) Projected.

Source: Lynwood Unified School District.

For certain school districts that would have received greater funding levels under the prior revenue limit system, the LCFF provides for a permanent economic recovery target ("ERT") add-on, equal to the difference between the revenue limit allocations such districts would have received under the prior system in fiscal year 2020-21, and the target LCFF allocations owed to such districts in the same year. To derive the projected funding levels, the LCFF assumes the discontinuance of deficit revenue limit funding, implementation of COLAs in fiscal years 2014-15 through 2020-21, and restoration of categorical funding to pre-recession levels. The ERT add-on will be paid incrementally over the implementing period of the LCFF.

The sum of a school district's adjusted Base, Supplemental and Concentration Grants will be multiplied by such district's P-2 ADA for the current or prior year, whichever is greater (with certain adjustments applicable to small school districts). This funding amount, together with any applicable ERT or categorical block grant add-ons, will yield a district's total LCFF allocation. Generally, the amount of annual State apportionments received by a school district will amount to the difference between such total LCFF allocation and such district's share of applicable local property taxes. Most school districts receive a significant portion of their funding from such State apportionments. As a result, decreases in State revenues may significantly affect appropriations made by the Legislature to school districts.

Certain school districts, known as "basic aid" or "community supported" districts, have allocable local property tax collections that equal or exceed such districts' total LCFF allocation, and result in the receipt of no State apportionment aid. Basic aid school districts receive only special categorical funding, which is deemed to satisfy the "basic aid" requirement of $120 per student per year guaranteed by Article IX, Section 6 of the State Constitution. The implication for basic aid districts is that the legislatively determined allocations to school districts, and other politically determined factors, are less significant in determining their primary funding sources. Rather, property tax growth and the local economy are the primary determinants. The District does not currently qualify as a basic aid district.

Accountability. On January 16, 2014, the State Board of Education adopted regulations regarding the expenditure of supplemental and concentration funding, and on February 6, 2014 the State Office of Administrative Law approved such regulations. These regulations include a requirement that school districts increase or improve services for EL/LI students in proportion to the increase in funds apportioned to such districts on the basis of the number and concentration of such EL/LI students, as well as the conditions under which school districts can use supplemental or concentration funding on a school-wide or district-wide basis.

School districts are also required to adopt local control and accountability plans ("LCAPs") disclosing annual goals for all students, as well as certain numerically significant student subgroups, to be achieved in eight areas of State priority identified by the LCFF. LCAPs may also specify additional local priorities. LCAPs must specify the actions to be taken to achieve each goal, including actions to correct identified deficiencies with regard to areas of State priority. LCAPs are required to be updated annually, covering a three-year period. The State Board of Education has developed a template LCAP for school districts to use.

Support and Intervention. AB 97, as amended by SB 91, establishes a new system of support and intervention to assist school districts meet the performance expectations outlined in their respective LCAPs. School districts must adopt their LCAPs (or annual updates thereto) in tandem with their annual operating budgets, and not later than five days thereafter submit such LCAPs or updates to their respective county superintendents of schools. On or before August 15 of each year, a county superintendent may seek clarification regarding the contents of a district's LCAP (or annual update thereto), and the district is required to respond to such a request within 15 days. Within 15 days of receiving such a response, the county superintendent can submit non-binding recommendations for amending the LCAP or annual update, and such recommendations must be considered by the respective school district at a public hearing within 15 days. A district's LCAP or annual update must be approved by the county superintendent by October 8 of each year if the superintendent determines that (i) the LCAP or annual update adheres to the State template, and (ii) the district's budgeted expenditures are sufficient to implement the actions and strategies outlined in the LCAP.

A school district is required to receive additional support if its respective LCAP or annual update thereto is not approved, if the district requests technical assistance from its respective county superintendent, or if the district does not improve student achievement across more than one State priority for one or more student subgroups. Such support can include a review of a district's strengths and weaknesses in the eight State priority areas, or the assignment of an academic expert to assist the district identify and implement programs designed to improve outcomes. Assistance may be provided by the California Collaborative for Educational Excellence, a state agency created by the LCFF and charged with assisting school districts achieve the goals set forth in their LCAPs. The State Board of Education has developed rubrics to assess school district performance and the need for support and intervention.

The State Superintendent of Public Instruction (the "State Superintendent") is further authorized, with the approval of the State Board of Education, to intervene in the management of persistently underperforming school districts. The State Superintendent may intervene directly or assign an academic trustee to act on his or her behalf. In so doing, the State Superintendent is authorized (i) to modify a district's LCAP, (ii) impose budget revisions designed to improve student outcomes, and (iii) stay or rescind actions of the local governing board that would prevent such district from improving student outcomes; provided, however, that the State Superintendent is not authorized to rescind an action required by a local collective bargaining agreement.

Other State Sources. In addition to State allocations determined pursuant to the LCFF, the District receives other State revenues consisting primarily of restricted revenues designed to implement State mandated programs. Beginning in fiscal year 2013-14, categorical spending restrictions associated with a majority of State mandated programs were eliminated, and funding for these programs was folded into the LCFF. Categorical funding for certain programs was excluded from the LCFF, and school districts will continue to receive restricted State revenues to fund these programs.

Other Revenue Sources

The federal government provides funding for several school district programs, including special education programs, programs under the No Child Left Behind Act, and specialized programs such as Drug Free Schools, Innovative Strategies, and Vocational & Applied Technology. In addition, school districts may receive additional local revenues beyond local property tax collections, such as leases and rentals, interest earnings, interagency services, developer fees, redevelopment revenues, and other local sources.

Budget Process

State Budgeting Requirements. The District is required by provisions of the State Education Code to maintain a balanced budget each year, in which the sum of expenditures and the ending fund balance cannot exceed the sum of revenues and the carry-over fund balance from the previous year. The State Department of Education imposes a uniform budgeting and accounting format for school districts. The budget process for school districts was substantially amended by Assembly Bill 1200 ("AB 1200"), which became State law on October 14, 1991. Portions of AB 1200 are summarized below. Additional amendments to the budget process were made by Assembly Bill 2585, effective as of September 9, 2014, including the elimination of the dual budget cycle option for school districts. All school districts must now be on a single budget cycle.

School districts must adopt a budget on or before July 1 of each year. The budget must be submitted to the county superintendent within five days of adoption or by July 1, whichever occurs first. The county superintendent will examine the adopted budget for compliance with the standards and criteria adopted by the State Board of Education and identify technical corrections necessary to bring the budget into compliance, and will determine if the budget allows the district to meet its current obligations, if the budget is consistent with a financial plan that will enable the district to meet its multi-year financial commitments, whether the budget includes the expenditures necessary to implement a local control and accountability plan, and whether the budget's ending fund balance exceeds the minimum recommended reserve for economic uncertainties.

On or before August 15, the county superintendent will approve, conditionally approve or disapprove the adopted budget for each school district. Budgets will be disapproved if they fail the above standards. The district board must be notified by August 15 of the county superintendent's recommendations for revision and reasons for the recommendations. The county superintendent may assign a fiscal advisor or appoint a committee to examine and comment on the superintendent's recommendations. The committee must report its findings no later than August 20. Any recommendations made by the county superintendent must be made available by the district for public inspection. No later than September 22, the county superintendent must notify the State Superintendent of Public Instruction of all school districts whose budget may be disapproved.

For districts whose budgets have been disapproved, the district must revise and readopt its budget by September 8, reflecting changes in projected income and expense since July 1, including responding to the county superintendent's recommendations. The county superintendent must determine if the budget conforms with the standards and criteria applicable to final district budgets and not later than October 8, will approve or disapprove the revised budgets. If the budget is disapproved, the county superintendent will call for the formation of a budget review committee pursuant to Education Code Section 42127.1. No later than October 8, the county superintendent must notify the State Superintendent of Public Instruction of all school districts whose budget has been disapproved. Until a district's budget is approved, the district will operate on the lesser of its proposed budget for the current fiscal year or the last budget adopted and reviewed for the prior fiscal year.

Interim Financial Reports. Under the provisions of AB 1200, each school district is required to file interim certifications with the county office of education as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent fiscal year. The county office of education reviews the certification and issues either a positive, negative or qualified certification. A positive certification is assigned to any school district that will meet its financial obligations for the current fiscal year and subsequent two fiscal years. A negative certification is assigned to any school district that will be unable to meet its financial obligations for the remainder of the current fiscal year or subsequent fiscal year. A qualified certification is assigned to any school district that may not meet its financial obligations for the current fiscal year or two subsequent fiscal years.

Within the past five fiscal years, the District filed its first and second interim financial reports for fiscal year 2010-11 and its second interim financial report for fiscal year 2011-12 with "qualified" designations. Beginning with fiscal year 2012-13, the District has filed all interim reports with a "positive" designation, and the County Office of Education has accepted such designations.

Budgeting Trends. The District's general fund adopted budgets for fiscal years 2016-17 through 2019-20, audited actual results for fiscal years 2016-17 and 2018-19, and projected results for fiscal year 2019-20 are set forth below.

GENERAL FUND BUDGETING
Fiscal Years 2016-17 through 2019-20
Lynwood Unified School District

	Fiscal Year 2016-17[1]		Fiscal Year 2017-18[1]		Fiscal Year 2018-19[1]		Fiscal Year 2019-20	
REVENUES	**Budgeted**	**Ending**	**Budgeted**	**Ending**	**Budgeted**	**Ending**	**Budgeted[2]**	**Projected[2]**
LCFF Sources	$151,795,635	$148,815,620	$151,754,552	$151,784,783	$156,796,689	$156,271,482	$155,715,737	$155,715,737
Federal	10,575,065	9,540,896	10,318,237	8,968,610	9,860,430	11,043,765	11,121,783	16,774,435
Other State[3]	14,166,169	26,238,212	11,634,389	22,530,895	10,364,105	27,605,528	10,379,738	11,078,970
Other Local	1,194,600	1,837,319	683,000	1,980,209	709,500	4,021,947	1,390,500	1,620,500
Total Revenues	177,731,469	186,432,047	174,390,178	185,264,497	177,730,724	198,942,722	178,607,758	185,189,642
EXPENDITURES								
Certificated Salaries	67,367,871	72,450,054	67,217,165	71,025,566	68,143,634	72,560,656	71,561,581	73,859,079
Classified Salaries	30,801,762	27,992,017	30,570,490	28,844,867	30,619,487	30,373,692	31,430,027	32,595,832
Employee Benefits	33,784,729	39,482,018	36,269,089	40,026,530	39,082,934	49,735,091	39,395,172	41,398,945
Books and Supplies	8,760,265	8,513,952	12,294,714	8,623,831	14,964,151	9,278,350	10,069,370	11,896,075
Services, Other Operating Expenses	22,744,697	20,796,443	26,228,294	23,082,964	26,015,458	25,225,465	28,681,029	29,826,491
Capital outlay	3,757,500	3,500,432	2,034,778	475,966	463,580	2,174,797	421,449	503,413
Direct Support/Indirect Costs	--	--	--	--	--	--	(380,000)	(380,000)
Debt Service	--	2,043,147	--	1,399,874	--	1,389,937	--	--
Other Outgo	4,549,646	2,589,944	4,969,949	3,090,364	3,404,861	5,865,865	1,549,000	1,549,000
Total Expenditures	171,766,470	177,368,007	179,584,479	176,569,962	182,694,105	196,603,853	182,727,628	191,248,835
EXCESS (DEFICIENCY) OR REVENUES OVER (UNDER) EXPENDITURES	5,964,999	9,064,040	(5,194,301)	8,694,535	(4,963,381)	2,338,869	(4,119,870)	(6,059,193)
OTHER FINANCING SOURCES (USES)								
Interfund Transfers in	--	--	--	--	--	--	--	--
Interfund transfers out	(2,204,995)	(416,000)	(665,121)	(3,664,965)	(2,268,153)	(1,227,533)	(2,020,735)	(2,020,735)
Total Other Financing Sources and Uses	(2,204,995)	(416,000)	(665,121)	(3,664,965)	(2,268,153)	(1,227,533)	(2,020,735)	(2,020,735)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources	3,760,004	8,648,040	(5,859,422)	5,029,570	(7,231,534)	1,111,336	(6,140,605)	(8,079,928)
Fund Balance, July 1	22,850,468	22,850,468	31,498,508	31,498,508	36,528,078	36,528,078	38,147,724	38,147,724
Other Restatements	--	--	--	--	--	--	--	--
Fund Balance, June 30	$26,610,472	$31,498,508	$25,639,086	$36,528,078	$29,296,544	$37,639,414	$32,007,119	$30,067,796

(1) From the District's audited financial statements for such fiscal years.
(2) From the District's first interim financial report for fiscal year 2019-20.
Source: Lynwood Unified School District

Accounting Practices

The accounting policies of the District conform to generally accepted accounting principles in accordance with policies and procedures of the California School Accounting Manual. This manual, according to Section 41010 of the California Education Code, is to be followed by all California school districts. Revenues are recognized in the period in which they become both measurable and available to finance expenditures of the current fiscal period. Expenditures are recognized in the period in which the liability is incurred.

Comparative Financial Statements

Audited financial statements for the District for the fiscal year ended June 30, 2019, and prior fiscal years are on file with the District and available for public inspection at the Office of the Chief Business Official of the District, 11321 Bullis Road, Lynwood, California 90262, telephone: (310) 886-1600. The District's audited financial statements for the year ended June 30, 2019 are attached hereto as APPENDIX B. The table on the following page reflects the District's general fund revenues, expenditures and changes in fund balance for fiscal years 2014-15 through 2018-19.

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AUDITED STATEMENT OF GENERAL FUND REVENUES, EXPENDITURES AND CHANGED IN FUND BALANCES
Fiscal Years 2014-15 through 2018-19
Lynwood Unified School District

	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19
REVENUES					
LCFF Sources	$120,011,565	$141,229,611	$148,815,620	$151,784,783	$156,271,482
Federal	12,165,991	11,282,472	9,540,896	8,968,610	11,043,765
Other State	16,179,045	26,131,536	26,238,212	22,530,895	27,605,528
Other Local	6,398,913	2,552,645	1,837,319	1,980,209	4,021,947
Total Revenues	154,755,514	181,196,264	186,432,047	185,264,497	198,942,722
EXPENDITURES					
Current					
Instruction	86,436,244	92,934,703	99,155,838	99,090,665	112,018,804
Instruction-related activities:					
Supervisions of instruction	8,316,118	8,357,329	8,439,603	8,519,388	8,313,502
Instructional library, media and technology	791,046	983,237	1,043,475	1,148,871	1,221,814
School site administration	10,317,541	12,425,497	12,606,916	12,622,557	13,670,552
Pupil services:					
Home-to-school transportation	1,610,465	1,534,909	2,797,129	1,562,591	2,404,223
Food services	--	--	--	--	139,315
All other pupil services	8,302,696	9,235,263	9,558,541	10,428,723	11,831,103
Administration:					
Data processing	2,181,067	3,878,519	4,011,356	4,366,407	3,825,650
All other administration	9,064,526	9,270,042	9,304,033	10,225,755	10,947,053
Plant services	19,939,682	21,526,954	21,465,356	21,532,374	23,759,922
Facility acquisition and construction	3,348,477	1,529,708	2,591,201	333,871	1,986,918
Ancillary services	442,377	634,352	1,058,483	964,216	1,115,936
Community services	733,847	867,856	881,670	921,698	926,674
Other outgo	3,577,417	3,451,761	2,411,259	3,452,972	3,052,450
Debt service					
Principal	904,581	1,324,510	1,230,452	995,452	520,000
Interest and other	993,413	2,326,349	812,695	404,422	869,937
Total Expenditures	156,959,497	170,280,989	177,368,007	176,569,962	196,603,853
EXCESS (DEFICIENCY) OR REVENUES OVER (UNDER) EXPENDITURES	(2,203,983)	10,915,275	9,064,040	8,694,535	2,338,869
OTHER FINANCING SOURCES (USES)					
Interfund Transfers in	--	--	--	--	--
Other sources	--	19,295,365	--	--	--
Interfund transfers out	(112,362)	(816,631)	(416,000)	(3,664,965)	(1,227,533)
Other uses – refunding debt	--	(17,603,804)	--	--	--
Total Other Financing Sources and Uses	(112,362)	874,930	(416,000)	(3,664,965)	(1,227,533)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources	(2,316,345)	11,790,205	8,648,040	5,029,570	1,111,336
Fund Balance, July 1	13,376,608	11,060,263	22,850,468	31,498,508	36,528,078
Fund Balance, June 30	$11,060,263	$22,850,468	$31,498,508	$36,528,078	$37,639,414

Source: Lynwood Unified School District.

State Budget

The following information concerning the State's budget has been obtained from publicly available information which the District believes to be reliable; however, the District does not guarantee the accuracy or completeness of this information and has not independently verified such information. Furthermore, it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest on the Bonds is payable from the general fund of the District. The Bonds are payable from the proceeds of an ad valorem *property tax required to be levied by the County on taxable property within the boundaries of the District in an amount sufficient for the payment thereof.*

2019-20 Budget. On June 27, 2019, the Governor signed into law the State budget for fiscal year 2019-20 (the "2019-20 Budget"). The following information is drawn from the State Department of Finance's summary of the 2019-20 Budget.

For fiscal year 2018-19, the 2019-20 Budget projects total general fund revenues and transfers of $138 billion and total expenditures of $142.7 billion. The State is projected to end the 2018-19 fiscal year with total available general fund reserves of $20.7 billion, including $5.4 billion in the traditional general fund reserve, $14.4 billion in the BSA and $900 million in the Safety Net Reserve Fund for the CalWORKs and Medi-Cal programs. For fiscal year 2019-20, the 2019-20 Budget projects total general fund revenues and transfers of $143.8 billion and authorizes expenditures of $147.8 billion. The State is projected to end the 2019-20 fiscal year with total available general fund reserves of $18.8 billion, including $1.4 billion in the traditional general fund reserve, $16.5 billion in the BSA and $900 million in the Safety Net Reserve Fund. The 2019-20 Budget also authorizes a deposit to the PSSSA of $376.5 million in order to comply with Proposition 2. The amount is below the threshold required to trigger certain maximum local reserve levels for school districts created by State legislation approved in 2014 (and amended in 2017). See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 2 – SB 858; SB 751."

For fiscal year 2019-20, the Budget sets the minimum funding guarantee at $81.1 billion. With respect to K-12 education, ongoing per-pupil spending is set at $11,993. Other significant features with respect to K-12 education funding include the following:

- *Local Control Funding Formula* – An increase of $1.9 billion in Proposition 98 funding for the LCFF, reflecting a 3.26% COLA. For fiscal year 2019-20, the adjusted Base Grants are as follows: (i) $8,503 for grades K-3, (ii) $7,818 for grades 4-6, (iii) $8,050 for grades 7-8, and (iv) $9,572 for grades 9-12. See also "DISTRICT FINANCIAL INFORMATION – State Funding of Education – Local Control Funding Formula."

- *Settle-Up Payment* – An increase of $686.6 million for K-14 school districts to pay the balance of past-year Proposition 98 funding owed through fiscal year 2017-18.

- *Special Education* – $645.3 million in ongoing Proposition 98 funding for special education. Specifically, the 2019-20 Budget allocates (i) $152.6 million to provide all special education local area plans at least the Statewide target rate for base special education funding, and (ii) $492.7 million in special education funding, to be allocated to school districts based on the number of children between three to five years of age and with exceptional needs that are being served.

- *Pension Costs* – A $3.15 billion payment from non-Proposition 98 funds to CalSTRS and CalPERS, to reduce long-term liabilities for K-14 school districts. Of this amount, $850 million would be provided to buy down employer contribution rates in fiscal years 2019-20 and 2020-21. With these payments, CalSTRS employer contributions will be reduced from 18.13% to 17.1% in fiscal year 2019-20, and from 19.1% to 18.4% in fiscal year 2020-21. The CalPERS employer contribution will be reduced from 20.7% to 19.7% in fiscal year 2019-20, and the projected CalPERS employer contribution is expected to be reduced from 23.6% to 22.9 % in fiscal year 2020-21. The remaining $2.3 billion would be paid towards employers' long-term unfunded liability. See also "LYNWOOD UNIFIED SCHOOL DISTRICT – District Retirement Programs."

- *After School Programs* - $50 million in ongoing Proposition 98 funding to provide an increase of approximately 8.3% to the per-pupil daily rate for after school education and safety programs.

- *Teacher Support* - $43.8 million in one-time non-Proposition 98 funding to provide training and resources for classroom educators and paraprofessionals, to build capacity in key State priorities. The 2019-20 Budget also includes $89.8 million in one-time, non-Proposition 98 funding to provide up to 4,487 grants for students enrolled in professional teacher preparation programs who commit to working in a high-need field at a priority school for at least four years.

- *Broadband Infrastructure* - $7.5 million in one-time, non-Proposition 98 funding for broadband infrastructure improvements at local educational agencies.

- *Full-Day Kindergarten* - $300 million in one-time, non-Proposition 98 funding to finance construction or retrofit of facilities to support full-day kindergarten programs.

- *Wildfire-Related Cost Adjustments* – An increase of $2 million in one-time Proposition 98 funding to reflect adjustments in the estimate for property tax backfill for basic aid school districts impacted by wildfires which occurred in 2017 and 2018. The 2019-20 Budget also holds both school districts and charter schools impacted by wildfires in 2018 harmless in terms of State funding for two years.

- *Proposition 51* – a total allocation of $1.5 billion in Proposition 51 bond funds for K-12 school facility projects.

For additional information regarding the 2019-20 Budget, see the State Department of Finance website at www.dof.ca.gov. However, the information presented on such website is not incorporated herein by reference.

Proposed 2020-21 Budget. On January 10, 2020, the Governor released his proposed State budget for fiscal year 2020-21 (the "Proposed 2020-21 Budget"). The following information is drawn from the summaries of the 2019-20 Budget prepared by the State Department of Finance and the LAO.

For fiscal year 2019-20, the Proposed 2020-21 Budget projects total general fund revenues and transfers of $146.5 billion and total expenditures of $149.7 billion. The State is projected to end the 2019-20 fiscal year with total available general fund reserves of $20 billion, including $3.1 billion in the traditional general fund reserve, $16 billion in the BSA and $900 million in the Safety Net Reserve Fund for the CalWORKs. The Proposed 2020-21 Budget also increases the deposit into the PSSA by $147.7 million, for a total of $524 million, in order to comply with Proposition 2. The amount continues to be below the threshold required to trigger certain maximum local reserve levels for school districts created by State legislation approved in 2014 (and amended in 2017). See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 2 – SB 858; SB 751."

For fiscal year 2020-21, the Proposed 2020-21 Budget projects total general fund revenues and transfers of $151.6 billion and authorizes expenditures of $153.1 billion. The State is projected to end the 2020-21 fiscal year with total available general fund reserves of $20.5 billion, including $1.6 billion in the traditional general fund reserve, $18 billion in the BSA and $900 million in the Safety Net Reserve Fund. The Proposed 2020-21 Budget also authorizes a deposit to the PSSSA of $487 million in order to comply with Proposition 2. This amount is below the amount required to trigger certain maximum local reserve levels for school district. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 2 – SB 858; SB 751." Pursuant to the provisions of Proposition 2, the Proposed 2020-21 Budget also projects a draw on the PSSSA of approximately $37.6 million.

The Proposed 2020-21 Budget makes certain revisions to Proposition 98 funding levels set by prior budgetary legislation. For fiscal year 2018-19, the minimum funding guarantee is revised to $78.4 billion, an increase of $301.5 million from prior levels. For fiscal year 2019-20, the minimum funding guarantee is revised to $81.6 billion, an increase of $517 million from the prior level. These increases are due largely to increases in property tax revenues in fiscal year 2018-19, and increases in State general fund revenues in both fiscal years.

For fiscal year 2020-21, the Proposed 2020-21 Budget sets the minimum funding guarantee at $84 billion, and increase of approximately $2.6 billion over the revised prior year level. With respect to K-12 education, ongoing per-pupil spending is set at $17,964. Due to the year-to-year growth in State revenues and a projected decline in ADA, fiscal year 2020-21 is projected to be a "Test 1" year. Other significant features with respect to K-12 education funding include the following:

- *Local Control Funding Formula* – An increase of $1.2 billion in Proposition 98 funding for the LCFF, reflecting a 2.29% COLA. This would bring total LCFF funding to $64.2 billion. The Proposed 2020-21 Budget also includes $600,000 in one-time Proposition 98 funding to improve LCFF fiscal accountability by making Statewide LCAP information more accessible to the public. Finally, the Proposed 2020-21 Budget includes an increase of $5.7 million in LCFF funding for county offices of education, reflecting a 2.29% COLA.

- *Categorical Programs* – An increase of $122.4 million in Proposition 98 funding for categorical programs that remain outside the LCFF, reflecting a 2.29% COLA.

- *Special Education* – A new special education base funding formula using a three-year rolling average of local educational agency ADA allocated to special education local plans areas. This funding level would include a 15% increase in the Proposition 98 contribution to the funding rate provided in the prior year's budgetary legislation. The Proposed 2020-21 Budget also includes an additional $250 million in ongoing Proposition 98 funding based on the number of children between ages three and five with exceptional needs. Funding would be allocated on a one-time basis to school districts based on the number of preschool-age children with disabilities.

- *Educator Recruitment and Professional Development* - $900 million in one-time Proposition 98 funding for six initiatives aimed at improving school employee training, recruitment and retention.

- *Community Schools* - $300 million in one-time Proposition 98 funding to implement community school models which typically integrate health, mental health and other services for students and families and provides these services directly on school campuses.

- *Opportunity Grants* - $300 million in one-time Proposition 98 funding to establish opportunity grants for low-performing schools and school districts and to expand the Statewide system of support therefor.

- *Computer Science* - $15 million in one-time Proposition 98 funding for grants to local educational agencies to support K-12 teachers earning a supplemental authorization to their teaching credential to teach computer science. The Proposed 2020-21 Budget also provides $2.5 million in one-time Proposition 98 funding for county offices of education to identify, compile and share resources for computer science professional development, curriculum and best practices.

- *School Nutrition* - $60 million in Proposition 98 funding to increase funding for school nutrition. Additionally, the Proposed 2020-21 Budget includes $10 million in Proposition 98 funding to provide training for school food service workers.

- *School Facilities* – $400 million in one-time, non-Proposition 98 funding for eligible school districts to construct new, or to retrofit existing, facilities for full-day kindergarten programs.

- *Proposition 51* – a total allocation of $1.5 billion in Proposition 51 bond funds for K-12 school facility projects.

