This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a 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 prior to registration or qualification under the securities laws of such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED MAY 10, 2019

NEW ISSUE -- FULL BOOK-ENTRY **RATING: Standard & Poor's: "AA-"**
See "RATING" herein

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS."

$14,000,000*
WESTSIDE UNION SCHOOL DISTRICT
(Los Angeles County, California)
2020 Refunding General Obligation Bonds
(Forward Delivery)

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

Authority and Purpose. The captioned 2020 Refunding General Obligation Bonds (Forward Delivery) (the "Bonds") are being issued by the Westside Union School District (the "District") pursuant to certain provisions of the California Government Code and a resolution of the Board of Trustees of the District adopted on May 7, 2019. The Bonds are being issued to refund a portion of the District's General Obligation Bonds, Election of 2008, Series B, as described herein. See "THE BONDS – Authority for Issuance," "– Purpose of Issue" and "FINANCING PLAN."

Security. The Bonds are general obligations of the District, payable solely from *ad valorem* property taxes levied and collected by Los Angeles County (the "County"). The County Board of Supervisors is empowered and is obligated to annually levy *ad valorem* taxes for the payment of interest on, and principal of, the Bonds upon all property subject to taxation by the District, without limitation of rate or amount (except certain personal property which is taxable at limited rates). The District has outstanding general obligation bonds that are secured by *ad valorem* taxes on the same basis as the Bonds. See "SECURITY FOR THE BONDS."

Redemption. The Bonds are subject to redemption prior to maturity under certain circumstances, as described herein. See "THE BONDS – Optional Redemption" and "– Mandatory Sinking Fund Redemption."

Book-Entry Only. 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 of The Depository Trust Company ("DTC"). Purchasers will not receive physical certificates representing their interests in the Bonds. See "THE BONDS" and "APPENDIX F - DTC AND THE BOOK-ENTRY ONLY SYSTEM."

Payments. Interest on the Bonds accrues from the date of delivery and is payable semiannually on February 1 and August 1 of each year, commencing August 1, 2020, to the person in whose name the Bond is registered. Payments of principal and interest on the Bonds will be paid by U.S. Bank National Association, as agent for the Treasurer and Tax Collector of Los Angeles County, California, the designated paying agent, registrar and transfer agent (the "Paying Agent"), to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Bonds. The Bonds will be issued in denominations of $5,000 or any integral multiple thereof. See "THE BONDS."

MATURITY SCHEDULE
(See inside cover)

Cover Page. This cover page contains certain information for general reference only. It is not a summary of all the provisions of the Bonds. Prospective investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

The Bonds are offered when, as and if issued, subject to the approval as to their legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel. Certain legal matters also will be passed upon for the District by Jones Hall, A Professional Law Corporation, San Francisco, California, as Disclosure Counsel. Kronick, Moskovitz, Tiedemann & Girard, a Professional Corporation, Sacramento, California is serving as Underwriter's Counsel. It is anticipated that the Bonds, in book-entry form, will be available for delivery through the facilities of DTC on or about May 7, 2020, in accordance with the Forward Delivery Purchase Contract. See "DESCRIPTION OF THE DELAYED DELIVERY CONTRACT" herein.*

RAYMOND JAMES®

The date of this Official Statement is ________, 2019.

**Preliminary; subject to change.*

MATURITY SCHEDULE*

Base CUSIP†: _____

WESTSIDE UNION SCHOOL DISTRICT
(Los Angeles County, California)
2020 Refunding General Obligation Bonds
(Forward Delivery)

Maturity Date (August 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP†

* Preliminary; subject to change.

† CUSIP Copyright 2019, CUSIP Global Services, and a registered trademark of American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, which is managed on behalf of American Bankers Association by S&P Capital IQ. Neither the District nor the Underwriter takes any responsibility for the accuracy of the CUSIP data.

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

Use of Official Statement. 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. This Official Statement is not a contract between any Bond owner and the District or the Underwriter.

No Offering Except by This Official Statement. No dealer, broker, salesperson or other person has been authorized by the District or the Underwriter to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such other information or representation must not be relied upon as having been authorized by the District or the Underwriter.

No Unlawful Offers or Solicitations. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor may 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.

Estimates and Projections. 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, 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.

Information in Official Statement. The information set forth in this Official Statement has been furnished by the District and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness.

Document Summaries. All summaries of the Bond Resolution or other documents referred to in this Official Statement are made subject to the provisions of such documents and qualified in their entirety to reference to such documents, and do not purport to be complete statements of any or all of such provisions.

Involvement of Underwriter. The Underwriter has provided the following statement for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement pursuant to its responsibilities to investors under the federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information.

No Securities Laws Registration. The Bonds have not been registered under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, in reliance upon exceptions therein for the issuance and sale of municipal securities. The Bonds have not been registered or qualified under the securities laws of any state.

Effective Date. This Official Statement speaks only as of its date, and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Bonds will, under any circumstances, give rise to any implication that there has been no change in the affairs of the District, counties described herein, the other parties described in this Official Statement, or the condition of the property within the District since the date of this Official Statement.

Stabilization of Market Price. In connection with the offering of the Bonds, the Underwriter may over allot or effect transactions which stabilize or maintain the market price of such Bonds at a level above that which might otherwise prevail in the open market. Such stabilization, if commenced, may be discontinued at any time.

Website. The District maintains a website. However, the information presented on the website is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Bonds.

WESTSIDE UNION SCHOOL DISTRICT
(Los Angeles County, California)

PROFESSIONAL SERVICES

MUNICIPAL ADVISOR

Isom Advisors, a Division of Urban Futures, Inc.
Walnut Creek, California

BOND COUNSEL AND DISCLOSURE COUNSEL

Jones Hall, A Professional Law Corporation
San Francisco, California

BOND REGISTRAR, TRANSFER AGENT AND PAYING AGENT

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

ESCROW AGENT

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

VERIFICATION AGENT

Causey Demgen & Moore P.C.
Denver, Colorado

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$14,000,000*
WESTSIDE UNION SCHOOL DISTRICT
(Los Angeles County, California)
2020 Refunding General Obligation Bonds
(Forward Delivery)

*The purpose of this Official Statement, which includes the cover page, inside cover page and attached appendices, is to set forth certain information concerning the sale and delivery of the 2020 Refunding General Obligation Bonds (Forward Delivery) (the "**Bonds**") by the Westside Union School District (the "**District**").*

It is anticipated that the Bonds will be executed and delivered on or about May 7, 2020* (the "**Settlement Date**") in accordance with the Forward Delivery Purchase Contract. See "FORWARD DELIVERY OF THE BONDS" herein.

INTRODUCTION

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 and the documents summarized or described in this Official Statement. A full review should be made of the entire Official Statement. The offering of Bonds to potential investors is made only by means of the entire Official Statement.

The District. The boundaries of the District consist of an area of approximately 346 square miles, located in the northern part of Los Angeles County (the "**County**"). The District includes primarily the communities of West Lancaster, Quartz Hill, West Palmdale and Leona Valley. The District consists of twelve schools: eight elementary schools (grades K-6), two middle schools (grades 7 and 8), and two schools (grades K-8). Enrollment in the District for fiscal year 2018-19 is approximately 9,622 students. For more information regarding the District and its finances, see Appendix A attached hereto. See also Appendix C hereto for demographic and other statistical information regarding the County.

Purpose. The Bonds are being issued to refund a portion of the District's General Obligation Bonds, Election of 2008, Series B (the "**Prior Bonds**") and to pay related costs of issuance. See "THE FINANCING PLAN" herein.

Authority for Issuance. The Bonds will be issued pursuant to Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code of the State of California (the "**Refunding Law**"), and a resolution of the Board of Trustees of the District adopted on May 7, 2019 (the "**Bond Resolution**"). See "THE BONDS – Authority for Issuance."

Payment and Registration of the Bonds. The Bonds will be issued as current interest bonds. The Bonds will be dated their date of delivery (the "**Dated Date**") and will be issued as fully registered bonds, without coupons, in the denominations of $5,000 or any integral multiple thereof. The Bonds will mature on August 1 in the years indicated on the inside cover page hereof. See "THE BONDS." The Bonds will be issued in book-entry form only, and will be initially issued

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**Preliminary; subject to change.*

and registered in the name of Cede & Co. as nominee for DTC. Purchasers will not receive physical certificates representing their interest in the Bonds. See "THE BONDS" and "APPENDIX F - DTC AND THE BOOK-ENTRY ONLY SYSTEM."

Redemption. The Bonds are subject to redemption prior to maturity as described herein. See "THE BONDS – Optional Redemption" and "– Mandatory Sinking Fund Redemption."

Security and Sources of Payment for the Bonds. The Bonds are general obligation bonds of the District payable solely from *ad valorem* property taxes levied and collected by the County. The County is empowered and is obligated to annually levy *ad valorem* taxes for the payment of interest on, and principal of, the Bonds upon all property subject to taxation by the District, without limitation of rate or amount (except with respect to certain personal property which is taxable at limited rates). See "SECURITY FOR THE BONDS."

Tax Matters. In the opinion of Bond Counsel, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal individual alternative minimum tax. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS" for additional information, and APPENDIX D hereto for the form of Bond Counsel's opinion to be delivered concurrently with the Bonds.

Continuing Disclosure. The District will execute a Continuing Disclosure Certificate in connection with the issuance of the Bonds in the form attached hereto as Appendix E. See "CONTINUING DISCLOSURE."

Other Information. This Official Statement speaks only as of its date, and the information contained in this Official Statement is subject to change. Copies of documents referred to in this Official Statement and information concerning the Bonds are available from the District from the Superintendent's Office at Westside Union School District, 41914 50th Street West, Quartz Hill, California 93536, Phone: 661-722-0716. The District may impose a charge for copying, mailing and handling.

[END OF INTRODUCTION]

THE FINANCING PLAN

Refunded Bonds

The net proceeds of the Bonds will be used to refund the Prior Bonds identified in the tables below (collectively, the "**Refunded Bonds**"). The Prior Bonds are subject to optional redemption on the redemption dates identified in the tables below at a redemption price equal to 100% of the principal amount, without premium, together with accrued interest thereon to the redemption date.

WESTSIDE UNION SCHOOL DISTRICT
Identification of Refunded Bonds*

Maturities Payable from Escrow	CUSIP†	Principal Amount	Redemption Date	Redemption Price
08/01/2021	961488 MX8	$1,355,000	08/01/2020	100.00%
08/01/2022	961488 MY6	1,485,000	08/01/2020	100.00%
08/01/2023	961488 NX7	825,000	08/01/2020	100.00%
08/01/2023	961488 MZ3	800,000	08/01/2020	100.00%
08/01/2024	961488 NA7	1,795,000	08/01/2020	100.00%
08/01/2025	961488 NB5	1,385,000	08/01/2020	100.00%
08/01/2026	961488 NC3	1,540,000	08/01/2020	100.00%
08/01/2027	961488 ND1	1,550,000	08/01/2020	100.00%
08/01/2040	961488 NS8	3,765,000	08/01/2020	100.00%
TOTAL		$14,500,000		

**Preliminary; subject to change.*

† CUSIP Copyright 2019, CUSIP Global Services, and a registered trademark of American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, which is managed on behalf of American Bankers Association by S&P Capital IQ. Neither the District nor the Underwriter takes any responsibility for the accuracy of the CUSIP data.

Deposits in Escrow Fund

The District will deliver the net proceeds of the Bonds to U.S. Bank National Association, Los Angeles, California, as escrow agent (the "**Escrow Agent**"), for deposit in an escrow fund (the "**Escrow Fund**") established under an Escrow Agreement (the "**Escrow Agreement**"), between the District and the Escrow Agent.

Sufficiency of the deposits and investments (if any) in the Escrow Fund for the foregoing purposes will be verified by Causey Demgen & Moore P.C., certified public accountants, Denver, Colorado (the **"Verification Agent"**). See "VERIFICATION OF MATHEMATICAL ACCURACY" herein.

SOURCES AND USES OF FUNDS

The estimated sources and uses of funds with respect to the Bonds are as follows:

WESTSIDE UNION SCHOOL DISTRICT
Sources and Uses of Funds

Sources of Funds	
Principal Amount of Bonds	
Net Original Issue Premium	
Total Sources	
Uses of Funds	
Deposit to Escrow Fund	
Costs of Issuance[1]	
Total Uses	

(1) All estimated costs of issuance including, but not limited to, Underwriter's discount, printing costs, and fees of Bond Counsel, Disclosure Counsel, the Financial Advisor, the Paying Agent, and the rating agency.

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THE BONDS

Authority for Issuance

The Bonds will be issued under the Refunding Law and the Bond Resolution.

Description of the Bonds

Book-Entry Form. 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 of The Depository Trust Company ("**DTC**"). Purchasers of the Bonds (the "**Beneficial Owners**") will not receive physical certificates representing their interest in the Bonds. Payments of principal of and interest on the Bonds will be paid by the Treasurer and Tax Collector of Los Angeles County, through its agent, U.S. Bank National Association, Los Angeles California (the "**Paying Agent**") to DTC for subsequent disbursement to DTC Participants which will remit such payments to the Beneficial Owners of the Bonds.

As long as DTC's book-entry method is used for the Bonds, the Paying Agent will send any notice of prepayment or other notices to owners only to DTC. Any failure of DTC to advise any DTC Participant, or of any DTC Participant to notify any Beneficial Owner, of any such notice and its content or effect will not affect the validity or sufficiency of the proceedings relating to the prepayment of the Bonds called for prepayment or of any other action premised on such notice. See "APPENDIX F – Book-Entry Only System."

The Paying Agent, the District, and the Underwriter of the Bonds have no responsibility or liability for any aspects of the records relating to or payments made on account of beneficial ownership, or for maintaining, supervising or reviewing any records relating to beneficial ownership, of interests in the Bonds.

Principal and Interest Payments. The Bonds will be dated the Settlement Date and will bear interest payable semiannually on each February 1 and August 1 (each, an "**Interest Payment Date**"), commencing August 1, 2020, at the interest rates shown on the inside front cover page of this Official Statement. The Bonds will mature on August 1 in each of the years and in the principal amounts shown on the inside front cover page of this Official Statement. Interest on the Bonds will be computed on the basis of a 360-day year of twelve 30-day months. Each Bond authenticated on or before July 15, 2020 shall bear interest from the date of the Bonds. Each Bond authenticated during the period between the 15th day of the month preceding any Interest Payment Date (each, a "**Record Date**") and that Interest Payment Date shall bear interest from that Interest Payment Date. Any other Bond shall bear interest from the Interest Payment Date immediately preceding the date of its authentication. If an Interest Payment Date does not fall on a business day, the interest, principal or redemption payment due on such Interest Payment Date will be paid on the next business day. The Bonds will be issued in the denomination of $5,000 principal amount each or any integral multiple thereof. See the maturity schedules on the inside cover page of this Official Statement and "DEBT SERVICE SCHEDULES."

Redemption

Optional Redemption. The Bonds maturing on or before August 1, 20__ are not subject to redemption prior to their respective maturity dates. The Bonds maturing on or after August 1, 20__ are subject to redemption prior to their respective maturity dates, at the option of the District, on such basis as designated by the District and by lot within a maturity, in each case on any date on and after August 1, 20__, at a redemption price equal to the principal amount of the Bonds to be redeemed, plus accrued interest to the date of redemption, without premium.

Mandatory Sinking Fund Redemption. The Bonds maturing on August 1, 20__ (the "**Term Bonds**") are subject to mandatory sinking fund redemption on August 1, 20__ and each August 1 thereafter in accordance with the schedule set forth below. The Term Bonds so called for mandatory sinking fund redemption shall be redeemed in the sinking fund payment amounts and on the dates set forth below, without premium, together with interest accrued thereon to the redemption date. If any Term Bonds are optionally redeemed as described above, the total amount of all future sinking fund payments with respect to such Term Bonds will be reduced by the aggregate principal amount of such Term Bonds so redeemed, to be allocated among such payments in integral multiples of $5,000 in the manner determined by the District as set forth in written notice to be given by the District to the Paying Agent.

Term Bonds Maturing August 1, 20__

Redemption Date (August 1)	Sinking Fund Redemption

Selection of Bonds for Redemption. Whenever less than all of the Outstanding Bonds of any one maturity are designated for redemption, the Paying Agent will select the outstanding Bonds of such maturity to be redeemed by lot in any manner deemed fair by the Paying Agent. For purposes of such selection, each Bond will be deemed to consist of individual Bonds of $5,000 denominations each, which may be separately redeemed.

Notice of Redemption. The Paying Agent will cause notice of any redemption to be mailed, by first class mail, postage prepaid, at least 20 days but not more than 60 days prior to the date fixed for redemption, to the respective Owners of any Bonds designated for redemption, at their addresses appearing on the Registration Books (as hereinafter defined); but such mailing will not be a condition precedent to such redemption and failure to mail or to receive any such notice will not affect the validity of the proceedings for the redemption of such Bonds.