For additional information regarding the 2019-20 Budget, see the State Department of Finance website at www.dof.ca.gov and the LAO's website at www.lao.ca.gov. However, the information presented on such websites is not incorporated herein by reference..

Future Actions. The District cannot predict what actions will be taken in the future by the Legislature and the Governor to address changing State revenues and expenditures. The District also cannot predict the impact such actions will have on State revenues available in the current or future years for education. The State budget will be affected by national and State economic conditions and other factors over which the District will have no control. Certain actions or results could produce a significant shortfall of revenue and cash, and could consequently impair the State's ability to fund schools. State budget shortfalls in future fiscal years may also have an adverse financial impact on the financial condition of the District. However, the obligation to levy *ad valorem* property taxes upon all taxable property within the District for the payment of principal of and interest on the Bonds would not be impaired.

LYNWOOD UNIFIED SCHOOL DISTRICT

The information in this section concerning the operations of the District and the District's finances is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of and interest on the Bonds is payable from the general fund of the District. The Bonds are payable solely from the proceeds of an ad valorem *property tax which is required to be levied by the County within the boundaries of the District in an amount sufficient for the payment thereof. See "THE BONDS – Security and Sources of Payment" herein.*

General Information

The District, formed in 1950, provides kindergarten through twelfth grade education services to residents in the County. The District encompasses an area of approximately 6.5 square miles, and includes most of the City of Lynwood. The District operates 12 elementary schools, three middle schools, two high schools, one continuation high school, one adult school and two child care centers. For fiscal year 2019-20, the District's ADA is projected to be 12,265 students and property within the District has a fiscal year 2019-20 assessed valuation of $3,518,630,406.

Unless otherwise indicated, the following financial, statistical and demographic data has been provided by the District. Additional information concerning the District and copies of the most recent and subsequent audited financial reports of the District may be obtained by contacting: Lynwood Unified School District, 11321 Bullis Rd., Lynwood, California 90262, Attention: Superintendent.

Administration

The District is governed by a five-member Board of Education, each member of which is elected to a four-year term. Elections for positions to the Board are held every two years, alternating between two and three available positions. Current members of the Board, together with their offices and the date each member's term expires, are listed below:

BOARD OF EDUCATION
Lynwood Unified School District

Board Member	Office	Term Expires
Gary Hardie, Jr.	President	December 2020
Maria G. Lopez	Vice President	December 2020
Briseida Gonzalez, MSW	Clerk	December 2020
Alfonso Morales, Esq.	Member	December 2022
Alma-Delia Renteria, M.Ed.	Member	December 2022

The Superintendent of the District is responsible for administering the affairs of the District in accordance with the policies of the Board. Brief biographies of key personnel follow:

Dr. Gudiel Crosthwaite, Superintendent. Dr. Crosthwaite was appointed as Superintendent of the District on May 23, 2017. Previously, he served as the Assistant Superintendent of Educational Services of the District for approximately four years. Dr. Crosthwaite's other experience includes serving the District as Director of Elementary Reform, and as a Principal and Assistant Principal at the Montebello Unified School District. Dr. Crosthwaite received a Bachelor of Arts degree in sociology from the University of California, Los Angeles, a Master of Arts degree in education from the Harvard University Graduate School of Education, a Master of Arts degree in educational administration from the California State University, Los Angeles, and a Doctorate degree in education from the Claremont Graduate University.

Greg Fromm, Chief Business Official. Mr. Fromm has served as Chief Business Official of the District since December of 2018. Previously, he served as Assistant Superintendent, Business Services of the El Rancho Unified School District for seven months. Mr. Fromm's prior experience also includes serving the Coachella Unified School District in various capacities, including physical education teacher, football coach, principal, assistant principal, Director of Student Services, and Assistant Superintendent, Business and Finance. Mr. Fromm received a Master of Arts degree in educational leadership from California State University at San Bernardino, a Master of Science degree in physical education from Canisius College and a Bachelor of Arts degree in social sciences from the State University of New York at Buffalo.

Labor Relations

As of December 11, 2019, the District employed 878 full-time equivalent ("FTE") certificated employees and 666 FTE classified employees. District employees, except management and some part-time employees, are represented by the three bargaining units as noted below:

Labor Organization	Contract Expiration Date
Lynwood Teachers' Association	June 30, 2022
California Schools Employee Association	June 30, 2022
Service Employees International Union	June 30, 2022

Source: Lynwood Unified School District.

District Retirement Programs

The information set forth below regarding the District's retirement programs, other than the information provided by the District regarding its annual contributions thereto, has been obtained from publicly available sources which are believed to be reliable but are not guaranteed as to accuracy or completeness, and should not to be construed as a representation by either the District or the Underwriter.

STRS. All full-time certificated employees, as well as certain classified employees, are members of the State Teachers' Retirement System ("STRS"). STRS provides retirement, disability and survivor benefits to plan members and beneficiaries under a defined benefit program (the "STRS Defined Benefit Program"). The STRS Defined Benefit Program is funded through a combination of investment earnings and statutorily set contributions from three sources: employees, employers, and the State. Benefit provisions and contribution amounts are established by State statutes, as legislatively amended from time to time.

Prior to fiscal year 2014-15, and unlike typical defined benefit programs, none of the employee, employer nor State contribution rates to the STRS Defined Benefit Program varied annually to make up funding shortfalls or assess credits for actuarial surpluses. In recent years, the combined employer, employee and State contributions to the STRS Defined Benefit Program have not been sufficient to pay actuarially required amounts. As a result, and due to significant investment losses, the unfunded actuarial liability of the STRS Defined Benefit Program has increased significantly in recent fiscal years. In September 2013, STRS projected that the STRS Defined Benefit Program would be depleted in 31 years assuming existing contribution rates continued, and other significant actuarial assumptions were realized. In an effort to reduce the unfunded actuarial liability of the STRS Defined Benefit Program, the State passed the legislation described below to increase contribution rates.

Prior to July 1, 2014, K-14 school districts were required by such statutes to contribute 8.25% of eligible salary expenditures, while participants contributed 8% of their respective salaries. On June 24, 2014, the Governor signed AB 1469 ("AB 1469") into law as a part of the State's fiscal year 2014-15 budget. AB 1469 seeks to fully fund the unfunded actuarial obligation with respect to service credited to members of the STRS Defined Benefit Program before July 1, 2014 (the "2014 Liability"), within 32 years, by increasing member, K-14 school district and State contributions to STRS. Commencing July 1, 2014, the employee contribution rate increased over a three-year phase-in period in accordance with the following schedule:

MEMBER CONTRIBUTION RATES
STRS (Defined Benefit Program)

Effective Date	STRS Members Hired Prior to January 1, 2013	STRS Members Hired After January 1, 2013
July 1, 2014	8.150%	8.150%
July 1, 2015	9.200	8.560
July 1, 2016	10.250	9.205

Source: AB 1469.

Pursuant to the Reform Act (defined below), the contribution rates for members hired after the Implementation Date (defined below) will be adjusted if the normal cost increases by more than 1% since the last time the member contribution was set. The contribution rate for employees hired after the Implementation Date (defined below) increased from 9.205% of creditable compensation for fiscal year commencing July 1, 2017 to 10.205% of creditable compensation effective July 1, 2018. For fiscal year commencing July 1, 2019, the contribution rate for employees hired after the Implementation Date (defined below) will be 10.205%.

Pursuant to AB 1469, K-14 school districts' contribution rate will increase over a seven-year phase-in period in accordance with the following schedule:

K-14 SCHOOL DISTRICT CONTRIBUTION RATES
STRS (Defined Benefit Program)

Effective Date	K-14 school districts
July 1, 2014	8.88%
July 1, 2015	10.73
July 1, 2016	12.58
July 1, 2017	14.43
July 1, 2018	16.28
July 1, 2019	18.13
July 1, 2020	19.10

Source: AB 1469.

Based upon the recommendation from its actuary, for fiscal year 2021-22 and each fiscal year thereafter the STRS Teachers' Retirement Board (the "STRS Board"), is required to increase or decrease the K-14 school districts' contribution rate to reflect the contribution required to eliminate the remaining 2014 Liability by June 30, 2046; provided that the rate cannot change in any fiscal year by more than 1% of creditable compensation upon which members' contributions to the STRS Defined Benefit Program are based; and provided further that such contribution rate cannot exceed a maximum of 20.25%. In addition to the increased contribution rates discussed above, AB 1469 also requires the STRS Board to report to the State Legislature every five years (commencing with a report due on or before July 1, 2019) on the fiscal health of the STRS Defined Benefit Program and the unfunded actuarial obligation with respect to service credited to members of that program before July 1, 2014. The reports are also required to identify adjustments required in contribution rates for K-14 school districts and the State in order to eliminate the 2014 Liability.

On June 27, 2019, the Governor signed SB 90 ("SB 90") into law as a part of the 2019-20 Budget. Pursuant to SB 90, the State Legislature appropriated $2.246 billion to be transferred to the Teacher's Retirement Fund for the STRS Defined Benefit Program to pay in advance, on behalf of employers, part of the contributions required for fiscal years 2019-20 and 2020-21, resulting in K-14 school districts having to contribute 1.03% less in fiscal year 2019-20 and 0.70% less in fiscal year 2020-21. The remainder of the payment not committed for the reduction in employer contribution rates described above, is required to be allocated to reduce the employer's share of the unfunded actuarial obligation determined by the STRS Board upon recommendation from its actuary. See also "DISTRICT FINANCIAL INFORMATION – State Budget."

The District's contributions to STRS were $7,642,317 for fiscal year 2015-16, $9,217,001 in fiscal year 2016-17, $10,198,811 for fiscal year 2017-18 and $11,912,408 for fiscal year 2018-19. The District has projected $13,063,678 as its STRS contribution in fiscal year 2019-20.

The State also contributes to STRS, currently in an amount equal to 7.328% for fiscal year 2018-19 and 7.828% for fiscal year 2019-20. The State's contribution reflects a base contribution rate of 2.017%, and a supplemental contribution rate that will vary from year to year based on statutory criteria. Based upon the recommendation from its actuary, for fiscal year 2017-18 and each fiscal year thereafter, the STRS Board is required, with certain limitations, to increase or decrease the State's contribution rates to reflect the contribution required to eliminate the unfunded actuarial accrued liability attributed to benefits in effect before July 1, 1990.

In addition, the State is currently required to make an annual general fund contribution up to 2.5% of the fiscal year covered STRS member payroll to the Supplemental Benefit Protection Account (the "SBPA"), which was established by statute to provide supplemental payments to beneficiaries whose purchasing power has fallen below 85% of the purchasing power of their initial allowance.

PERS. Classified employees working four or more hours per day are members of the Public Employees' Retirement System ("PERS"). PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the State statutes, as legislatively amended from time to time. PERS operates a number of retirement plans including the Public Employees Retirement Fund ("PERF"). PERF is a multiple-employer defined benefit retirement plan. In addition to the State, employer participants at June 30, 2018 included 1,579 public agencies and 1,313 K-14 school districts and charter schools. PERS acts as the common investment and administrative agent for the member agencies. The State and K-14 school districts (for "classified employees," which generally consist of school employees other than teachers) are required by law to participate in PERF. Employees participating in PERF generally become fully vested in their retirement benefits earned to date after five years of credited service. One of the plans operated by PERS is for K-14 school districts throughout the State (the "Schools Pool").

Contributions by employers to the Schools Pool are based upon an actuarial rate determined annually and contributions by plan members vary based upon their date of hire. The District is currently required to contribute to PERS at an actuarially determined rate, which is 20.733% of eligible salary expenditures in fiscal year 2019-20. Participants enrolled in PERS prior to January 1, 2013 contribute at a rate established by statute, which is 7% of their respective salaries in fiscal year 2019-20, while participants enrolled after January 1, 2013 contribute at an actuarially determined rate, which is 7% in fiscal year 2019-20. See "—California Public Employees' Pension Reform Act of 2013" herein.

Pursuant to SB 90, the State Legislature appropriated $144 million for fiscal year 2019-20 and $100 million for fiscal year 2020-21 to be transferred to the Public Employees' Retirement Fund, to pay in advance, on behalf of K-14 school district employers, part of the contributions required for K-14 school district employers for such fiscal years. In addition, the State Legislature appropriated $660 million to be applied toward certain unfunded liabilities for K-14 school district employers. As a result of the payments made by the State pursuant to SB 90, the employer contribution rate for fiscal year 2019-20 is 19.721%. "DISTRICT FINANCIAL INFORMATION – State Budget."

The District's contributions to PERS were $3,375,788 for fiscal year 2015-16, $3,961,971 for fiscal year 2016-17, $4,595,988 for fiscal year 2017-18 and $5,568,684 for fiscal year 2018-19. The District has projected its contribution to PERS to be $7,566,932 in fiscal year 2019-20.

State Pension Trusts. Each of STRS and PERS issues a separate comprehensive financial report that includes financial statements and required supplemental information. Copies of such financial reports may be obtained from each of STRS and PERS as follows: (i) STRS, P.O. Box 15275, Sacramento, California 95851-0275; (ii) PERS, P.O. Box 942703, Sacramento, California 94229-2703. Moreover, each of STRS and PERS maintains a website, as follows: (i) STRS: www.calstrs.com; (ii) PERS: www.calpers.ca.gov. However, the information presented in such financial reports or on such websites is not incorporated into this Official Statement by any reference.

Both STRS and PERS have substantial statewide unfunded liabilities. The amount of these unfunded liabilities will vary depending on actuarial assumptions, returns on investments, salary scales and participant contributions. The following table summarizes information regarding the actuarially-determined accrued liability for both STRS and PERS. Actuarial assessments are "forward-looking" information that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not materialize or be changed in the future. Actuarial assessments will change with the future experience of the pension plans.

FUNDED STATUS
STRS (Defined Benefit Program) and PERS (Schools Pool)
(Dollar Amounts in Millions) (1)
Fiscal Years 2010-11 through 2017-18

STRS

Fiscal Year	Accrued Liability	Value of Trust Assets (MVA)(2)	Unfunded Liability (MVA)(2)	Value of Trust Assets (AVA)(3)	Unfunded Liability (AVA)(3)
2010-11	$208,405	$147,140	$68,365	$143,930	$64,475
2011-12	215,189	143,118	80,354	144,232	70,957
2012-13	222,281	157,176	74,374	148,614	73,667
2013-14	231,213	179,749	61,807	158,495	72,718
2014-15	241,753	180,633	72,626	165,553	76,200
2015-16	266,704	177,914	101,586	169,976	96,728
2016-17	286,950	197,718	103,468	179,689	107,261
2017-18	297,603	211,367	101,992	190,451	107,152

PERS

Fiscal Year	Accrued Liability	Value of Trust Assets (MVA)	Unfunded Liability (MVA)	Value of Trust Assets (AVA)(3)	Unfunded Liability (AVA)(3)
2010-11	$58,358	$45,901	$12,457	$51,547	$6,811
2011-12	59,439	44,854	14,585	53,791	5,648
2012-13	61,487	49,482	12,005	56,250	5,237
2013-14	65,600	56,838	8,761	--(4)	--(4)
2014-15	73,325	56,814	16,511	--(4)	--(4)
2015-16	77,544	55,785	21,759	--(4)	--(4)
2016-17	84,416	60,865	23,551	--(4)	--(4)
2017-18	92,071	64,846	27,225	--(4)	--(4)

(1) Amounts may not add due to rounding.
(2) Reflects market value of assets, including the assets allocated to the SBPA reserve. Since the benefits provided through the SBPA are not a part of the projected benefits included in the actuarial valuations summarized above, the SBPA reserve is subtracted from the STRS Defined Benefit Program assets to arrive at the value of assets available to support benefits included in the respective actuarial valuations.
(3) Reflects actuarial value of assets.
(4) Effective for the June 30, 2014 actuarial valuation, PERS no longer uses an actuarial value of assets.
Source: PERS Schools Pool Actuarial Valuation; STRS Defined Benefit Program Actuarial Valuation.

The STRS Board has sole authority to determine the actuarial assumptions and methods used for the valuation of the STRS Defined Benefit Program. Based on the multi-year CalSTRS Experience Analysis (spanning from July 1, 2010, through June 30, 2015), on February 1, 2017, the STRS Board adopted a new set of actuarial assumptions that reflect member's increasing life expectancies and current economic trends. These new assumptions were first reflected in the STRS Defined Benefit Program Actuarial Valuation, as of June 30, 2016 (the "2016 STRS Actuarial Valuation"). The new actuarial assumptions include, but are not limited to: (i) adopting a generational mortality methodology to reflect past improvements in life expectancies and provide a more dynamic assessment of future life spans, (ii) decreasing the investment rate of return (net of investment and administrative expenses) to 7.25% for the

2016 STRS Actuarial Valuation and 7.00% for the June 30, 2017 actuarial evaluation (the "2017 STRS Actuarial Valuation"), and (iii) decreasing the projected wage growth to 3.50% and the projected inflation rate to 2.75%. The 2017 STRS Actuarial Valuation continues using the Entry Age Normal Actuarial Cost Method.

Based on salary increases less than assumed and actuarial asset gains recognized from the current and prior years, the STRS Defined Benefit Program Actuarial Valuation, as of June 30, 2018 (the "2018 STRS Actuarial Valuation") reports that the unfunded actuarial obligation decreased by $109 million since the 2017 STRS Actuarial Valuation and the funded ratio increased by 1.4% to 64.0% over such time period.

According to the 2018 STRS Actuarial Valuation, the future revenues from contributions and appropriations for the STRS Defined Benefit Program are projected to be approximately sufficient to finance its obligations with a projected ending funded ratio in fiscal year ending June 30, 2046 of 99.9%, except for a small portion of the unfunded actuarial obligation related to service accrued on or after July 1, 2014 for member benefits adopted after 1990, for which AB 1469 provides no authority to the STRS Board to adjust rates to pay down that portion of the unfunded actuarial obligation. This finding reflects the scheduled contribution rate increases directed by statute, assumes additional increases in the scheduled contribution rates allowed under the current law will be made, and is based on the valuation assumptions and valuation policy adopted by the STRS Board, including a 7.00% investment rate of return assumption.

In recent years, the PERS Board of Administration (the "PERS Board") has taken several steps, as described below, intended to reduce the amount of the unfunded accrued actuarial liability of its plans, including the Schools Pool.

On March 14, 2012, the PERS Board voted to lower the PERS' rate of expected price inflation and its investment rate of return (net of administrative expenses) (the "PERS Discount Rate") from 7.75% to 7.5%. On February 18, 2014, the PERS Board voted to keep the PERS Discount Rate unchanged at 7.5%. On November 17, 2015, the PERS Board approved a new funding risk mitigation policy to incrementally lower the PERS Discount Rate by establishing a mechanism whereby such rate is reduced by a minimum of 0.05% to a maximum of 0.25% in years when investment returns outperform the existing PERS Discount Rate by at least four percentage points. On December 21, 2016, the PERS Board voted to lower the PERS Discount Rate to 7.0% over a three year phase-in period in accordance with the following schedule: 7.375% for the June 30, 2017 actuarial valuation, 7.25% for the June 30, 2018 actuarial valuation and 7.00% for the June 30, 2019 actuarial valuation. The new discount rate went into effect July 1, 2017 for the State and July 1, 2018 for K-14 school districts and other public agencies. Lowering the PERS Discount Rate means employers that contract with PERS to administer their pension plans will see increases in their normal costs and unfunded actuarial liabilities. Active members hired after January 1, 2013, under the Reform Act (defined below) will also see their contribution rates rise.

On April 17, 2013, the PERS Board approved new actuarial policies aimed at returning PERS to fully-funded status within 30 years. The policies include a rate smoothing method with a 30-year fixed amortization period for gains and losses, a five-year increase of public agency contribution rates, including the contribution rate at the onset of such amortization period, and a five year reduction of public agency contribution rates at the end of such amortization period. The new actuarial policies were first included in the June 30, 2014 actuarial valuation and were implemented with respect the State, K-14 school districts and all other public agencies in fiscal year 2015-16.

Also, on February 20, 2014, the PERS Board approved new demographic assumptions reflecting (i) expected longer life spans of public agency employees and related increases in costs for the PERS system and (ii) trends of higher rates of retirement for certain public agency employee classes, including police officers and firefighters. The new actuarial assumptions were first reflected in the Schools Pool in the June 30, 2015 actuarial valuation. The increase in liability due to the new assumptions will be amortized over 20 years with increases phased in over five years, beginning with the contribution requirement for fiscal year 2016-17. The new demographic assumptions affect the State, K-14 school districts and all other public agencies.

The PERS Board is required to undertake an experience study every four years under its Actuarial Assumptions Policy and State law. As a result of the most recent experience study, on December 20, 2017, the PERS Board approved new actuarial assumptions, including (i) lowering the inflation rate to 2.625% for the June 30, 2018 actuarial valuation and to 2.50% for the June 30, 2019 actuarial valuation, (ii) lowering the payroll growth rate to 2.875% for the June 30, 2018 actuarial valuation and 2.75% for the June 30, 2019 actuarial valuation, and (iii) certain changes to demographic assumptions relating to the salary scale for most constituent groups, and modifications to the morality, retirement, and disability retirement rates.

On February 14, 2018, the PERS Board approved a new actuarial amortization policy with an effective date for actuarial valuations beginning on or after June 30, 2019, which includes (i) shortening the period over which actuarial gains and losses are amortized from 30 years to 20 years, (ii) requiring that amortization payments for all unfunded accrued liability bases established after the effective date be computed to remain a level dollar amount throughout the amortization period, (iii) removing the 5-year ramp-up and ramp-down on unfunded accrued liability bases attributable to assumptions changes and non-investment gains/losses established on or after the effective date and (iv) removing the 5-year ramp-down on investment gains/losses established after the effective date. While PERS expects that reducing the amortization period for certain sources of unfunded liability will increase future average funding ratios, provide faster recovery of funded status following market downturns, decrease expected cumulative contributions, and mitigate concerns over intergenerational equity, such changes may result in increases in future employer contribution rates.

The Schools Pool Actuarial Valuation as of June 30, 2018 (the "2018 PERS Actuarial Valuation"), reported that the contribution rate for 2020-21 is projected to be 22.8%, with annual increases thereafter, resulting in a projected 26.7% employer contribution rate for fiscal year 2026-27. The projected contribution rates reflect a 6.7% investment return reduced by estimated administrative expenses for fiscal year 2018-19 and the anticipated decrease in normal cost due to new hires entering lower benefit formulas under the Reform Act, as well as the additional $904 million contributed by the State in July 2019 pursuant to SB 90. As reported in the 2018 PERS Actuarial Valuation, the funded status for the Schools Pool decreased by 1.7% from June 30, 2017 to June 30, 2018, primarily due to increases in liability resulting from the decrease in the discount rate, discussed above, and the new actuarial valuation system, partially offset by the investment return in fiscal year 2017-18 being greater than expected.

The District can make no representations regarding the future program liabilities of STRS, or whether the District will be required to make additional contributions to STRS in the future above those amounts required under AB 1469. The District can also provide no assurances that the District's required contributions to PERS will not increase in the future.

California Public Employees' Pension Reform Act of 2013. On September 12, 2012, the Governor signed into law the California Public Employees' Pension Reform Act of 2013 (the "Reform Act"), which makes changes to both STRS and PERS, most substantially affecting new employees hired after January 1, 2013 (the "Implementation Date"). For STRS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2% age factor (the age factor is the percent of final compensation to which an employee is entitled for each year of service) from age 60 to 62 and increasing the eligibility of the maximum age factor of 2.4% from age 63 to 65. Similarly, for non-safety PERS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2% age factor from age 55 to 62 and increases the eligibility requirement for the maximum age factor of 2.5% to age 67. Among the other changes to PERS and STRS, the Reform Act also: (i) requires all new participants enrolled in PERS and STRS after the Implementation Date to contribute at least 50% of the total annual normal cost of their pension benefit each year as determined by an actuary, (ii) requires STRS and PERS to determine the final compensation amount for employees based upon the highest annual compensation earnable averaged over a consecutive 36-month period as the basis for calculating retirement benefits for new participants enrolled after the Implementation Date (previously 12 months for STRS members who retire with 25 years of service), and (iii) caps "pensionable compensation" for new participants enrolled after the Implementation Date at 100% of the federal Social Security contribution (to be adjusted annually based on changes to the Consumer Price Index for all Urban Consumers) and benefit base for members participating in Social Security or 120% for members not participating in social security (to be adjusted annually based on changes to the Consumer Price Index for all Urban Consumers), while excluding previously allowed forms of compensation under the formula such as payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off.

GASB Statement Nos. 67 and 68. On June 25, 2012, GASB approved Statements Nos. 67 and 68 ("Statements") with respect to pension accounting and financial reporting standards for state and local governments and pension plans. The new Statements, No. 67 and No. 68, replace GASB Statement No. 27 and most of Statements No. 25 and No. 50. The changes impact the accounting treatment of pension plans in which state and local governments participate. Major changes include: (1) the inclusion of unfunded pension liabilities on the government's balance sheet (currently, such unfunded liabilities are typically included as notes to the government's financial statements); (2) more components of full pension costs being shown as expenses regardless of actual contribution levels; (3) lower actuarial discount rates being required to be used for underfunded plans in certain cases for purposes of the financial statements; (4) closed amortization periods for unfunded liabilities being required to be used for certain purposes of the financial statements; and (5) the difference between expected and actual investment returns being recognized over a closed five-year smoothing period. In addition, according to GASB, Statement No. 68 means that, for pensions within the scope of the Statement, a cost-sharing employer that does not have a special funding situation is required to recognize a net pension liability, deferred outflows of resources, deferred inflows of resources related to pensions and pension expense based on its proportionate share of the net pension liability for benefits provided through the pension plan. Because the accounting standards do not require changes in funding policies, the full extent of the effect of the new standards on the District is not known at this time. The reporting requirements for pension plans took effect for the fiscal year beginning July 1, 2013 and the reporting requirements for government employers, including the District, took effect for the fiscal year beginning July 1, 2014.

For fiscal year ending June 30, 2019, the District's proportionate share of the net STRS pension liability was $121,204,872. As of such date, the District's proportionate share of the net PERS pension liability was $59,085,038. For additional information regarding the Statements, see also "APPENDIX B –2018-19 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note 12" herein.

Other Postemployment Benefits

Benefits Plan. The District administers a single-employer defined healthcare benefit plan (the "Plan") providing post-employment medical, dental and vision insurance benefits (the "Benefits") to eligible retirees of the District and their spouses. Employees are eligible on or after attaining the age of 55 with at least 10 years of service to the District. The Plan provides Benefits for up to five years, or until such employee reaches age 65, whichever occurs first. The District currently recognizes expenses for the Plan on a pay-as-you-go basis to cover the cost of premiums for current retirees. The District's contributions towards the Plan in fiscal years 2016-17 through 2018-19 were $596,950, $463,242 and $479,091, respectively. The District has projected its contribution towards the Plan for fiscal year 2019-20 to be $550,000.

GASB Statement Nos. 74 and 75. On June 2, 2015, GASB approved Statements Nos. 74 and 75 (each, "GASB 74" and "GASB 75") with respect to pension accounting and financial reporting standards for public sector post-retirement benefit programs and the employers that sponsor them. GASB 74 replaces GASB Statements No. 43 and 57 and GASB 75 replaces GASB 45.

Most of GASB 74 applies to plans administered through trusts, contributions in which contributions are irrevocable, trust assets are dedicated to providing other post –employment benefits to plan members and trust assets are legally protected from creditors. GASB Statements No. 74 and No. 75 will require a liability for OPEB obligations, known as the Net OPEB Liability, to be recognized on the balance sheet of the plan and the participating employer's financial statements. In addition, an OPEB expense (service cost plus interest on total OPEB liability plus current-period benefit changes minus member contributions minus assumed earning on plan investments plus administrative expenses plus recognition of deferred outflows minus recognition of deferred inflows) will be recognized in the income statement of the participating employers. In the notes to its financial statements, employers providing other post-employment benefits will also have to include information regarding the year-to-year change in the Net OPEB Liability and a sensitivity analysis of the Net OPEB Liability to changes in the discount rate and healthcare trend rate. The required supplementary information will also be required to show a 10-year schedule of the plan's net OPEB liability reconciliation and related ratios, and any actuarially determined contributions and investment returns.

Under GASB 74, the measurement date must be the same as the plan's fiscal year end, but the actuarial valuation date may be any date up to 24 months prior to the measurement date. For the Total OPEB Liability, if the valuation date is before the measurement date, the results must be projected forward from the valuation date to the measurement date using standard actuarial roll-forward techniques. For plans that are unfunded or have assets insufficient to cover the projected benefit payments, a discount rate reflecting a 20-year tax-exempt municipal bond yield or index rate must be used. For plans with assets that meet the GASB 74 requirements, a projection of the benefit payments and future Fiduciary Net Position is performed based on the funding policy and assumptions of the plan, along with the methodology specified in GASB. The Fiduciary Net Position measures the value of trust assets, adjusted for payees and receivables.

GASB No. 74 has an effective date for plan fiscal years beginning after June 15, 2016, and was first recognized in the District's financial statements for fiscal year 2016-17. GASB Statement No. 75 has an effective date for employer fiscal years beginning after June 15, 2017, and the District first recognized GASB No. 75 in their financial statements for fiscal year 2017-18. See also "APPENDIX B – 2018-19 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note 9 – Long-Term Obligations – Net Other Postemployment Benefit (OPEB) Liability" attached hereto.

Actuarial Study. The District's most recent actuarial study, dated as of June 12, 2019, calculated the District's accrued liability in accordance with GASB No. 74 and GASB No. 75. The study concluded that, as of a June 30, 2019 valuation date, the District's Total OPEB Liability was $27,965,041, its Fiduciary Net Position was $0 and its Net OPEB Liability was $27,965,041. In calculating the accrued liability, the District is required to recognize an implicit subsidy in retiree premium rates because retirees and current employees in the District's health insurance plan are insured as a group, and it is assumed that the premiums paid for retiree insurance coverage are lower than they would have been if current retirees were insured separately.

Risk Management

The District is exposed to various risks of loss related to tortious liability, theft, damage or destruction of assets, errors or omissions, cyber intrusions, employee injuries or natural disasters. The District maintains commercial insurance for first party damage up to $500 million, as well as insurance for general liability claims with coverage of up to $1 million per occurrence, with excess coverage of up to $50 million. The District also purchases employee health insurance, excess workers compensation insurance and property liability coverage. The District is self-insured for workers compensation coverage up to $750,000, with excess coverage of up to $10 million. There has been no significant reduction in any of these insurance coverages from prior year. Settled claims resulting from these programs have not exceeded insurance coverage in each of the past three fiscal years.

The District participates in a joint powers agreement with the Southern California Relief Liability Excess Fund (the "JPA"). The District pays premiums to the JPA for its excess liability coverage. The JPA is governed by a board consisting of a representative from each member district. The governing board controls the operations of the JPA independent of any influence by the District beyond the District's representation on the governing boards. The relationship between the District and the JPA is such that the JPA is not a component unit of the District for financial reporting purposes.

There are not currently any claims pending against the District.

See also "APPENDIX B – 2018-19 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note 11" and "—Note 14" herein.

District Debt Structure

Long-Term Debt. A schedule of changes in long-term debt for the year ended June 30, 2019, is shown below:

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
General obligation bonds[1]	$73,764,553	$697,844	$3,325,000	$71,137,397
Premium on Bonds	3,751,243	--	216,465	3,534,778
Certificates of participation	18,545,000	--	520,000	18,025,000
Compensated absences	1,899,186	--	149,378	1,749,808
Claims liabilities	8,366,000	--	2,632,000	5,734,000
OPEB obligation, net[2]	26,881,518	3,054,315	1,064,752	28,871,081
Total Long-Term liabilities	$133,207,500	$3,752,159	$7,907,595	$129,052,064

(1) Does not reflect the issuance of the 2016 Series B Bonds, issued on January 28, 2020.
(2) Reflects the change in the District's net OPEB obligation, based on its contributions towards the ARC. See "—Other Post-Employment Benefits" herein.

Source: Lynwood Unified School District.

General Obligation Bonds. The following table shows the combined debt service schedule with respect to the total outstanding general obligation bonded debt of the District, including the Bonds (and assuming no optional redemptions).

COMBINED GENERAL OBLIGATION BOND DEBT SERVICE SCHEDULE*
Lynwood Unified School District

Year Ending August 1	Election of 2002 Series A Bonds	2012 Refunding Bonds	Election of 2012 Series A Bonds(1)*	Election of 2012 Series B Bonds	Election of 2012 Series C Bonds	2012 Series D-1 Bonds	2012 Series D-2 Bonds	2016 Series A Bonds	2016 Series B Bonds	The Bonds
2020	--	$1,675,275.00	$425,250.00	$397,131.00	$398,500.00	--	$129,553.00	$486,975.00	$2,059,895.99	
2021	--	1,722,150.00	444,450.00	397,131.00	422,500.00	--	172,023.00	586,975.00	1,506,643.76	
2022	--	1,802,150.00	453,850.00	497,131.00	371,000.00	--	198,103.00	607,975.00	1,487,643.76	
2023	--	1,870,150.00	467,250.00	494,631.00	445,500.00	85,000.00	118,163.00	637,975.00	858,443.76	
2024	--	1,941,400.00	--	491,881.00	477,500.00	260,000.00	--	666,575.00	858,443.76	
2025	--	2,000,400.00	--	638,881.00	404,800.00	275,000.00	--	688,775.00	858,443.76	
2026	--	2,077,400.00	--	681,381.00	413,500.00	315,000.00	--	719,775.00	858,443.76	
2027	--	2,150,213.00	--	726,631.00	437,000.00	345,000.00	--	749,175.00	858,443.76	
2028	$2,200,000.00	--	--	629,650.00	583,000.00	390,000.00	--	776,975.00	858,443.76	
2029	--	--	--	680,200.00	573,000.00	460,000.00	--	809,725.00	858,443.76	
2030	--	--	--	738,650.00	563,000.00	525,000.00	--	839,975.00	858,443.76	
2031	--	--	--	934,650.00	443,000.00	565,000.00	--	872,725.00	883,443.76	
2032	--	--	--	990,250.00	428,800.00	650,000.00	--	907,725.00	917,443.76	
2033	--	--	--	1,057,650.00	454,900.00	685,000.00	--	946,225.00	955,043.76	
2034	--	--	--	1,116,250.00	455,100.00	760,000.00	--	981,563.00	996,043.76	
2035	--	--	--	816,250.00	720,150.00	935,000.00	--	1,025,113.00	1,030,243.76	
2036	--	--	--	881,088.00	742,100.00	990,000.00	--	1,061,550.00	1,076,081.26	
2037	--	--	--	962,213.00	758,000.00	1,055,000.00	--	1,105,056.00	1,120,793.76	
2038	--	--	--	1,038,800.00	768,000.00	1,125,000.00	--	1,151,200.00	1,159,025.00	
2039	--	--	--	2,040,850.00	1,036,800.00	1,195,000.00	--	1,194,000.00	1,211,187.50	
2040	--	--	--	--	2,394,000.00	2,070,000.00	--	1,243,600.00	1,256,925.00	
2041	--	--	--	--	2,485,600.00	2,175,000.00	--	1,294,600.00	1,305,800.00	
2042	--	--	--	--	--	3,740,000.00	--	1,346,800.00	1,360,600.00	
2043	--	--	--	--	--	--	--	--	2,812,400.00	
2044	--	--	--	--	--	--	--	--	2,925,200.00	
2045	--	--	--	--	--	--	--	--	3,045,200.00	
2046	--	--	--	--	--	--	--	--	3,166,800.00	
2047	--	--	--	--	--	--	--	--	3,289,600.00	
2048	--	--	--	--	--	--	--	--	3,423,200.00	
2049	--	--	--	--	--	--	--	--	3,556,800.00	
Total	$2,200,000.00	$15,239,138.00	$1,790,800.00	$16,211,299.00	$15,775,750.00	$18,600,000.00	$617,842.00	$20,701,032.00	$47,413,564.91	

* Preliminary, subject to change.
(1) Does not include debt service on the Refunded Bonds.
Source: The Underwriter.

Certificates of Participation. On April 26, 2007, the District executed and delivered its Certificates of Participation (School Construction Project) 2007 Series A, evidencing principal in an amount equal to $19,430,000 (the "2007 Series A Certificates"), for the purpose of financing certain facility improvements. On July 10, 2007, the District executed and delivered its Certificates of Participation (Refinancing Project) 2007 Series B, evidencing principal in an amount equal to $4,260,000 (the "2007 Series B Certificates"), for the purpose of refunding certain then-outstanding certificates of participation. On March 1, 2016, the District executed and delivered its 2016 Refunding Certificates of Participation, evidencing principal in an amount equal to $16,325,000 (the "2016 Certificates," and together with the 2007 Series B Certificates, the "Certificates), for the purpose of refunding portions of the 2007 Series A Certificates and 2007 Series B Certificates.

Each of the Certificates is payable from lease payments to be made by the District pursuant to certain lease agreements by and between the Public Property Financing Corporation of California, for use and possession of certain District sites and facilities. The following table shows future lease payments due with respect to the District's outstanding Certificates.

ANNUAL LEASE PAYMENT SCHEDULE
Certificates of Participation
Lynwood Unified School District

Year Ending October 1	2007 Series B Certificates	2016 Certificates	Total
2020	$201,250.00	$1,171,181.26	$1,372,431.26
2021	202,000.00	1,169,181.26	1,371,181.26
2022	202,500.00	1,180,931.26	1,383,431.26
2023	202,750.00	1,170,681.26	1,373,431.26
2024	202,750.00	1,169,431.26	1,372,181.26
2025	202,500.00	1,176,681.26	1,379,181.26
2026	197,000.00	1,171,931.26	1,368,931.26
2027	196,500.00	1,175,681.26	1,372,181.26
2028	195,750.00	1,177,431.26	1,373,181.26
2029	199,750.00	1,177,181.26	1,376,931.26
2030	198,250.00	1,169,931.26	1,368,181.26
2031	196,500.00	1,175,931.26	1,372,431.26
2032	194,500.00	1,174,431.26	1,368,931.26
2033	192,250.00	1,175,181.26	1,367,431.26
2034	194,750.00	1,180,031.26	1,374,781.26
2035	196,750.00	1,182,531.26	1,379,281.26
2036	198,250.00	1,203,937.50	1,402,187.50
2037	194,250.00	1,182,212.50	1,376,462.50
Total	$3,568,250.00	$21,184,500.16	$24,752,750.16

Source: Lynwood Unified School District.

TAX MATTERS

In the opinion of Bond Counsel, under existing statutes, regulation, rulings and judicial decisions, interest on the Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code but is exempt from State of California personal income tax.

Except for certain exceptions, the difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of the same maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Bond (to the extent the redemption price at maturity is greater than the issue price) constitutes original issue discount. Original issue discount accrues under a constant yield method. The amount of original issue discount deemed received by the Owner of a Bond will increase the Owner's basis in the Bond. Owners of Bonds should consult their own tax advisor with respect to taking into account any original issue discount on the Bonds.

In the event of a legal defeasance of a Bond, such bond might be treated as retired and "reissued" for federal tax purposes as of the date of the defeasance, potentially resulting in recognition of taxable gain or loss to the applicable Bondholder generally equal to the difference between the amount deemed realized from the deemed redemption and reissuance and the Bondholder's adjusted tax basis in such bond.

The amount by which a Bond Owner's original basis for determining loss on sale or exchange in the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which the Owner of a Bond may elect to amortize under Section 171 of the Code. Such amortizable bond premium reduces the Bond Owner's basis in the applicable Bond (and the amount of taxable interest received) and is deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in the Owner of a Bond realizing a taxable gain when a Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Owner. The Owners of the Bonds that have a basis in the Bonds that is greater than the principal amount of the Bonds should consult their own tax advisors with respect to whether or not they should elect to amortize such premium under Section 171 of the Code.

The federal tax and State of California personal income tax discussion set forth above with respect to the Bonds is included for general information only and may not be applicable depending upon an Owner's particular situation. The ownership and disposal of the Bonds and the accrual or receipt of interest with respect to the Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences.

A copy of the proposed form of opinion of Bond Counsel for the Bonds is attached hereto as APPENDIX A.

LIMITATION ON REMEDIES; BANKRUPTCY

General

State law contains certain safeguards to protect the financial solvency of school districts. See "DISTRICT FINANCIAL INFORMATION – Budget Process" herein. If the safeguards are not successful in preventing a school district from becoming insolvent, the State Superintendent, operating through an administrator appointed thereby, may be authorized under State law to file a petition under Chapter 9 of the United States Bankruptcy Code (the "Bankruptcy Code") on behalf of the school district for the adjustment of its debts, assuming that the school district meets certain other requirements contained in the Bankruptcy Code necessary for filing such a petition. School districts are not themselves authorized to file a bankruptcy proceeding, and they are not subject to involuntary bankruptcy.

Bankruptcy courts are courts of equity and as such have broad discretionary powers. If the District were to become the debtor in a proceeding under Chapter 9 of the Bankruptcy Code, the automatic stay provisions of Bankruptcy Code Sections 362 and 922 generally would prohibit creditors from taking any action to collect amounts due from the District or to enforce any obligation of the District related to such amounts due, without consent of the District or authorization of the bankruptcy court (although such stays would not operate to block creditor application of pledged special revenues to payment of indebtedness secured by such revenues). In addition, as part of its plan of adjustment in a chapter 9 bankruptcy case, the District may be able to alter the priority, interest rate, principal amount, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants), and other terms or provisions of the Bonds and other transaction documents related to the Bonds, as long as the bankruptcy court determines that the alterations are fair and equitable. There also may be other possible effects of a bankruptcy of the District that could result in delays or reductions in payments on the Bonds. Moreover, regardless of any specific adverse determinations in any District bankruptcy proceeding, the fact of a District bankruptcy proceeding could have an adverse effect on the liquidity and market price of the Bonds.

Statutory Lien

Pursuant to Section 53515 of the Government Code, the Bonds are secured by a statutory lien on all revenues received pursuant to the levy and collection of the tax, and such lien automatically arises, without the need for any action or authorization by the local agency or its governing board, and is valid and binding from the time the Bonds are executed and delivered. See "THE BONDS – Security and Sources of Payment" herein. Although a statutory lien would not be automatically terminated by the filing of a Chapter 9 bankruptcy petition by the District, the automatic stay provisions of the Bankruptcy Code would apply and payments that become due and owing on the Bonds during the pendency of the Chapter 9 proceeding could be delayed, unless the Bonds are determined to be secured by a pledge of "special revenues" within the meaning of the Bankruptcy Code and the pledged *ad valorem* property taxes are applied to pay the Bonds in a manner consistent with the Bankruptcy Code.

Special Revenues

If the *ad valorem* property tax revenues that are pledged to the payment of the Bonds are determined to be "special revenues" within the meaning of the Bankruptcy Code, then the application in a manner consistent with the Bankruptcy Code of the pledged *ad valorem* revenues should not be subject to the automatic stay. "Special revenues" are defined to include, among others, taxes specifically levied to finance one or more projects or systems of the debtor, but excluding receipts from general property, sales, or income taxes levied to finance the general purposes of the debtor. State law prohibits the use of the tax proceeds for any purpose other than payment of the Bonds and the Bond proceeds can only be used to finance or refinance the acquisition or improvement of real property and other capital expenditures included in the proposition, so such tax revenues appear to fit the definition of special revenues. However, there is no binding judicial precedent dealing with the treatment in bankruptcy proceedings of *ad valorem* property tax revenues collected for the payments of bonds in California, so no assurance can be given that a bankruptcy court would not hold otherwise.

Possession of Tax Revenues; Remedies

The County on behalf of the District is expected to be in possession of the annual *ad valorem* property taxes and certain funds to repay the Bonds and may invest these funds in the County's pooled investment fund, as described in "THE BONDS – Application and Investment of Bond Proceeds" herein and "APPENDIX E – LOS ANGELES COUNTY TREASURY POOL" attached hereto. If the County goes into bankruptcy and has possession of tax revenues (whether collected before or after commencement of the bankruptcy), and if the County does not voluntarily pay such tax revenues to the owners of the Bonds, it is not entirely clear what procedures the owners of the Bonds would have to follow to attempt to obtain possession of such tax revenues, how much time it would take for such procedures to be completed, or whether such procedures would ultimately be successful. Further, should those investments suffer any losses, there may be delays or reductions in payments on the Bonds.

Opinions of Bond Counsel Qualified by Reference to Bankruptcy, Insolvency and Other Laws Relating to or Affecting Creditor's Rights

The proposed forms of the approving opinions of Bond Counsel attached hereto as APPENDIX A are qualified by reference to bankruptcy, insolvency and other laws relating to or affecting creditor's rights. Bankruptcy proceedings, if initiated, could subject the owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

LEGAL MATTERS

Legality for Investment in California

Under provisions of the California Financial Code, the Bonds are legal investments for commercial banks in California to the extent that the Bonds, in the informed opinion of the bank, are prudent for the investment of funds of depositors, and, under provisions of the Government Code of the State, are eligible for security for deposits of public moneys in the State.

Continuing Disclosure

Current Undertakings. The District has covenanted for the benefit of the Owners and Beneficial Owners of the Bonds to provide certain financial information and operating data relating to the District (the "Annual Report") by not later than nine months following the end of the District's fiscal year (which currently ends June 30), commencing with the report for the 2019-20 Fiscal Year, and to provide notices of the occurrence of certain listed events. The Annual Report and notices of listed events will be filed by the District in accordance with the requirements of the Rule. The specific nature of the information to be contained in the Annual Report or the notices of listed events is included in "APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR THE BONDS." These covenants have been made in order to assist the Underwriter in complying with the Rule.

Prior Undertakings. Within the past five years the District failed to file in a timely manner a notice of a listed event.

No Litigation

No litigation is pending or threatened concerning the validity of the Bonds, and a certificate to that effect will be furnished to purchasers at the time of the original delivery of the Bonds. The District is not aware of any litigation pending or threatened questioning the political existence of the District or contesting the District's ability to receive *ad valorem* property taxes or to collect other revenues or contesting the District's ability to issue and retire the Bonds.

Financial Statements

The financial statements with supplemental information for the year ended June 30, 2019, the independent auditor's report of the District, and the related statements of activities and of cash flows for the year then ended, and the report of Vavrinek Trine Day & Co. LLP (the "Auditor"), are included in this Official Statement as Appendix B. In connection with the inclusion of the financial statements and the report of the Auditor herein, the District did not request the Auditor to, and the Auditor has not undertaken to, update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by the Auditor with respect to any event subsequent to the date of its report.

Legal Opinion

The legal opinion of Bond Counsel, approving the validity of the Bonds, will be supplied to the respective original purchasers thereof without cost. A copy of the proposed form of such legal opinion is attached to this Official Statement as APPENDIX A.

MISCELLANEOUS

Ratings

The Bonds are expected to be assigned a rating of "AA" by S&P, based upon the issuance of the Policy by BAM. The Bonds have also been assigned an underlying rating of "A" by S&P. The ratings reflect only the views of S&P, and any explanation of the significance of such ratings should be obtained therefrom. There is no assurance that the ratings will be retained for any given period of time or that the same will not be revised downward or withdrawn entirely by S&P if, in its judgment, circumstances so warrant. The District undertakes no responsibility to oppose any such revision or withdrawal. Any such downward revision or withdrawal of the ratings obtained may have an adverse effect on the market price of the Bonds.

Generally, rating agencies base their ratings on information and materials furnished to them (which may include information and material from the District which is not included in this Official Statement) and on investigations, studies and assumptions by the rating agencies.

The District has covenanted in a Continuing Disclosure Certificate to file on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access website ("EMMA") notices of any ratings changes on the Bonds. See "APPENDIX C - FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR THE BONDS" attached hereto. Notwithstanding such covenant, information relating to ratings changes on the Bonds may be publicly available from the rating agencies prior to such information being provided to the District and prior to the date the District is obligated to file a notice of rating change on EMMA. Purchasers of the Bonds are directed to S&P and its website and official media outlets for the most current ratings changes with respect to the Bonds after the initial issuance of the Bonds.

Municipal Advisor

Mission Trail Advisors, LLC is employed as Municipal Advisor to the District in connection with the issuance of the Bonds, and in such capacity does not assume any responsibility for the information, covenants and representations contained in any of legal documents relating to the Bonds, with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies that may affect the Bonds. The Municipal Advisor is not contractually obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for, the accuracy, completeness or fairness of the information contained in the Official Statement.

Underwriting

Stifel, Nicolaus & Company, Incorporated (the "Underwriter") has agreed to purchase all of the Bonds, for a purchase price of $____________ (which is equal to the initial principal amount thereof, less an underwriting discount of $__________).

The purchase contracts for the Bonds provides that the Underwriter will purchase all of the Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in such purchase contracts, the approval of certain legal matters by bond counsel and certain other conditions. The initial offering prices stated on the inside cover of this Official Statement may be changed from time to time by the Underwriter. The Underwriter may offer and sell Bonds to certain dealers and others at prices lower than such initial offering prices.

Additional Information

The purpose of this Official Statement is to supply information to prospective buyers of the Bonds. Quotations from and summaries and explanations of the Bonds, the Resolution providing for issuance of the Bonds, and the constitutional provisions, statutes and other documents referenced herein, do not purport to be complete, and reference is made to said documents, constitutional provisions and statutes for full and complete statements of their provisions.

All data contained herein has been taken or constructed from District records. Appropriate District officials, acting in their official capacities, have reviewed this Official Statement and have determined that, as of the date hereof, the information contained herein is, to the best of their knowledge and belief, true and correct in all material respects and does not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made herein, in light of the circumstances under which they were made, not misleading. This Official Statement has been approved by the District.

LYNWOOD UNIFIED SCHOOL DISTRICT

By: ____

Dr. Gudiel Crosthwaite
Superintendent

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APPENDIX A

FORM OF OPINION OF BOND COUNSEL FOR THE BONDS

Upon issuance and delivery of the Bonds, Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, proposes to render its final approving opinion with respect to the Bonds substantially in the following form:

__________, 2020

Board of Education
Lynwood Unified School District

Members of the Board of Education:

We have examined a certified copy of the record of the proceedings relative to the issuance and sale of $__________ Lynwood Unified School District 2020 General Obligation Refunding Bonds (Federally Taxable) (the "Bonds"). As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based on our examination as bond counsel of existing law, certified copies of such legal proceedings and such other proofs as we deem necessary to render this opinion, we are of the opinion, as of the date hereof and under existing law, that:

1. Such proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, and a resolution of the Board of Education of the District adopted on December 12, 2019 (the "Resolution").

2. The Bonds constitute valid and binding general obligations of the District, payable as to both principal and interest from the proceeds of a levy of *ad valorem* property taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount.

3. Under existing statutes, regulations, rulings and judicial decisions, interest (and original issue discount) on the Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code").

4. Interest on the Bonds is exempt from State of California personal income tax.

5. Except for certain exceptions, the difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) and the stated payment price at maturity with respect to such Bond (to the extent the redemption price at maturity is greater than the issue price) constitutes original issue discount. Original issue discount accrues under a constant yield method. The amount of original issue discount deemed received by a Bond owner will increase the Bond owner's basis in the applicable Bond.

Except as expressly set forth in paragraphs (3), (4), and (5), we express no opinion regarding any tax consequences with respect to the Bonds.

The opinions expressed herein are based upon our analysis and interpretation of existing statutes, regulations, rulings and judicial decisions and cover certain matters not directly addressed by such authorities. The opinions expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. Our engagement as bond counsel to the District terminates upon the issuance of the Bonds.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases and by the limitations on legal remedies against public agencies in the State of California.

Respectfully submitted,

APPENDIX B

2018-19 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT

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Annual Financial Report
June 30, 2019
Lynwood Unified School District

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LYNWOOD UNIFIED SCHOOL DISTRICT

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LYNWOOD UNIFIED SCHOOL DISTRICT

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Governing Board
Lynwood Unified School District
Lynwood, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lynwood Unified School District (the District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and the *2018-2019 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting,* issued by the California Education Audit Appeals Panel as regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Lynwood Unified School District, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 13, budgetary comparison schedule on page 72, schedule of changes in the District's total OPEB liability and related ratios on page 73, schedule of the District's proportionate share of the net OPEB liability - MPP program on page 74, schedule of the District's proportionate share of the net pension liability on page 75, and the schedule of District contributions on page 76, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lynwood Unified School District's basic financial statements. The accompanying supplementary information such as the combining and individual nonmajor fund financial statements and Schedule of Expenditures of Federal Awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and the other supplementary information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2020, on our consideration of the Lynwood Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Eide Bailly LLP

Rancho Cucamonga, California
February 25, 2020

This section of Lynwood Unified School District's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2019, with comparative information for the year ended June 30, 2018. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

The financial statements presented herein include all of the activities of the District and its component units using the integrated approach as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34.

The *Government-Wide Financial Statements* present the financial picture of the District from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business-type activities separately. These statements include all assets of the District (including capital assets), as well as all liabilities (including long-term obligations). Additionally, certain eliminations have occurred as prescribed by the statement in regard to interfund activity, payables, and receivables.