The redemption notice will state the redemption date and the redemption price and, if less than all of the then Outstanding Bonds are to be called for redemption, will designate the Bonds to be redeemed, and will require that any redeemed Bonds be surrendered at the designate office of the Paying Agent for redemption, giving notice that further interest on such Bonds will not accrue from and after the redemption date.

Partial Redemption. Upon surrender of Bonds redeemed in part only, the District will execute and the Paying Agent will authenticate and deliver to the owner, at the expense of the District, a new Bond or Bonds, of the same maturity, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Bond or Bonds.

Effect of Redemption. From and after the date fixed for redemption, if notice of such redemption has been duly given and funds available for the payment of the principal of and interest (and premium, if any) on the Bonds so called for redemption have been duly provided, such Bonds so called will cease to be entitled to any benefit under the Bond Resolution, other than the right to receive payment of the redemption price, and no interest will accrue thereon on or after the redemption date specified in such notice.

Right to Rescind Notice of Redemption. The District has the right to rescind any notice of the optional redemption of Bonds by written notice to the Paying Agent on or prior to the dated fixed for redemption. Any notice of redemption shall be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption. The District and the Paying Agent shall have no liability to the Bond owners or any other party related to or arising from such rescission of redemption. The Paying Agent shall mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent, except that the time period for giving the original notice of redemption shall not apply to any notice of rescission thereof.

Registration, Transfer and Exchange of Bonds

If the book-entry system as described above and in Appendix F is no longer used with respect to the Bonds, the following provisions will govern the registration, transfer, and exchange of the Bonds.

Registration Books. The Paying Agent will keep or cause to be kept sufficient books for the registration and transfer of the Bonds (the "**Registration Books**"), which will at all times be open to inspection by the District upon reasonable notice; and, upon presentation for such purpose, the Paying Agent shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, the Bonds.

Transfer. Any Bond may, in accordance with its terms, be transferred, upon the Registration Books, 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 principal office of the Paying Agent, accompanied by delivery of a written instrument of transfer in a form approved by the Paying Agent, duly executed.

Whenever any Bond or Bonds are surrendered for transfer, the District will execute and the Paying Agent will authenticate and deliver a new Bond or Bonds, for like aggregate principal amount. No transfers will be required to be made (a) 15 days prior to a date established for selection of Bonds for redemption and (b) with respect to a Bond that has been selected for redemption.

Exchange. Bonds may be exchanged at the principal office of the Paying Agent for a like aggregate principal amount of Bonds of authorized denominations and of the same maturity. The District may charge a reasonable sum for each new Bond issued upon any exchange. No exchanges will be required to be made (a) 15 days prior to a date established for selection of Bonds for redemption and (b) with respect to a Bond that has been selected for redemption.

Defeasance

Any Bonds may be paid by the District, in whole or in part, in any one or more of the following ways:

(a) by paying or causing to be paid the principal or redemption price of and interest on such Bonds, as and when the same become due and payable;

(b) by irrevocably depositing, in trust, at or before maturity, money or securities in the necessary amount (as provided in the applicable Resolution) to pay or redeem such Bonds; or

(c) by delivering such Bonds to the Paying Agent for cancellation by it.

Whenever in a Resolution it is provided or permitted that there be deposited with or held in trust by the Paying Agent money or securities in the necessary amount to pay or redeem any Bonds, the money or securities so to be deposited or held may be held by the Paying Agent or by any other fiduciary. Such money or securities may include money or securities held by the Paying Agent in the funds and accounts established under the applicable Resolution and will be:

(i) lawful money of the United States of America in an amount equal to the principal amount of such Bonds and all unpaid interest thereon to maturity, except that, in the case of Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption is given as provided in the applicable Resolution or provision satisfactory to the Paying Agent is made for the giving of such notice, the amount to be deposited or held will be the principal amount or redemption price of such Bonds and all unpaid interest thereon to the redemption date; or

(ii) Federal Securities (not callable by the issuer thereof prior to maturity) the principal of and interest on which when due, in the opinion of a certified public accountant delivered to the District, will provide money sufficient to pay the principal or redemption price of and all unpaid interest to maturity, or to the redemption date, as the case may be, on the Bonds to be paid or redeemed, as such principal or redemption price and interest become due, provided that, in the case of Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption has been given as provided in the applicable Resolution or provision satisfactory to the Paying Agent has been made for the giving of such notice.

Upon the deposit, in trust, at or before maturity, of money or securities in the necessary amount (as described above) to pay or redeem any outstanding Bond (whether upon or prior to its maturity or the redemption date of such Bond), then all liability of the District in respect of such Bond will cease and be completely discharged, except only that thereafter the owner thereof will be entitled only to payment of the principal of and interest on such Bond by the District, and the District will remain liable for such payment, but only out of such money or securities deposited with the Paying Agent for such payment.

"**Federal Securities**" means: (a) any direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), for which the full faith and credit of the United States of America are pledged; and (b) obligations of any agency, department or instrumentality of the United States of America, the timely payment of principal and interest on which are directly or indirectly secured or guaranteed by the full faith and credit of the United States of America.

FORWARD DELIVERY OF THE BONDS

Delayed Delivery. The District expects to deliver the Bonds, in book-entry form, to DTC on or about the Settlement Date for the account of the Underwriter pursuant to the Forward Delivery Purchase Contract.

Certain Terms Concerning the Delayed Delivery. The Underwriter reserves the right to obligate investors purchasing the Bonds to execute the delayed delivery contract in substantially the form of APPENDIX H attached hereto (the "**Delayed Delivery Contract**"). The Delayed Delivery Contract restricts the ability of the purchasers of the Bonds to transfer their interests in the Bonds prior to the Settlement Date and no representation is made that any such transfer will be permitted. The proposed form of Delayed Delivery Contract is attached as APPENDIX H at the request and for the convenience of the Underwriter. The District will not be a party to any Delayed Delivery Contracts and is not in any way responsible for the performance thereof or for any representations or warranties contained therein. The rights and obligations under the Forward Delivery Purchase Contract are not conditioned or dependent upon the performance of any Delayed Delivery Contract.

Certain Considerations. The delivery of the Bonds is subject to certain conditions, including, but not limited to, receipt by the District of an opinion of Bond Counsel in substantially the form set forth in APPENDIX D hereto, the delivery of other documents specified in the Forward Delivery Purchase Contract and payment of the purchase price by the Underwriter in accordance with the Forward Delivery Purchase Contract. Changes or proposed changes in federal or State laws, court decisions, regulations or proposed regulations or rulings of administrative agencies occurring or in effect prior to the delivery of the Bonds or failure of the District to provide closing certificates customarily required in connection with the issuance of tax-exempt bonds could prevent those conditions from being satisfied. None of the Bonds will be issued on the Settlement Date unless all of the Bonds are issued on the Settlement Date. See "UNDERWRITING" herein for a description of the Underwriter's obligations under the Forward Delivery Purchase Contract.

During the period between the date hereof and the Settlement Date (the "**Delayed Delivery Period**"), certain information contained in the Official Statement may change in a material respect. The District has agreed to update this Official Statement, if it is necessary, so that the Official Statement does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements herein, in the light of the circumstances under which they were made, not misleading as of the Settlement Date. Except for any such update, neither the District nor the Underwriter is obligated to update the Official Statement during the Delayed Delivery Period.

Rating. S&P has issued its rating for the Bonds. See "RATING" herein. However, no assurance can be given that, at the Settlement Date, such rating will continue to be in effect. If, however, S&P does not rate the Bonds investment grade as of the Settlement Date, the Underwriter is not obligated to purchase the Bonds from the District.

Market Value. The market value of the Bonds at the Settlement Date may be affected by a variety of factors, including, without limitation, general market conditions, the rating then assigned to the Bonds, the financial condition and business operations of the District and federal, state and local income tax and other laws. The market value of the Bonds as of the Settlement Date could therefore be higher or lower than the price to be paid by the initial purchasers of the Bonds and that difference could be substantial. None of the District, the Underwriter or the

Financial Advisor make any representation as to the expected market price of the Bonds as of the Settlement Date.

Secondary Market. The Underwriter is not obligated to make a secondary market in the Bonds and no assurance can be given that a secondary market will exist for the Bonds, including during the Delayed Delivery Period. Prospective purchasers of the Bonds should assume that there will be no secondary market during the Delayed Delivery Period.

Federal Tax Proposals. The Forward Delivery Purchase Contract obligates the District to deliver and the Underwriter to acquire the Bonds if the District delivers an opinion of Bond Counsel substantially in the form set forth in APPENDIX D hereto to the effect that the interest on the Bonds is not subject to inclusion in gross income for federal income tax purposes. It is possible that certain bills could be introduced (or that bills previously introduced could be amended) in the U.S. Congress that, if adopted, would reform the system of federal taxation. Those bills could (i) eliminate the tax exemption granted to interest payable on “state or local bonds” such as the Bonds, or (ii) diminish the value of the federal tax exemption granted interest on such bonds under the current system of federal income taxation. If legislation eliminates the tax exemption, then the Bonds would not be delivered at the Settlement Date. If legislation only diminishes the value of the tax exemption, and the District satisfies the requirements for the delivery of the Bonds, the purchasers would still be required to accept delivery of the Bonds at the Settlement Date. Prospective purchasers are encouraged to consult their tax advisors regarding the likelihood that such bills would be introduced or amended or enacted and the consequences of such enactment to the purchasers.

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DEBT SERVICE SCHEDULES

The Bonds. The following table shows the annual debt service schedule with respect to the Bonds (assuming no optional redemptions).

WESTSIDE UNION SCHOOL DISTRICT
Annual Debt Service Schedule
The Bonds

Period Ending August 1	Bonds Principal	Bonds Interest	Total Debt Service
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
Total			

Combined GO Bonds Debt Service Table. The following table shows the combined annual debt service schedule with respect to outstanding general obligation bond indebtedness of the District, together with the Bonds, assuming no optional redemptions. See APPENDIX A under the heading "DISTRICT FINANCIAL INFORMATION – General Obligation Debt" for additional information.

WESTSIDE UNION SCHOOL DISTRICT
Combined Annual Debt Service Schedule
All Outstanding General Obligation Debt(1)

Period Ending August 1	1998 Election, Series A, 2001A & 2002A	2008 Election, Series A and B(1)	2012 Election, Series A and B	The Bonds Debt Service	Aggregate Debt Service
2019	$2,245,000.00	$2,129,062.50	$1,939,850.00		
2020	2,365,000.00	2,234,462.50	2,006,100.00		
2021	2,495,000.00	2,345,262.50	2,077,650.00		
2022	2,635,000.00	2,466,062.50	2,150,600.00		
2023	2,755,000.00	2,586,812.50	2,226,200.00		
2024	2,925,000.00	2,716,750.00	2,305,800.00		
2025	3,085,000.00	2,862,000.00	1,274,000.00		
2026	3,254,628.65	3,002,750.00	--		
2027	3,125,000.00	3,155,750.00	--		
2028	--	3,423,250.00	--		
2029	--	3,588,250.00	--		
2030	--	3,768,250.00	--		
2031	--	3,958,250.00	--		
2032	--	4,153,250.00	--		
2033	--	4,358,250.00	--		
2034	--	4,573,250.00	--		
2035	--	4,698,250.00	--		
2036	--	4,928,612.25	--		
2037	--	5,174,640.40	--		
2038	--	5,432,127.45	--		
2039	--	5,701,525.60	--		
2040	--	5,983,250.00	--		
2041	--	6,282,419.50	--		
2042	--	6,593,512.80	--		
2043	--	6,921,842.40	--		
2044	--	7,263,862.20	--		
2045	--	7,625,000.00	--		
2046	--	8,004,181.40	--		
2047	--	8,403,455.00	--		
2048	--	8,818,972.80	--		
2049	--	9,255,751.65	--		
2050	--	9,720,000.00	--		
TOTAL	$24,884,628.65	$162,129,065.95	$13,980,200.00		

(1) *For purposes of the Preliminary Official Statement, includes debt service on the Prior Bonds expected to be refunded with the proceeds of the Bonds. See "THE REFINANCING PLAN."*

SECURITY FOR THE BONDS

Ad Valorem Taxes

***Bonds Payable from* Ad Valorem *Property Taxes*.** The Bonds are general obligations of the District, payable solely from *ad valorem* property taxes levied and collected by the County. The County is empowered and is obligated to annually levy *ad valorem* taxes for the payment of the Bonds and the interest thereon upon all property within the District subject to taxation by the District, without limitation of rate or amount (except certain personal property which is taxable at limited rates).

Other Bonds Payable from A*d Valorem *Property Taxes. The District has other outstanding general obligation bonds which are payable from *ad valorem* taxes on a parity basis. See "APPENDIX B – DISTRICT GENERAL AND FINANCIAL INFORMATION - Long-Term Debt." In addition to the general obligation bonds issued by the District, there is other debt issued by entities within the jurisdiction of the District, which is payable from *ad valorem* taxes levied on parcels in the District. See "PROPERTY TAXATION – Tax Rates" and "- Direct and Overlapping Debt" below.

Levy and Collection. The County will levy and collect such *ad valorem* taxes in such amounts and at such times as is necessary to ensure the timely payment of debt service. Such taxes, when collected, will be deposited into a debt service fund for the applicable series of Bonds, which is maintained by the County and which is irrevocably pledged for the payment of principal of and interest on the Bonds when due.

District property taxes are assessed and collected by the County in the same manner and at the same time, and in the same installments as other *ad valorem* taxes on real property, and will have the same priority, become delinquent at the same times and in the same proportionate amounts, and bear the same proportionate penalties and interest after delinquency, as do the other *ad valorem* taxes on real property.

Statutory Lien on Ad Valorem Tax Revenues. Pursuant to Senate Bill 222 effective January 1, 2016, voter approved general obligation bonds which are secured by *ad valorem* tax collections, including the Bonds, are secured by a statutory lien on all revenues received pursuant to the levy and collection of the property tax imposed to service those bonds. Said lien attaches automatically and is valid and binding from the time the Bonds are executed and delivered. The lien is enforceable against the school district or community college district, its successors, transferees, and creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the lien and without the need for any further act.

Annual Tax Rates. The amount of the annual *ad valorem* tax levied by the County to repay the Bonds 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. Fluctuations in the annual debt service on the Bonds and the assessed value of taxable property in the District may cause the annual tax rate to fluctuate.

Economic and other factors beyond the District's control, such as economic recession, deflation of land values, a relocation out of the District or financial difficulty or bankruptcy by one or more major property taxpayers, or the complete or partial destruction of taxable property caused by, among other eventualities, earthquake, flood, fire, drought or other natural disaster, could cause a reduction in the assessed value within the District and necessitate a corresponding increase in the annual tax rate.

Debt Service Fund

The County will establish a Debt Service Fund for the Bonds (the "**Debt Service Fund**") which will be established as a separate fund to be maintained distinct from all other funds of the County. All taxes levied by the County for the payment of the principal of and interest and premium (if any) on the Bonds will be deposited in the Debt Service Fund by the County promptly upon receipt. The Debt Service Fund is pledged for the payment of the principal of and interest and premium (if any) on the Bonds, when and as the same become due. The County will transfer amounts in the Debt Service Fund to the Paying Agent to the extent necessary to pay the principal of and interest and premium (if any) on the Bonds as the same becomes due and payable. If, after payment in full of the Bonds and any other general obligation bond indebtedness of the District, any amounts remain on deposit in a Debt Service Fund, the County will transfer such amounts to the general fund of the District, to be applied solely in a manner which is consistent with the requirements of applicable state and federal tax law.

Not a County Obligation

The Bonds are payable solely from the proceeds of an *ad valorem* tax levied and collected by the County, for the payment of principal and interest on the Bonds. Although the County is obligated to collect the *ad valorem* tax for the payment of the Bonds, the Bonds are not a debt of the County.

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PROPERTY TAXATION

Property Tax Collection Procedures

In California, property which is subject to *ad valorem* taxes is classified as "secured" or "unsecured." The "secured roll" is that part of the assessment roll containing state assessed public utilities' property and real property, the taxes on which create a lien on such property sufficient, in the opinion of the county assessor, to secure payment of the taxes. A tax levied on unsecured property does not become a lien against such unsecured property, but may become a lien on certain other property owned by the taxpayer. Every tax which becomes a lien on secured property has priority over all other liens arising pursuant to State law on such secured property, regardless of the time of the creation of the other liens. Secured and unsecured property are entered separately on the assessment roll maintained by the county assessor. The method of collecting delinquent taxes is substantially different for the two classifications of property.

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each fiscal year. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment. In addition, property on the secured roll with respect to which taxes are delinquent is declared tax defaulted on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of the delinquent taxes and a delinquency penalty, plus a redemption penalty of 1-1/2% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is subject to sale by the County.