The *Fund Financial Statements* include statements for each of the three categories of activities: governmental, proprietary, and fiduciary.

The *Governmental Funds* are prepared using the current financial resources measurement focus and modified accrual basis of accounting.

The *Proprietary Funds* are prepared using the economic resources measurement focus and the accrual basis of accounting.

The *Fiduciary Funds* are prepared using the economic resources measurement focus and the accrual basis of accounting.

Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach.

The Primary unit of the government is the Lynwood Unified School District.

11321 Bullis Rd., Lynwood, CA 90262 www.lynwood.k12.ca.us **P** 310-886-1695 | **F** 310-763-0959

DISTRICT-WIDE STATEMENTS

The Statement of Net Position and the Statement of Activities

The *Statement of Net Position* and the *Statement of Activities* report information about the District as a whole and about its activities. These statements include all assets and liabilities of the District using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and changes in them. Net position is the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources, which is one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position will serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Other factors to consider are changes in the District's property tax base and the condition of the District's facilities.

The relationship between revenues and expenses is the District's *operating results.* Since the governing board's responsibility is to provide services to our students and not to generate profit as commercial entities do, one must consider other factors when evaluating the overall health of the District. The quality of the education and the safety of our schools will likely be an important component in this evaluation.

The *Statement of Net Position* and the *Statement of Activities* include *governmental activities.* The District's services are reported in this category. This includes the education of kindergarten through grade twelve students, adult education students, the operation of child development activities, and the on-going effort to improve and maintain buildings and sites. Property taxes, State income taxes, user fees, interest income, Federal, State and local grants, as well as certificates of participation, finance these activities.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the District as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money that it receives from the U.S. Department of Education.

Governmental Funds - Most of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following each governmental fund financial statement.

Proprietary Funds **-** When the District charges users for the services it provides, whether to outside customers or to other departments within the District, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the *Statement of Net Position* and the *Statement of Revenues, Expenses, and Changes in Fund Net Position*. We use internal service funds to report activities that provide supplies and services for the District's other programs and activities, such as the District's Workers' Compensation Self-Insurance Fund. The Internal Service Fund is reported with governmental activities in the government-wide financial statements.

THE DISTRICT AS A TRUSTEE

Reporting the Districts Fiduciary Responsibilities

The District is the trustee, or *fiduciary,* for funds held on behalf of others, like our funds for associated student body activities and foundation funds. The District's fiduciary activities are reported in the *Statements of Fiduciary Net Position.* We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

FINANCIAL HIGHLIGHTS

- As of June 30, 2019, the Restricted and Unrestricted General Fund reported a combined fund balance of approximately $37.6 million, an increase of approximately $1.1 million over last year's ending balance.

- The total reported revenue in the General Fund was approximately $198.9 million. Compared to 2017-2018, the total revenues increased by approximately $13.6 million. The increase was attributed primarily to the State Local Control Funding Formula which increased in the current year, as well as additional federal grants.

- The General Fund total expenditures were approximately $17.6 million higher compared to 2017-2018.

- As of June 30, 2019, the General Fund reported an unrestricted reserve for economic uncertainties approximately $28.8 million.

- Continued declining enrollment which resulted in 12,824 ADA, a loss of 588 ADA from 2017-2018.

THE DISTRICT AS A WHOLE

Net Position

The District's net position was $50,256,508 for the fiscal year ended June 30, 2019. Of this amount, ($140,994,043) was unrestricted (deficit). Restricted net position are reported separately to show legal constraints from debt covenants and enabling legislation that limit the governing board's ability to use those net position for day-to-day operations. Our analysis below, in summary form, focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

Table 1

	Governmental Activities	
	2019	2018
Assets		
Current and other assets	$ 97,050,954	$ 105,189,963
Capital assets	260,268,568	263,252,112
Total Assets	357,319,522	368,442,075
Deferred Outflows of Resources	54,587,859	59,209,580
Liabilities		
Current liabilities	38,824,598	33,218,260
Long-term obligations	129,052,064	133,207,500
Pension liability	180,289,910	175,617,213
Total Liabilities	348,166,572	342,042,973
Deferred Inflows of Resources	13,384,301	14,174,192
Net Position		
Net investment in capital assets	180,257,273	186,993,951
Restricted	10,993,278	15,932,690
Unrestricted (Deficit)	(140,994,043)	(131,392,151)
Total Net Position	$ 50,256,508	$ 71,534,490

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the *Statement of Activities* on page 15. Table 2 takes the information from the Statement, rounds off the numbers, and rearranges them slightly so you can see our total revenues for the year.

Table 2

	Governmental Activities	
	2019	2018
Revenues		
Program Revenues:		
Charges for services	$ 102,630	$ 243,124
Operating grants and contributions	46,087,534	32,621,485
General Revenues:		
Federal and State aid	146,324,759	140,146,467
Property taxes	20,459,470	22,424,517
Other general revenues	11,987,281	12,275,400
Total Revenues	224,961,674	207,710,993
Expenses		
Instruction-related	166,914,644	145,694,560
Pupil services	24,537,771	22,173,350
General administration	14,764,526	19,064,993
Plant services	29,263,601	24,103,082
Other	10,759,114	12,427,031
Total Expenses	246,239,656	223,463,016
Change in Net Position	$ (21,277,982)	$ (15,752,023)

Governmental Activities

As reported in the *Statement of Activities* on page 15, the cost of all of our governmental activities this year was $246,239,656. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only $20,459,470 because the cost was paid by those who benefited from the programs ($102,630) or by other governments and organizations who subsidized certain programs with grants and contributions of $46,087,534. The remaining "public benefit" portion of our governmental activities was paid with $146,324,759 in Federal and State aid and $11,987,281 with other revenue sources such as interest and general entitlements.

In Table 3, we have presented the cost of each of the District's largest functions - instruction, instruction-related activities, pupil services, administration, plant services, and other activities, as well as each program's *net* cost (total cost less revenues generated by the activities). As discussed above, net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits provided by that function.

Table 3

	Total Cost of Services		Total Net Cost of Services	
	2019	2018	2019	2018
Instruction	$ 139,771,477	$ 120,994,446	$ 108,248,190	$ 101,239,723
Instruction-related activities	27,143,167	24,700,114	23,531,330	21,554,911
Pupil services	24,537,771	22,173,350	15,615,313	14,348,900
General administration	14,764,526	19,064,993	13,743,283	18,096,592
Plant services	29,263,601	24,103,082	29,101,820	23,920,904
Other	10,759,114	12,427,031	9,809,556	11,437,377
Total	$ 246,239,656	$ 223,463,016	$ 200,049,492	$ 190,598,407

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of $53,500,042, which is an decrease of $12,635,225, from last year (Table 4).

Table 4

	Balances and Activity			
	July 1, 2018	Revenues	Expenditures	June 30, 2019
General Fund	$ 36,528,078	$ 198,942,722	$ 197,831,386	$ 37,639,414
Building Fund	19,702,635	343,596	12,479,617	7,566,614
Non-Major Governmental Funds	9,904,554	17,388,659	18,999,199	8,294,014
Total	$ 66,135,267	$ 216,674,977	$ 229,310,202	$ 53,500,042

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget was adopted in July 2019. (A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report on page 72).

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2019, the District had $260,268,568 in a broad range of capital assets (net of depreciation), including land, buildings, furniture, and equipment. This amount represents a net decrease (including additions, deductions, and depreciation) of $3,083,544, or 1.17 percent, from last year (Table 5).

Table 5

	Governmental Activities	
	2019	2018
Land	$ 32,298,855	$ 32,298,855
Construction in progress	12,260,040	2,349,442
Land improvements	8,987,194	9,558,178
Buildings and improvements	200,399,344	212,912,271
Equipment	6,323,135	6,233,366
Total	$ 260,268,568	$ 263,352,112

Long-Term Obligations

At June 30, 2019, the District had $92,647,175 in general obligation bonds and certificates of participation outstanding.

Table 6

	Governmental Activities	
	2019	2018
General obligation bonds	$ 71,137,397	$ 73,764,553
Premium on bonds	3,534,778	3,751,243
Certificates of participation	18,025,000	18,545,000
Compensated absences	1,749,808	1,899,186
Claims Liabilities	5,734,000	8,366,000
OPEB obligation, net	28,871,081	26,881,518
Total	$ 129,052,064	$ 133,207,500

Other obligations include compensated absences payable, claims liabilities, and OPEB obligation. We present more detailed information regarding our long-term obligations in Note 9 of the financial statements.

Net Pension Liability (NPL)

As of June 30, 2019 and 2018, the total net pension liability as required by GASB Statement No. 68 was $180,289,910 and $175,617,213 , respectively.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The State has enacted the Local Control Funding Formula (LCFF) to replace revenue limits and most categorical programs, commencing in 2013-2014. The LCFF has now been fully implemented, so going forward revenue generated from the LCFF will be determined by the change in ADA and the statutory cost of living adjustment (COLA.)

The key assumptions in our revenue forecast are:

> Per law, the school districts are funded based on either the current year or previous year's Average Daily Attendance (ADA), whichever is higher. The District is still experiencing declining enrollment. Consequently, the LCFF funding is budgeted based on the 2018-19 P-2 ADA of 12,824.
>
> The LCFF supplemental and concentration grants must be spent to increase or improve services for following student populations: low income, English learner, and foster youth. The amount of supplemental and concentration grants is based on the district’s percentage of prior year CALPADS unduplicated count of these students, which is 94% for Lynwood Unified School District.
>
> Per student ADA funding, under LCFF, is estimated at $12,070.
>
> The declining enrollment trend continues in Lynwood Unified School District and multi-year projections included in the budget assumes declining ADA of 2 percent in the subsequent two fiscal years.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Chief Business Officer, at Lynwood Unified School District, 11321 Bullis Rd., Lynwood, California 90262, or e-mail at Gfromm@mylusd.org.

LYNWOOD UNIFIED SCHOOL DISTRICT

STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental Activities
ASSETS	
Deposits and investments	$ 83,624,069
Receivables	10,141,987
Prepaid expenses	1,863,283
Stores inventories	232,143
Other current assets	1,189,472
Capital assets	
Land and construction in process	44,558,895
Other capital assets	425,079,518
Less: Accumulated depreciation	(209,369,845)
Total Capital Assets	260,268,568
Total Assets	357,319,522
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges on refunding	1,130,329
Deferred outflows of resources related to OPEB	485,185
Deferred outflows of resources related to pensions	52,872,345
Total Deferred Outflows of Resources	54,487,859
LIABILITIES	
Accounts payable	36,117,434
Interest payable	1,221,528
Unearned revenue	787,636
Claims liability	698,000
Long-term obligations:	
Current portion of long-term obligations other than pensions	3,375,000
Noncurrent portion of long-term obligations other than pensions	125,677,064
Total Long-Term Obligations Other Than Net Pension Liability	129,052,064
Aggregate net pension liability	180,289,910
Total Liabilities	348,166,572
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	13,384,301
NET POSITION	
Net investment in capital assets	180,257,273
Restricted for:	
Debt service	2,106,290
Capital projects	668,022
Educational programs	6,610,283
Other restrictions	1,608,683
Unrestricted (deficit)	(140,994,043)
Total Net Position	$ 50,256,508

The accompanying notes are an integral part of these financial statements.

LYNWOOD UNIFIED SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Functions/Programs	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities
Governmental Activities:				
Instruction	$ 139,771,477	$ 63,691	$ 31,459,596	$ (108,248,190)
Instruction-related activities:				
Supervision of instruction	9,373,416	3,207	2,218,391	(7,151,818)
Instructional library, media, and technology	1,304,951	-	27,732	(1,277,219)
School site administration	16,464,800	14,059	1,348,448	(15,102,293)
Pupil services:				
Home-to-school transportation	3,540,103	-	-	(3,540,103)
Food services	8,820,567	18,803	7,410,026	(1,391,738)
All other pupil services	12,177,101	956	1,492,673	(10,683,472)
Administration:				
Data processing	4,097,029	-	-	(4,097,029)
All other administration	10,667,497	1,010	1,020,233	(9,646,254)
Plant services	29,263,601	904	160,877	(29,101,820)
Ancillary services	1,136,826	-	333	(1,136,493)
Community services	987,381	-	438,011	(549,370)
Enterprise services	9,086	-	-	(9,086)
Interest on long-term obligations	4,345,838	-	-	(4,345,838)
Other outgo	4,279,983	-	511,214	(3,768,769)
Total Governmental Activities	$ 246,239,656	$ 102,630	$ 46,087,534	(200,049,492)
	General revenues and subventions:			
	Property taxes, levied for general purposes			15,875,249
	Property taxes, levied for debt service			4,188,299
	Taxes levied for other specific purposes			395,922
	Federal and State aid not restricted to specific purposes			146,324,759
	Interest and investment earnings			1,364,932
	Miscellaneous			10,622,349
	Subtotal, General Revenues			178,771,510
	Change in Net Position			(21,277,982)
	Beginning Balance			71,534,490
	Net Position - Ending			$ 50,256,508

The accompanying notes are an integral part of these financial statements.

LYNWOOD UNIFIED SCHOOL DISTRICT

GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2019

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Deposits and investments	$ 58,533,207	$ 10,120,759	$ 8,558,103	$ 77,212,069
Receivables	7,981,697	71,210	2,056,795	10,109,702
Prepaid expenditures	1,863,283	-	-	1,863,283
Stores inventories	167,579	-	64,564	232,143
Other current assets	826,636	-	-	826,636
Total Assets	$ 69,372,402	$ 10,191,969	$ 10,679,462	$ 90,243,833
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 30,945,352	$ 2,625,355	$ 2,385,448	$ 35,956,155
Unearned revenue	787,636	-	-	787,636
Total Liabilities	31,732,988	2,625,355	2,385,448	36,743,791
Fund Balances:				
Nonspendable	2,081,562	-	65,664	2,147,226
Restricted	6,610,283	7,566,614	7,944,826	22,121,723
Assigned	178,904	-	283,524	462,428
Unassigned	28,768,665	-	-	28,768,665
Total Fund Balances	37,639,414	7,566,614	8,294,014	53,500,042
Total Liabilities and Fund Balances	$ 69,372,402	$ 10,191,969	$ 10,679,462	$ 90,243,833

The accompanying notes are an integral part of these financial statements.

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2019

Total Fund Balance - Governmental Funds		$ 53,500,042
Amounts Reported for Governmental Activities in the Statement of Net Position is Different Because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is:	$ 469,638,413	
Accumulated depreciation is:	(209,369,845)	
Net Capital Assets		260,268,568
Expenditures relating to issuance of debt were recognized in modified accrual basis, but should not be recognized in accrual basis. Under accrual basis, these expenditures are capitalized and amortized over the life of the debt as an adjustment to interest expense.		1,130,329
Deferred outflows of resources related to pensions represent a consumption of net position in a future period and is not reported in the District's funds. Deferred outflows of resources related to pensions at year end consist of:		
Pension contributions subsequent to measurement date	17,481,093	
Net change in proportionate share of net pension liability	5,928,488	
Difference between projected and actual earnings on pension plan investments	484,631	
Difference between expected and actual experience in the measurement of the total pension liability	4,249,250	
Changes in assumptions	24,728,883	
Total Deferred Outflow of Resources Related to Pensions		52,872,345
Deferred inflows of resources related to pensions represent an acquisition of net position that applies to a future period and is not reported in the District's funds. Deferred inflows of resources related to pensions at year end consists of:		
Net change in proportionate share of net pension liability	(6,956,581)	
Difference between projected and actual earnings on pension plan investments	(4,667,153)	
Difference between expected and actual experience in the measurement of the total pension liability	(1,760,567)	
Total Deferred Inflow of Resources Related to Pensions		(13,384,301)

The accompanying notes are an integral part of these financial statements.

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2019

Deferred outflows of resources related to OPEB represents a consumption of net position in a future period and is not reported in the District's funds. Deferred outflows of resources related to OPEB at year-end consist of changes of assumptions.		485,185
In governmental funds, unmatured interest on long-term obligations is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term obligations is recognized when it is incurred.		$ (1,221,528)
An internal service fund is used by the District's management to charge the costs of the health and welfare benefits and workers' compensation program to the individual funds. The assets and liabilities of the Internal Service Fund are included with governmental activities. Internal Service Fund Net Position:		213,842
Net pension liability is not due and payable in the current period and is not reported as a liability in the funds.		(180,289,910)
Long-term obligations at year-end consist of:		
General obligation bonds	$ 69,702,605	
Premium on issuance, net of amortization	3,534,778	
Certificates of participation	18,025,000	
Compensated absences - accumulated vacation	1,749,808	
Other postemployment benefits	28,871,081	
In additions, the District has issued "capital appreciation" bonds. The accretion of interest on those bonds to date is:	1,434,792	
Total Long-Term Obligations		(123,318,064)
Total Net Position - Governmental Activities		**$ 50,256,508**

The accompanying notes are an integral part of these financial statements.

LYNWOOD UNIFIED SCHOOL DISTRICT

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2019

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES				
Local Control Funding Formula	$ 156,271,482	$ -	$ -	$ 156,271,482
Federal sources	11,043,765	-	7,284,755	18,328,520
Other State sources	27,605,528	-	3,884,672	31,490,200
Other local sources	4,021,947	343,596	4,991,699	9,357,242
Total Revenues	198,942,722	343,596	16,161,126	215,447,444
EXPENDITURES				
Current				
Instruction	112,018,804	-	3,606,174	115,624,978
Instruction-related activities:				
Supervision of instruction	8,313,502	-	206,684	8,520,186
Instructional library, media, and technology	1,221,814	-	-	1,221,814
School site administration	13,670,552	-	796,804	14,467,356
Pupil services:				
Home-to-school transportation	2,404,223	-	-	2,404,223
Food services	139,315	-	7,791,454	7,930,769
All other pupil services	11,831,103	-	53,583	11,884,686
Administration:				
Data processing	3,825,650	-	-	3,825,650
All other administration	10,947,053	-	384,973	11,332,026
Plant services	23,759,922	-	62,438	23,822,360
Facility acquisition and construction	1,986,918	12,479,617	247,652	14,714,187
Ancillary services	1,115,936	-	-	1,115,936
Community services	926,674	-	-	926,674
Other outgo	3,052,450	-	-	3,052,450
Debt service				
Principal	520,000	-	3,325,000	3,845,000
Interest and other	869,937	-	2,524,437	3,394,374
Total Expenditures	196,603,853	12,479,617	18,999,199	228,082,669
Excess (Deficiency) of Revenues Over Expenditures	2,338,869	(12,136,021)	(2,838,073)	(12,635,225)
Other Financing Sources (Uses)				
Transfers in	-	-	1,227,533	1,227,533
Transfers out	(1,227,533)	-	-	(1,227,533)
Other Financing Sources (Uses)	(1,227,533)	-	1,227,533	-
NET CHANGE IN FUND BALANCES	1,111,336	(12,136,021)	(1,610,540)	(12,635,225)
Fund Balances - Beginning	36,528,078	19,702,635	9,904,554	66,135,267
Fund Balances - Ending	$ 37,639,414	$ 7,566,614	$ 8,294,014	$ 53,500,042

The accompanying notes are an integral part of these financial statements.

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2019

Total Net Change in Fund Balances - Governmental Funds		$ (12,635,225)
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures, however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities.		
This is the amount by which depreciation expense exceeded capital outlay in the period.		
Depreciation expense	$ (13,943,687)	
Capital outlays	10,860,143	
Net Expense Adjustment		(3,083,544)
In the Statement of Activities, certain operating expenses - compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). Vacation earned was less than amounts used by $149,378.		149,378
In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and net pension liability during the year.		(9,030,221)
In the governmental funds, OPEB costs are based on employer contributions made to OPEB plans during the year. However, in the Statement of Activites, OPEB expense is the net effect of all changes in the deferred outflows, deferred inflows,and net OPEB liability during the year.		(1,504,378)
Under the modified basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. This adjustment combines the net changes of the following balances:		
Deferred charges on refunding	$ (59,491)	
Amortization of debt premium	216,465	
Combined Adjustment		156,974

The accompanying notes are an integral part of these financial statements.

LYNWOOD UNIFIED SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES, Continued
FOR THE YEAR ENDED JUNE 30, 2019

Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term obligations in the Statement of Net Position and does not affect the Statement of Activities:		
General obligation bonds	$ 3,325,000	
Certificates of participation	520,000	
Combined Adjustment		$ 3,845,000
Interest on long-term obligations in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The additional interest reported in the Statement of Activities is the result of two factors. First, accrued interest on the general obligation bonds increased by $410,594, and second, $697,844 of additional accumulated interest was accreted on the Districts "capital appreciation" general obligation bonds.		(1,108,438)
An internal service fund is used by the District's management to charge the costs of the health and welfare benefits and workers' compensation insurance program to the individual funds. The change in net position of the Internal Service Fund is reported with governmental activities.		1,932,472
Change in Net Position of Governmental Activities		$ (21,277,982)

The accompanying notes are an integral part of these financial statements.

LYNWOOD UNIFIED SCHOOL DISTRICT

PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental Activities - Internal Service Fund
ASSETS	
Current Assets	
Deposits and investments	$ 6,412,000
Receivables	32,285
Other current assets	362,836
Total Current Assets	6,807,121
LIABILITIES	
Current Liabilities	
Accounts payable	161,279
Claims liability	698,000
Total Current Liabilities	859,279
Noncurrent Liabilities	
Long-term claims liability	5,734,000
Total Liabilities	6,593,279
NET POSITION	
Restricted	213,842
Total Net Position	$ 213,842

The accompanying notes are an integral part of these financial statements.

LYNWOOD UNIFIED SCHOOL DISTRICT

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019

	Governmental Activities - Internal Service Fund
OPERATING REVENUES	
Charges to other funds and miscellaneous revenues	$ 3,645,125
OPERATING EXPENSES	
Payroll costs	106,150
Professional and contract services	1,736,328
Supplies and materials	4,471
Total Operating Expenses	1,846,949
Operating Income	1,798,176
NONOPERATING REVENUES	
Interest income	134,296
Change in Net Position	1,932,472
Total Net Position - Beginning	(1,718,630)
Total Net Position - Ending	$ 213,842

The accompanying notes are an integral part of these financial statements.

LYNWOOD UNIFIED SCHOOL DISTRICT

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

	Governmental Activities - Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash receipts from customers	$ 3,645,125
Cash payments to suppliers for goods and services	(4,749,575)
Cash payments for administrative expense	(106,150)
Net Cash Used for Operating Activities	(1,210,600)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	176,171
Net Decrease in Cash and Cash Equivalents	(1,034,429)
Cash and Cash Equivalents - Beginning	7,446,429
Cash and Cash Equivalents - Ending	$ 6,412,000
RECONCILIATION OF OPERATING INCOME TO NET CASH USED FOR OPERATING ACTIVITIES:	
Operating Income	$ 1,798,176
Changes in assets and liabilities:	
Accounts payable	54,060
Other current assets	(362,836)
Claims liabilities	(2,700,000)
NET CASH USED FOR OPERATING ACTIVITIES	$ (1,210,600)

The accompanying notes are an integral part of these financial statements.

LYNWOOD UNIFIED SCHOOL DISTRICT

FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2019

	Associated Student Bodies	Foundation Private-Purpose Trust Fund	Total Fiduciary Funds
ASSETS			
Deposits and investments	$ 801,759	$ 23,486	$ 825,245
Receivables	68,161	129	68,290
Total Assets	$ 869,920	23,615	893,535
LIABILITIES			
Accounts payable	$ -	1,000	1,000
Due to student groups	869,920	-	869,920
Total Liabilities	$ 869,920	1,000	870,920
NET POSITION			
Held in trust for scholarships		22,615	22,615
Total Net Position		$ 22,615	$ 22,615

The accompanying notes are an integral part of these financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019

	Foundation Private-Purpose Trust Fund
ADDITIONS	
Interest	$ 485
Change in Net Position	485
Net Position - Beginning	22,130
Net Position - Ending	$ 22,615

The accompanying notes are an integral part of these financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The Lynwood Unified School District (the District) was organized in 1950 under the laws of the State of California. The District operates under a locally elected five-member Board form of government and provides educational services to grades kindergarten through twelve as mandated by the State and Federal agencies. The District operates twelve elementary, three middle, two high schools, a continuation high school, an adult regional occupational program, and two child care centers.

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, boards, and agencies that are not legally separate from the District. For Lynwood Unified School District, this includes general operations, food service, and student related activities of the District.

Basis of Presentation - Fund Accounting

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The District's funds are grouped into three broad fund categories: governmental, proprietary, and fiduciary.

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major and non-major governmental funds:

Major Governmental Funds

General Fund The General Fund is the chief operating fund for all districts. It is used to account for the ordinary operations of the District. All transactions except those accounted for in another fund are accounted for in this fund.

Two funds currently defined as special revenue funds in the California State Accounting Manual (CSAM) do not meet the GASB Statement No. 54 special revenue fund definition. Specifically, Fund 11, Adult Education Fund, and Fund 14, Deferred Maintenance Fund, are not substantially composed of restricted or committed revenue sources. While these funds are authorized by statute and will remain open for internal reporting purposes, these funds function effectively as extensions of the General Fund, and accordingly have been combined with the General Fund for presentation in these audited financial statements.

As a result of combining Funds 11 and 14, the General Fund has an increase in fund balance of $178,903.

Building Fund The Building Fund exists primarily to account separately for proceeds from the sale of bonds (*Education Code* Section 15146) and may not be used for any purposes other than those for which the bonds were issued.

Non-Major Governmental Funds

Special Revenue Funds The Special Revenue funds are used to account for the proceeds from specific revenue sources (other than trusts, major capital projects, or debt service) that are restricted or committed to the financing of particular activities, that compose a substantial portion of the inflows of the fund, and that are reasonably expected to continue. Additional resources that are restricted, committed, or assigned to the purpose of the fund may also be reported in the fund.

Child Development Fund The Child Development Fund is used to account separately for Federal, State, and local revenues to operate child development programs and is to be used only for expenditures for the operation of child development programs.

Cafeteria Fund The Cafeteria Fund is used to account separately for Federal, State, and local resources to operate the food service program (*Education Code* Sections 38090-38093) and is used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code* Sections 38091 and 38100).

Capital Project Funds The Capital Project funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and other capital assets (other than those financed by proprietary funds and trust funds).