Property taxes are levied for each fiscal year on taxable real and personal property situated in the taxing jurisdiction as of the preceding January 1. A bill enacted in 1983, SB813 (Statutes of 1983, Chapter 498), however, provided for the supplemental assessment and taxation of property as of the occurrence of a change of ownership or completion of new construction. Thus, this legislation eliminated delays in the realization of increased property taxes from new assessments. As amended, SB813 provided increased revenue to taxing jurisdictions to the extent that supplemental assessments of new construction or changes of ownership occur subsequent to the January 1 lien date and result in increased assessed value.

Property taxes on the unsecured roll are due on the January 1 lien date and become delinquent, if unpaid on the following August 31. A 10% penalty is also attached to delinquent taxes in respect of property on the unsecured roll, and further, an additional penalty of 1-1/2% per month accrues with respect to such taxes beginning the first day of the third month following the delinquency date. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the county recorder's office, in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee. The exclusive means of enforcing the payment of delinquent taxes in respect of property on the secured roll is the sale of the property securing the taxes for the amount of taxes which are delinquent.

Taxation of State-Assessed Utility Property

The State Constitution provides that most classes of property owned or used by regulated utilities be assessed by the State Board of Equalization ("**SBE**") and taxed locally. Property valued by the SBE as an operating unit in a primary function of the utility taxpayer is known as "unitary property", a concept designed to permit assessment of the utility as a going concern rather than assessment of each individual element of real and personal property owned by the utility taxpayer. State-assessed unitary and "operating nonunitary" property (which excludes nonunitary property of regulated railways) is allocated to the counties of the State based on the situs of the various components of the unitary property. Except for unitary property of regulated railways and certain other excepted property, all unitary and operating nonunitary property is taxed at special county-wide rates and tax proceeds are distributed to taxing jurisdictions according to statutory formulae generally based on the distribution of taxes in the prior year.

Assessed Valuations

Assessed Valuation History. The table following shows a recent history of the District's assessed valuation.

WESTSIDE UNION SCHOOL DISTRICT
Assessed Valuation
Fiscal Year 2008-09 through Fiscal Year 2018-19

Fiscal Year	Local Secured	Utility	Unsecured	Total	% Change
2008-09	$7,461,800,919	$4,750	$123,400,884	$7,585,206,553	--%
2009-10	6,392,644,576	4,750	143,838,818	6,536,488,144	(13.8)
2010-11	5,751,494,764	4,750	154,654,945	5,906,154,459	(9.6)
2011-12	5,671,075,118	143,650	150,474,239	5,821,693,007	(1.4)
2012-13	5,557,749,037	143,650	143,227,707	5,701,120,394	(2.1)
2013-14	5,644,747,970	143,650	110,831,774	5,755,723,394	1.0
2014-15	6,158,395,786	143,650	115,819,703	6,274,359,139	9.0
2015-16	6,575,188,915	143,650	116,253,310	6,691,585,875	6.6
2016-17	6,917,105,777	143,650	122,084,299	7,039,333,726	5.2
2017-18	7,312,375,727	95,000	119,506,782	7,431,977,509	5.6
2018-19	7,701,462,146	95,000	110,822,483	7,812,379,629	5.1

Source: California Municipal Statistics, Inc.

Some Factors Relating to Increases/Decreases in Assessed Value. As indicated in the previous table, assessed valuations are subject to change in each year. Increases or decreases in assessed valuation result from a variety of factors including but not limited to general economic conditions, supply and demand for real property in the area, government regulations such as zoning, property reclassifications, and man-made or natural disasters such as earthquakes, fires, floods and droughts. The District is located in a seismically active region. Other notable natural disasters in recent years include drought conditions throughout the State, which ended in 2017 due to record-level precipitation in late 2016 and early 2017, and numerous wildfires in different regions of the State, including in the vicinity of the District but not within its boundaries, and related flooding and mudslides. The most destructive of the recent wildfires, which have burned thousands of acres and destroyed thousands of homes and structures, have originated in wildlands adjacent to urban areas. The District cannot predict or make any representations regarding the effects that any disasters and related conditions have or may have on the value of taxable property within the District, or to what extent the effects said disasters might have had on economic activity in the District or throughout the State.

Assessed Valuation by Jurisdiction. The following table shows the assessed valuation of local secured property within the District by jurisdiction for fiscal year 2018-19.

WESTSIDE UNION SCHOOL DISTRICT
Assessed Valuations By Jurisdiction(1)
Fiscal Year 2018-19

Jurisdiction:	Assessed Valuation in School District	% of School District	Assessed Valuation of Jurisdiction	% of Jurisdiction in School District
City of Lancaster	$2,250,992,040	28.81%	$11,799,191,420	19.08%
City of Palmdale	3,184,391,971	40.76	$12,929,996,625	24.63%
Unincorporated Los Angeles County	2,376,995,618	30.43	$107,666,068,683	2.21%
Total District	$7,812,379,629	100.00%		
Los Angeles County	$7,812,379,629	100.00%	$1,518,401,584,349	0.51%

Source: California Municipal Statistics, Inc.

Assessed Valuation by Land Use. The following table shows a breakdown of local secured property assessed value and parcels within the District by land use for fiscal year 2018-19.

WESTSIDE UNION SCHOOL DISTRICT
Assessed Valuation and Parcels by Land Use
Fiscal Year 2018-19

Non-Residential:	2018-19 Assessed Valuation(1)	% of Total	No. of Parcels	% of Total
Agricultural/Rural	$ 18,245,044	0.24%	107	0.24%
Commercial	215,632,015	2.80	268	0.60
Industrial	125,893,015	1.63	150	0.34
Recreational	5,701,903	0.07	52	0.12
Government/Social/Institutional	10,049,339	0.13	460	1.03
Miscellaneous	21,508,480	0.28	420	0.94
Subtotal Non-Residential	$397,029,796	5.16%	1,457	3.27%
Residential:				
Single Family Residence	$6,087,455,456	79.04%	20,212	45.37%
Mobile Home Related	76,847,931	1.00	367	0.82
2+ Residential Units/Apartments	71,929,444	0.93	179	0.40
Subtotal Residential	$6,236,232,831	80.97%	20,758	46.60%
Vacant Parcels	$1,068,199,519	13.87%	22,333	50.13%
Total	$7,701,462,146	100.00%	44,548	100.00%

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

Assessed Valuation of Single Family Residential Parcels. The following table shows a breakdown of the assessed valuations of improved single-family residential parcels in the District, for fiscal year 2018-19.

WESTSIDE UNION SCHOOL DISTRICT
Per Parcel 2018-19 Assessed Valuation of Single Family Homes

	No. of Parcels	2018-19 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	20,212	$6,087,455,456	$301,180	$292,530

2018-19 Assessed Valuation	No. of Parcels(1)	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $24,999	97	0.480%	0.480%	$ 603,643	0.010%	0.010%
$25,000 - $49,999	235	1.163	1.643	9,041,239	0.149	0.158
$50,000 - $74,999	301	1.489	3.132	19,049,966	0.313	0.471
$75,000 - $99,999	312	1.544	4.675	27,310,308	0.449	0.920
$100,000 - $124,999	431	2.132	6.808	48,698,695	0.800	1.720
$125,000 - $149,999	566	2.800	9.608	78,205,282	1.285	3.005
$150,000 - $174,999	921	4.557	14.165	150,169,079	2.467	5.472
$175,000 - $199,999	1,168	5.779	19.944	219,837,036	3.611	9.083
$200,000 - $224,999	1,419	7.021	26.964	301,557,161	4.954	14.037
$225,000 - $249,999	1,701	8.416	35.380	404,414,599	6.643	20.680
$250,000 - $274,999	1,746	8.638	44.018	459,041,608	7.541	28.221
$275,000 - $299,999	1,676	8.292	52.311	481,717,660	7.913	36.134
$300,000 - $324,999	1,598	7.906	60.217	498,933,094	8.196	44.330
$325,000 - $349,999	1,630	8.065	68.281	550,367,618	9.041	53.371
$350,000 - $374,999	1,509	7.466	75.747	545,847,997	8.967	62.338
$375,000 - $399,999	1,258	6.224	81.971	486,612,208	7.994	70.332
$400,000 - $424,999	972	4.809	86.780	400,199,997	6.574	76.906
$425,000 - $449,999	685	3.389	90.169	298,890,475	4.910	81.816
$450,000 - $474,999	513	2.538	92.707	236,795,590	3.890	85.706
$475,000 - $499,999	349	1.727	94.434	169,831,083	2.790	88.496
$500,000 and greater	1,125	5.566	100.000	700,331,118	11.504	100.000
Total	20,212	100.000%		$6,087,455,456	100.000%	

(1) Improved single family residential parcels. Excludes condominiums and parcels with multiple family units.
Source: California Municipal Statistics Inc.

Tax Rates

The table below summarizes the total *ad valorem* tax rates levied by all taxing entities in Tax Rate Area 9561 (a typical tax rate area in the District) for fiscal years 2014-15 through 2018-19.

WESTSIDE UNION SCHOOL DISTRICT
Typical Tax Rates
(TRA 9561)
Dollars per $100 of Assessed Valuation
Fiscal Years 2014-15 through 2018-19

	2014-15	2015-16	2016-17	2017-18	2018-19
General	$1.000000	$1.000000	$1.000000	$1.000000	$1.000000
Westside Union School District	.081665	.081075	.079289	.079035	.078951
Antelope Valley Union High School District	.025854	.024284	.024737	.023569	.023167
Antelope Valley Community College District	.024798	.025558	.025602	.048687	.048467
Antelope Valley-East Kern Water Agency	.070490	.070490	.070490	.070490	.070490
Total	$1.202807	$1.201407	$1.200118	$1.221781	$1.221075

Source: California Municipal Statistics, Inc.

Appeals of Assessed Value

General. There are two types of appeals of assessed values that could adversely impact property tax revenues within the District.

Appeals may be based on Proposition 8 of November 1978, which requires that for each January 1 lien date, the taxable value of real property must be the lesser of its base year value, annually adjusted by the inflation factor pursuant to Article XIIIA of the State Constitution, or its full cash value, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property or other factors causing a decline in value.

Under California 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, with the 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. Proposition 8 reductions may also be unilaterally applied by the County Assessor.

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. These reductions are subject to yearly reappraisals and are 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.

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.

No assurance can be given that property tax appeals in the future will not significantly reduce the assessed valuation of property within the District.

Tax Levies and Delinquencies

The following table shows tax charges, collections and delinquencies for secured property in the District. Because the County does not participate in the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (commonly known as the "**Teeter Plan**"), secured property taxes actually collected are allocated to political subdivisions for which the County acts as tax-levying or tax-collecting agency, including the District, when the secured property taxes were actually collected. However, the District participates in the California Statewide Tax Authority, a joint powers authority that purchases delinquent *ad valorem* property taxes from school agencies in Los Angeles County to receive additional unrestricted revenues through financing of property tax delinquencies.

The table below shows the secured tax charge and delinquency rate for fiscal years 2012-14 through 2017-18.

WESTSIDE UNION SCHOOL DISTRICT
2013-14 through 2017-18
Secured Tax Charges and Delinquency Rates

Year	Secured Tax Charge (1)	Amt. Del. June 30	% Del. June 30
2013-14	$3,879,527.23	$57,140.62	1.47%
2014-15	4,249,090.79	61,210.90	1.44
2015-16	4,551,699.44	64,584.27	1.42
2016-17	4,781,954.44	56,824.84	1.19
2017-18	5,090,923.55	63,279.36	1.24

Year	Secured Tax Charge (2)	Amt. Del. June 30	% Del. June 30
2013-14	$3,127,171.05	$ 86,519.60	2.77%
2014-15	4,966,999.52	126,604.67	2.55
2015-16	5,271,353.36	112,552.70	2.14
2016-17	5,437,785.75	116,304.67	2.14
2017-18	5,723,813.57	116,109.21	2.03

(1) 1% General Fund apportionment. Excludes redevelopment agency impounds. Reflects county wide delinquency rate.
(2) District's general obligation bond debt service levy only.
Source: California Municipal Statistics, Inc.

Largest Secured Property Taxpayers in District

The twenty taxpayers in the District with the greatest combined assessed valuation of taxable property on the fiscal year 2018-19 tax roll, and the assessed valuations thereof, are shown below.

The more property (by assessed value) which is owned by a single taxpayer in the District, the greater amount of tax collections are exposed to weaknesses in the taxpayer's financial situation and ability or willingness to pay property taxes. Each taxpayer listed below is a unique name listed on the tax rolls. The District cannot determine from County assessment records 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.

WESTSIDE UNION SCHOOL DISTRICT
Largest Secured Taxpayers
Fiscal Year 2018-19

	Property Owner	Primary Land Use	2018-19 Assessed Valuation	% of Total (1)
1.	Ritter Holdings LLC	Vacant Residential	$ 40,694,634	0.53%
2.	Grandis Land Holding LLC	Vacant Residential	23,874,106	0.31
3.	Sygma Network Inc.	Industrial	23,722,202	0.31
4.	Sustainable Property Holdings	Vacant Residential	22,297,315	0.29
5.	FTS Property Holdings LLC	Vacant Residential	17,527,861	0.23
6.	IH5 Property West LP	Residential Properties	17,135,546	0.22
7.	Solar Star California XIX LLC	Power Generation	16,762,196	0.22
8.	Lancaster Highlands Solar II LLC	Power Generation	15,191,987	0.20
9.	AV Solar Ranch 1 LLC	Power Generation	15,018,226	0.20
10.	Spirit SPE HG 2015 1 LLC, Lessor	Shopping Center	14,182,731	0.18
11.	Keith Clan Real Estate	Mobile Home Park	13,265,098	0.17
12.	Vons Companies Inc.	Shopping Center	11,849,180	0.15
13.	NRG Solar Alpine LLC	Power Generation	11,306,022	0.15
14.	New Anaverde LLC	Vacant Residential	10,944,536	0.14
15.	Avanti North LP	Residential Development	10,773,695	0.14
16.	Caesars Plaza LLC	Office Building	10,655,099	0.14
17.	Rami Darghalli	Private School	9,985,941	0.13
18.	Richmond American Homes of California	Residential Development	9,810,500	0.13
19.	2015-3 IH2 Borrower LP	Residential Properties	9,172,514	0.12
20.	AJ Eliopulos Commercial	Office Building	8,431,751	0.11
			$312,601,140	4.06%

(1) 2018-19 local secured assessed valuation: $7,701,462,146.
Source: California Municipal Statistics, Inc.

Overlapping Debt Obligations

The following table is a direct and overlapping debt report (the "**Debt Report**") prepared by California Municipal Statistics, Inc. and dated May 1, 2019. The Debt Report is included for general information purposes only. The District has not reviewed the Debt Report for completeness or accuracy and makes no 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. 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.

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WESTSIDE UNION SCHOOL DISTRICT
Statement of Direct and Overlapping Bonded Debt
as of May 1, 2019

2018-19 Assessed Valuation: $7,812,379,629

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 5/1/19
Antelope Valley Joint Community College District	22.279%	$ 60,920,518
Antelope Valley Union High School District	25.287	13,756,096
Westside Union School District	**100.000**	**56,327,172**(1)
Westside Union School District Community Facilities District No. 2005-1	100.000	6,425,087
Westside Union School District Community Facilities District No. 2005-2	100.000	3,390,489
Westside Union School District Community Facilities District No. 2005-3	100.000	9,120,448
City of Lancaster Lighting Maintenance District	5.278	695,640
City of Palmdale Assessment District No. 2006-1	100.000	1,225,000
City of Palmdale Street Light Assessment District Nos. 1/4 and 5	26.364 & 17.738	2,210,893
City of Palmdale Community Facilities District No. 93-1	100.000	20,155,000
City of Palmdale Community Facilities District No. 2003-1	100.000	21,955,000
Los Angeles County Regional Park and Open Space Assessment District	0.515	70,143
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$196,251,486
OVERLAPPING GENERAL FUND DEBT:		
Los Angeles County General Fund Obligations	0.515%	$11,133,871
Los Angeles County Superintendent of Schools Certificates of Participation	0.515	30,014
Antelope Valley Hospital District General Fund Obligations	23.802	3,096,989
City of Lancaster Certificates of Participation	19.078	6,882,389
City of Palmdale Certificates of Participation	24.628	15,110,629
Los Angeles County Sanitation District No. 14, 20 & 32 Authorities	0.001-35.334	465,379
TOTAL GROSS OVERLAPPING GENERAL FUND DEBT		$36,719,271
Less: City of Lancaster obligations supported by solar utility revenues		4,146,603
TOTAL NET OVERLAPPING GENERAL FUND DEBT		$32,572,668
OVERLAPPING TAX INCREMENT DEBT:		
Successor Agency to Lancaster Redevelopment Agency Project Areas	4.627%	$ 7,828,186
Successor Agency to Palmdale Redevelopment Agency Project Areas	27.306	18,971,886
TOTAL OVERLAPPING TAX INCREMENT DEBT		$26,800,072
GROSS COMBINED TOTAL DEBT		$259,770,829(2)
NET COMBINED TOTAL DEBT		$255,624,226

Ratios to 2018-19 Assessed Valuation:

Direct Debt ($56,327,172) 0.72%
Direct and Overlapping Tax and Assessment Debt............... 2.51%
Gross Combined Total Debt 3.33%
Net Combined Total Debt 3.27%

Ratios to Redevelopment Incremental Valuation ($1,408,293,410):

Total Overlapping Tax Increment Debt................................ 1.90%

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(1) Excludes issue to be sold.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.
Source: California Municipal Statistics, Inc.

TAX MATTERS

Federal Tax Status. In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax.

The opinions set forth in the preceding paragraph are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended (the "**Tax Code**") that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The District has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the Bonds.

Tax Treatment of Original Issue Discount and Premium. If the initial offering price to the public at which a Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public at which a Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes "original issue premium" for purposes of federal income taxes and State of California personal income taxes. *De minimis* original issue discount and original issue premium are disregarded.

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Bonds who purchase the Bonds after the initial offering of a substantial amount of such maturity. Owners of such Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Under the Tax Code, original issue premium is amortized on an annual basis over the term of the Bond (said term being the shorter of the Bond's maturity date or its call date). The amount of original issue premium amortized each year reduces the adjusted basis of the owner of the Bond for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a Bond is amortized each year over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized Bond premium is not deductible for federal income tax purposes. Owners of premium Bonds, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such Bonds.

California Tax Status. In the further opinion of Bond Counsel, interest on the Bonds is exempt from California personal income taxes.

Other Tax Considerations. Current and future legislative proposals, if enacted into law, clarification of the Tax Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Tax Code or court decisions may also affect the market price for, or marketability of, the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, such legislation would apply to bonds issued prior to enactment.

The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of such opinion, and Bond Counsel has expressed no opinion with respect to any proposed legislation or as to the tax treatment of interest on the Bonds, or as to the consequences of owning or receiving interest on the Bonds, as of any future date. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Owners of the Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may have federal or state tax consequences other than as described above. Other than as expressly described above, Bond Counsel expresses no opinion regarding other federal or state tax consequences arising with respect to the Bonds, the ownership, sale or disposition of the Bonds, or the amount, accrual or receipt of interest on the Bonds.

Form of Opinion. A copy of the proposed form of opinion of Bond Counsel is attached hereto as APPENDIX D.

CERTAIN LEGAL MATTERS

Legality for Investment

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 California Government Code, the Bonds are eligible to secure deposits of public moneys in California.

Absence of 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 that (i) questions the political existence of the District, (ii) contests the District's ability to receive *ad valorem* taxes or to collect other revenues or (iii) contests the District's ability to issue and sell the Bonds.

The District may be or may become a party to lawsuits and claims which are unrelated to the Bonds or actions taken with respect to the Bonds and which have arisen in the normal course of operating the District. The District maintains certain insurance policies which provide coverage under certain circumstances and with respect to certain types of incidents. In the opinion of the District, there currently are no claims or actions pending which could have a material adverse affect on the financial position or operations of the District. The District cannot predict what types of claims may arise in the future.

Compensation of Certain Professionals

Payment of the fees and expenses of Jones Hall, A Professional Law Corporation, as Bond Counsel and Disclosure Counsel to the District, and Isom Advisors, A Division of Urban Futures, Inc., as financial advisor to the District, is contingent upon issuance of the Bonds.

CONTINUING DISCLOSURE

The District will execute a Continuing Disclosure Certificate in connection with the issuance of the Bonds in the form attached hereto as Appendix E. The District has covenanted therein, for the benefit of holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the District to the Municipal Securities Rulemaking Board (an **"Annual Report"**) not later than nine months after the end of the District's fiscal year (which currently would be March 31), commencing by March 31, 2021 with the report for the 2019-20 Fiscal Year, and to provide notices of the occurrence of certain enumerated events. Such notices will be filed by the District with the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in an Annual Report or the notices of enumerated events is set forth in "APPENDIX E – FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the Underwriter of the Bonds in complying with S.E.C. Rule 15c2-12(b)(5) (the **"Rule"**).

The District has made undertakings pursuant to the Rule in connection with the delivery of prior general obligation bonds and refunding general obligation bonds. Specific instances of non-compliance with prior undertakings in the previous five years are that the District's annual reports for fiscal years 2013-14 and 2015-16 were filed late (both by less than 35 days), and certain information that was required to be included in the fiscal year 2013-14 annual report was not included in the filing for said year, but was subsequently remediated 37 days after the filing deadline.

The District has appointed a third party agent to serve as dissemination agent for the Bonds and its other undertakings.

Neither the County nor any other entity other than the District shall have any obligation or incur any liability whatsoever with respect to the performance of the District's duties regarding continuing disclosure.

RATING

Standard & Poor's Financial Services LLC ("**S&P**") has assigned a rating of "AA-" to the Bonds. The District has provided certain additional information and materials to S&P (some of which does not appear in this Official Statement to the extent it has been considered immaterial to making an investment decision in the Bonds). Such rating reflects only the views of S&P, and explanations of the significance of the rating may be obtained only from S&P. There is no assurance that any credit ratings given to the Bonds will be maintained for any period of time or that the rating may not be lowered or withdrawn entirely by S&P, if in S&P's judgment, circumstances so warrant. Any such downward revision or withdrawal of a rating may have an adverse effect on the market price of the Bonds.

UNDERWRITING

The Bonds are being purchased by Raymond James & Associates, Inc. (the "**Underwriter**"), pursuant to a forward delivery bond purchase agreement for the Bonds (the "**Forward Delivery Purchase Agreement**"). The Underwriter has agreed to purchase the Bonds on the Settlement Date, pursuant to the Forward Delivery Purchase Agreement, at a price of $__________ (which is equal to the aggregate principal amount of the Bonds, plus original issue premium of $________ and less Underwriter's discount of $______).

The Forward Delivery Purchase Agreement provides that the Underwriter will purchase all of the Bonds (if any are purchased), and provides that the Underwriter's obligation to purchase is subject to certain terms and conditions, including the approval of certain legal matters by counsel. See "FORWARD DELIVERY OF THE BONDS."

The Underwriter may offer and sell Bonds to certain dealers and others at prices lower than the offering prices stated on the inside cover page hereof. The offering prices may be changed by the Underwriter.

VERIFICATION OF MATHEMATICAL ACCURACY

The Verification Agent, upon delivery of the Bonds, will deliver a report of the mathematical accuracy of certain computations, contained in schedules provided to them on behalf of the District, relating to the sufficiency of the anticipated amount of proceeds of the Bonds and other funds available to pay, when due, the principal and interest when due of the Refunded Bonds.

The report of the Verification Agent will include the statement that the scope of their engagement is limited to verifying mathematical accuracy, of the computations contained in such schedules provided to them, and that they have no obligation to update their report because of events occurring, or data or information coming to their attention, subsequent to the date of their report.

ADDITIONAL INFORMATION

The discussions herein about the Bond Resolution and the Continuing Disclosure Certificate are brief outlines of certain provisions thereof. Such outlines do not purport to be complete and for full and complete statements of such provisions reference is made to such documents. Copies of these documents mentioned are available from the Underwriter and following delivery of the Bonds will be on file at the offices of the Paying Agent in Los Angeles, California.

References are also made herein to certain documents and reports relating to the District; such references are brief summaries and do not purport to be complete or definitive. Copies of such documents are available upon written request to the District. The District may impose charges for copying, mailing and handling.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the District and the purchasers or Owners of any of the Bonds.

EXECUTION

The execution and delivery of this Official Statement have been duly authorized by the District.

WESTSIDE UNION SCHOOL DISTRICT

By: ___________________________________
Superintendent

APPENDIX A

DISTRICT GENERAL AND FINANCIAL INFORMATION

The information in this and other sections concerning the District's operations and operating budget 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 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 *tax required to be levied by the County in an amount sufficient for the payment thereof. See "SECURITY FOR THE BONDS" in the front portion of the Official Statement.*

General Information

The boundaries of the District consist of an area of approximately 346 square miles, located in the northern part of Los Angeles County (the **"County"**). The District includes primarily the communities of West Lancaster, Quartz Hill, West Palmdale and Leona Valley. The District consists of twelve schools: eight elementary schools (grades K-6), two middle schools (grades 7 and 8), and two schools (grades K-8). Enrollment in the District for fiscal year 2018-19 is approximately 9,622 students.

Administration of the District

The District is governed by a five-member Board of Trustees (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.

Current members of the Board, together with their office and the date their term expires, are listed below:

WESTSIDE UNION SCHOOL DISTRICT
Board of Trustees

Name	Office	Term Expires
Patricia Shaw	President	November 2020
Jennifer Navarro	Vice President	November 2022
Steve DeMarzio	Clerk	November 2020
John Curiel	Member	November 2022
Bill Lindoff	Member	November 2022

Superintendent and Administrative Personnel. The Superintendent of the District is appointed by the Board and is responsible for management of the day-to-day operations and supervises the work of other District administrators. Regina Rossall serves as the Superintendent and Shawn Cabey serves as the Assistant Superintendent, Administrative Services of the District.

Recent Enrollment Trends

The following table shows enrollment and average daily attendance history for the District, with estimated figures for fiscal year 2018-19.

WESTSIDE UNION SCHOOL DISTRICT
Annual Enrollment and Average Daily Attendance
Fiscal Years 2009-10 through 2018-19

School Year	Enrollment	% Change	ADA	% Change
2009-10	8,715	--%	8,616	--%
2010-11	8,605	(1.3)	8,019	(6.9)
2011-12	8,525	(0.9)	8,210	2.4
2012-13	8,645	1.4	8,325	1.4
2013-14	8,981	3.9	8,616	3.5
2014-15	8,941	(0.4)	8,645	0.3
2015-16	9,070	1.4	8,751	1.2
2016-17	9,302	2.6	8,979	2.6
2017-18	9,434	1.4	9,044	0.7
2018-19(1)	9,622	2.0	9,141(1)	1.1

(1) Second interim projections.
Source: California Department of Education and Westside Union School District.

Employee Relations

For fiscal year 2018-19, the District employed 427.6 full time equivalent ("**FTE**") Certificated, 350.6 FTE Classified and 71.2 FTE management employees. There are two formal bargaining units operating in the District which are described in the table below.

WESTSIDE UNION SCHOOL DISTRICT
Labor Organizations

Labor Organization	Contract Expiration Date
Westside Union Teachers Association	June 30, 2020
California School Employees Association	June 30, 2020

Source: Westside Union School District.

Insurance

The Westside Union School District participates in four joint ventures under joint powers agreements ("**JPAs**"). The relationships between the District and the JPAs are such that none of the JPAs are a component unit of the District for financial reporting purposes.

The Antelope Valley Schools Transportation Agency ("**AVSTA**") provides student transportation services on a fee for service basis for its four members; Antelope Valley Union High School District, Lancaster School District and Westside Union School District. The AVSTA is governed by a board consisting of a representative from each member district. The Board controls the operations of the AVSTA, including selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the

Board. Each member district payment fees are based upon the level of service provided to the district.

The Self Insurance Risk Management Authority ("**SIRMA**") Workers' Compensation arranges for and provides workers' compensation insurance for its members. All members except two are public school districts. The two non public school district members are Joint Powers Authorities consisting of several public school districts. All of the members of the SIRMA Workers' Compensation are located in the northern part of Los Angeles County. There are currently ten members. Commencing in June, there will be seven members.

The SIRMA is governed by a board consisting of a representative from each member district. The board controls the operations of the SIRMA, including selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the Board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to their participation in the SIRMA.

The Partners in Nutrition Cooperative ("**PINCO**") provides services to as many as 40 school districts in California. PINCO provides buying, warehousing and distribution of food product services to the participating member districts. In addition, PINCO manages the receipt, diversion, processing and distribution of USDA donated commodities for the member districts. Operational authority rests with the Lead District Board of Trustees. The Lead District is advised by an Advisory Committee which is comprised of one appointed representative from each of the member districts.

The Self-Insured Schools of California ("**SISC II**") Property and Liability Program provides a risk management pool for the benefit of public schools, colleges or other educational agencies. Members include educational agencies throughout the State of California. The program is governed by a Board of Directors that is elected from and by representatives of member districts.

DISTRICT FINANCIAL INFORMATION

The information in this and other sections concerning the District's operations and operating budget 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 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 tax required to be levied by the County in an amount sufficient for the payment thereof.

Education Funding Generally

School districts in California receive operating income primarily from two sources: the State funded portion which is derived from the State's general fund, and a locally funded portion, being the district's share of the one percent general *ad valorem* tax levy authorized by the California Constitution. As a result, decreases or deferrals in education funding by the State could significantly affect a school district's revenues and operations.

From 1973-74 to 2012-13, California school districts operated under general purpose revenue limits established by the State Legislature. In general, revenue limits were calculated for each school district by multiplying (1) the ADA for such district by (2) a base revenue limit per unit of ADA. The revenue limit calculations were adjusted annually in accordance with a number of factors designated primarily to provide cost of living increases and to equalize revenues among all California school districts of the same type. Funding of the District's revenue limit was provided by a mix of local property taxes and State apportionments of basic and equalization aid. Generally, the State apportionments amounted to the difference between the District's revenue limit and its local property tax revenues. Districts which had local property tax revenues which exceeded its revenue limit entitlement were deemed "Basic Aid Districts" and received full funding from local property tax revenues, and were entitled to keep those tax revenues which exceeded its revenue limit funding entitlement.

The fiscal year 2013-14 State budget package replaced the previous K-12 finance system with a new formula known as the Local Control Funding Formula (the **"LCFF"**). Under the LCFF, revenue limits and most state categorical programs were eliminated. School districts instead receive funding based on the demographic profile of the students they serve and gain greater flexibility to use these funds to improve outcomes of students. The LCFF creates funding targets based on student characteristics. For school districts and charter schools, the LCFF funding targets consist of grade span-specific base grants plus supplemental and concentration grants that reflect student demographic factors. The LCFF includes the following components:

- A base grant for each local education agency per unit of ADA, which varies with respect to different grade spans. The base grant is $2,375 more than the average revenue limit provided prior to LCFF implementation. The base grants will be adjusted upward each year to reflect cost-of-living increases. In addition, 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 grades K-3 and the provision of career technical education in grades 9-12.

- A 20% supplemental grant for English learners, students from low-income families and foster youth to reflect increased costs associated with educating those students.

- An additional concentration grant of up to 50% of a local education agency's base grant, based on the number of English learners, students from low-income families and foster youth served by the local agency that comprise more than 55% of enrollment.

- An economic recovery target to ensure that almost every local education agency receives at least their pre-recession funding level, adjusted for inflation, at full implementation of the LCFF.

The LCFF was implemented for fiscal year 2013-14 and was phased in gradually. Beginning in fiscal year 2013-14, an annual transition adjustment was required to be calculated for each school district, equal to each district's proportionate share of the appropriations included in the State budget based on the percentage of each district's students who are low-income, English learners, and foster youth ("**Targeted Students**"), to close the gap between the prior-year funding level and the target allocation at full implementation of LCFF. In each year, districts will have the same proportion of their respective funding gaps closed, with dollar amounts varying depending on the size of a district's funding gap.

Funding levels used in the LCFF target entitlement calculations, not including any supplemental or concentration grant funding entitlements, for fiscal year 2018-19 are set forth in the following table. Full implementation occurred in fiscal year 2018-19 in connection with adoption of the State Budget for said fiscal year.

Fiscal Year 2018-19 Base Grant* Under LCFF by Grade Span
(Targeted Entitlement)

Grade Span	2018-19 Base Grant Per ADA	2018-19 COLA (3.70%)	Grade Span Adjustments (K-3: 10.4%; 9-12: 2.6%)	2018-19 Base Grant/Adjusted Base Grant Per ADA
K-3	$7,193	$266	$776	$8,235
4-6	7,301	270	n/a	7,571
7-8	7,518	278	n/a	7,796
9-12	8,712	322	235	9,269

*Does not include supplemental and concentration grant funding entitlements.
Source: California Department of Education.

The new legislation included a "hold harmless" provision which provided that a district or charter school would maintain total revenue limit and categorical funding at least equal to its 2012-13 level, unadjusted for changes in ADA or cost of living adjustments.

The LCFF includes an accountability component. Districts are required to increase or improve services for English language learners, low income, and foster youth students in proportion to supplemental and concentration grant funding received. All school districts, county offices of education, and charter schools are required to develop and adopt local control and accountability plans, which identify local goals in areas that are priorities for the State, including pupil achievement, parent engagement, and school climate.