Capital Facilities Fund The Capital Facilities Fund is used primarily to account separately for monies received from fees levied on developers or other agencies as a condition of approval (*Education Code* Sections 17620-17626 and *Government Code* Section 65995 et seq.). Expenditures are restricted to the purposes specified in *Government Code* Sections 65970-65981 or to the items specified in agreements with the developer (*Government Code* Section 66006).

County School Facilities Fund The County School Facilities Fund is established pursuant to *Education Code* Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition lA), the 2002 State School Facilities Fund (Proposition 47), or the 2004 State School Facilities Fund (Proposition 55) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code* Section 17070 et seq.).

Debt Service Fund This fund is used for the accumulation of resources for and the retirement of principal and interest on general long-term obligations.

Bond Interest and Redemption Fund The Bond Interest and Redemption Fund is used for the repayment of bonds issued for a district (*Education Code* Sections 15125-15262).

Tax Override Fund The Tax Override Fund is used for the repayment of voted indebtedness (other than Bond Interest and Redemption Fund repayments) to be financed from ad valorem tax levies.

Proprietary Funds Proprietary funds are used to account for activities that are more business-like than government-like in nature. Business-type activities include those for which a fee is charged to external users or to other organizational units of the local education agency, normally on a full cost-recovery basis. Proprietary funds are generally intended to be self-supporting and are classified as enterprise or internal service. The District has the following proprietary funds:

> **Internal Service Fund** Internal Service funds may be used to account for any activity for which services are provided to other funds of the District on a cost-reimbursement basis. The District operates a Self-Insurance Workers' Compensation Program that is accounted for in an internal service fund.

Fiduciary Funds Fiduciary funds are used to account for assets held in trustee or agent capacity for others that cannot be used to support the District's own programs. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. The key distinction between trust and agency funds is that trust funds are subject to a trust agreement that affects the degree of management involvement and the length of time that the resources are held.

Trust funds are used to account for the assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore, not available to support the District's own programs. The District's trust funds are for donation required to be held in the Foundation Trust. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Such funds have no equity accounts since all assets are due to individuals or entities at some future time. The District's agency fund accounts for student body activities (ASB).

Basis of Accounting - Measurement Focus

Government-Wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared.

The government-wide Statement of Activities presents a comparison between expenses, both direct and indirect, and of the District and for each governmental function, and excludes fiduciary activity. Direct expenses are those that are specifically associated with a service, program, or department and are therefore, clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the *Statement of Activities*, except for depreciation. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District. Eliminations have been made to minimize the double counting of internal activities.

Net position should be reported as restricted when constraints placed on net asset use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other activities result from special revenue funds and the restrictions on their net asset use.

Fund Financial Statements Fund financial statements report detailed information about the District. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements.

Governmental Funds All governmental funds are accounted for using the flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting, and the governmental fund financial statements, prepared using the flow of current financial resources measurement focus and the modified accrual basis of accounting.

Proprietary Funds Proprietary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of this fund are included in the Statement of Net Position. The statement of changes in fund net position presents increases (revenues) and decreases (expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary fund.

Fiduciary Funds Fiduciary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are excluded from the government-wide financial statements because they do not represent resources of the District.

Revenues – Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. Generally, available is defined as collectible within 60 days. However, to achieve comparability of reporting among California districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to State-aid apportionments, the California Department of Education has defined available for districts as collectible within one year. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose restrictions. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned Revenue Unearned revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the District prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

Certain grants received before the eligibility requirements are met are recorded as unearned revenue. On the governmental fund financial statements, receivables that will not be collected within the available period are also recorded as unearned revenue.

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable, and typically paid within 90 days. Principal and interest on long-term obligations, which has not matured, are recognized when paid in the governmental funds as expenditures. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds but are recognized in the government-wide statements.

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include cash with county treasury balances for purposes of the statement of cash flows.

Investments

Investments held at June 30, 2019, with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in county and State investment pools are determined by the program sponsor.

Prepaid Expenditures (Expenses)

Prepaid expenditures (expenses) represent amounts paid in advance of receiving goods or services. The District has the option of reporting an expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditures when incurred.

Stores Inventories

Inventories consist of expendable food and supplies held for consumption. Inventories are stated at cost, on the weighted average basis. The costs of inventory items are recorded as expenditures in the governmental funds and expenses in the proprietary funds when used.

Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets are long-lived assets of the District. The District maintains a capitalization threshold of $5,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized, but are expensed as incurred.

When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in the government-wide Statement of Net Position. The valuation basis for capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Donated capital assets are capitalized at estimated fair market value on the date donated.

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation basis for proprietary fund capital assets is the same as those used for the capital assets of governmental funds.

Depreciation is computed using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 50 years; improvements/infrastructure, five to 50 years; equipment, five to 50 years.

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental columns of the statement of net position.

Compensated Absences

Compensated absences are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide Statement of Net Position. For governmental funds, the current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year-end that have not yet been paid with expendable available financial resources. These amounts are reported in the fund from which the employees who have accumulated leave are paid.

Sick leave is accumulated without limit for each employee at the rate of one day for each month worked. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive .004 year of service credit for each day of unused sick leave. Credit for unused sick leave is applicable to all certificated employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full-time.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide and proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the governmental funds.

However, claims and judgments, compensated absences, special termination benefits, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the governmental fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases, and other long-term obligations are recognized as liabilities in the governmental fund financial statements when due.

Debt Issuance Costs and Premiums

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities fund statement of net position. Debt premiums and issuance costs related to prepaid insurance costs are amortized over the life of the bonds using the straight-line method.

In governmental fund financial statements, bond premiums and debt issuance costs are recognized in the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District reports deferred outflows of resources for the unamortized gain on the refunding of general obligation bonds, pension related items, and OPEB related items.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District reports deferred inflows of resources for pension related items.

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the California State Teachers Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) plan for schools (Plans) and additions to deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalSTRS and CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Member contributions are recognized in the period in which they are earned. Investments are reported at fair value.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the CalSTRS Medicare Premium Payment Program (MPP) and additions to/deductions from MPP's fiduciary net position have been determined on the same basis as they are reported by MPP. For this purpose, MPP recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Fund Balances - Governmental Funds

As of June 30, 2019, fund balances of the governmental funds are classified as follows:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the governing board or chief business officer/assistant superintendent of business services may assign amounts for specific purposes.

Unassigned - all other spendable amounts.

Spending Order Policy

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the governing board has provided otherwise in its commitment or assignment actions.

Minimum Fund Balance Policy

The governing board adopted a minimum fund balance policy for the General Fund in order to protect the District against revenue shortfalls or unpredicted one-time expenditures. The policy requires a Reserve for Economic Uncertainties consisting of unassigned amounts equal to no less than three percent of General Fund expenditures and other financing uses.

Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. The District has related debt outstanding as of June 30, 2019. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report $10,993,278 of restricted net position.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are Self-Insurance Workers' Compensation Program funds. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Property Tax

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County of Los Angeles bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

Change in Accounting Principles

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations.* This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation, or acquiring a tangible capital asset that has an existing ARO.

The District has implemented the provisions of this Statement as of June 30, 2019.

In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established.

This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

The District has implemented the provisions of this Statement as of June 30, 2019.

New Accounting Pronouncements

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities.* The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all State and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

The requirements of this Statement are effective for the reporting periods beginning after December 15, 2018. Early implementation is encouraged.

In June 2017, the GASB issued Statement No. 87, *Leases.* The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The requirements of this Statement are effective for the reporting periods beginning after December 15, 2019. Early implementation is encouraged.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,* which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 60*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

A conduit debt obligation is defined as a debt instrument having all of the following characteristics:

- There are at least three parties involved: (1) an issuer, (2) a third-party obligor, and (3) a debt holder or a debt trustee.
- The issuer and the third-party obligor are not within the same financial reporting entity.
- The debt obligation is not a parity bond of the issuer, nor is it cross-collateralized with other debt of the issuer.
- The third-party obligor or its agent, not the issuer, ultimately receives the proceeds from the debt issuance.
- The third-party obligor, not the issuer, is primarily obligated for the payment of all amounts associated with the debt obligation (debt service payments).

All conduit debt obligations involve the issuer making a limited commitment. Some issuers extend additional commitments or voluntary commitments to support debt service in the event the third party is, or will be, unable to do so.

An issuer should not recognize a conduit debt obligation as a liability. However, an issuer should recognize a liability associated with an additional commitment or a voluntary commitment to support debt service if certain recognition criteria are met. As long as a conduit debt obligation is outstanding, an issuer that has made an additional commitment should evaluate at least annually whether those criteria are met. An issuer that has made only a limited commitment should evaluate whether those criteria are met when an event occurs that causes the issuer to reevaluate its willingness or ability to support the obligor's debt service through a voluntary commitment.

This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

Issuers should not report those arrangements as leases, nor should they recognize a liability for the related conduit debt obligations or a receivable for the payments related to those arrangements. In addition, the following provisions apply:

- If the title passes to the third-party obligor at the end of the arrangement, an issuer should not recognize a capital asset.
- If the title does not pass to the third-party obligor and the third party has exclusive use of the entire capital asset during the arrangement, the issuer should not recognize a capital asset until the arrangement ends.
- If the title does not pass to the third-party obligor and the third party has exclusive use of only portions of the capital asset during the arrangement, the issuer, at the inception of the arrangement, should recognize the entire capital asset and a deferred inflow of resources. The deferred inflow of resources should be reduced, and an inflow recognized, in a systematic and rational manner over the term of the arrangement.

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

The requirements of this Statement are effective for the reporting periods beginning after December 15, 2020. Early implementation is encouraged.

NOTE 2 - DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

Deposits and investments as of June 30, 2019, are classified in the accompanying financial statements as follows:

Governmental activities	$	83,624,069
Fiduciary funds		825,245
Total Deposits and Investments	$	84,449,314

Deposits and investments as of June 30, 2019, consisted of the following:

Cash on hand and in banks	$	854,444
Cash in revolving		51,800
Investments		83,543,070
Total Deposits and Investments	$	84,449,314

Policies and Practices

The District is authorized under California *Government Code* to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium-term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations.

Investment in County Treasury - The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (*Education Code* Section 41001). The fair value of the District's investment in the pool is reported in the accounting financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

General Authorizations

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the county pool and purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuation is provided by the following schedule that shows the distribution of the District's investment by maturity:

Investment Type	Reported Amount	Weighted-Average Maturity in Days
Los Angeles County Treasury Investment Pool	$ 83,543,070	547

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investments in the Los Angeles County Treasury Investment Pool is not required to be rated, nor has it been rated as of June 30, 2019.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California *Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2019, the District's has $1,076,849 in bank balance that was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

NOTE 3 - FAIR VALUE MEASUREMENTS

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonable available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

Uncategorized - Investments in the Los Angeles County Treasury Investment Pool is not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at $1.00 net asset value per share.

The District's fair value measurements are as follows at June 30, 2019:

Investment Type	Reported Amount	Uncategorized
Los Angeles County Treasury Investment Pool	$ 83,543,070	$ 83,543,070

NOTE 4 - RECEIVABLES

Receivables at June 30, 2019, consisted of intergovernmental grants, entitlements, interest, and other local sources. All receivables are considered collectible in full.

	General Fund	Building Fund	Non-Major Governmental Funds	Internal Service Fund	Total Governmental Activities	Fiduciary Funds
Federal Government						
Categorical aid	$ 4,132,914	$ -	$ 1,722,419	$ -	$ 5,855,333	$ -
State Government						
Categorical aid	889,525	-	264,802	-	1,154,327	-
Lottery	684,926	-	-	-	684,926	-
Local Government						
Interest	1,983,159	71,210	26,234	32,285	2,112,888	129
Other Local Sources	291,173	-	43,340	-	334,513	68,161
Total	$ 7,981,697	$ 71,210	$ 2,056,795	$ 32,285	$ 10,141,987	$ 68,290

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2019, was as follows:

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	$ 32,298,855	$ -	$ -	$ 32,298,855
Construction in progress	2,349,442	9,910,598	-	12,260,040
Total Capital Assets Not Being Depreciated	34,648,297	9,910,598	-	44,558,895
Capital Assets Being Depreciated				
Land improvements	13,328,105	-	-	13,328,105
Buildings and improvements	394,861,050	-	-	394,861,050
Furniture and equipment	15,940,818	949,545	-	16,890,363
Total Capital Assets Being Depreciated	424,129,973	949,545	-	425,079,518
Total Capital Assets	458,778,270	10,860,143	-	469,638,413
Less Accumulated Depreciation				
Land improvements	3,769,927	570,984	-	4,340,911
Buildings and improvements	181,948,779	12,512,927	-	194,461,706
Furniture and equipment	9,707,452	859,776	-	10,567,228
Total Accumulated Depreciation	195,426,158	13,943,687	-	209,369,845
Governmental Activities Capital Assets, Net	$ 263,352,112	$ (3,083,544)	$ -	$ 260,268,568

Depreciation expense was charged as a direct expense to governmental functions as follows:

Governmental Activities	
Instruction	$ 11,517,466
School site administration	376,480
Food services	655,353
All other administration	822,677
Plant services	571,711
Total Depreciation Expenses Governmental Activities	$ 13,943,687

NOTE 6 - INTERFUND TRANSACTIONS

Operating Transfers

Interfund transfers for the year ended June 30, 2019, consisted of the following:

The General Fund transferred to the Child Development Non-Major Governmental Fund to support pre-school program encroachment.	$ 1,227,533

NOTE 7 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2019, consisted of the following:

	General Fund	Building Fund	Non-Major Governmental Funds	Internal Service Fund	Total Governmental Activities	Fiduciary Fund
Vendor payables	$ 16,143,601	$ -	$ 408,631	$ 161,279	$ 16,713,511	$ 1,000
Salaries and benefits	14,801,751	2,752	1,976,817	-	16,781,320	-
Construction	-	2,622,603	-	-	2,622,603	-
Total	$ 30,945,352	$ 2,625,355	$ 2,385,448	$ 161,279	$ 36,117,434	$ 1,000

NOTE 8 - UNEARNED REVENUE

Unearned revenue at June 30, 2019, consisted of the following:

	General Fund
Federal financial assistance	$ 497,424
State categorical aid	290,212
Total	$ 787,636

NOTE 9 - LONG-TERM OBLIGATIONS

Summary

The changes in the District's long-term obligations during the year consisted of the following:

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019	Due in One Year
General obligation bonds	$ 73,764,553	$ 697,844	$ 3,325,000	$ 71,137,397	$ 2,850,000
Premium on bonds	3,751,243	-	216,465	3,534,778	-
Certificates of participation	18,545,000	-	520,000	18,025,000	525,000
Compensated absences	1,899,186	-	149,378	1,749,808	-
Claims Liabilities	8,366,000	930,177	2,864,177	6,432,000	698,000
OPEB obligation, net	26,881,518	3,054,315	1,064,752	28,871,081	-
	$ 133,207,500	$ 4,682,336	$ 8,139,772	$ 129,750,064	$ 4,073,000

Payments on General Obligation Bonds are made by the Bond Interest and Redemption Fund with local revenues.

- Payments on the Certificates of Participation are made from the General Fund.
- The compensated absences will be paid by the fund for which the employee worked.
- Payments for PARS Retirement obligations are made from the General Fund.
- Payments for Claims Liabilities are made from the Internal Service Fund. A current portion of claim liabilities is recorded as a liability reported in the Internal Service Fund Statement of Net Position.
- Payments for the OPEB obligation will be paid from the fund for which the employee worked.

Bonded Debt

The general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2018	Issued	Accreted	Redeemed	Bonds Outstanding June 30, 2019
5/1/2003	5/1/2028	5.52 - 6.90%	$19,999,801	$ 1,276,227	$ -	$ 71,420	$ -	$ 1,347,647
2/9/2012	8/1/2027	2.00 - 5.00%	14,700,000	13,540,000	-	-	1,025,000	12,515,000
2/12/2013	8/1/2038	2.00 - 5.00%	16,500,000	13,855,000	-	-	320,000	13,535,000
7/15/14	8/1/2039	1.25 - 4.28%	10,655,000	10,485,000	-	-	160,000	10,325,000
4/19/16	8/1/2041	2.00 - 4.00%	9,610,000	9,470,000	-	-	145,000	9,325,000
07/25/17	8/1/2042	2.00 - 4.09%	8,863,701	8,888,326	-	626,424	-	9,514,750
07/25/17	8/1/2023	2.00 - 2.75%	715,000	715,000	-	-	60,000	655,000
07/25/17	8/1/2042	2.00 - 5.00%	15,535,000	15,535,000	-	-	1,615,000	13,920,000
			$96,578,502	$73,764,553	$ -	$ 697,844	$3,325,000	$71,137,397

2002 General Obligation Bonds, Series A

In May 2003, the District issued $19,999,801 of 2002 General Obligation Bonds, Series A. The bonds mature on May 1, 2028, with interest rates ranging from 5.52 to 6.90 percent. Net proceeds from the issuance were used to finance the construction of new schools and to improve and repair existing schools. At June 30, 2019, the principal balance outstanding was $1,347,647.

The bonds mature through 2028 as follows:

Fiscal Year	Principal Including Accreted Interest to Date	Accreted Interest	Total
2020	$ -	$ -	$ -
2021	-	-	-
2022	-	-	-
2023	-	-	-
2024	-	-	-
2025-2028	1,347,647	852,353	2,200,000
Total	$ 1,347,647	$ 852,353	$ 2,200,000

2012 General Obligation Refunding Bonds

On February 9, 2012, the District issued $14,700,000 of 2012 General Obligation Refunding Bonds. The bonds mature on August 1, 2027, with interest rates ranging from 2.00 to 5.00 percent. Net proceeds from the issuance were used to pay a portion of existing bonds. At June 30, 2019, the principal balance outstanding was $12,515,000.

The bonds mature through 2028 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2020	$ 1,125,000	$ 550,275	$ 1,675,275
2021	1,200,000	522,150	1,722,150
2022	1,340,000	462,150	1,802,150
2023	1,475,000	395,150	1,870,150
2024	1,620,000	321,400	1,941,400
2025-2028	5,755,000	473,013	6,228,013
Total	$ 12,515,000	$ 2,724,138	$ 15,239,138

2012 General Obligation Bonds, Series A

On February 12, 2013, the District issued $16,500,000 of 2012 General Obligation Bonds, Series A. The bonds mature on August 1, 2038, with interest rates ranging from 2.00 to 5.00 percent. Net proceeds from the issuance were used to finance the construction of new schools and to improve and repair existing schools. At June 30, 2019, the principal balance outstanding was $13,535,000.

The bonds mature through 2039 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2020	$ 340,000	$ 613,475	$ 953,475
2021	360,000	603,275	963,275
2022	390,000	592,475	982,475
2023	415,000	576,875	991,875
2024	445,000	560,275	1,005,275
2025-2029	2,745,000	2,497,500	5,242,500
2030-2034	3,705,000	1,864,000	5,569,000
2035-2039	5,135,000	802,750	5,937,750
Total	$ 13,535,000	$ 8,110,625	$ 21,645,625

2012 General Obligation Bonds, Series B

On July 15, 2014, the District issued $10,655,000 of 2012 General Obligation Bonds, Series B. The bonds mature on August 1, 2039, with interest rates ranging from 1.25 to 4.28 percent. Net proceeds from the issuance were used to finance the construction of new schools and to improve and repair existing schools and for partial payment of 2013 General Obligation Bond Anticipation Notes. At June 30, 2019, the principal balance outstanding was $10,325,000.

The bonds mature through 2040 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2020	$ 160,000	$ 399,531	$ 559,531
2021	-	397,131	397,131
2022	-	397,131	397,131
2023	100,000	397,131	497,131
2024	100,000	394,631	494,631
2025-2029	1,275,000	1,893,425	3,168,425
2030-2034	2,815,000	1,586,400	4,401,400
2035-2039	3,915,000	899,600	4,814,600
2040	1,960,000	80,850	2,040,850
Total	$ 10,325,000	$ 6,445,830	$ 16,770,830

2012 General Obligation Bonds, Series C

On April 19, 2016, the District issued $9,610,000 of 2012 General Obligation Bonds, Series C. The bonds mature on August 1, 2041, with interest rates ranging from 2.00 to 4.00 percent. Net proceeds from the issuance were used to finance the repair, upgrading, acquisition, construction and equipping of District sites and facilities. At June 30, 2019, the principal balance outstanding was $9,325,000.

The bonds mature through 2042 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2020	$ -	$ 348,500	$ 348,500
2021	50,000	348,500	398,500
2022	75,000	347,500	422,500
2023	25,000	346,000	371,000
2024	100,000	345,500	445,500
2025-2029	625,000	1,690,800	2,315,800
2030-2034	930,000	1,632,700	2,562,700
2035-2039	2,100,000	1,243,350	3,343,350
2040-2042	5,420,000	496,400	5,916,400
Total	$ 9,325,000	$ 6,799,250	$ 16,124,250

2012 General Obligation Bonds, Series D-1

On July 25, 2017, the District issued $8,863,701 of 2012 General Obligation Bonds, Series D-1. The bonds mature on August 1, 2042, with interest rates ranging from 2.00 to 4.09 percent. Net proceeds from the issuance were used to pay the District's 2014 General Obligation Bond Anticipation Notes, Series A and Series B and pay the cost of issuing the 2012 Series D-1 bonds. At June 30, 2019, the principal balance outstanding was $9,514,750.

The bonds mature through 2043 as follows:

Fiscal Year	Principal Including Accreted Interest to Date	Accreted Interest	Total
2020	$ -	$ -	$ -
2021	-	-	-
2022	-	-	-
2023	-	-	-
2024	78,240	6,760	85,000
2025-2029	1,294,271	290,729	1,585,000
2030-2034	1,876,210	1,008,790	2,885,000
2035-2039	2,478,585	2,386,415	4,865,000
2040-2043	3,787,444	5,392,556	9,180,000
Total	$ 9,514,750	$ 9,085,250	$ 18,600,000

2012 General Obligation Bonds, Series D-2

On July 25, 2017, the District issued $715,000 of 2012 General Obligation Bonds, Series D-2. The bonds mature on August 1, 2023, with interest rates ranging from 2.00 to 2.75 percent. Net proceeds from the issuance were used to pay the District's 2014 General Obligation Bond Anticipation Notes, Series A and Series B and pay the cost of issuing the 2012 Series D-2 bonds. At June 30, 2019, the principal balance outstanding was $655,000.

The bonds mature through 2024 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2020	$ 75,000	$ 16,053	$ 91,053
2021	115,000	14,553	129,553
2022	160,000	12,023	172,023
2023	190,000	8,103	198,103
2024	115,000	3,163	118,163
Total	$ 655,000	$ 53,895	$ 708,895

2016 General Obligation Bonds, Series A

On July 25, 2017, the District issued $15,535,000 of 2016 General Obligation Bonds, Series A. The bonds mature on August 1, 2042, with interest rates ranging from 2.00 to 5.00 percent. Net proceeds from the issuance were used to finance the repair, upgrading, acquisition, construction and equipping of District sites and facilities. At June 30, 2019, the principal balance outstanding was $13,920,000.

The bonds mature through 2043 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2020	$ 1,150,000	$ 521,475	$ 1,671,475
2021	-	486,975	486,975
2022	100,000	486,975	586,975
2023	125,000	482,975	607,975
2024	160,000	477,975	637,975
2025-2029	1,335,000	2,266,275	3,601,275
2030-2034	2,495,000	1,881,375	4,376,375
2035-2039	3,955,000	1,369,481	5,324,481
2040-2043	4,600,000	479,000	5,079,000
Total	$ 13,920,000	$ 8,452,506	$ 22,372,506

Certificates of Participation Summary

The outstanding certificates of participation are as follows:

Issue Date	Maturity Date	Original Issue	COP Outstanding July 1, 2018	Issued	Redeemed	COP Outstanding June 30, 2019
07/10/07	2038	$ 4,260,000	$ 2,495,000	$ -	$ -	$ 2,495,000
02/02/16	2038	16,325,000	16,050,000	-	520,000	15,530,000
		$ 20,585,000	$ 18,545,000	$ -	$ 520,000	$ 18,025,000

2007 Certificates of Participation Series B

On July 10, 2007, the District issued Certificates of Participation. The Certificates were executed and delivered in a Series B pursuant to a Trust Agreement between Lynwood Unified School District, the Public Property Financing Corporation of California and U.S. Bank National Association, as trustee. The amount financed for Series B is $4,260,000, the proceeds of which were used to affect the payment and current refunding of the outstanding certificates of participation of the 1997 Series C of the District pursuant to the terms of the escrow agreement. The certificates mature on October 1, 2037, with interest due with respect to the certificates is payable on October 1, 2010, and semiannually thereafter on each April 1 and October 1 having stated interest rates ranging from 4.0 percent to 5.0 percent. During the 2016 fiscal year, the District issued a 2016 refunding Certificate of Participation which refunded a portion of the 2007 Certificate of Participation Series B. At June 30, 2019, the principal balance outstanding was $2,495,000.

The certificates mature through 2038 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2020	$ -	$ 151,750	$ 151,750
2021	-	151,750	151,750
2022	120,000	148,750	268,750
2023	130,000	142,500	272,500
2024	135,000	135,875	270,875
2025-2029	595,000	535,875	1,130,875
2030-2034	570,000	340,250	910,250
2035-2038	945,000	97,875	1,042,875
Total	$ 2,495,000	$ 1,704,625	$ 4,199,625

2016 Refunding Certificates of Participation

On February 2, 2016, the District issued 2016 Refunding Certificates of Participation. The Certificates were executed and delivered pursuant to a Trust Agreement between Lynwood Unified School District, the Public Property Financing Corporation of California and U.S. Bank National Association, as trustee. The amount financed is $16,325,000, the proceeds of which were used to affect the payment and current refunding of the outstanding certificates of participation of the 1997 Series A and B of the District pursuant to the terms of the escrow agreement. The certificates mature on October 1, 2037, with interest due with respect to the certificates is payable on October 1, 2016, and semiannually thereafter on each April 1 and October 1 having stated interest rates ranging from 2.0 percent to 5.0 percent. The refunding resulted in an economic gain of $1,622,000 based on the difference between the present value of the existing debt service requirements and the new debt service requirements discounted at 3.08 percent. At June 30, 2019, the principle balance outstanding was $15,530,000 and deferred charge on refunding was $1,130,329.

The certificates mature through 2038 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2020	$ 525,000	$ 641,681	$ 1,166,681
2021	540,000	617,681	1,157,681
2022	565,000	590,056	1,155,056
2023	605,000	560,806	1,165,806
2024	625,000	530,056	1,155,056
2025-2029	3,645,000	2,135,031	5,780,031
2030-2034	4,635,000	1,141,581	5,776,581
2035-2038	4,390,000	288,697	4,678,697
Total	$ 15,530,000	$ 6,505,589	$ 22,035,589

Compensated Absences

The long-term portion of accumulated unpaid employee vacation for the District at June 30, 2019, amounted to $1,749,808.

Claims Liability

The District has an outstanding long-term obligation for incurred, but not reported, claims for the District Internal Service Fund in the amount of $6,432,000.

Net Other Postemployment Benefit (OPEB) Liability

For the fiscal year ended June 30, 2019, the District reported net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expenses for the following plans:

OPEB Plan	Net OPEB Liability	Deferred Outflows Of Resources	OPEB Expense
District Plan	$ 27,965,041	$ 485,185	$ 2,091,461
Medicare Premium Payment (MPP) Program	906,040	-	(101,898)
	$ 28,871,081	$ 485,185	$ 1,989,563

The details of each plan are as follows:

District Plan

Plan administration

The District's Governing Board administers the Postemployment Benefits Plan (the Plan) is a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible retirees and their spouses. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Plan membership

At June 30, 2019, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	95
Active employees	1,596
	1,691

Benefits provided

The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the plan. The District's Governing Board (the Governing Board) has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

Contributions

The contribution requirements of Plan members and the District are established and may be amended by the District and the Teacher Education Association (TEA), the local California Service Employees Association (CSEA), and unrepresented groups. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually through the agreements with the District, TEA, CSEA, and the unrepresented groups. For fiscal year 2018-2019, the District contributed $962,854 to the Plan, all of which was used for current premiums.

Total OPEB Liability of the District

The District's total OPEB liability of $27,965,041 was measured as of June 30, 2019 and was determined by an actuarial valuation as of that date.

Actuarial assumptions

The total OPEB liability in the June 30, 2019, actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75 percent
Salary increases	3.00 percent, average, including inflation
Discounted rate	3.15 percent
Health care cost trend rates	7.00 percent for 2019

The discount rate was based on the Bond Buyer 20-bond General Obligation Index.

Mortality rates were based on the 2009 CalSTRS Mortality Table for certificated employees and the 2014 CalPERS Active Mortality for Miscellaneous Employees Table for classified employees. Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reeducation. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

The actual assumptions used in the June 30, 2019, valuation were based on the results of an actual experience study for the period July 1, 2018, to June 30, 2019.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2018	$ 25,873,580
Service cost	$ 1,404,848
Interest	937,895
Changes of assumptions or other inputs	711,572
Benefit payments	(962,854)
Net change in total OPEB liability	2,091,461
Balance at June 30, 2019	$ 27,965,041

Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percentage lower or higher than the current rate:

Discount Rate	Total OPEB Liability
1% decrease (2.15%)	$ 30,073,661
Current discount rate (3.15%)	27,965,041
1% increase (4.15%)	25,971,172

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage lower or higher than the current healthcare costs trend rates:

Health Care Cost Trend Rates	Total OPEB Liability
1% decrease (4.00%)	$ 26,221,197
Current healthcare cost trend rate (5.00%)	27,965,041
1% increase (6.00%)	30,027,041

OPEB Expense Related and Deferred Outflows of Resources to OPEB

For the year ended June 30, 2019, the District recognized OPEB expense of $2,091,461. At June 20, 2019, the District reported deferred outflows of resources for OPEB changes in assumptions of $485,185.

Amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows of Resources
2020	$ 46,721
2021	46,721
2022	46,721
2023	46,721
2024	46,721
Thereafter	251,580
	$ 485,185

<u>Medicare Premium Payment (MPP) Program</u>

Plan Description

The Medicare Premium (MPP) Program is administered by the California State Teachers' Retirement System (CalSTRS). The MPP Program is a cost-sharing multiple-employer other postemployment benefit plan (OPEB) established pursuant to Chapter 1032, Statutes 2000 (SB 1435). CalSTRS administers the MPP Program through the Teachers' Health Benefits Fund (THBF).

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2017, annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the STRP DB Program who were retired or began receiving a disability allowance prior to July 1, 2012 and were not eligible for premium free Medicare Part A. The payments are made directly to the Centers for Medicare and Medicaid Services (CMS) on a monthly basis.

The MPP Program is closed to new entrants as members who retire after July 1, 2012, are not eligible for coverage under the MPP Program.

Contributions

The MPP Program is funded on a pay-as-you go basis from a portion of monthly District's contributions. In accordance with California Education Code Section 25930, contributions that would otherwise be credited to the DB Program each month are instead credited to the MPP Program to fund monthly program and administrative costs. Total redirections to the MPP Program are monitored to ensure that total incurred costs do not exceed the amount initially identified as the cost of the program.

Net OPEB Liability and OPEB Expense

At June 30, 2019, the District reported a liability of $906,040 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2016, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2018, and June 30, 2017, respectively, was 0.2367 percent and 0.2396 percent, resulting in a net decrease in the proportionate share of 0.0029 percent.

Actuarial Methods and Assumptions

The June 30, 2018, total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2017, and rolling forward the total OPEB liability to June 30, 2018, using the assumptions listed in the following table:

Measurement Date	June 30, 2018	June 30, 2017
Valuation Date	June 30, 2017	June 30, 2016
Experience Study	July 1, 2010 through June 30, 2015	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	3.87%	3.58%
Medicare Part A Premium Cost Trend Rate	3.70%	3.70%
Medicare Part B Premium Cost Trend Rate	4.10%	4.10%

For the valuation as of June 30, 2017, CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among our members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

Assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 459 or an average of 0.27 percent of the potentially eligible population (171,593).

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2018 were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2018 is 3.87 percent. The MPP Program is funded on a pay-as-you-go basis as described in Note 1, and under the pay-as-you-go method, the OPEB plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 3.87 percent, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2018 was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate increased 0.29 percent from 3.58 percent as of June 30, 2017.

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the discount rate.

The following presents the District's proportionate share of the net OPEB liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net OPEB Liability
1% decrease (2.87%)	$ 1,002,126
Current discount rate (3.87%)	906,040
1% increase (4.87%)	819,282

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the Medicare costs trend rates.

The following presents the District's proportionate share of the net OPEB liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Medicare Costs Trend Rate	Net OPEB Liability
1% decrease (2.7% Part A and 3.1% Part B)	$ 826,218
Current medicare costs trend rate (3.7% Part A and 4.1% Part B)	906,040
1% increase (4.7% Part A and 5.1% Part B)	991,889

NOTE 10 - FUND BALANCES

Fund balances are composed of the following elements:

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
Nonspendable				
Revolving cash	$ 50,700	$ -	$ 1,100	$ 51,800
Stores inventories	167,579	-	64,564	232,143
Prepaid expenditures	1,863,283	-	-	1,863,283
Total Nonspendable	2,081,562	-	65,664	2,147,226
Restricted				
Legally restricted programs	6,610,283	-	1,400,895	8,011,178
Capital projects	-	7,566,614	3,222,167	10,788,781
Debt service	-	-	3,321,764	3,321,764
Total Restricted	6,610,283	7,566,614	7,944,826	22,121,723
Assigned				
Other assignments	178,904	-	283,524	462,428
Unassigned				
Economic uncertainties	28,768,665	-	-	28,768,665
Total	$ 37,639,414	$ 7,566,614	$ 8,294,014	$ 53,500,042

NOTE 11 - RISK MANAGEMENT

Description

The District's risk management activities are recorded in the General and Self-Insurance Funds. Employee life, health, vision, dental, disability, and workers' compensation programs are administered by the District. The District is exposed to various risks of loss related to torts; theft, damage and destruction of assets; errors and omissions; injuries to employees; life and health of employees; and natural disasters. The District purchases commercial insurance through Southern California Regional Liability Excess Fund Joint Powers Authority for first party damage with coverage up to a maximum of $500 million, subject to Member Retained Limits ranging from $500 to $10,000 per occurrence. The District also purchases commercial insurance for general liability claims with coverage up to $1 million per occurrence with excess liability coverage up to $25, all subject to a $25,000 Member Retained Limit per occurrence. The District self insures workers' compensation coverage up to $2,000,000 per occurrence with excess coverage up to $10,000,000.

Claims Liabilities

The District records an estimated liability for indemnity torts and other claims against the District. Claims liabilities are based on estimates of the ultimate cost of reported claims (including future claim adjustment expenses) and an estimate for claims incurred, but not reported based on historical experience.

Unpaid Claims Liabilities

The fund establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represent the changes in approximate aggregate liabilities for the District from July 1, 2017 to June 30, 2019:

	Workers' Compensation
Liability Balance, July 1, 2017	$ 9,291,000
Claims provision	3,031,871
Claims paid	(3,190,871)
Liability Balance, June 30, 2018	9,132,000
Claims provision	930,177
Claims paid	(3,630,177)
Liability Balance, June 30, 2019	$ 6,432,000
Amount available to pay claims	$ 6,807,121

NOTE 12 - EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic employees are members of the California State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS).

For the fiscal year ended June 30, 2019, the District reported net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Collective Net Pension Liability	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Pension Expense
CalSTRS	$ 121,204,872	$ 36,573,410	$ 11,800,963	$ 14,822,809
CalPERS	59,085,038	16,298,935	1,583,338	11,688,505
Total	$ 180,289,910	$ 52,872,345	$ 13,384,301	$ 26,511,314

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

The District contributes to the State Teachers Retirement Plan (STRP) administered by the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2017, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at:
http://www.calstrs.com/member-publications.

Benefits Provided

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age, and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service.

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program, and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor of the STRP and obligor of the trust. In addition, the state is both an employer and nonemployer contributing entity to the STRP.

The District contributes exclusively to the STRP Defined Benefit Program, thus disclosures are not included for the other plans.

The STRP provisions and benefits in effect at June 30, 2019, are summarized as follows:

	STRP Defined Benefit Program	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205
Required employer contribution rate	16.28%	16.28%
Required state contribution rate	9.828%	9.828%

Contributions

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2019, are presented above and the District's total contributions were $11,912,408.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2019, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the District were as follows:

Total net pension liability, including State share:		
District's proportionate share of net pension liability	$	121,204,872
State's proportionate share of the net pension liability associated with the District		69,395,458
Total	$	190,600,330

The net pension liability was measured as of June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2018 and June 30, 2017, respectively, was 0.1319 percent and 0.1323 percent, resulting in a net decrease in the proportionate share of 0.0004 percent.

For the year ended June 30, 2019, the District recognized pension expense of $14,822,809. In addition, the District recognized pension expense and revenue of $11,063,642 for support provided by the State. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 11,912,408	$ -
Net change in proportionate share of net pension liability	5,455,647	5,373,243
Difference between projected and actual earnings on pension plan investments	-	4,667,153
Differences between expected and actual experience in the measurement of the total pension liability	375,852	1,760,567
Changes of assumptions	18,829,503	-
Total	$ 36,573,410	$ 11,800,963

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/Inflows of Resources
2020	$ 1,013,371
2021	(735,329)
2022	(3,915,561)
2023	(1,029,634)
Total	$ (4,667,153)

The deferred outflows of resources related to the net change in proportionate share of net pension liability, differences between expected and actual experience in the measurement of the total pension liability, and change of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is seven years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/ Inflows of Resources
2020	$ 3,963,909
2021	3,963,909
2022	3,963,907
2023	2,945,908
2024	2,758,933
Thereafter	(69,374)
Total	$ 17,527,192

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2017 and rolling forward the total pension liability to June 30, 2018. The financial reporting actuarial valuation as of June 30, 2017, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2017
Measurement date	June 30, 2018
Experience study	July 1, 2010 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance-PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2018, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	47%	6.30%
Fixed income	12%	0.30%
Real estate	13%	5.20%
Private equity	13%	9.30%
Absolute Return/Risk Mitigating Strategies	9%	2.90%
Inflation sensitive	4%	3.80%
Cash/liquidity	2%	-1.00%

Discount Rate

The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return 7.10 percent) and assuming that contributions, benefit payments and administrative expense occurred midyear. Based on these assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net Pension Liability
1% decrease (6.10%)	$ 177,550,954
Current discount rate (7.10%)	121,204,872
1% increase (8.10%)	74,488,502

California Public Employees Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the School Employer Pool (SEP) and the Safety Risk Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2017 annual actuarial valuation report, Schools Pool Actuarial Valuation, and the Risk Pool Actuarial Valuation Report, Safety. These reports and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: https://www.calpers.ca.gov/page/forms-publications.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2019, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	18.062%	18.062%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2019, are presented above and the total District contributions were $5,568,685.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

As of June 30, 2019, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $59,085,038. The net pension liability was measured as of June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2018 and June 30, 2017, respectively, was 0.2216 percent and 0.2230 percent, resulting in a net decrease in the proportionate share of 0.0014 percent.

For the year ended June 30, 2019, the District recognized pension expense of $11,688,505. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 5,568,685	$ -
Net change in proportionate share of net pension liability	472,841	1,583,338
Difference between projected and actual earnings on pension plan investments	484,631	-
Differences between expected and actual experience in the measurement of the total pension liability	3,873,398	-
Changes of assumptions	5,899,380	-
Total	$ 16,298,935	$ 1,583,338

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources
2020	$ 1,762,706
2021	421,536
2022	(1,350,865)
2023	(348,746)
Total	$ 484,631

The deferred outflows of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 4.0 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/ Inflows of Resources
2020	$ 4,065,069
2021	3,387,623
2022	1,209,589
Total	$ 8,662,281

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2017, and rolling forward the total pension liability to June 30, 2018. The financial reporting actuarial valuation as of June 30, 2017, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2017
Measurement date	June 30, 2018
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and service

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries 90 percent of scale MP-2016.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first ten years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	50%	5.98%
Fixed income	28%	2.62%
Inflation assets	0%	1.81%
Private equity	8%	7.23%
Real estate	13%	4.93%
Liquidity	1%	-0.92%

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount rate	Net Pension Liability
1% decrease (6.15%)	$ 86,024,990
Current discount rate (7.15%)	59,085,038
1% increase (8.15%)	36,734,492

On Behalf Payments

The State of California makes contributions to CalSTRS and CalPERS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS and CalPERS in the amounts of $11,063,642 and $2,003,247, respectively, (9.828 percent of annual payroll and Senate Bill 90 contributions). Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Senate Bill 90 (Chapter 33, Statutes of 2019), which was signed by the Governor on June 27, 2019, appropriated an additional 2018–19 contribution on behalf of school employers of $2.246 billion for CalSTRS and $904 million for CalPERS. A proportionate share of these contributions has been recorded in these financial statements. On behalf payments have been excluded from the calculation of available reserves and have not been included in the budgeted amounts reported in the *General Fund – Budgetary Comparison Schedule.*

NOTE 13 - COMMITMENTS AND CONTINGENCIES

Grants

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2019.

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2019.

NOTE 14 - PARTICIPATION IN JOINT POWERS AUTHORITIES

The District is a member of the Southern California Relief (SCR) and the Schools' Excess Liability Fund (SELF). The District pays an annual premium to the entity for its health, workers' compensation, and property liability coverage. The relationship between the District and the entity is such that it is not a component unit of the District for financial reporting purposes.

These entities have budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, fund transactions between the entities and the District are included in these statements. Audited financial statements are generally available from the respective entities.

During the year ended June 30, 2019, the District made payments of $49,989 and $1,577,821 to SCR and SELF, respectively.

REQUIRED SUPPLEMENTARY INFORMATION

LYNWOOD UNIFIED SCHOOL DISTRICT

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variances - Positive (Negative) Final
	Original	Final	(GAAP Basis)	to Actual
REVENUES				
Local Control Funding Formula	$ 156,796,689	$ 156,716,533	$ 156,271,482	$ (445,051)
Federal sources	9,860,430	15,122,206	11,043,765	(4,078,441)
Other State sources	10,364,105	13,403,718	27,605,528	14,201,810
Other local sources	709,500	2,197,500	4,021,947	1,824,447
Total Revenues [1]	177,730,724	187,439,957	198,942,722	11,502,765
EXPENDITURES				
Current				
Certificated salaries	68,143,634	74,462,034	72,560,656	1,901,378
Classified salaries	30,619,487	32,630,676	30,373,692	2,256,984
Employee benefits	39,082,934	39,257,294	49,735,091	(10,477,797)
Books and supplies	14,964,151	13,005,955	9,278,350	3,727,605
Services and operating expenditures	26,015,458	29,104,193	25,225,465	3,878,728
Capital outlay	463,580	820,898	2,174,797	(1,353,899)
Other outgo	3,404,861	3,084,561	5,865,865	(2,781,304)
Debt service				
Principal	-	-	520,000	(520,000)
Interest	-	-	869,937	(869,937)
Total Expenditures [1]	182,694,105	192,365,611	196,603,853	(4,238,242)
Excess of Revenues Over Expenditures	(4,963,381)	(4,925,654)	2,338,869	7,264,523
Other Financing Uses				
Transfers out	(2,268,153)	(2,366,302)	(1,227,533)	1,138,769
NET CHANGE IN FUND BALANCES	(7,231,534)	(7,291,956)	1,111,336	8,403,292
Fund Balance - Beginning	36,528,078	36,528,078	36,528,078	-
Fund Balance - Ending	$ 29,296,544	$ 29,236,122	$ 37,639,414	$ 8,403,292

[1] On behalf payments of $13,066,889 are included in the actual revenues and expenditures but have not been included in the budgeted amounts. In addition, due to the consolidation of Fund 11, Adult Education Fund and Fund 14, Deferred Maintenance Fund, for reporting purposes into the General Fund, additional revenues and expenditures pertaining to these other funds are included in the Actual (GAAP Basis) revenues and expenditures; however, are not included in the original and final General Fund budgets. On behalf payments of $11,063,642 relating to Senate Bill 90 are included in the actual revenues and expenditures but have not been included in the budgeted amounts.

See accompanying note to required supplementary information.

LYNWOOD UNIFIED SCHOOL DISTRICT

SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS FOR THE YEAR ENDED JUNE 30, 2019

	2019
Total OPEB Liability	
Service cost	$ 1,404,848
Interest	937,895
Changes of assumptions	711,572
Benefit payments	(962,854)
Net change in total OPEB liability	2,091,461
Total OPEB liability - beginning	25,873,580
Total OPEB liability - ending	$ 27,965,041
Covered payroll	$ 110,788,252
District's total OPEB liability as a percentage of covered payroll	N/A [1]

[1] The District's OPEB Plan is not administered through a trust and contributions are not made based on a measure of pay. Therefore, no measure of payroll is presented.

Note: In the Future, as data become available, ten years of information will be presented.

See accompanying note to required supplementary information.

LYNWOOD UNIFIED SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY – MPP PROGRAM FOR THE YEAR ENDED JUNE 30, 2019

Year ended June 30,	2019	2018
District's proportion of the net OPEB liability	0.2367%	0.2396%
District's proportionate share of the net OPEB liability	$ 906,040	$ 1,007,938
District's covered-employee payroll	N/A[1]	N/A[1]
District's proportionate share of the net OPEB liability as a percentage of it's covered-employee payroll	N/A[1]	N/A[1]
Plan fiduciary net position as a percentage of the total OPEB liability	-0.40%	0.01%

Note:
In the future, as data become available, ten years of information will be presented.

[1] As of June 30, 2012, active members are no longer eligible for future enrollment in the MPP Program; therefore, the covered payroll disclosure is not applicable.

See accompanying note to required supplementary information.

LYNWOOD UNIFIED SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
CalSTRS		
District's proportion of the net pension liability	0.1319%	0.1323%
District's proportionate share of the net pension liability	$ 121,204,872	$ 122,382,715
State's proportionate share of the net pension liability associated with the District	69,395,458	72,400,580
Total	$ 190,600,330	$ 194,783,295
District's covered - payroll	$ 69,783,396	$ 70,348,935
District's proportionate share of the net pension liability as a percentage of its covered - payroll	173.69%	173.97%
Plan fiduciary net position as a percentage of the total pension liability	71%	69%
CalPERS		
District's proportion of the net pension liability	0.2216%	0.2230%
District's proportionate share of the net pension liability	$ 59,085,038	$ 53,234,498
District's covered - payroll	$ 29,806,831	$ 30,780,069
District's proportionate share of the net pension liability as a percentage of its covered - payroll	198.23%	172.95%
Plan fiduciary net position as a percentage of the total pension liability	71%	72%

Note : In the future, as data become available, ten years of information will be presented.

See accompanying note to required supplementary information.

2017	2016	2015
0.1416%	0.1377%	0.1255%
$ 114,536,169	$ 92,696,235	$ 73,349,471
65,203,398	49,026,090	44,291,578
$ 179,739,567	$ 141,722,325	$ 117,641,049
$ 69,993,271	$ 67,244,955	$ 55,906,461
163.64%	137.85%	131.20%
70%	74%	77%
0.2371%	0.2237%	0.2084%
$ 46,821,724	$ 32,971,588	$ 23,663,277
$ 28,090,073	$ 24,390,825	$ 21,885,070
166.68%	135.18%	108.13%
74%	79%	83%

LYNWOOD UNIFIED SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
CalSTRS		
Contractually required contribution	$ 11,912,408	$ 10,069,744
Contributions in relation to the contractually required contribution	(11,912,408)	(10,069,744)
Contribution deficiency (excess)	$ -	$ -
District's covered - payroll	$ 73,172,039	$ 69,783,396
Contributions as a percentage of covered - payroll	16.28%	14.43%
CalPERS		
Contractually required contribution	$ 5,568,685	$ 4,629,299
Contributions in relation to the contractually required contribution	(5,568,685)	(4,629,299)
Contribution deficiency (excess)	$ -	$ -
District's covered - payroll	$ 30,830,943	$ 29,806,831
Contributions as a percentage of covered - payroll	18.062%	15.531%

Note : In the future, as data become available, ten years of information will be presented.

See accompanying note to required supplementary information.

2017	2016	2015
$ 8,849,896	$ 7,510,278	$ 5,971,352
(8,849,896)	(7,510,278)	(5,971,352)
$ -	$ -	$ -
$ 70,348,935	$ 69,993,271	$ 67,244,955
12.58%	10.73%	8.88%
$ 4,274,736	$ 3,327,831	$ 2,871,044
(4,274,736)	(3,327,831)	(2,871,044)
$ -	$ -	$ -
$ 30,780,069	$ 28,090,073	$ 24,390,825
13.888%	11.847%	11.771%

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2019

NOTE 1 - PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United State of America as prescribed by the Governmental Accounting Standards Board and provisions of the California *Education Code*. The governing board is required to hold a public hearing and adopt an operating budget no later than July 1 of each year. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for.

This schedule presents information for the original and final budgets and actual results of operations, as well as the variances from the final budget to actual results of operations.

	Expenditures and Other Uses		
	Budget	Actual	Excess
General Fund	$ 194,731,913	$ 197,831,386	$ 3,099,473

Schedule of Changes in the District's Total OPEB Liability and Related Ratios

This schedule presents information on the District's changes in the total OPEB liability, including beginning and ending balances, the plan's fiduciary net position, and the total OPEB liability. In the future, as data becomes available, ten years of information will be presented.

Change in benefit terms **–** There were no changes in the benefit terms since the previous valuation.

Change in assumptions **–** There were no changes of assumptions since the previous valuation.

Schedule of the District's Proportionate Share of the total OPEB Liability – MPP Program

Changes in Benefits Terms – There were no changes in the benefits terms since the previous valuation.

Changes in Assumptions – The plan rate of investment return assumption was changed from 3.58 percent to 3.87 percent since the previous valuation.

Schedule of District Contributions – MPP Program

This schedule presents information on the District's contractually required contribution, the actual contributions, and any excess of deficiency related to the required contribution. In the future, as data becomes available, ten years of information will be presented.

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2019

Schedule of the District's Proportionate Share of the Net Pension Liability

This schedule presents information on the District's proportionate share of the net pension liability (NPL), the plans' fiduciary net position and, when applicable, the State's proportionate share of the NPL associated with the District. In the future, as data becomes available, ten years of information will be presented.

Changes in Benefit Terms **–** There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.

Changes in Assumptions **–** There were no changes in economic assumptions for either the CalSTRS or CalPERS plans from the previous valuations.

Schedule of District Contributions

This schedule presents information on the District's required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution. In the future, as data becomes available, ten years of information will be presented

SUPPLEMENTARY INFORMATION

LYNWOOD UNIFIED SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass-Through Grantor/Program	CFDA Number	Pass-Through Entity Identifying Number	Program Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed through California Department of Education (CDE):			
Adult Basic Education and ELA	84.002A	14508	$ 72,314
Adult Basic Education - Adult Secondary	84.002	13978	115,500
Adult Basic Education - English Literacy and Civics Education	84.002A	14109	117,306
Carl D. Perkins Career and Technical Education Cluster:			
Secondary, Section 131 (Vocational Education)	84.048	14894	157,261
Improvement Act of 2006 Rural Community Equipment Grants	84.048	15295	24,118
Total Carl D. Perkins - Vocational Ed Formula Grant Cluster			181,379
Elementary and Secondary Education Act			
Title I, Part A - Basic Grants Low Income and Neglected	84.010	14329	4,683,757
Title I, Part C, Migrant Ed (Regular and Summer Program)	84.011	14326	77,898
Title I, Migrant Ed Summer Program	84.011	10005	34,035
Education for Homeless Children and Youth, Subtitle VII-B Mckinney-Vento Act	84.196	14332	42,520
Title II, Part A - Supporting Effective Instruction	84.367	14341	562,162
Title III, English Learner Student Program	84.365	14346	332,088
Title IV, Part B, 21st Century Community Learning Centers Program	84.424	15396	1,214,925
Special Education (IDEA) Cluster:			
Basic Local Assistance Entitlement, Part B, Section 611	84.027	13379	2,593,263
Local Assistance, Part B, Sec 611, Private School ISPs	84.027	10115	12,814
Preschool Grants, Part B, Section 619 (Age 3-4-5)	84.173	13430	69,004
IDEA Preschool Staff Development, Part B, Sec 619	84.173A	13431	457
Mental Health Average Daily Attendance (ADA) Allocation, Part B, Sec 611	84.027A	15197	156,673
Total Special Education Cluster			2,832,211
Total U.S. Department of Education			10,266,095

[1] Pass-Through Entity Identifying Number not available.