County superintendents review and provide support to the districts under their jurisdiction, and the Superintendent of Public Instruction performs a corresponding role for county offices of education. In addition, the 2013-14 State Budget created the California Collaborative for Education Excellence to advise and assist school districts, county offices of education, and charter schools in achieving the goals identified in their plans. Under the LCFF and related legislation, the State will continue to measure student achievement through statewide assessments, produce an index for schools and subgroups of students, determine the contents of the school accountability report card, and establish policies to implement the federal accountability system.

District Accounting Practices

The accounting practices 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.

District accounting is organized on the basis of fund groups, with each group consisting of a separate set of self-balancing accounts containing assets, liabilities, fund balances, revenues and expenditures. The major fund classification is the general fund which accounts for all financial resources not requiring a special fund placement. The District's fiscal year begins on July 1 and ends on June 30.

District expenditures are accrued at the end of the fiscal year to reflect the receipt of goods and services in that year. Revenues generally are recorded on a cash basis, except for items that are susceptible to accrual (measurable and/or available to finance operations). Current taxes are considered susceptible to accrual. Revenues from specific state and federally funded projects are recognized when qualified expenditures have been incurred. State block grant apportionments are accrued to the extent that they are measurable and predictable. The State Department of Education sends the District updated information from time to time explaining the acceptable accounting treatment of revenue and expenditure categories.

The Governmental Accounting Standards Board ("**GASB**") published its Statement No. 34 "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments" on June 30, 1999. Statement No. 34 provides guidelines to auditors, state and local governments and special purpose governments such as school districts and public utilities, on new requirements for financial reporting for all governmental agencies in the United States. Generally, the basic financial statements and required supplementary information should include (i) Management's Discussion and Analysis; (ii) financial statements prepared using the economic measurement focus and the accrual basis of accounting, (iii) fund financial statements prepared using the current financial resources measurement focus and the modified accrual method of accounting and (iv) required supplementary information.

Financial Statements

General. The District's general fund finances the legally authorized activities of the District for which restricted funds are not provided. General fund revenues are derived from such sources as State school fund apportionments, taxes, use of money and property, and aid from other governmental agencies. The District's June 30, 2018 Audited Financial Statements were prepared by Jeanette L. Garcia & Associates, Certified Public Accountant, San Bernardino, California, and are attached hereto as Appendix B. Audited financial statements for the District for prior fiscal years are on file with the District and available for public inspection at the Office of the Superintendent, Westside Union School District, 41914 50th Street West, Quartz Hill, CA 93536. The District has not requested, and the auditor has not provided, any review or update of such Financial Statements in connection with inclusion in this Official Statement. Copies of such financial statements will be mailed to prospective investors and their representatives upon written request to the District. This District may impose a charge for copying, mailing and handling.

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General Fund Revenues, Expenditures and Changes in Fund Balance. The District's General Fund is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund. The following table shows the audited income and expense statements for the District for the fiscal years 2013-14 through 2017-18.

GENERAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Fiscal Years 2013-14 through 2017-18 (Audited)
Westside Union School District

Revenues	Audited 2013-14	Audited 2014-15	Audited 2015-16	Audited 2016-17	Audited 2017-18
LCFF Sources	$49,832,121	$56,054,764	$65,377,354	$71,082,643	$73,744,592
Federal Revenues	2,689,756	2,956,494	2,965,647	3,414,108	2,647,667
Other State Revenues	3,658,141	4,199,077	10,532,013	7,590,369	7,526,689
Other Local Revenues	6,053,313	5,618,429	6,437,175	6,117,430	6,196,135
Total Revenues	62,233,331	68,828,764	85,312,189	88,204,550	90,115,083
Expenditures					
Instruction	41,679,290	47,480,192	55,501,183	54,318,279	57,761,975
Instruction-Related Activities:					
Supervision of Instruction	1,031,161	1,352,309	1,713,164	2,712,966	2,713,035
Instructional Library, Media and Tech.	405,545	410,228	411,716	442,102	459,263
School Site Administration	4,221,203	4,393,953	4,944,752	5,090,090	5,749,8804
Pupil Services:					
Home-to-School Transport	1,843	2,676	5,225	2,226,483	2,286,119
Food Services	133	--	13,226	8,395	19,951
All Other Pupil Services	3,078,622	3,231,961	3,857,567	4,797,019	5,763,638
General Administration:					
Data Proc.	1,029,065	1,332,830	1,010,668	1,156,084	1,142,403
All Other General Administration	3,397,718	3,232,109	4,005,379	4,803,295	4,406,152
Plant Services	6,335,041	6,340,701	6,979,200	7,213,559	7,204,265
Facilities Acquisition and Construction	443,943	18,471	144,141	3,794,963	1,539,250
Ancillary Services	77,060	91,859	130,874	103,534	111,186
Community Services	--	205	257	194	--
Other Outgo	1,702,844	1,646,418	2,369,173	937,527	913,543
Debt Service: Principal	21,521	90,196	156,799	164,910	173,852
Debt Service: Interest	5,350	26,314	33,361	25,174	16,580
Total Expenditures	63,430,339	69,650,422	81,276,685	87,794,574	90,261,016
Excess of Revenues Over/(Under) Expenditures	(1,197,008)	(821,658)	4,035,504	409,976	(145,933)
Other Financing Sources (Uses)					
Operating Transfers in	46,273	49,241	--	--	--
Proceeds from Capital Leases	279,919	555,220	--	--	--
Operating Transfers out	--	--	(3,038)	--	--
Total Other Financing Sources (Uses)	326,192	604,461	(3,038)	--	--
Net Change in Fund Balance	(870,816)	(217,197)	4,032,466	409,976	(145,933)
Fund Balance, July 1	15,185,013	13,876,699	13,659,502	17,691,968	18,101,944
Prior Period Adjustment	(473,498)	--	--	--	--
Fund Balance beginning as adjusted	14,747,515	--	--	--	--
Fund Balance, June 30	$13,876,699	$13,659,502	$17,691,968	$18,101,944	$17,956,011

Source: Westside Union School District.

District Budget and Interim Financial Reporting

Budgeting – Education Code 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.

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. A district must be on a single budget cycle. The single budget is only readopted if it is disapproved by the county office of education, or as needed. The District is on a single budget cycle and adopts its budget on or before July 1.

The county superintendent will examine the adopted budget for compliance with the standards and criteria adopted by the State Board of Trustees and identify technical corrections necessary to bring the budget into compliance, will determine if the budget allows the district to meet its current obligations and will determine if the budget is consistent with a financial plan that will enable the district to meet its multi-year financial commitments. On or before August 15, the county superintendent will 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 September 20. Any recommendations made by the county superintendent must be made available by the district for public inspection. The law does not provide for conditional approvals; budgets must be either approved or disapproved. No later than November 8, the county superintendent must notify the Superintendent of Public Instruction of all school districts whose budgets have been 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. 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 Certifications Regarding Ability to Meet Financial Obligations. 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 two fiscal years. The County Superintendent 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 is deemed unable to meet its financial obligations for the remainder of the fiscal year or the 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.

Under California law, any school district and office of education that has a qualified or negative certification in any fiscal year may not issue, in that fiscal year or in the next succeeding fiscal year, certificates of participation, tax anticipation notes, revenue bonds or any other debt instruments that do not require the approval of the voters of the district, unless the applicable county superintendent of schools determines that the district's repayment of indebtedness is probable.

District's Budget Approval/Disapproval and Certification History. In the past five years, each of the District's interim reports has been certified as positive, and each of its budgets has been approved by the County Superintendent.

Copies of the District's budget, interim reports and certifications may be obtained upon request from the District Office at 41914 50th Street West, Quartz Hill, CA 93536. The District may impose charges for copying, mailing and handling.

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District's Fiscal Year 2018-19 Adopted Budget and Fiscal Year 2018-19 Second Interim Projections. The following table shows the income and expense statements for the District for fiscal year 2018-19 (adopted budget) and fiscal year 2018-19 (second interim projections).

REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE[(1)]
Fiscal Year 2018-19 (Adopted Budget and Second Interim Report)
Westside Union School District

Revenues	Adopted Budget 2018-19	Second Interim Projections Fiscal Year 2018-19
LCFF	$78,858,727	$80,183,713
Federal Revenues	2,732,502	3,645,212
Other State Revenues	8,221,721	7,884,148
Other Local Revenues	5,449,529	5,783,977
Total Revenues	95,262,479	97,497,050
Expenditures		
Certificated Salaries	42,093,152	43,619,244
Classified Salaries	13,886,656	14,329,278
Employee Benefits	22,603,771	23,396,407
Books and Supplies	4,100,481	5,575,831
Contract Services & Operating Exp.	9,700,051	10,665,017
Capital Outlay	486,486	1,280,701
Other Outgo (excluding indirect costs)	752,863	699,412
Other Outgo – Transfers of Indirect Costs	(150,286)	(122,479)
Total Expenditures	93,473,174	99,443,411
Excess of Revenues Over/(Under) Expenditures	1,789,305	(1,946,361)
Other Financing Sources (Uses)		
Operating transfers in	--	--
Operating transfers out	--	--
Contributions	--	--
Total Other Financing Sources/(Uses)	--	--
Net change in fund balance	1,789,305	(1,946,361)
Fund Balance, July 1	17,956,012	17,956,012
Fund Balance, June 30	$19,745,317	$16,009,651

(1) Totals may not foot due to rounding.
Source: Westside Union School District.

District Reserves. The District's ending fund balance is the accumulation of surpluses from prior years. This fund balance is used to meet the State's minimum required reserve of 3% of expenditures, plus any other allocation or reserve which might be approved as an expenditure by the District in the future. The District maintains, and expects to continue to maintain, an unrestricted reserve which meets the State's minimum requirements. In connection with legislation adopted in connection with the State's fiscal year 2014-15 Budget ("**SB 858**"), the Education Code of the State was amended to provide that, beginning in fiscal year 2015-16, if a district's proposed budget includes a local reserve above the minimum recommended level, the governing board must provide the information for review at the annual public hearing on its proposed budget. In addition, SB 858 included a provision, which became effective upon the passage of Proposition 2 at the November 4, 2014 statewide election that limits the amount of reserves which may be maintained at the District level under certain circumstances. Specifically, the legislation, among other things, enacted Section 42127.01 of the Education Code of the State, which became operative December 15, 2014, and provides that in any fiscal year immediately after a fiscal year in which a transfer is made to the State's Public School System Stabilization Account (the Proposition 98 reserve), a school district may not adopt a budget that contains a reserve for economic uncertainties in excess of twice the applicable minimum recommended reserve for economic uncertainties established by the State Board (for school districts with ADA over 400,000, the limit is three times the amount). Exemptions can be granted by the County Superintendent for up to two consecutive years within a three-year period under certain circumstances.

Effective January 1, 2018, Senate Bill 751, which was signed by the Governor on October 11, 2017, amends Section 42127.01 of the Education Code to raise the reserve cap to no more than 10% of a school district's combined assigned or unassigned ending general fund balance. In addition, the amendment provides that the reserve cap will be effective only if there is a minimum balance of 3% in the Proposition 98 reserve referenced in the preceding paragraph. Basic Aid school districts and small districts with 2,500 or fewer ADA are exempted from the reserve cap contained in Education Code Section 42127.01.

The District cannot predict if or when the reserve cap enacted by SB 751 will be triggered, or when or how any additional changes to legal provisions governing the reserve cap would impact its reserves and future spending.

Attendance - Revenue Limit and LCFF Funding

Funding Trends under LCFF. As previously described, prior to fiscal year 2013-14, school districts in the State derived most State funding based on a formula which considered a revenue limit per unit of ADA. With the implementation of the LCFF, commencing in fiscal year 2013-14, school districts receive base funding based on ADA, and may also be entitled to supplemental funding, concentration grants and funding based on an economic recovery target. The following table sets forth total LCFF funding for the District for fiscal years 2013-14 through 2018-19 (Projected), together with ADA.

ADA AND LCFF FUNDING
Fiscal Years 2013-14 through 2018-19 (Projected)
Westside Union School District

Fiscal Year	ADA	Total LCFF Funding
2013-14	8,616	$49,832,120
2014-15	8,645	55,054,765
2015-16	8,751	65,377,356
2016-17	8,979	71,082,641
2017-18	9,044	73,744,591
2018-19	9,141(1)	80,183,713

(2) Second Interim Projections.
Source: California Department of Education and Westside Union School District.

Revenue Sources

The District categorizes its general fund revenues into four sources, being LCFF, Federal Revenues, Other State Revenues and Local Revenues. Each of these revenue sources is described below.

***LCFF Sources*.** District funding is provided by a mix of (1) local property taxes and (2) State apportionments of funding under the LCFF. Generally, the State apportionments will amount to the difference between the District's LCFF funding entitlement and its local property tax revenues.

Beginning in 1978-79, Proposition 13 and its implementing legislation provided for each county to levy (except for levies to support prior voter-approved indebtedness) and collect all property taxes, and prescribed how levies on county-wide property values are to be shared with local taxing entities within each county.

The principal component of local revenues is the school district's property tax revenues, i.e., the district's share of the local 1% property tax, received pursuant to Sections 75 and following and Sections 95 and following of the California Revenue and Taxation Code. Education Code Section 42238(h) itemizes the local revenues that are counted towards the base revenue limit before calculating how much the State must provide in equalization aid. Historically, the more local property taxes a district received, the less State equalization aid it is entitled to.

***Federal Revenues*.** The federal government provides funding for several District programs, including special education programs, programs under Every Student Succeeds Act, the Individuals with Disabilities Education Act, and specialized programs such as Drug Free Schools.

Other Local Revenues. In addition to property taxes, the District receives additional local revenues from items such as interest earnings, leases and rentals, and other local sources.

District Retirement Systems

Qualified employees of the District are covered under multiple-employer defined benefit pension plans maintained by agencies of the State. Certificated employees are members of the State Teachers' Retirement System ("**STRS**") and classified employees are members of the Public Employees' Retirement System ("**PERS**"). Both STRS and PERS are operated on a Statewide basis. *The information set forth below regarding the STRS and PERS 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.*

Implementation of GASB Nos. 68 and 71. Commencing with fiscal year ended June 30, 2015, the District implemented the provisions of GASB Statement Nos. 68 and 71 which require certain new pension disclosures in the notes to its audited financial statements commencing with the audit for fiscal year 2014-15. Statement No. 68 generally requires the District to recognize its proportionate share of the unfunded pension obligation for STRS and PERS by recognizing a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. As a result of the implementation of GASB Statement Nos. 68 and 71, the District may have to reflected a restatement of its beginning net position as of July 1, 2014. See "APPENDIX B - Audited Financial Statements of the District for Fiscal Year Ending June 30, 2017."

STRS. All full-time certificated employees participate in STRS, a cost-sharing, multiple-employer contributory public employee retirement system. STRS provides retirement, disability and survivor benefits to plan members and beneficiaries under a defined benefit program. Benefit provisions and contribution amounts are established by State statutes, as legislatively amended. The program is funded through a combination of investment earnings and statutorily set contributions from three sources: employees, employers and the State. The District's employer contributions to STRS for recent fiscal years are set forth in the following table.

STRS EMPLOYER CONTRIBUTIONS
Westside Union School District
Fiscal Years 2014-15 through 2018-19

Fiscal Year	Amount
2014-15	$5,897,471
2015-16	7,424,811
2016-17	8,847,034
2017-18	11,276,865
2018-19[(1)]	10,194,763

(1) Second Interim Projections.
Source: Westside Union School District.

Historically, employee, employer and State contribution rates did not vary annually to account for funding shortfalls or surpluses in the STRS plan. In recent years, the combination of investment earnings and statutory contributions were not sufficient to pay actuarially required amounts. As a result, the STRS defined benefit program showed an estimated unfunded actuarial liability of approximately $107.3 billion as of June 30, 2017 (the date of the last actuarial valuation). In connection with the State's adoption of its fiscal year 2014-15 Budget, the Governor signed into law Assembly Bill 1469 (**"AB 1469"**), which represents a legislative effort to address the unfunded liabilities of the STRS pension plan. AB 1469 addressed the funding gap by increasing contributions by employees, employers and the State. In particular, employer contribution rates are scheduled to increase through at least fiscal year 2020-21, from a contribution rate of 8.88% in fiscal year 2013-14 to 19.1% in fiscal year 2020-21. Thereafter, employer contribution rates will be determined by the STRS board to reflect the contribution required to eliminate unfunded liabilities by June 30, 2046.

The District's employer contribution rates for fiscal years 2015-16 through 2018-19 were 10.73%, 12.58%, 14.43% and 16.28%, respectively. Projected employer contribution rates for school districts (including the District) for fiscal year 2019-20 through fiscal year 2022-23 are set forth in the following table.