See accompanying note to supplementary information.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued
FOR THE YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass-Through Grantor/Program	CFDA Number	Identifying Number	Program Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Passed through California Department of Education (CDE):			
Child Nutrition Cluster:			
School Breakfast Needy	10.553	13526	$ 669,372
National School Lunch Program	10.555	13523	5,613,235
Summer School Food Program	10.555	13004	45,665
Meal Supplement	10.555	13524	258,883
Food Distribution	10.555	13524	578,464
Total Child Nutrition Cluster			7,165,619
Child and Adult Care Food Program (Centers and Family Day Care)	10.558	23165	119,136
Total U.S. Department of Agriculture			7,284,755
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through California Department of Health Services:			
Medicaid Cluster			
Medi-Cal Billing Option	93.778	10013	135,778
Medi-Cal Administrative Activities Program	93.778	10060	650,971
Total Medicaid Cluster			786,749
Total U.S. Department of Health and Human Services			786,749
Total Federal Programs			$ 18,337,599

See accompanying note to supplementary information.

LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
JUNE 30, 2019

ORGANIZATION

The Lynwood Unified School District was established on July 1, 1950, and consists of an area comprising approximately 6.5 square miles. The District operates twelve elementary, three middle, two high schools, a continuation high school, an adult regional occupational program, and two child care centers. There were no boundary changes during the year.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Gary Hardie Jr.	President	November 2020
Maria G. Lopez	Vice President	November 2020
Briseida Gonzalez, MSW	Clerk	November 2020
Alfonso Morales, Esq.	Member	November 2022
Alma Delia Renteria	Member	November 2022

ADMINISTRATION

Gudiel R. Crosthwaite, Ph.D.	Superintendent
Gregory Fromm	Chief Business Official

See accompanying note to supplementary information.

SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2019

	Final Report	
	Revised Second Period Report	Annual Report
Regular ADA		
Transitional kindergarten through third	3,904.63	3,904.59
Fourth through sixth	3,032.48	3,023.69
Seventh and eighth	2,036.98	2,041.22
Ninth through twelfth	3,823.61	3,794.24
Total Regular ADA	12,797.70	12,763.74
Extended Year Special Education		
Transitional kindergarten through third	0.34	0.34
Fourth through sixth	0.42	0.42
Seventh and eighth	0.25	0.25
Ninth through twelfth	1.53	1.53
Total Extended Year Special Education	2.54	2.54
Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	0.30	-
Fourth through sixth	3.45	2.69
Seventh and eighth	3.77	4.74
Ninth through twelfth	15.78	16.65
Total Special Education, Nonpublic, Nonsectarian Schools	23.30	24.08
Total ADA	12,823.54	12,790.36

See accompanying note to supplementary information.

LYNWOOD UNIFIED SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2019

Grade Level	1986-87 Minutes Requirement	2018-19 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Kindergarten	36,000	56,640	180	N/A	Complied
Grades 1 - 3	50,400				
Grade 1		54,880	180	N/A	Complied
Grade 2		54,880	180	N/A	Complied
Grade 3		56,580	180	N/A	Complied
Grades 4 - 6	54,000				
Grade 4		56,580	180	N/A	Complied
Grade 5		56,580	180	N/A	Complied
Grade 6		56,114	180	N/A	Complied
Grades 7 - 8	54,000				
Grade 7		56,114	180	N/A	Complied
Grade 8		56,114	180	N/A	Complied
Grades 9 - 12	64,800				
Grade 9		65,200	180	N/A	Complied
Grade 10		65,200	180	N/A	Complied
Grade 11		65,200	180	N/A	Complied
Grade 12		65,200	180	N/A	Complied

See accompanying note to supplementary information.

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Summarized below are the fund balance reconciliations between the Unaudited Actual Financial Report and the audited financial statements.

	General Fund	Child Development Fund	Cafeteria Fund	Internal Service Fund
FUND BALANCE				
Balance, June 30, 2019, Unaudited Actuals	$ 38,326,628	$ 4,110	$ 1,519,704	$ 339,894
Decrease in:				
Account receivable	(513,121)			
Deferred revenue		7,549	212,666	
Increase in:				
Accounts payable	(93,080)			
Deferred revenue	(81,013)			
Claims liability				(126,052)
Balance, June 30, 2019, Audited Financial Statements	$ 37,639,414	$ 11,659	$ 1,732,370	$ 213,842

See accompanying note to supplementary information.

LYNWOOD UNIFIED SCHOOL DISTRICT

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019

	(Budget) [1] 2020	2019	2018	2017
GENERAL FUND [3]				
Revenues	$ 178,607,758	$ 196,519,118	$ 182,906,450	$ 184,051,019
Total Revenues and Other Sources [4]	178,607,758	196,519,118	182,906,450	198,105,460
Expenditures	182,727,628	193,405,468	173,332,078	174,129,961
Other uses and transfers out	2,020,735	2,001,623	4,553,537	416,000
Total Expenditures and Other Uses [4]	184,748,363	195,407,091	177,885,615	187,343,128
INCREASE (DECREASE) IN FUND BALANCE	$ (6,140,605)	$ 1,112,027	$ 5,020,835	$ 10,762,332
ENDING FUND BALANCE	$ 31,319,906	$ 37,460,511	$ 36,348,484	$ 31,327,649
AVAILABLE RESERVES [2]	$ 22,386,297	$ 28,768,665	$ 26,213,263	$ 22,418,501
AVAILABLE RESERVES AS A PERCENTAGE OF TOTAL OUTGO	12.12%	14.72%	14.74%	12.84%
LONG-TERM OBLIGATIONS	N/A	$ 129,052,064	$ 133,207,500	$ 119,441,430
K-12 AVERAGE DAILY ATTENDANCE AT P-2	12,548	12,824	13,412	13,780

The General Fund balance has increased by $6,132,862 over the past two years. The fiscal year 2019-2020 budget projects a decrease of $6,140,605 (16.39 percent). For a district this size, the State recommends available reserves of at least three percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in all of the past three years but anticipates incurring an operating deficit during the 2019-2020 fiscal year. Total long-term obligations have increased by $9,610,634 over the past two years.

Average daily attendance has decreased by 956 over the past two years. Additional decline of 276 ADA is anticipated during fiscal year 2019-2020.

[1] Budget 2018 is included for analytical purposes only and has not been subjected to audit.

[2] Available reserves consist of all unassigned fund balances including all amounts reserved for economic uncertainties contained within the General Fund.

[3] General Fund amounts do not include activity related to the consolidation of the Adult Education Fund and the Deferred Maintenance Fund as required by GASB Statement No. 54.

[4] Additional on behalf payments related to SB 90 (Chapter 33, Statues of 2019) of $11,063,642 have been excluded from the calculations of available reserves from the fiscal year June 30, 2019.

See accompanying note to supplementary information.

LYNWOOD UNIFIED SCHOOL DISTRICT

NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2019

	Child Development Fund	Cafeteria Fund	Capital Facilities Fund
ASSETS			
Deposits and investments	$ 611,212	$ 1,346,895	$ 1,158,350
Receivables	165,928	1,849,827	29,126
Stores inventories	-	64,564	-
Total Assets	$ 777,140	$ 3,261,286	$ 1,187,476
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 765,481	$ 1,528,916	$ -
Fund Balances:			
Nonspendable	-	65,664	-
Restricted	7,557	1,387,284	1,187,476
Assigned	4,102	279,422	-
Total Fund Balances	11,659	1,732,370	1,187,476
Total Liabilities and Fund Balances	$ 777,140	$ 3,261,286	$ 1,187,476

See accompanying note to supplementary information.

County School Facilities Fund	Bond Interest and Redemption Fund	Tax Override Fund	Total Non-Major Governmental Funds
$ 2,113,861	$ 3,321,764	$ 6,021	$ 8,558,103
11,881	-	33	2,056,795
-	-	-	64,564
$ 2,125,742	$ 3,321,764	$ 6,054	$ 10,679,462
$ 91,051	$ -	$ -	$ 2,385,448
-	-	-	65,664
2,034,691	3,321,764	6,054	7,944,826
-	-	-	283,524
2,034,691	3,321,764	6,054	8,294,014
$ 2,125,742	$ 3,321,764	$ 6,054	$ 10,679,462

NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2019

	Child Development Fund	Cafeteria Fund	Capital Facilities Fund
REVENUES			
Federal sources	$ -	$ 7,284,755	$ -
Other State sources	3,401,605	450,028	-
Other local sources	463,387	95,389	159,680
Total Revenues	3,864,992	7,830,172	159,680
EXPENDITURES			
Current			
Instruction	3,606,174	-	-
Instruction-related activities:			
Supervision of instruction	206,684	-	-
School site administration	796,804	-	-
Pupil services:			
Food services	-	7,791,454	-
All other pupil services	53,583	-	-
Administration:			
All other administration	-	384,973	-
Plant services	48,670	13,768	-
Facility acquisition and construction	-	-	-
Debt service			
Principal	-	-	-
Interest and other	-	-	-
Total Expenditures	4,711,915	8,190,195	-
Excess (Deficiency) of Revenues Over Expenditures	(846,923)	(360,023)	159,680
Other Financing Sources			
Transfers in	1,227,533	-	-
NET CHANGE IN FUND BALANCES	380,610	(360,023)	159,680
Fund Balances - Beginning	(368,951)	2,092,393	1,027,796
Fund Balances - Ending	$ 11,659	$ 1,732,370	$ 1,187,476

See accompanying note to supplementary information.

County School Facilities Fund	Bond Interest and Redemption Fund	Tax Override Fund	Total Non-Major Governmental Funds
$ -	$ -	$ -	$ 7,284,755
-	33,039	-	3,884,672
47,444	4,225,675	124	4,991,699
47,444	4,258,714	124	16,161,126
-	-	-	3,606,174
-	-	-	206,684
-	-	-	796,804
-	-	-	7,791,454
-	-	-	53,583
-	-	-	384,973
-	-	-	62,438
247,652	-	-	247,652
-	3,325,000	-	3,325,000
-	2,524,437	-	2,524,437
247,652	5,849,437	-	18,999,199
(200,208)	(1,590,723)	124	(2,838,073)
-	-	-	1,227,533
(200,208)	(1,590,723)	124	(1,610,540)
2,234,899	4,912,487	5,930	9,904,554
$ 2,034,691	$ 3,321,764	$ 6,054	$ 8,294,014

NOTE 1 - PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. The District has not elected to use the ten percent de minimis cost rate as covered in Section 200.414 Indirect (F&A) costs of the Uniform Guidance.

The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts consist primarily of Medi-Cal Billing Option funds that have been recorded in the prior period as revenues that has been expended as of June 30, 2019.

Description	CFDA Number	Amount
Total Federal Revenues From the Statement of Revenues, Expenditures, and Changes in Fund Balances:		$ 18,328,520
Medi-Cal Billing Option	93.778	9,079
Total Schedule of Expenditures of Federal Awards		$ 18,337,599

Local Education Agency Organization Structure

This schedule provides information about the District's boundaries and schools operated, members of the governing board, and members of the administration.

Schedule of Average Daily Attendance (ADA)

Average daily attendance (ADA) is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of state funds are made to school districts. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. The District neither met nor exceeded its target funding. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of Education Code Sections 47612 through 47612.5.

Districts must maintain their instructional minutes at the 1986-87 requirements, as required by Education Code Section 47612.5.

NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2019

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Unaudited Actual Financial Report to the audited financial statements.

Schedule of Financial Trends and Analysis

This schedule discloses the District's financial trends by displaying past years' data along with current year budget information. These financial trend disclosures are used to evaluate the District's ability to continue as a going concern for a reasonable period of time.

Non-Major Governmental Funds - Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances

The Non-Major Governmental Funds Combining Balance Sheet and Combining Statement of Revenues, Expenditures and Changes in Fund Balances is included to provide information regarding the individual funds that have been included in the Non-Major Governmental Funds column on the Governmental Funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances.

INDEPENDENT AUDITOR'S REPORTS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Governing Board
Lynwood Unified School District
Lynwood, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lynwood Unified School District (the District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 25, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency; item 2019-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the District in a separate letter dated February 25, 2020.

Lynwood Unified School District’s Response to Findings

Lynwood Unified School District’s response to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Lynwood Unified School District’s response was not subjected to the auditing procedures applied in the audit of financial statements and, accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Eide Bailly LLP

Rancho Cucamonga, California
February 25, 2020

CPAs & BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Governing Board
Lynwood Unified School District
Lynwood, California

Report on Compliance for Each Major Federal Program

We have audited Lynwood Unified School District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2019. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

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Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of This Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Rancho Cucamonga, California
February 25, 2020

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Governing Board
Lynwood Unified School District
Lynwood, California

Report on State Compliance

We have audited Lynwood Unified School District's (the District) compliance with the types of compliance requirements as identified in the *2018-2019 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* that could have a direct and material effect on each of the District's state government programs as noted below for the year ended June 30, 2019.

Management's Responsibility

Management is responsible for compliance with the requirements of state laws, regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of the District's state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2018-2019 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. These standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the applicable government programs noted below. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions. Our audit does not provide a legal determination of the District's compliance with those requirements.

Unmodified Opinion

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the government programs noted below that were audited for the year ended June 30, 2019.

In connection with the audit referred to above, we selected and tested transactions and records to determine the District's compliance with the State laws and regulations applicable to the following items:

	Procedures Performed
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	No, see below
Continuation Education	Yes, see below
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No, see below
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	No, see below
Middle or Early College High Schools	No, see below
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	No, see below
Comprehensive School Safety Plan	Yes
District of Choice	No, see below
SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS	
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program:	
General Requirements	Yes
After School	Yes
Before School	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control Accountability Plan	Yes
Independent Study - Course Based	No, see below
CHARTER SCHOOLS	
Attendance	No, see below
Mode of Instruction	No, see below
Non Classroom-Based Instruction/Independent Study for Charter Schools	No, see below
Determination of Funding for Non Classroom-Based Instruction	No, see below
Annual Instruction Minutes Classroom-Based	No, see below
Charter School Facility Grant Program	No, see below

The District's Independent Study Program ADA is below the level required for testing; therefore, we did not perform procedures related to the Independent Study Program.

The District does not offer a Work Experience Program; therefore, we did not perform procedures related to the Work Experience Program within the Continuation Education Attendance Program.

The District did not offer an Early Retirement Incentive Program during the current year; therefore, we did not perform procedures related to the Early Retirement Incentive Program.

The District does not have any Juvenile Court Schools; therefore, we did not perform any procedures related to Juvenile Court Schools.

The District does not have any Middle or Early College High Schools; therefore, we did not perform any procedures related to Middle or Early College High Schools.

The District does not offer an Apprenticeship Program; therefore, we did not perform any procedures for the Apprenticeship Program.

The District does not offer a District of Choice Program; therefore, we did not perform any procedures for the Apprenticeship Program.

The District does not offer a Before School Education and Safety Program; therefore, we did not perform any procedures related to the Before School Education and Safety Program.

The District does not offer an Independent Study – Course Based Program; therefore, we did not perform any procedures related to the Independent Study – Course Based Program.

The District does not have any Charter Schools; therefore, we did not perform any procedures for Charter School Programs.

Eide Bailly LLP

Rancho Cucamonga, California
February 25, 2020

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

LYNWOOD UNIFIED SCHOOL DISTRICT

SUMMARY OF AUDITOR'S RESULTS
FOR THE YEAR ENDED JUNE 30, 2019

FINANCIAL STATEMENTS

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness identified?	No
Significant deficiency identified?	Yes
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major Federal programs:	
Material weakness identified?	No
Significant deficiency identified?	None Reported
Type of auditor's report issued on compliance for major Federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 200.516(a) of the Uniform Guidance?	No

Identification of major Federal programs:

CFDA Numbers	Name of Federal Program or Cluster
10.553, 10.555	Child Nutrition Cluster
84.010	Title I Grants to Local Educational Agencies (Low-Income and Neglected)
84.424	Title IV, Part B, 21st Century Community Learning Centers Program
93.778	Medicaid Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	$ 750,000
Auditee qualified as low-risk auditee?	No

STATE AWARDS

Type of auditor's report issued on compliance for State programs:	Unmodified

The following findings represent instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*. The findings have been coded as follows:

Five Digit Code	AB 3627 Finding Type
30000	Internal Control

2019-001 30000

Payroll and Personnel

Criteria or Specific Requirements

Management is responsible for the design, implementation, and maintenance of internal controls to ensure the financial statements are free from material misstatement, whether due to error or fraud. Such procedures should include proper design of internal controls for payroll and personnel.

Condition

During our review of the payroll and personnel process the following items were noted:

1. There are various procedures that are not uniform from certificated and classified departments that have results in several conditions. Various conditions include:
   a) an employee was not terminated from the system four months after termination date,
   b) personnel assignment order forms are not used for classified employees but are used for certificated employees,
   c) various employees were noted as working prior to getting board approval, and
   d) mismatches occurring in the position control and classification process.

2. The notes within the "Soft Time" system can be modified at any given time by anyone who is assigned access to the "Soft Time" system.

3. The summary of time generated from the "Soft Time" system does not include a signature from the preparer.

4. Non-exempt monthly (hourly) employees have a default profile within the "Soft Time" system. It was determined that if the employee is not working the hours assigned that the "Soft Time" system may not be adjusted for the correct amount.

5. The "Soft Time" system can be modified after the payroll cycle. There is no lockout method to stop changes to the system for prior periods.

6. Time sheets utilized by various departments are not signed by employee or supervisor.

7. During our review of the time sheets it was determined that there have been instances that COMP time has not been properly approved or traced accurately within the "Soft Time" system.

8. It was determined that an employee that has access to the "Soft Time" system also has access to their own profile within the "Soft Time" system and can make changes to the system after the period is passed.

Questioned costs

None

Context

The condition identified was determined based on the testing of payroll and personnel process as well as inquiry made with several personnel in both payroll and personnel departments.

Effect

Time delay of correction to personnel information and employee payroll updates.

Cause

It appears that the condition materialized due to the capabilities of the system. The District is aware of the situation and has been active in developing ways to correct all conditions identified during the audit.

Recommendation

It is recommended that the District review all conditions and design proper controls and procedures to ensure that all updated information as well as proper reporting of employee time are designed properly.

Corrective Action Plan

The District is still in the process of implementation a new time payroll time keeping system and replacing the current "Soft Time" payroll time keeping system. With the new system, employees' work hours are reported electronically through a scanner, which will eliminate the payroll issues related to the inconsistence in the "Soft Time" system.

The Classified and Certificated Human Resources Departments will develop and standardize the personnel forms and procedures to streamline the communication with Payroll, which allows Payroll to process employee paycheck in a more timely and accurate manner.

This will be resolved with implementation of the BEST project for the new human resource and payroll information systems, as part of the larger conversion to an integrated Enterprise resource planning system.

LYNWOOD UNIFIED SCHOOL DISTRICT

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

None reported.

STATE AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

None reported

LYNWOOD UNIFIED SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019

Except as specified in previous sections of this report, summarized below is the current status of all audit findings reported in the prior year's schedule of financial statement findings.

Five Digit Code	AB 3627 Finding Type
30000	Internal Control

2018-001 30000

Payroll and Personnel

Criteria or Specific Requirements

Management is responsible for the design, implementation, and maintenance of internal controls to ensure the financial statements are free from material misstatement, whether due to error or fraud. Such procedures should include proper design of internal controls for payroll and personnel.

Condition

During our review of the payroll and personnel process the following items were noted:

1. It was noted that there are various procedures that are not uniform from certificated and classified departments that have results in several conditions. Various conditions include:
   a) an employee was not terminated from the systems four months after termination date,
   b) personnel assignment order forms are not used for classified employees but are used for certificated employees,
   c) c) various employees were noted as working prior to getting board approval, and
   d) d) mismatches occurring in the position control and classification process.

2. The notes within the "Soft Time" system can be modified at any given time by anyone who is assigned access to the "Soft Time" system.

3. It was noted that the summary of time generated from the "Soft Time" system does not include a signature from the preparer.

4. It was noted that Non-exempt monthly (hourly) employees have a default profile within the "Soft Time" system. It was determined that if the employee is not working the hours the "Soft Time" system is not adjusted for the correct amount.

5. The "Soft Time" system can be modified after the payroll cycle. There is no lockout method to stop changes to the system for prior periods.

6. Time sheets utilized by various departments are not signed by employee or supervisor.

7. During our review of the time sheets it was determined that there have been instances that COMP time has not be properly approved or traced accurately within the "Soft Time system".

8. It was determined that an employee that has access to the "Soft Time" system also have access to their own profile within the "Soft Time" system and can make changes to the system after the period is passed.

Questioned costs

None

Context

The condition identified was determined based on the testing of payroll and personnel process as well an inquiry made with several personnel in both payroll and personnel departments.

Effect

Time delay of correction to personnel information and employee payroll updates.

Cause

The District is aware of the situation and has been active in developing ways to correct all conditions identified during the audit.

Recommendation

It is recommended that the District review all conditions and design proper controls and procedures to ensure that all updated information as well as proper reporting of employee time are designed properly.

Current Status

Not implemented; see current year finding 2019-001.

2018-002 30000

Child Development Fund Deficit Cash Balance

Criteria or Specific Requirements

The governing board of any school district that reported a negative cash balance in the annual report required by Education Code Section 42127 or in the audited annual financial statements required by Section 41020 shall include with the budget submitted in accordance with Education Code Section 42127 and the certifications required by Education Code Section 35015 a statement that identifies the reasons for the negative cash balance and the steps that have been taken to ensure that the negative balance will not occur at the end of the current fiscal year.

Condition

At June 30, 2018, the District Child Development Fund had a negative cash balance of $369,951.

Questioned costs

There were no questioned costs associated with the condition found.

Context

The condition identified was determined through review and testing related to the District's General Fund deposits and investments.

Effect

The financial statement impact of this situation is that the Child Development Fund could be at risk of not being able to meet its financial obligations and maintain current service levels without additional encroachment on the General Fund.

Cause

The cause is related to timing differences at year-end and not enough funds coming from the General Fund to bring the cash balance positive as of year-end.

Recommendation

As this appears to be related to timing differences with the temporary loan given to the Child Development Fund by the General Fund this should be monitored more closely to avoid the occurrence of a negative cash balance at year-end.

Current Status

Implemented

2018-003 30000

Internal Service Fund Deficit Cash Balance

Criteria or Specific Requirements

The governing board of any school district that reported a fund balance in the annual report required by Education Code Section 42127 or in the audited annual financial statements required by Section 41020 shall include with the budget submitted in accordance with Education Code Section 42127 and the certifications required by Education Code Section 35015 a statement that identifies the reasons for the negative fund balance and the steps that have been taken to ensure that the negative balance will not occur at the end of the current fiscal year.

Condition

At June 30, 2018, the District Internal Service Fund had a negative fund balance of $1,718,630.

Questioned costs

There were no questioned costs associated with the condition found.

Context

The condition identified was determined through review and testing related to the District's Claims liability was understated based on the June 30, 2018, actuarial report.

Effect

The financial statement impact of this situation is that the Internal Service Fund could be at risk of not being able to meet its financial obligations and maintain current service levels without additional encroachment on the General Fund.

Cause

The cause is related to timing differences at year-end and not enough funds coming from the General Fund to bring the fund balance positive as of year-end.

Recommendation

As this appears to be related to timing differences with the temporary loan given to the Internal Service Fund by the General Fund this should be monitored more closely to avoid the occurrence of a negative fund balance at year-end.

Current Status

Implemented

2018-004 70000

Instructional materials

Criteria or Specific Requirements

Public hearing or hearings required by *Education Code section 60119* on or before the end of the eighth week from the first day pupils attended school for that year, or, in a school district or COE having schools that operate on a multitrack, year-round calendar, on or before the end of the eighth week from the first day pupils attended school for that year on any track that began in August or September.

Condition

The District is required to hold a public hearing on or before the end of the eighth week from the first day pupils attended school for the year. The District held the public hearing on October 24, 2017 which was 7 days after the deadline of October 13, 2017.

Questioned costs

None

Context

The District did not hold a public hearing within the time frame required.

Effect

As a result of our testing, the District was not compliant with *Education Code section 60119* for the 2017-2018 fiscal year since the District did not hold the public hearing in a timely manner.

Cause

The District did not monitor the date to ensure it was performed within the required time frame.

Recommendation

It is recommended that the District implement procedures to ensure that the public hearing is performed in the time frame as noted in the above referenced Education Code.

Current Status

Implemented

Management
Lynwood Unified School District
Lynwood, California

In planning and performing our audit of the financial statements of Lynwood Unified School District, (the District) for the year ended June 30, 2019, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we noted matters that are opportunities for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated February 25, 2019 on the government-wide financial statements of the District.

Lynwood High School - Associated Student Body – Revenue Potentials

Observation

Auditor noted incomplete / missing revenue potentials for fundraisers.

Recommendation

Revenue earned in the Student Body fund is subject to greater risk of loss due to the nature of the fundraising events and decentralization of the cash collection procedures. Increased internal control procedures over these activities will assist the District in decreasing the risk of potential losses of the student body funds. One important internal control feature is the Revenue Potential Form. The revenue potential form is important because it shows whether or not all the monies that should have been raised and turned in actually were based on the price of the item and number sold. The form is also used to document overages and shortages or losses of merchandise. A secondary tool that the form accomplishes is to allow the bookkeeper to compare the advisors log of the deposits made for the fundraiser to the financial records of the appropriate account to ensure that all entries were correctly posted. The site administrator should ensure that these forms are completed and turned in to the bookkeeper at the conclusion of the fundraiser.

Lynwood High School - Associated Student Body – Poor Ticket Controls

Observation

Too many personnel have access to tickets, creating instances where tickets are utilized without the knowledge of the bookkeeper.

Recommendation

Access to tickets that are utilized for various events should be limited to ensure safeguards over the access as well as usage.

Chavez Middle School – Associated Student Body – Inventory Count

Observation

In reviewing the monthly reconciliation and financial statements as well as inquiry it was noted no inventory count was performed for the current year. The purpose of performing the monthly inventory reconciliation is to ensure that no errors have occurred in counting inventory and that the inventory balances, and monthly activity is accurately reported.

Recommendation

The site should ensure that the reconciled details of assets of the student body equal the balances in the financial statements. If an unreconciled difference is found, it should be investigated to determine in what account (asset, liability, agency or trust account balance) the error has occurred. The account would then be adjusted appropriately.

2017-2018 Observations and Recommendations

Chavez Middle School – Associated Student Body – Revenue Potentials

Observation

Revenue potential forms do not have actuals that can help analyze the profitability by comparing the budget and actual expenses and profits.

Recommendation

As the revenue potential form is a vital internal control tool, it should be used to document revenues, expenditures, potential revenue and actual revenue. This allows an analysis of the fundraiser to be conducted, indicating to the staff the success or failure of the completed fundraiser. Once the fundraiser is complete, the actual results should be summarized and compared to the expected results to determine if the fundraiser generated the profit expected. Discrepancies should be investigated and explained and a determination should be made as to whether or not it is beneficial to conduct the fundraiser in the future.

Status

Implemented

Chavez Middle School – Associated Student Body – Inventory Count

Observation

In reviewing the monthly reconciliation and financial statements as well as inquiry it was noted no inventory count was performed for the current year. The purpose of performing the monthly inventory reconciliation is to ensure that no errors have occurred in counting inventory and that the inventory balances, and monthly activity is accurately reported.

Recommendation

The site should ensure that the reconciled details of assets of the student body equal the balances in the financial statements. If an unreconciled difference is found, it should be investigated to determine in what account (asset, liability, agency or trust account balance) the error has occurred. The account would then be adjusted appropriately.

Status

Not Implemented, see 2018-2019 observation and recommendation.

Lynwood High School - Associated Student Body – Revenue Potentials

Observation

Auditor noted incomplete / missing revenue potentials for fundraisers.

Recommendation

Revenue earned in the Student Body fund is subject to greater risk of loss due to the nature of the fundraising events and decentralization of the cash collection procedures. Increased internal control procedures over these activities will assist the District in decreasing the risk of potential losses of the student body funds. One important internal control feature is the Revenue Potential Form. The revenue potential form is important because it shows whether or not all the monies that should have been raised and turned in actually were based on the price of the item and number sold. The form is also used to document overages and shortages or losses of merchandise. A secondary tool that the form accomplishes is to allow the bookkeeper to compare the advisors log of the deposits made for the fundraiser to the financial records of the appropriate account to ensure that all entries were correctly posted. The site administrator should ensure that these forms are completed and turned in to the bookkeeper at the conclusion of the fundraiser.

Status

Not implemented, see 2018-2019 observation and recommendation.

Marco Antonio Firebaugh High School – Associated Student body – Revenue Potentials

Observation

Revenue potential forms are not being used to document and control fundraising activities as they occur. These forms supply an element of internal controls without which it is difficult to determine the success of a fundraiser and to track money as it is spent and received.

Recommendation

As the revenue potential form is a vital internal control tool, it should be used to document revenues, expenditures, potential revenue and actual revenue. This allows an analysis of the fundraiser to be conducted, indicating to the staff the success or failure of the completed fundraiser. Once the fundraiser is complete, the actual results should be summarized and compared to the expected results to determine if the fundraiser generated the profit expected. Discrepancies should be investigated and explained and a determination should be made as to whether or not it is beneficial to conduct the fundraiser in the future.

Status

Implemented

Marco Antonio Firebaugh High School – Associated Student body – Ticket Sales Recap

Observation

A ticket sales recap form does not include explanation for overages/shortages, which explain if differences appear reasonable.

Recommendation

A ticket sales recap form serves the purpose of calculating, based on the number of tickets sold out of the roll and the price per ticket, the amount of cash that should have been collected. The recap should be reconciled to the cash deposit forwarded to the bookkeeper. This procedure documents overages and shortages of cash and informs site personnel about potential problems in cash collections. The forms should be filed along with the deposit form and other pertinent documents. As well as explaining overages/shortages.

Status

Implemented

We will review the status of the current year comments during our next audit engagement.

Eide Bailly LLP

Rancho Cucamonga, California
February 25, 2020

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APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR THE BONDS

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Lynwood Unified School District (the "District") in connection with the issuance of $_______ of the District's 2020 General Obligation Refunding Bonds (Federally Taxable) (the "Bonds"). The Bonds are being issued pursuant to a resolution of the District adopted on December 12, 2019 (the "Resolution"). The District covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule (as defined below).

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Dissemination Agent" shall mean initially Mission Trail Advisors LLC, or any successor Dissemination Agent designated in writing by the District (which may be the District) and which has filed with the District a written acceptance of such designation.

"Financial Obligation" shall mean (a) a debt obligation; (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b). The term "Financial Obligation" does not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

"Listed Events" shall mean any of the events listed in Section 5(a) or 5(b) of this Disclosure Certificate.

"Official Statement" means that certain official statement, dated _______, 2020, relating to the offering and sale of the Bonds.

"Participating Underwriter" shall mean Stifel, Nicolaus & Company, Incorporated or such other original Underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Repository" shall mean, the Municipal Securities Rulemaking Board, which can be found at http://emma.msrb.org/, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of California.

SECTION 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the District's fiscal year (presently ending June 30), commencing with the report for the 2019-20 Fiscal Year, provide to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; *provided* that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(d).

(b) Not later than thirty (30) days (nor more than sixty (60) days) prior to said date the Dissemination Agent shall give notice to the District that the Annual Report shall be required to be filed in accordance with the terms of this Disclosure Certificate. Not later than fifteen (15) Business Days prior to said date, the District shall provide the Annual Report in a format suitable for reporting to the Repositories to the Dissemination Agent (if other than the District). If the District is unable to provide to the Repositories an Annual Report by the date required in subsection (a), the District shall promptly send a notice to each Repository in substantially the form attached as Exhibit A with a copy to the Dissemination Agent. The Dissemination Agent shall not be required to file a Notice to Repositories of Failure to File an Annual Report.

(c) The Dissemination Agent shall file a report with the District stating it has filed the Annual Report in accordance with its obligations hereunder, stating the date it was provided and listing all the Repositories to which it was provided.

SECTION 4. Content and Form of Annual Reports. (a) The District's Annual Report shall contain or include by reference the following:

1. The audited financial statements of the District for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

2. Material financial information and operating data with respect to the District of the type included in the Official Statement in the following categories (to the extent not included in the District's audited financial statements):

(a) State funding received by the District as of the last completed fiscal year;

(b) Enrollment and Average daily attendance of the District for the last completed fiscal year;

(c) outstanding District indebtedness, as of the last completed fiscal year;

(d) Assessed valuations of taxable property within the District for the current fiscal year;

(e) Information regarding secured tax charges and delinquencies for *ad valorem* property tax levies for the District's general obligation bonded debt for the last completed fiscal year.

(f) Top twenty local secured taxpayers for the current fiscal year;

(g) summary financial information on revenues, expenditures and fund balances for the District's general fund reflecting adopted budget for the current fiscal year.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The District shall clearly identify each such other document so included by reference.

(b) The Annual Report shall be filed in an electronic format, and accompanied by identifying information, prescribed by the Municipal Securities Rulemaking Board.

SECTION 5. <u>Reporting of Significant Events</u>.

(a) Pursuant to the provisions of this Section 5(a), the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not in excess of 10 business days after the occurrence of the event:

1. principal and interest payment delinquencies.

2. tender offers.

3. defeasances.

4. rating changes.

5. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, or Notices of Proposed Issue (IRS Form 5701-TEB).

6. unscheduled draws on debt service reserves reflecting financial difficulties.

7. unscheduled draws on credit enhancements reflecting financial difficulties.

8. substitution of credit or liquidity providers, or their failure to perform.

9. bankruptcy, insolvency, receivership or similar event (within the meaning of the Rule) of the District. For the purposes of the event identified in this Section 5(a)(9), the event is

considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

10. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the District, any of which reflect financial difficulties.

(b) Pursuant to the provisions of this Section 5(b), the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

1. non-payment related defaults.

2. modifications to rights of Bondholders.

3. bond calls.

4. unless described under Section 5(a)(5) above, material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.

5. release, substitution or sale of property securing repayment of the Bonds.

6. the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms.

7. appointment of a successor or additional trustee or paying agent with respect to the Bonds or the change of name of such a trustee or paying agent.

8. incurrence of a Financial Obligation of the District, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a Financial Obligation of the District, any of which affect bondholders.

(c) Whenever the District obtains knowledge of the occurrence of a Listed Event under Section 5(b) hereof, the District shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the District determines that knowledge of the occurrence of a Listed Event under Section 5(b) hereof would be material under applicable federal securities laws, the District shall (i) file a notice of such occurrence with the Repository in a timely manner not in excess of 10 business days after the occurrence of the event or (ii) provide notice of such reportable event to the Dissemination Agent in format suitable for filing with the Repository in a timely manner not in excess of 10 business days after the occurrence of the event. The Dissemination Agent shall have no duty to independently prepare or file any report of Listed Events. The Dissemination Agent may conclusively rely on the District's determination of materiality pursuant to Section 5(c).

SECTION 6. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(a) or Section 5(b), as applicable.

SECTION 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent (or substitute Dissemination Agent) to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign upon fifteen (15) days written notice to the District. Upon such resignation, the District shall act as its own Dissemination Agent until it appoints a successor. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate and shall not be responsible to verify the accuracy, completeness or materiality of any continuing disclosure information provided by the District. The District shall compensate the Dissemination Agent for its fees and expenses hereunder as agreed by the parties. Any entity succeeding to all or substantially all of the Dissemination Agent's corporate trust business shall be the successor Dissemination Agent without the execution or filing of any paper or further act.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, 5(a) or 5(b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances;

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds; and

(d) No duties of the Dissemination Agent hereunder shall be amended without its written consent thereto.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(b), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate. The Dissemination Agent acts hereunder solely for the benefit of the District; this Disclosure Certificate shall confer no duties on the Dissemination Agent to the Participating Underwriter, the Holders and the Beneficial Owners. The District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. The Dissemination Agent shall have no liability for the failure to report any event or any financial information as to which the District has not provided an information report in format suitable for filing with the Repository. The Dissemination Agent shall not be required to monitor or enforce the District's duty to comply with its continuing disclosure requirements hereunder.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated: __________, 2020 LYNWOOD UNIFIED SCHOOL DISTRICT

By: ____

Superintendent

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of District: LYNWOOD UNIFIED SCHOOL DISTRICT

Name of Bond Issue: 2020 General Obligation Refunding Bonds (Federally Taxable)

Date of Issuance: __________, 2020

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate relating to the Bonds. The District anticipates that the Annual Report will be filed by _____________.

Dated:_______________________

LYNWOOD UNIFIED SCHOOL DISTRICT

By ____[form only; no signature required]_____

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APPENDIX D

ECONOMIC AND DEMOGRAPHIC INFORMATION FOR THE CITY OF LYNWOOD AND LOS ANGELES COUNTY

The following information concerning the City of Lynwood (the "City") and Los Angeles County (the "County") is included only for the purpose of supplying general information regarding the local community and economy. The Bonds are not a debt of the City or of the County. This material has been prepared by or excerpted from the sources as noted herein and has not been reviewed for accuracy by the District, Bond Counsel, the Underwriter or the Municipal Advisor. The Bonds are not a debt or obligation of the City or the County.

General

The City of Lynwood. The City's voters approved the City's incorporation on July 1, 1921. The City is situated approximately 13 miles south of downtown Los Angeles at the intersection of the 710 and 105 freeways in Los Angeles County. The City has grown from an agricultural area in the early 1900's to its present residential and growing industrial and commercial importance. The City covers 4.9 square miles and serves a residential population of over 71,000.

The City Council is the governing body of the City and is comprised of five elected officials. All Council members are elected at large to serve four-year terms. One of the Council members is elected by the other four members to be the Mayor for the upcoming year. The City Council appoints a City Manager who carries out the City Council policies and provides administrative direction to the City.

The City provides a full range of services contemplated by statute, including those functions delegated to cities understate law. These services include public safety (which are contracted to Los Angeles County), public works, recreational and cultural activities, public improvements, planning, zoning, and general administrative services. Other services-such as sanitation, flood control and transportation -are provided by special districts with the City being a member.

Los Angeles County. With 4,061 square miles, the County borders 70 miles of coast on the Pacific Ocean. The County is bordered on the east and the south by Orange and San Bernardino Counties, on the north by Kern County and on the west by Ventura County and the Pacific Ocean.

The topography of the County encompasses mountain ranges, deep valleys, forests, islands, lakes, rivers and desert. In between the large desert portions of the County, which make up around 40% of its land area, and the heavily urbanized central and southern portions sit the San Gabriel Mountains containing Angeles National Forest. The County is home to 88 incorporated cities and many unincorporated areas, along with two offshore islands. It is the most populous county in the United States.

The County was incorporated on February 18, 1850 and is one of the original counties of the State of California (the "State"). The County seat is Los Angeles, which is the largest city in the State. The County is governed by a five-member Board of Supervisors, each of whom is elected by the voters, along with an Assessor, District Attorney and Sheriff. Each Supervisor represents over two million people.

Population

The following table shows historical population figures for the City, the County and the State of California for the past ten years.

POPULATION ESTIMATES
2010 through 2019
City of Lynwood, Los Angeles County and the State of California

Year[1]	City of Lynwood	Los Angeles County	State of California
2010[2]	69,772	9,818,605	36,966,713
2011	69,812	9,885,948	37,253,956
2012	70,635	9,972,649	37,529,913
2013	71,648	10,040,960	37,874,977
2014	71,612	10,098,952	38,234,391
2015	71,743	10,155,753	38,568,628
2016	71,453	10,185,851	38,912,464
2017	71,536	10,226,920	39,179,627
2018	71,497	10,254,658	39,500,973
2019	71,343	10,253,716	39,809,693

(1) As of January 1.
(2) U.S. Department of Commerce, Bureau of the Census, for April 1
Source: California Department of Finance.

Income

The following table summarizes per capita personal income for the County, the State of California and the United States for the past ten years.

PER CAPITA PERSONAL INCOME
2009 through 2018
Los Angeles County, State of California, and the United States

Year	Los Angeles County	State of California	United States
2009	$41,863	$42,044	$39,284
2010	43,597	43,634	40,546
2011	46,469	46,170	42,735
2012	49,510	48,798	44,599
2013	49,132	49,277	44,851
2014	52,233	52,324	47,058
2015	55,470	55,758	48,978
2016	57,127	57,739	49,870
2017	59,058	60,156	51,885
2018	62,224	63,557	54,446

Note: Per capita personal income is the total personal income divided by the total mid-year population estimates of the U.S. Bureau of the Census. All dollar estimates are in current dollars (not adjusted for inflation).
Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Employment

The following table summarizes the labor force, employment and unemployment figures for the years 2014 through 2018 for the City, the County and the State of California.

LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT ANNUAL AVERAGES
2014 through 2018[(1)]
City of Lynwood, Los Angeles County, and State of California

Year	Area	Labor Force	Employment	Unemployment	Unemployment Rate (%)
2014	City of Lynwood	28,800	25,800	2,900	10.2
	Los Angeles County	4,992,600	4,580,300	412,300	8.3
	State of California	18,714,700	17,310,900	1,403,800	7.5
2015	City of Lynwood	28,500	26,200	2,300	8.2
	Los Angeles County	4,989,800	4,659,700	330,100	6.6
	State of California	18,851,100	17,681,800	1,169,200	6.2
2016	City of Lynwood	28,400	26,700	1,800	6.3
	Los Angeles County	5,041,400	4,776,700	264,800	5.3
	State of California	19,044,500	18,002,800	1,041,700	5.5
2017	City of Lynwood	28,600	27,000	1,600	5.6
	Los Angeles County	5,096,500	4,853,800	242,700	4.8
	State of California	19,205,300	18,285,500	919,800	4.8
2018	City of Lynwood	28,800	27,200	1,600	5.5
	Los Angeles County	5,136,300	4,896,500	239,800	4.7
	State of California	19,398,200	18,582,800	815,400	4.2

(1) Data is based on annual averages, unless otherwise specified, and is not seasonally adjusted.

Source: U.S. Department of Labor – Bureau of Labor Statistics, California Employment Development Department. March 2019 Benchmark.

Industry

The County is included in the Los Angeles-Long Beach-Glendale Metropolitan Division (the "Metropolitan Division"). The distribution of employment in the Metropolitan Division is presented in the following table for the last five years. These figures may be multi county-wide statistics and may not necessarily accurately reflect employment trends in the County.

INDUSTRY EMPLOYMENT & LABOR FORCE ANNUAL AVERAGES
2014 through 2018
Los Angeles County (Los Angeles-Long Beach-Glendale Metropolitan Division)

	2014	2015	2016	2017	2018
Total Farm	5,200	5,000	5,300	5,700	4,800
Mining & Logging	3,100	2,900	2,400	2,000	1,900
Construction	118,500	126,100	133,900	138,400	146,000
Manufacturing	371,500	368,200	360,800	349,900	343,700
Wholesale Trade	219,600	222,400	222,100	221,500	222,800
Retail Trade	415,700	422,200	424,600	426,100	425,300
Transportation & Warehousing	157,100	165,500	177,000	186,700	191,300
Utilities	12,100	12,100	11,900	11,500	11,600
Information	198,900	207,600	229,400	214,900	217,400
Financial Activities	211,200	215,600	219,800	221,600	223,000
Professional, Scientific & Technical Svcs.	272,200	272,200	278,200	285,000	291,800
Management of Companies and Entprs.	60,000	59,400	58,400	59,300	59,800
Administrative & Support & Waste Svcs.	257,000	259,400	263,500	264,500	268,400
Educational and Health Services	725,000	745,900	772,700	800,600	823,600
Leisure and Hospitality	464,100	486,600	510,000	524,600	534,300
Other Services	150,500	151,000	153,300	155,700	159,700
Government	556,200	568,500	576,700	586,100	589,600
Total All Industries	4,197,800	4,290,700	4,399,900	4,454,000	4,514,900

Note: Items may not add to total due to independent rounding.
Source: California Employment Development Department, Labor Market Information Division. March 2018 Benchmark.

Largest Employers

The following tables shows the largest employers located in the County and the City.

PRINCIPAL EMPLOYERS
2018
County of Los Angeles

Employer Name	Number of Employees
Los Angeles County	109,881
Los Angeles Unified School District	60,240
University of California, Los Angeles	48,570
U.S. Government- Federal Executive Board	47,200
Kaiser Permanente	37,468
City of Los Angeles	33,375
State of California	30,000
University of Southern California	21,055
Northrop Grumman Corp.	16,600
Providence Health & Services So. California	15,951
Target Corp.	15,000
Ralphs/Food 4 Less (Kroger Co. division)	14,970
Walt Disney Co.	13,000
Allied Universal	12,879
NBC Universal	12,000
AT&T Inc.	11,500
Home Depot	11,200
Albertsons/Vons/Pavilions	10,200
Los Angeles County MTA	9,907
UPS	9,553
Los Angeles Department of Water & Power	9,425
California Institute of Technology	8,697
Wells Fargo	8,582
ABM Industries Inc.	8,000
FedEx Corp.	7,000
Los Angeles Community College District	6,893
Long Beach Unified School District	6,686
Bank of America Corp.	6,572
Dignity Health	6,200
Space Exploration Technologies Corp. (SpaceX)	6,000
City of Hope	5,950
Raytheon	5,800
Children's Hospital Los Angeles	5,735
Costco	5,445
SoCalGas	5,400

Note: The information on this list was provided by representatives of the employers themselves. Companies are ranked by the current number of full-time employees in Los Angeles County. Several additional companies may have qualified for this list, but failed to submit information or do not break out local employment data.
Source: "2018 Book of Lists," Los Angeles Business Journal, August 27, 2018.

PRINCIPAL EMPLOYERS
2018
City of Lynwood

Employer	Employees
St. Francis Medical Center	2,020
Lynwood Unified School District[1]	1,781
Los Angeles County Sheriff Department	300
City of Lynwood	174
California PostAcute Care	162
PL Development	153
Superior Warehouse Grocers Inc.	139
Earle M. Jorgenson Company	122
El Super	108
Lynwood Health Care	102

(1) For updated District labor information, see "RIVERSIDE UNIFIED SCHOOL DISTRICT – Labor Relations" in the front part of this Official Statement

Source: City of Lynwood Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2018.

Commercial Activity

Summaries of annual taxable sales for the City and the County from 2014 through 2018 are shown in the following tables.

TAXABLE SALES
2014 through 2018
City of Lynwood
(Dollars in Thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Outlets Taxable Transactions
2014	770	$284,107	1,044	$319,933
2015	823	288,334	1,184	329,175
2016	797	288,480	1,159	331,746
2017	837	307,586	1,199	351,147
2018[1]	879	331,014	1,285	371,417

(1) *Preliminary, subject to change.*

Source: Taxable Sales in California, California State Board of Equalization for 2014.
Taxable Sales in California, California Department of Tax and Fee Administration ("CDTFA") for 2015-18. Some previously reported data has been revised by the CDTFA.

ANNUAL TAXABLE SALES
2014 through 2018
Los Angeles County
(Dollars in Thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Outlets Taxable Transactions
2014	187,408	$104,189,819	272,733	$147,446,927
2015	194,425	109,094,980	306,398	151,981,740
2016	197,386	110,944,351	312,039	155,155,641
2017	197,452	114,298,560	313,226	160,280,130
2018(1)	200,603	118,862,036	328,407	165,674,354

(1) *Preliminary, subject to change.*
Source: Taxable Sales in California, California State Board of Equalization for 2014.
Taxable Sales in California, California Department of Tax and Fee Administration ("CDTFA") for 2015-18. Some previously reported data has been revised by the CDTFA.

Construction Activity

The annual building permit valuations and number of permits for new dwelling units issued for the past five years for the City and the County are shown in the following tables.

BUILDING PERMITS AND VALUATIONS
2014 through 2018
City of Lynwood
(Dollars in Thousands)

Valuation	2014	2015	2016	2017	2018
Residential	$3,890	$950	$1,260	$3,371	$6,055
Non-Residential	53	70	135	0	13,273
Total	3,943	1,020	$1,395	$3,371	$19,328
Units					
Single Family	23	0	4	14	8
Multiple Family	0	4	0	3	0
Total	23	0	4	17	8

Note: Totals may not add to sum because of rounding.
Source: Construction Industry Research Board.

BUILDING PERMITS AND VALUATIONS
2014 through 2018
Los Angeles County
(Dollars in Thousands)

Valuation	2014	2015	2016	2017	2018
Residential	$5,509,418	$6,383,036	$6,575,607	$7,368,352	$7,441,001
Non-Residential	6,657,571	5,645,372	5,287,623	6,037,503	6,694,097
Total	$12,166,989	$12,028,408	$11,863,230	$13,405,855	$14,135,098
Units					
Single Family	4,358	4,487	4,780	5,456	6,070
Multiple Family	14,349	18,405	15,589	17,023	17,152
Total	18,707	22,892	20,369	22,479	23,222

Note: Totals may not add to sum because of rounding.
Source: Construction Industry Research Board.

APPENDIX E

LOS ANGELES COUNTY TREASURY POOL

The following information concerning the Los Angeles County Treasury Pool (the "Treasury Pool") has been provided by the Treasurer, and has not been confirmed or verified by the District, the Municipal Advisor or the Underwriter. The District, the Municipal Advisor and the Underwriter have not made an independent investigation of the investments in the Treasury Pool and have made no assessment of the current County investment policy. The value of the various investments in the Treasury Pool will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Additionally, the Treasurer, with the consent of the County Board of Supervisors may change the County investment policy at any time. Therefore, there can be no assurance that the values of the various investments in the Treasury Pool will not vary significantly from the values described herein. Finally, neither the District, the Municipal Advisor nor the Underwriter make any representation as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof, or that the information contained or incorporated hereby by reference is correct as of any time subsequent to its date. Additional information regarding the Treasurer Pool may be obtained from the Treasurer at www.ttc.lacounty.gov; however, the information presented on such website is not incorporated herein by any reference

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THE LOS ANGELES COUNTY POOLED SURPLUS INVESTMENTS

The Treasurer and Tax Collector (the Treasurer) of Los Angeles County has the delegated authority to invest funds on deposit in the County Treasury (the Treasury Pool). As of December 31, 2019, investments in the Treasury Pool were held for local agencies including school districts, community college districts, special districts and discretionary depositors such as cities and independent districts in the following amounts:

Local Agency	Invested Funds (in billions)
County of Los Angeles and Special Districts	$17.473
Schools and Community Colleges	15.413
Discretionary Participants	2.810
Total	$35.696

The Treasury Pool participation composition is as follows:

Non-discretionary Participants	92.12%
Discretionary Participants:	
Independent Public Agencies	7.50%
County Bond Proceeds and Repayment Funds	0.38%
Total	100.00%

Decisions on the investment of funds in the Treasury Pool are made by the County Investment Officer in accordance with established policy, with certain transactions requiring the Treasurer's prior approval. In Los Angeles County, investment decisions are governed by Chapter 4 (commencing with Section 53600) of Part 1 of Division 2 of Title 5 of the California Government Code, which governs legal investments by local agencies in the State of California, and by a more restrictive Investment Policy developed by the Treasurer and adopted by the Los Angeles County Board of Supervisors on an annual basis. The Investment Policy adopted on March 19, 2019, reaffirmed the following criteria and order of priority for selecting investments:

1. Safety of Principal
2. Liquidity
3. Return on Investment

The Treasurer prepares a monthly Report of Investments (the Investment Report) summarizing the status of the Treasury Pool, including the current market value of all investments. This report is submitted monthly to the Board of Supervisors. According to the Investment Report dated January 31, 2020, the December 31, 2019, book value of the Treasury Pool was approximately $35.696 billion, and the corresponding market value was approximately $35.670 billion.

An internal controls system for monitoring cash accounting and investment practices is in place. The Treasurer's Compliance Auditor, who operates independently from the Investment Officer, reconciles cash and investments to fund balances daily. The Compliance Auditor's staff also reviews each investment trade for accuracy and compliance with the Board adopted Investment Policy. On a quarterly basis, the County's outside independent auditor (External Auditor) reviews the cash and investment reconciliations for completeness and accuracy. Additionally, the External Auditor reviews investment transactions on a quarterly basis for conformance with the approved Investment Policy and annually accounts for all investments.

The following table identifies the types of securities held by the Treasury Pool as of December 31, 2019:

Type of Investment	% of Pool
Certificates of Deposit	8.68
U.S. Government and Agency Obligations	56.94
Bankers Acceptances	0.00
Commercial Paper	34.02
Municipal Obligations	0.14
Corporate Notes & Deposit Notes	0.22
Repurchase Agreements	0.00
Asset Backed Instruments	0.00
Other	0.00
	100.00

The Treasury Pool is highly liquid. As of December 31, 2019, approximately 40% of the investments mature within 60 days, with an average of 611 days to maturity for the entire portfolio.

APPENDIX F

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: $__________ in aggregate principal amount of [NAME OF TRANSACTION] [and maturing on]

Effective Date: _________

Risk Premium: $_________
Member Surplus Contribution: $_________
Total Insurance Payment: $_________

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: ____
Authorized Officer

Notices (Unless Otherwise Specified by BAM)

Email:
claims@buildamerica.com
Address:
1 World Financial Center, 27th floor
200 Liberty Street
New York, New York 10281
Telecopy:
212-962-1524 (attention: Claims)