EMPLOYER CONTRIBUTION RATES (STRS)
Fiscal Years 2019-20 through 2022-23

Fiscal Year	Employer Contribution Rate[1]
2019-20	18.13%
2020-21	19.10
2021-22	18.60
2022-23	18.10

(1) Expressed as a percentage of covered payroll.
Source: AB 1469

PERS. All full-time and some part-time classified employees participate in PERS, an agent multiple-employer contributory public employee retirement system that acts as a common investment and administrative agent for participating public entities within the State. PERS provides retirement, disability, and death benefits to plan members and beneficiaries. The District is part of a cost-sharing pool within PERS known as the "Schools Pool." Benefit provisions are established by State statutes, as legislatively amended. Contributions to PERS are made by employers and employees. Each fiscal year, the District is required to contribute an amount based on an actuarially determined employer rate. The District's employer contributions to PERS for recent fiscal years are set forth in the following table.

PERS EMPLOYER CONTRIBUTIONS
Westside Union School District
Fiscal Years 2014-15 through 2018-19

Fiscal Year	Amount
2014-15	$1,262,163
2015-16	1,311,950
2016-17	1,430,199
2017-18	1,604,269
2018-19[1]	1,634,638

(1) Second Interim Projections.
Source: Westside Union School District.

Like the STRS program, the PERS program has experienced an unfunded liability in recent years. The PERS unfunded liability, on a market value of assets basis, was approximately $27.2 billion as of June 30, 2018 (the date of the last actuarial valuation). To address this issue, the PERS board has taken a number of actions. In April 2013, for example, the PERS board approved changes to the PERS amortization and smoothing policy intended to reduce volatility in employer contribution rates. In addition, in April 2014, PERS set new contribution rates, reflecting new demographic assumptions and other changes in actuarial assumptions. In November 2015, PERS adopted a funding risk mitigation policy intended to incrementally lower its discount rate (its assumed rate of investment return) in years of good investment returns, help pay down the pension fund's unfunded liability, and provide greater predictability and less volatility in contribution rates for employers. In December 2016, PERS voted to lower its discount rate from the current 7.5% to 7.0% over the next three years according to the following schedule.

PERS Discount Rate
Fiscal Years 2018-19 through 2020-21

Fiscal Year	Amount
2018-19	7.375%
2019-20	7.250
2020-21	7.000

Source: PERS.

The new rates and underlying assumptions, which are aimed at eliminating the unfunded liability of PERS in approximately 30 years, will be implemented for school districts beginning in fiscal year 2016-17, with the costs spread over 20 years and the increases phased in over the first five years.

The District's employer contribution rates for fiscal years 2015-16, 2016-17, 2017-18, and 2018-19 were 11.847%, 13.888%, 15.531%, and 18.062% respectively. Projected employer contribution rates for school districts (including the District) for fiscal year 2019-20 through fiscal year 2022-23 are set forth in the following table.

EMPLOYER CONTRIBUTION RATES (PERS)
Fiscal Years 2019-20 through 2022-23(1)

Fiscal Year	Employer Contribution Rate(2)
2019-20	20.800%
2020-21	23.500
2021-22	24.600
2022-23	25.300

(1) The PERS board is expected to approve official employer contribution rates for each fiscal year shown during the immediately preceding fiscal year.
(2) Expressed as a percentage of covered payroll.
Source: PERS

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 ("**PEPRA**"), which impacted various aspects of public retirement systems in the State, including the STRS and PERS programs. In general, PEPRA (i) increased the retirement age for public employees depending on job function, (ii) capped the annual pension benefit payouts for public employees hired after January 1, 2013, (iii) required public employees hired after January 1, 2013 to pay at least 50% of the costs of their pension benefits (as described in more detail below), (iv) required final compensation for public employees hired after January 1, 2013 to be determined based on the highest average annual pensionable compensation earned over a period of at least 36 consecutive months, and (v) attempted to address other perceived abuses in the public retirement systems in the State. PEPRA applies to all public employee retirement systems in the State, *except* the retirement systems of the University of California, and charter cities and charter counties whose pension plans are not governed by State law. PEPRA's provisions went into effect on January 1, 2013 with respect to new State, school, and city and local agency employees hired on or after that date; existing employees who are members of employee associations, including employee associations of the District, have a five-year window to negotiate compliance with PEPRA through collective bargaining.

PERS has predicted that the impact of PEPRA on employees and employers, including the District and other employers in the PERS system, will vary, based on each employer's current level of benefits. As a result of the implementation of PEPRA, new members must pay at least 50% of the normal costs of the plan, which can fluctuate from year to year. To the extent that the new formulas lower retirement benefits, employer contribution rates could decrease over time as current employees retire and employees subject to the new formulas make up a larger percentage of the workforce. This change would, in some circumstances, result in a lower retirement benefit for employees than they currently earn.

With respect to the STRS pension program, employees hired after January 1, 2013 will pay the greater of either (1) fifty percent of the normal cost of their retirement plan, rounded to the nearest one-quarter percent, or (2) the contribution rate paid by then-current members (i.e., employees in the STRS plan as of January 1, 2013). The member contribution rate could be increased from this level through collective bargaining or may be adjusted based on other factors. Employers will pay at least the normal cost rate, after subtracting the member's contribution.

The District is unable to predict the amount of future contributions it will have to make to PERS and STRS as a result of the implementation of PEPRA, and as a result of negotiations with its employee associations, or, notwithstanding the adoption of PEPRA, resulting from any legislative changes regarding the PERS and STRS employer contributions that may be adopted in the future.

Additional Information. Additional information regarding the District's retirement programs is available in Note 12 to the District's audited financial statements attached to the Official Statement as APPENDIX B. In addition, both STRS and PERS issue separate comprehensive financial reports that include financial statements and required supplemental information. Copies of such reports may be obtained from STRS and PERS, respectively, as follows: (i) STRS, P.O. Box 15275, Sacramento, California 95851-0275; and (ii) PERS, 400 Q Street, Sacramento, California 95811. More information regarding STRS and PERS can also be obtained at their websites, www.calstrs.com and www.calpers.ca.gov, respectively. *The references to these Internet websites are shown for reference and convenience only and the information contained on such websites is not incorporated by reference into this Official Statement. The information contained on these websites may not be current and has not been reviewed by the District or the Underwriter for accuracy or completeness.*

Other Post-Employment Benefits

Plan Description. The District offers medical/prescription drug, dental, and vision benefits through California's Valued Trust ("**CVT**"), a Jointly Managed Trust, on a pooled, self-insured basis. Active employees and retirees are offered a choice of Blue Cross PPOs and Kaiser HMOs, as well as Delta Dental and the Vision Service Pan. Benefits for Classified and Management/Confidential employees and retirees are provided through the SISC, a JPA. Membership of the Plan consists of 93 retirees and beneficiaries currently receiving benefits and 605 active plan members.

Benefits Provided. Certificated employees, hired as probationary or permanent teachers prior to July 1, 2017, upon reaching age 55 and completing at least 10 years of full-time District service, may retire and receive a District contribution up to a dollar cap of $1,143.38 per month, subject to making any required retiree contributions for the coverages they elect. District-paid benefits end at age 65. Certificated employees, hired as probationary or permanent teachers, on or after, July 1, 2017, upon reaching age 60 and completing at least 10 years of full-time District service, may retire and receive a District contribution up to a dollar cap of $1,143.38 per month, subject to making any required retiree contributions for the coverages they elect. District-paid benefits end at age 65.

Classified employees, employed prior to July 1, 2017, may retire with District-paid benefits upon the earlier of: (1) the later age of 58 and 10 years of full-time District Service, or (2) the later of age 55 and 20 years of full-time District service. Part-time Classified employees who worked for at least 20 hours per week for the required number of years may be eligible for benefits if they pay for their share of health benefits for 3 years immediately preceding retirement under rule (1) above, or 5 years under rule (2). Classified retirees are subject to a dollar cap of $1,105.55 per month, and benefits end at age 65. Classified employees, employed on or after July 1, 2017, may retire with District-paid benefits upon: (1) the later age of 60 and 10 years of full-time District Service.

Management/Confidential retirees receive retiree health benefits under rules similar to Certificated retirees, except that their cap is $1,089.31 per month. There are four retirees (two Management, two Board) receiving benefits in excess of those described under special arrangements which are not expected to be repeated in the future.

Actuarial Assumptions and Other Inputs. The District's total post-employment benefits other than pensions ("**OPEB**") liability of $12,086, 605 was measured as of June 30, 2017 and was determined by an actuarial valuation as of that date using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified: salary increases 3.00%, discount rate 3.13%, and healthcare cost trend rates 6.00% for 2017; 5.00% for 2018 and later years. The discount rate was based on the Municipal Bond 20-Year High Grade Rate Index. Pre-retirement mortality rates were based on the RP-2014 Employee Mortality Table for Males or Females, as appropriate, without projection. Post-retirement mortality rates were based on the RP-2014 Health Annuitant Mortality Table for Males or Females, as appropriate, without projection.

Changes in OPEB Liability of the District. The changes in OPEB liability of the District as of June 30, 2018, is shown in the following table:

CHANGES IN TOTAL OPEB LIABILITY
Westside Union School District

	Total OPEB Liability
Balance at July 1, 2017	$11,803,244
Service Cost	530,907
Interest	360,006
Benefit payments	(607,552)
Net changes	283,361
Balance at June 30, 2018	$12,086,605

Source: Westside Union School District.

OPEB Expense. For the year ended June 30, 2018, the District recognized an OPEB expense of $890,913.

For more information regarding the District's OPEB and assumptions used in its most recent actuarial study, see Note 8 of Appendix B to the Official Statement.

Long-Term Debt

In addition to liability relating to pensions and OPEB, the District has other long term indebtedness as described below.

General Obligation Bonds. The following table summarizes the District's outstanding general obligation bond indebtedness.

WESTSIDE UNION SCHOOL DISTRICT
General Obligation Bonds Outstanding

Issue Date		Amount of Original Principal	Outstanding May 1, 2019
02/25/1999	General Obligation Bonds, 1998 Election, Series A	$7,257,874.65	$2,402,579
10/10/2001	General Obligation Bonds, 1998 Election, Series 2001A	3,800,717.65	2,637,594
12/20/2002	General Obligation Bonds, 1998 Election, Series 2002A	3,641,250.25	2,008,216
09/10/2009	General Obligation Bonds, 2008 Election, Series A	9,989,852.40	8,799,852
08/12/2010	General Obligation Bonds, 2008 Election, Series B	34,998,930.95	28,368,931
04/30/2014	General Obligation Bonds, 2012 Election, Series A	13,510,000.00	11,220,000
04/30/2014	General Obligation Bonds, 2012 Election, Series B	5,000,000.00	890,000
		$78,198,625.90	$56,327,172

Source: Westside Union School District.

See also the front section of the Official Statement under "DEBT SERVICE SCHEDULES - Combined Debt Service Schedule."

Capital Lease Obligations

The District has entered into a capital lease for copy machines. Future minimum lease payments under this agreement are as follows:

WESTSIDE UNION SCHOOL DISTRICT
Schedule of Capital Lease Payments

Year Ending June 30	Total Lease Payments
2019	$155,604
2020	72,439
Total	**$228,043**

Source: Westside Union School District.

Investment of District Funds

In accordance with Government Code Section 53600 *et seq*., the Los Angeles County Treasurer manages funds deposited with it by the District. The County is required to invest such funds in accordance with California Government Code Sections 53601 *et seq*. In addition, counties are required to establish their own investment policies which may impose limitations beyond those required by the Government Code. See Appendix G hereto for the County's current investment policy and most recent publicly available monthly investment report.

Effect of State Budget on Revenues

Public school districts in California are dependent on revenues from the State for a large portion of their operating budgets. California school districts generally receive the majority of their operating revenues from various State sources. The primary source of funding for school districts is LCFF funding, which is derived from a combination of State funds and local property taxes (see "—Education Funding Generally" above). State funds typically make up the majority of a district's LCFF funding. School districts also receive funding from the State for some specialized programs such as special education.

The availability of State funds for public education is a function of constitutional provisions affecting school district revenues and expenditures (see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS" below), the condition of the State economy (which affects total revenue available to the State general fund), and the annual State budget process. The District cannot predict how education funding may further be changed in the future, or the state of the economy which in turn can impact the amounts of funds available from the State for education funding. See "STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS" below.

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STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS

State Funding of Education

General. The State requires that from all State revenues there first shall be set apart the moneys to be applied for support of the public school system and public institutions of higher education. School districts in California receive operating income primarily from two sources: (1) the State funded portion which is derived from the State's general fund, and (2) a locally funded portion, being a district's share of the 1% general *ad valorem* tax levy authorized by the California Constitution (see "DISTRICT FINANCIAL INFORMATION – Education Funding Generally" above). School districts in California are dependent on revenues from the State for a large portion of their operating budgets. California school districts receive an average of about 55% of their operating revenues from various State sources.

The availability of State funds for public education is a function of constitutional provisions affecting school district revenues and expenditures (see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS" below), the condition of the State economy (which affects total revenue available to the State general fund), and the annual State budget process. Decreases in State revenues may significantly affect appropriations made by the legislature to school districts.

The following information concerning the State's budgets for the current and most recent preceding years has been compiled from publicly-available information provided by the State. None of the District, the Purchaser or the Counties is responsible for the information relating to the State's budgets provided in this section. Further information is available from the Public Finance Division of the State Treasurer's Office.

The Budget Process. The State's fiscal year begins on July 1 and ends on June 30. The annual budget is proposed by the Governor by January 10 of each year for the next fiscal year (the "**Governor's Budget**"). Under State law, the annual proposed Governor's Budget cannot provide for projected expenditures in excess of projected revenues and balances available from prior fiscal years. Following the submission of the Governor's Budget, the Legislature takes up the proposal.

Under the State Constitution, money may be drawn from the State Treasury only through an appropriation made by law. The primary source of the annual expenditure authorizations is the Budget Act as approved by the Legislature and signed by the Governor. The Budget Act must be approved by a majority vote of each house of the Legislature. The Governor may reduce or eliminate specific line items in the Budget Act or any other appropriations bill without vetoing the entire bill. Such individual line-item vetoes are subject to override by a two-thirds majority vote of each house of the Legislature.

Appropriations also may be included in legislation other than the Budget Act. Bills containing appropriations (including for K-14 education) must be approved by a majority vote in each House of the Legislature, unless such appropriations require tax increases, in which case they must be approved by a two-thirds vote of each house of the Legislature, and be signed by the Governor. Continuing appropriations, available without regard to fiscal year, may also be provided by statute or the State Constitution.

Funds necessary to meet an appropriation need not be in the State Treasury at the time such appropriation is enacted; revenues may be appropriated in anticipation of their receipt.

Recent State Budgets

Certain information about the State budgeting process and the State budget is available through several State of California sources. A convenient source of information is the State's website, where recent official statements for State bonds are posted. *The references to internet websites shown below are shown for reference and convenience only, the information contained within the websites may not be current and has not been reviewed by the District and is not incorporated herein by reference.*

- The California State Treasurer internet home page at www.treasurer.ca.gov, under the heading "Bond Information", posts various State of California Official Statements, many of which contain a summary of the current State budget, past State budgets, and the impact of those budgets on school districts in the State.

- The California State Treasurer's Office Internet home page at www.treasurer.ca.gov, under the heading "Financial Information", posts the State's audited financial statements. In addition, the Financial Information section includes the State's Rule 15c2-12 filings for State bond issues. The Financial Information section also includes the Overview of the State Economy and Government, State Finances, State Indebtedness, Litigation from the State's most current Official Statement, which discusses the State budget and its impact on school districts.

- The California Department of Finance's Internet home page at www.dof.ca.gov, under the heading "California Budget", includes the text of proposed and adopted State budgets.

- The State Legislative Analyst's Office prepares analyses of the proposed and adopted State budgets. The analyses are accessible on the Legislative Analyst's Internet home page at www.lao.ca.gov under the heading "Subject Area – Budget (State)".

Prior Years' Budgeting Techniques*.* Declining revenues and fiscal difficulties which arose in the State commencing in fiscal year 2008-09 led the State to undertake a number of budgeting strategies, which had subsequent impacts on local agencies within the State. These techniques included the issuance of IOUs in lieu of warrants (checks), the enactment of statutes deferring amounts owed to public schools, until a later date in the fiscal year, or even into the following fiscal year (known as statutory deferrals), trigger reductions, which were budget cutting measures which were implemented or could have been implemented if certain State budgeting goals were not met, among others, and the dissolution of local redevelopment agencies in part to make available additional funding for local agencies. Although the fiscal year 2018-19 State budget is balanced and projects a balanced budget for the foreseeable future, largely attributable to the additional revenues generated due to the passage of Proposition 55 at the November 8, 2016 statewide election, there can be no certainty that budget-cutting strategies such as those used in recent years will not be used in the future should the State budget again be stressed and if projections included in such budget do not materialize.

2013-14 State Budget: Significant Change in Education Funding. As described previously herein, the 2013-14 State Budget and its related implementing legislation enacted significant reforms to the State's system of K-12 education finance with the enactment of the LCFF. Significant reforms such as the LCFF and other changes in law may have significant impacts on the District's finances.

2018-19 State Budget

On June 27, 2018, the Governor signed the 2018-19 State budget (the "**2018-19 State Budget**") into law. The 2018-19 State Budget calls for total spending of $199.7 billion, with $137.7 billion in general fund spending. The 2018-19 State Budget provides for $78.4 billion of funding through Proposition 98, the primary source of funding for K-12 school districts and community college districts, an increase of $3.9 billion, or 5.2%, from the 2017-18 State budget. Of that $78.4 billion, $61.0 billion will be distributed to K-12 school districts through the LCFF, which will be fully funded during fiscal year 2018-19, restoring every school district in the State to at least pre-recession funding levels.

The 2018-19 State Budget continues to build State reserves, with the rainy-day fund balance projected to grow to $13.8 billion by the end of the budget year, its constitutional maximum. Additionally, revenues have been set aside in new savings funds, including a $200 million reserve for safety net programs. Other significant features of the 2018-19 State Budget include:

- $640 million in Proposition 51 State bond authority for school facilities;

- $1 billion in federal and state funds, over four years, for early childhood programs, including the addition of placement for 13,400 child-care and 2,947 preschool children, and $450 million to reduce the number of children living in deep poverty;

- one-time funding for K-12 school districts to fund various programs, including $300 million for the lowest-performing student subgroups, $125 million to address the shortage of special education teachers, and $100 million to expand facilities for kindergarten and transitional kindergarten;

- $54 million for county offices of education to support school districts needing additional assistance, as determined based on multiple performance indicators;

- $100 million for local fire response, including $32.9 million to backfill property tax revenue losses that cities, counties and districts incurred in fiscal year 2017-18 and will incur in fiscal year 2018-19 from wildfires, mudslides and other natural disasters, and a hold harmless provision allowing local education agencies to recoup revenue that has been lost due to declines in average daily attendance that are directly associated with these disasters;

- $185.4 million to multiple state agencies for the first year of implementation of a $4 billion parks and water bond measure approved by voters in 2018; and

- one-time funding of $500 million to support local governments in addressing homelessness, to be used for emergency shelters, bridge housing, motel vouchers, and supportive housing.

2019-20 Proposed State Budget

On January 10, 2019, the Governor released the proposed State budget for fiscal year 2019-20 (the **"2019-20 Proposed Budget"**). The 2019-20 Proposed Budget projected general fund revenues in fiscal year 2018-19 of approximately $149.3 billion (including a prior year balance of approximately $12.4 billion) and expenditures of approximately $144.1 billion. For fiscal year 2019-20, the 2019-20 Proposed Budget projected general fund revenues of $147.9 billion (including a prior year transfer of approximately $5.2 billion) and authorized expenditures of $144.2 billion. The 2019-20 Proposed Budget continued to build State reserves to manage the impacts of future economic downturns, with $2.3 billion in a Special Fund for Economic Uncertainties, $15.3 billion in the "Rainy Day Fund," and $900 million in a Safety Net Reserve Fund. The 2019-20 Proposed Budget noted that additional deposits to the Rainy Day Fund would be made in reliance on a recent opinion by the California Office of Legislative Counsel, which concluded that supplemental payments made in prior fiscal years do not count towards calculating the Rainy Day Fund's constitutional maximum of 10%, and projected bringing the Rainy Day Fund to $19.4 billion by 2022-23.

The 2019-20 Proposed Budget raised the Proposition 98 minimum funding guarantee for school districts and community college districts to $80.7 billion, a new all-time high, which included an additional $2 billion in Proposition 98 funding for the LCFF, reflecting a 3.46% cost-of-living adjustment, and bringing total LFCC funding to $63 billion. To address the rising costs of STRS pensions, the 2019-20 Proposed Budget also included a $3 billion one-time general fund payment to STRS on behalf of school districts, which was expected to provide immediate relief and reduce the out-year contribution rate by 0.5%. The 2019-20 Proposed State Budget also included a $750 million one-time general fund payment to fund new or retrofitted facilities for full-day kindergarten programs and other activities to reduce barriers to providing full-day kindergarten and a general fund payment of $576 million ($186 million is one-time) to support expanded special education services in school districts with a high concentration of special education students.

On May 9, 2019, the Governor released the May Revise to the 2019-20 Proposed State Budget (the **"May Revise"**). The updated proposal based on the most current economic forecasts projects short-term revenues of $3.2 billion above the original budget, most of which are constitutionally committed funds resulting in a relatively unchanged surplus. Slower economic growth leads to a lower forecast in out-year revenues, being $1.6 billion lower in 2022-23 compared to the forecast in January. Due to the slowing economic forecast and intensified risks, the May Revise continues to save and prepare for uncertain times, allocating $15 billion to building budgetary resiliency and paying down unfunded liabilities, which is $1.4 billion higher than in January. With respect to school districts, funding for K-12 schools is expanded by providing approximately $5,000 more per pupil than eight years ago, with increases in funding for special education increase in the May Revise by over $300 million. Relative to the January proposal, K-14 funding under Proposition 98 at the May Revise is up by $389.3 million in 2019-20.

The complete Proposed 2019-20 State Budget and May Revise are available from the California Department of Finance website at www.dof.ca.gov. The District can take no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

Disclaimer Regarding State Budgets. The implementation of proposed State budgets and future State budgets may be affected by numerous factors, including but not limited to: (i) shifts in costs from the federal government to the State, (ii) national, State and international economic conditions, (iii) litigation risks associated with proposed spending reductions, (iv) rising health care costs and/or other unfunded liabilities, such as pension or OPEB, and (v) numerous other factors, all or any of which could cause the revenue and spending projections included in such budgets to be unattainable. The District cannot predict the impact that the 2018-19 State Budget, or subsequent state budgets, will have on its own finances and operations. However, the Bonds are secured by *ad valorem* taxes levied and collected on taxable property in the District, without limit as to rate or amount, and are not secured by a pledge of revenues of the District or its general fund.

The State has not entered into any contractual commitments with the District, the Counties, the Purchaser or the owners of the Series 2019B Bonds to provide State budget information to the District or the owners of the Series 2019B Bonds. Although they believe the sources of information listed below are reliable, neither the District nor the Purchaser assumes any responsibility for the accuracy of State budget information set forth or referred to or incorporated in this Official Statement.

Availability of State Budgets. The complete 2018-19 State Budget and 2019-20 Proposed Budget are available from the California Department of Finance website at www.ebudget.ca.gov. An impartial analysis of the budget is published by the Legislative Analyst Office, and is available at www.lao.ca.gov/budget. The District can take no responsibility for the continued accuracy of these internet addresses or for the accuracy, completeness or timeliness of information posted on these sites, and such information is not incorporated in this Official Statement by these references. The information referred to above should not be relied upon when making an investment decision with respect to the Series 2019B Bonds.

Uncertainty Regarding Future State Budgets. The District cannot predict what actions will be taken in future years by the State legislature or the Governor to address the State's current or future revenues and expenditures, or possible future budget deficits. Future State budgets will be affected by national and State economic conditions and other factors over which the District has no control. The District cannot predict what impact any future budget proposals will have on the financial condition of the District. To the extent that the State budget process results in reduced revenues to the District, the District will be required to make adjustments to its own budgets.

Legal Challenges to State Funding of Education

The application of Proposition 98 and other statutory regulations has been the subject of various legal challenges in the past. The District cannot predict if or when there will be changes to education funding or legal challenges which may arise relating thereto.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

Principal of and interest on the Bonds are payable from the proceeds of an *ad valorem* tax levied by the County for the payment thereof. Articles XIIIA, XIIIB, XIIIC, and XIIID of the State Constitution, Propositions 62, 98, 111, 187 and 218, 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 District to levy taxes and 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 District to levy taxes for payment of the Bonds. The tax levied by the County for payment of the Bonds was approved by the District's voters in compliance with Article XIIIA and all applicable laws.

Constitutionally Required Funding of Education

The State Constitution requires that from all State revenues, there shall be first set apart the moneys to be applied by the State for the support of the public school system and public institutions of higher education. School districts receive a significant portion of their funding from State appropriations. As a result, decreases and increases in State revenues can significantly affect appropriations made by the State Legislature to school districts.

Article XIIIA of the California Constitution

Basic Property Tax Levy. On June 6, 1978, California voters approved Proposition 13 ("**Proposition 13**"), which added Article XIIIA to the State Constitution ("**Article XIIIA**"). Article XIIIA limits the amount of any *ad valorem* tax on real property to 1% of the full cash value thereof, except that additional *ad valorem* taxes may be levied to pay debt service on (i) indebtedness approved by the voters prior to July 1, 1978, (ii) (as a result of an amendment to Article XIIIA approved by State voters on June 3, 1986) on bonded indebtedness for the acquisition or improvement of real property which has been approved on or after July 1, 1978 by two-thirds of the voters on such indebtedness (which provided the authority for the issuance of the Refunded Bonds), and (iii) (as a result of an amendment to Article XIIIA approved by State voters on November 7, 2000) 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 55% of the voters of the district, but only if certain accountability measures are included in the proposition. Article XIIIA defines full cash value to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under full cash value, or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership have occurred after the 1975 assessment". This full cash value may be increased at a rate not to exceed 2% per year to account for inflation.

Article XIIIA has subsequently been amended to permit reduction of the "full cash value" base in the event of declining property values caused by damage, destruction or other factors, to provide that there would be no increase in the "full cash value" base in the event of reconstruction of property damaged or destroyed in a disaster and in other minor or technical ways.

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.

Inflationary Adjustment of Assessed Valuation. As described above, the assessed value of a property may be increased at a rate not to exceed 2% per year to account for inflation. On December 27, 2001, the Orange County Superior Court, in *County of Orange v. Orange County Assessment Appeals Board No. 3*, held that where a home's taxable value did not increase for two years, due to a flat real estate market, the Orange County assessor violated the 2% inflation adjustment provision of Article XIIIA, when the assessor tried to "recapture" the tax value of the property by increasing its assessed value by 4% in a single year. The assessors in most California counties, including the County, use a similar methodology in raising the taxable values of property beyond 2% in a single year. The State Board of Equalization has approved this methodology for increasing assessed values. On appeal, the Appellate Court held that the trial court erred in ruling that assessments are always limited to no more than 2% of the previous year's assessment. On May 10, 2004 a petition for review was filed with the California Supreme Court. The petition has been denied by the California Supreme Court. As a result of this litigation, the "recapture" provision described above may continue to be employed in determining the full cash value of property for property tax purposes.

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. 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 under 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, (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. However, in the event that a school district's revenues exceed its spending limit, the district may in any fiscal year increase its appropriations limit to equal its spending by borrowing appropriations limit from the State.

Article XIIIB also includes a requirement that 50% 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 under Section 8.5 of Article XVI of the State Constitution.

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 State Board of Equalization (**"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.

Articles XIIIC and XIIID

On November 5, 1996, the voters of the State of California 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.

On November 2, 2010, Proposition 26 was approved by State voters, which amended Article XIIIC 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 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.

While 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), the District does not believe that Proposition 218 will directly impact the revenues available to pay Lease Payments and therefore debt service on the Notes.

Proposition 98

On November 8, 1988, California 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 have, however, been modified by Proposition 111, discussed below, the provisions of which became effective on July 1, 1990. The Accountability Act changes 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 general fund revenues as the percentage appropriated to such districts in 1986-87, and (b) the amount actually appropriated to such districts from the 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 changes how tax revenues in excess of the State appropriations limit are distributed. Any excess State tax revenues up to a specified amount would, instead of being returned to taxpayers, be 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 would automatically be increased by the amount of such transfer. These additional moneys would 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 could be transferred to K-14 school districts is 4% of the minimum State spending for education mandated by the Accountability Act.

The application of Proposition 98 and other statutory regulations have been the subject of various legal challenges in the past. The District cannot predict if or when there will be changes to education funding or legal challenges which may arise relating thereto.

Proposition 111

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:

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.

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 the schools' 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.

Exclusions from Spending Limit. Two exceptions were added to the calculation of appropriations which are subject to the Article XIIIB spending limit. First, there are excluded all appropriations for "qualified capital outlay projects" as defined by the Legislature. Second, there are excluded 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 expected to raise over $15 billion in additional taxes from 1990 through 2000 to fund transportation programs.

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.

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 (the **"first test"**) 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 (the **"second test"**). Under Proposition 111, schools will receive the greater of (1) the first test, (2) the second test, or (3) a third test, which will replace the second test 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 (the **"third test"**). Under the third test, schools 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 the third test is used in any year, the difference between the third test and the second test will become a "credit" to schools which will be paid in future years when State general fund revenue growth exceeds personal income growth.

Proposition 39

On November 7, 2000, California voters approved an amendment (commonly known as **"Proposition 39"**) to the California Constitution. This amendment (1) allows school facilities bond measures to be approved by 55% (rather than two-thirds) of the voters in local elections and permits property taxes to exceed the current 1 percent limit in order to repay the bonds and (2) changes existing statutory law regarding charter school facilities. As adopted, the constitutional amendments may be changed only with another Statewide vote of the people. The statutory provisions could be changed by a majority vote of both houses of the Legislature and approval by the Governor, but only to further the purposes of the proposition. The local school jurisdictions affected by this proposition are K-12 school districts, community college districts, including the District, and county offices of education. As noted above, the California Constitution previously limited property taxes to 1 percent of the value of property. Prior to the approval of Proposition 39, property taxes could only exceed this limit to pay for (1) any local government debts approved by the voters prior to July 1, 1978 or (2) bonds to acquire or improve real property that receive two-thirds voter approval after July 1, 1978.

The 55% vote requirement authorized by Proposition 39 applies only if the local bond measure presented to the voters includes: (1) a requirement that the bond funds can be used only for construction, rehabilitation, equipping of school facilities, or the acquisition or lease of real property for school facilities; (2) a specific list of school projects to be funded and certification that the school board has evaluated safety, class size reduction, and information technology needs in developing the list; and (3) a requirement that the school board conduct annual, independent financial and performance audits until all bond funds have been spent to ensure that the bond funds have been used only for the projects listed in the measure. Legislation approved in June 2000 places certain limitations on local school bonds to be approved by 55 percent of the voters. These provisions require that the tax rate levied as the result of any single election be no more than $60 (for a unified school district), $30 (for an elementary school district or high school district), or $25 (for a community college district), per $100,000 of taxable property value. These requirements are not part of this proposition and can be changed with a majority vote of both houses of the Legislature and approval by the Governor.

Proposition 30 and Proposition 55

The Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment, also known as **"Proposition 30"**, temporarily increased the State Sales and Use Tax and personal income tax rates on higher incomes. Proposition 30 temporarily imposed an additional tax on all retailers, at the rate of 0.25% of gross receipts from the sale of all tangible personal property sold in the State from January 1, 2013 to December 31, 2016. Proposition 30 also imposed an additional excise tax on the storage, use, or other consumption in the State of tangible personal property purchased from a retailer on and after January 1, 2013 and before January 1, 2017. This excise tax was levied at a rate of 0.25% of the sales price of the property so purchased. For personal income taxes imposed beginning in the taxable year commencing January 1, 2012 and ending December 31, 2018, Proposition 30 increases for such period the marginal personal income tax rate by: (i) 1% for taxable income over $250,000 but less than $300,000 for single filers (over $340,000 but less than $408,000 for head of household filers and over $500,000 but less than $600,000 for joint filers), (ii) 2% for taxable income over $300,000 but less than $500,000 for single filers (over $408,000 but less than $680,000 for head of household filers and over $600,000 but less than $1,000,000 for joint filers), and (iii) 3% for taxable income over $500,000 for single filers (over $680,000 for head of household filers and over $1,000,000 for joint filers). Proposition 55 (described below) extended said increases to personal income rates through the end of 2030.

The revenues generated from the temporary tax increases will be included in the calculation of the Proposition 98 minimum funding guarantee for school districts and community college districts. See "Proposition 98" and "Proposition 111" above. From an accounting perspective, the revenues generated from the temporary tax increases will be 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 boards are prohibited from using any funds from the EPA for salaries or benefits of administrators or any other administrative costs.

The California Children's Education and Health Care Protection Act of 2016, also known as Proposition 55, was a proposed constitutional amendment initiative that was approved on the November 8, 2016 general election ballot in California. Proposition 55 extends the increases to personal income tax rates for high-income taxpayers that were approved as part of Proposition 30 through the end of 2030, instead of the scheduled expiration date of December 31, 2018. Tax revenue received under Proposition 55 is to be allocated 89% to K-12 schools and 11% to community colleges.

Proposition 1A and Proposition 22

On November 2, 2004, California voters approved Proposition 1A, which amended 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-thirds approval of both houses of the State Legislature or (iv) decrease Vehicle License Fee revenues without providing local governments with equal replacement funding. Under Proposition 1A, beginning, in 2008-09, the State may shift to schools and community colleges a limited amount of local government property tax revenue if certain conditions are met, including: (i) a proclamation by the Governor that the shift is needed due to a severe financial hardship of the State, and (ii) approval of the shift by the State Legislature with a two-thirds vote of both houses. Under such a shift, the State must repay local governments for their property tax losses, with interest, within three years. 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 amended 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, a constitutional initiative entitled the "Local Taxpayer, Public Safety, and Transportation Protection Act of 2010," approved on November 2, 2010, superseded many of the provisions of Proposition 1A. This initiative amends the State constitution to prohibit the legislature from diverting or shifting revenues that are dedicated to funding services provided by local government or funds dedicated to transportation improvement projects and services. Under this proposition, the State is not allowed to take revenue derived from locally imposed taxes, such as hotel taxes, parcel taxes, utility taxes and sales taxes, and local public transit and transportation funds. Further, in the event that a local governmental agency sues the State alleging a violation of these provisions and wins, then the State must automatically appropriate the funds needed to pay that local government. This Proposition was intended to, among other things, stabilize local government revenue sources by restricting the State's control over local property taxes. Proposition 22 did not prevent the California State Legislature from dissolving State redevelopment agencies pursuant to AB 1X26, as confirmed by the decision of the California Supreme Court decision in *California Redevelopment Association v. Matosantos* (2011).

Because Proposition 22 reduces the State's authority to use or reallocate certain revenue sources, fees and taxes for State general fund purposes, the State will have to take other actions to balance its budget, such as reducing State spending or increasing State taxes, and school and college districts that receive Proposition 98 or other funding from the State will be more directly dependent upon the State's general fund.

California Senate Bill 222

Senate Bill 222 (**"SB 222"**) was signed by the California Governor on July 13, 2015 and became effective on January 1, 2016. SB 222 amended Section 15251 of the California Education Code and added Section 53515 to the California Government Code to provide that voter approved general obligation bonds which are secured by *ad valorem* tax collections such as the Bonds are secured by a statutory lien on all revenues received pursuant to the levy and collection of the property tax imposed to service those bonds. Said lien shall attach automatically and is valid and binding from the time the bonds are executed and delivered. The lien is enforceable against the issuer, its successors, transferees, and creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the lien and without the need for any further act. The effect of SB 222 is the treatment of general obligation bonds as secured debt in bankruptcy due to the existence of a statutory lien.

Future Initiatives

Article XIIIA, Article XIIIB, Article XIIIC and Article XIIID of the California Constitution and Propositions 98, 22, 26, 30, 39 and 55 were each adopted as measures that qualified for the ballot under 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.

APPENDIX B

AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2018

WESTSIDE UNION SCHOOL DISTRICT

LOS ANGELES COUNTY
QUARTZ HILL, CALIFORNIA

ANNUAL FINANCIAL STATEMENTS
WITH REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANT

JUNE 30, 2018

JLG
Jeanette L. Garcia & Associates
CERTIFIED PUBLIC ACCOUNTANT

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WESTSIDE UNION SCHOOL DISTRICT

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JUNE 30, 2018

Financial Section

JLG

Jeanette L. Garcia & Associates
202 East Airport Drive, Suite 160
San Bernardino, CA 92408
Phone: (909) 763-2100
Fax: (909) 763-2330
www.jlgcpa.net

Jeanette L. Garcia,
CPA

Member:

American
Institute of
Certified Public
Accountants

California
Society of
Certified Public
Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Westside Union School District
Quartz Hill, 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 Westside Union School District, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Westside Union School 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. 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.

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 Westside Union School District, as of June 30, 2018, and the respective changes in financial position 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 4 through 11, General Fund Budgetary Comparison Schedule on page 51, Schedule of Changes in the District's Total OPEB Liability and Related Ratios on page 52, and Schedules of the District's Proportionate Share of the Net Pension Liability and Contributions on pages 53 and 54 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 Westside Union School District's basic financial statements. 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* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) are presented for purposes of additional analysis and are not a required part of basic financial statements. The accompanying other supplemental information is presented for purposes of additional analysis as required by the *2017-18 Guide for Annual Audits of Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, other supplementary information and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) are the responsibility of management and were derived from and relate 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 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 combining and individual nonmajor fund financial statements, other supplementary information and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) are 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 December 17, 2018, on our consideration of the Westside Union 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 the Westside Union School 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 Westside Union School District's internal control over financial reporting and compliance.

Jeanette L Garcia + Associates

San Bernardino, California
December 17, 2018

INTRODUCTION

The discussion and analysis of Westside Union School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2018. The intent of the analysis is to look at the District's financial performance as a whole; readers should also review the auditor's letter, notes to the basic financial statements and the basic government-wide financial statements to enhance their understanding of the District's financial performance. The Westside Union School District covers approximately 346 square miles in North Los Angeles County in California. The communities served are West Lancaster, Quartz Hill, West Palmdale and Leona Valley. There are six TK-6 elementary schools, two TK-8 schools, two K-6 schools, and three 6-8 middle schools. The District Office is located in the unincorporated census-designated place (CDP) of Quartz Hill.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management Discussion and Analysis Statement is provided to assist our citizens, taxpayers and investors in reviewing the District's finances. The financial statements presented herein include all of the activities of the Westside Union School District and its component units using the integrated approach as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34. The statements are organized so the reader can understand the Westside Union School District as a whole, and then proceed to provide an increasingly detailed look at specific financial activities.

The Government-Wide statements present the financial picture of the District from the economic resources measurement focus on an accrual basis. 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 regards to interfund activity, payables, and receivables.

The Financial Statements include statements for both categories of activities: governmental and fiduciary. The Governmental Funds statements are prepared using the current financial resources measurement focus and modified accrual basis of accounting. The Fiduciary funds statements report agency funds, do not have a measurement focus, and only report a balance sheet.

The "Statement of Net Position" and "Statement of Activities" provide information about the activities of the whole school district, presenting both an aggregate view of the School District's finances and a long term view of those finances. These two statements report the District's net assets and changes in them. Net assets are the difference between assets and liabilities, which represents a common way to measure the District's financial health. Over time, increases or decreases in the District's net assets are one indicator of whether its financial health is improving or deteriorating. 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.

"Fund Financial Statements" provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's major funds with all special revenue funds and other non-major funds presented in total in two columns.

Fund Financial Statements

The fund financial statements provide detailed information about the more significant funds, rather than the District as a whole. Some funds are required to be established by State statute, while many other funds are established by the District to help manage money for particular purposes and compliance with various grant provisions.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting. 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 the reader to determine whether there are more or less financial resources available to spend in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements. Governmental funds include most of the major funds of the District.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The District uses an agency fund to account for resources held for student activities and groups. These funds include Associated Student Body funds. The Westside Union School District is the trustee, or fiduciary, for its student activity funds. All of the School District's fiduciary activities are reported in separate 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 Westside Union School District is responsible for ensuring that the assets reported in these funds are used for their intended purpose.

THE SCHOOL DISTRICT AS A WHOLE

Net Position

The "Statement of Net Position" provides the perspective of the School District as a whole. As indicated earlier, the change in net assets may be a useful indicator of the District's financial position. The District's assets in 2017-18 exceeded liabilities by $33.7 million

Net Assets for fiscal years 2016-17 and 2017-18 (millions).

	Governmental Activities		
	2018	**2017**	**% Change**
Current and other assets	$43.7	$44.0	-0.6%
Capital assets	$150.1	$145.7	3.1%
Total Assets	$193.8	$189.7	2.2%
Current liabilities	$7.5	$10.7	-29.2%
Long-term debt	$174.0	$164.0	6.1%
Total Liabilities	$181.5	$174.7	3.9%
Net Position			
Invested in capital assets, net of related debt	$70.7	$62.1	13.8%
Restricted	$28.9	$24.4	18.3%
Unrestricted	($65.8)	($57.6)	-14.3%
Total Net Position	$33.8	$28.9	16.6%

Capital Assets & Debt Administration

Capital Assets

At the end of the fiscal year 2018, the District had $150.1 (millions) (net of depreciation) invested in land, buildings, equipment, and construction in progress. Note the decrease in Land, Building & Site Improvements and the increase in Construction In-Progress reflects the continued progress in the District's school site construction projects.

(millions)

	Governmental Activities	
	2018	**2017**
Land, Buildings, Site Improv.	$104.2	$107.5
Equipment	$1.4	$1.6
Construction In-Progress	$44.5	$36.6
Net Capital Assets	**$150.1**	**$145.7**

Debt

As of June 30, 2018, the District had $174.0 (millions) in debt outstanding. Note in particular the growth in Long-Term Debt due to not only the District-specific actuarial estimate of the current and future costs of the District's Post-Employment benefits policies (a year-over-year increase of $600k), but the $13.7 million increase in Net Pension Liability represented by the District's "share" of the CalSTRS/CalPERS statewide pension liability. A debate about the accounting appropriateness vs. political usefulness of the recent changes in law that have mandated the inclusion of these figures in the books of public agencies would require more space than this commentary allows, but there can be no question that doing so affects the meaning of 'debt' in significant and non-traditional ways.

(millions)

Outstanding Debt at Year-End	**Governmental Activities**	
	2018	**2017**
Gneral Obligation Bonds	$59.7	$63.1
Other Post Employment Benefits	$12.1	$11.5
Net Pension Liability	$82.0	$68.3
Compensated Absences	$0.5	$0.5
Capital Lease Agreements	$0.2	$0.4
Community Facilities Districts	$19.5	$20.0
Totals	**$174.0**	**$163.8**

FINANCIAL HIGHLIGHTS

As previously mentioned in the introductory sections above, the District operates several funds, each of which has a designated purpose. The major fund through which most District operational activities occur is the General Fund. Primary funding for the General Fund is provided by a combination of state and federal sources. For the fiscal year, state and federal sources totaled $83,918,948, or 93% of all revenues. Other local revenues accounted for $6,196,135 or 7% of total General Fund revenues of $90,115,083. Two relatively significant year-over-year differences are the decrease in Federal revenues as a result of lower Title I, Title III and LEA Medi-Cal receipts in 2017-18 than 2016-17, and the increase in Other Expenditures due to increased construction costs related to the Modernization of The Idea Academy at Cottonwood Elementary School.

(millions)

	Governmental Activities		
	2018	**2017**	**% Change**
Revenues			
LCFF Sources	$73.7	$71.1	3.7%
Federal Revenue	$2.6	$3.4	-22.4%
Other State Revenue	$7.5	$7.6	-0.8%
Other Local Revenue	$6.2	$6.1	1.3%
Total Revenues	**$90.1**	**$88.2**	2.2%
Expenses			
Certificated Salaries	**40.6**	**38.5**	5.4%
Classified Salaries	13.4	12.4	8.8%
Employees Benefits	21.0	19.2	9.3%
Books & Supplies	3.3	3.4	-3.7%
Service & Other Operating	9.4	9.4	0.3%
Other Expenditures	2.5	4.8	-47.5%
Other Financing Sources/Uses	($0.0)	($0.0)	0.0%
Total Expenses	90.3	87.7	2.9%
Balance of Revenues/Expenses	**($0.1)**	**$0.5**	

Within the General Fund, operational expenses, which include items such as salaries, benefits, books and supplies, utilities, etc., were $87,720,755 for the fiscal year. Also, there was an additional net increase in other expenditures such as capital outlay and transfer costs, which brought the total regular expenditures for the year to $90,261,016.

Total General Fund Expenditures
(in millions)

	2018	**%**	**2017**	**%**
Instruction	$66.7	74%	$62.6	71%
Pupil Services	$8.1	9%	$7.0	8%
General Administration	$5.5	6%	$6.0	7%
Plant Services	$7.2	8%	$7.2	8%
Ancillary Services	$0.1	0%	$0.1	0%
Other	$2.6	3%	$4.9	6%
Totals	**$90.3**	**100%**	**$87.8**	**100%**

Transitional Kindergarten through Eighth Grade enrollment increased from 9,415 at the start of school on August 9, 2017 to 9,450 as of the last day of school on June 7, 2018. This increase is all the more notable in light of recent declines in enrollment in other school districts in the Antelope Valley region.

BUDGET INFORMATION

The District's budget is prepared in accordance with California law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The District begins the budget process in January of each year. Time is allocated during the Board meeting for public input and Board direction. A proposed Final Budget is presented in early June, which reflects the latest known financial information, including the Governor's May Revise of the State Budget. By law, the Board of Trustees must adopt a Final Budget by June 30.

During the course of the fiscal year, the School District revises its budget as it deals with changes in revenues and expenditures. These reports include revisions based on the State Budget adoption that are normally presented in August. District budget revisions include the First Interim which is presented in December, and Second Interim which is presented in March. As a result of ongoing changes in student enrollment throughout the year, the Original vs. Final budget analysis methodology can be misleading when applied to districts such as Westside which operate in a region as demographically dynamic as the Antelope Valley that experiences continuous significant growth or decline. For this reason, districts are required to continuously revise the Original budget with updates that reflect current factors and expectations.

FOR THE FUTURE

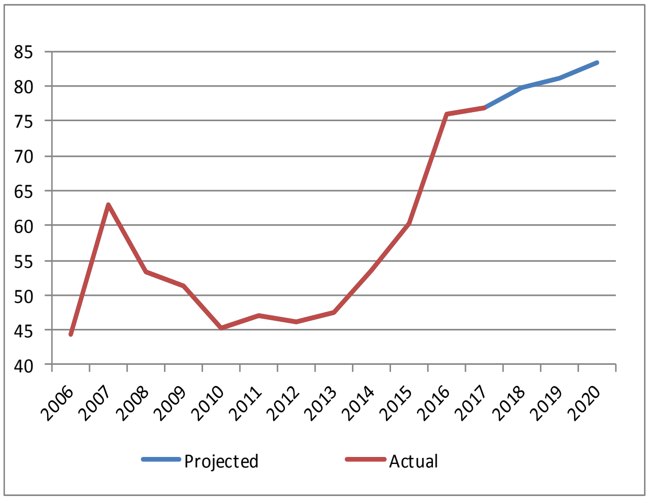
As the District prepares for 2019 and beyond, it continues to monitor the economic status in not only the State of California, but the financial sector and the federal government as well. Events in all three sectors can have a nearly immediate and extremely profound effect on the District's financial health. Although recovery from the 2008 financial crisis has been underway for some time now, public education has not by any means fully recovered from the reeling impact of those funding reductions. Following is a brief discussion of some of the key fiscal challenges facing the District moving forward.

Revenue

With all due respect to the Kings, Ducks and Bruins (this writer hails from Boston), perhaps the most suspect and derided image known to experienced financial analysts is the revenue projection "hockey stick". Generally speaking it's considered a reasonably good indicator that the analyst behind the data likely believes in Santa and is possibly still holding out hope for the Tooth Fairy. The District feels this is an important point to acknowledge since the cringe-inducing hockey stick is clearly a key feature in each of the graphs below. That said, the key differences between a VC PowerPoint pitch slide and the graphs below is that a) these charts reflect not only revenue, but expenses and changes in percent distributions of expense categories and b) all but the last portion of the arm of the hockey sticks shown below represent not projections, but rather actual historical data. This means we have indeed been living in a hockey stick financial environment for the past several years, which also almost certainly means the stick is due to snap sometime in the very near future.

LCFF & Other State Revenue
($ millions)

2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
44.3	62.9	53.4	51.3	45.3	47.1	46.2	47.4	53.5	60.3	75.9	76.9	79.9	81.2	83.3

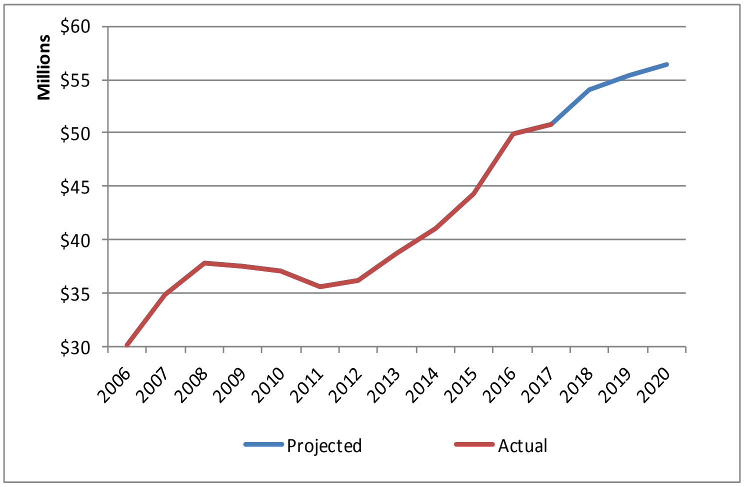


The profoundly steep increase in revenue is a result of combined effects of increased state funding via the Local Control Funding Formula (LCFF) and steadily increasing enrollment/Average Daily Attendance (ADA) during this period. As we reach full funding of the LCFF in fiscal year 2018-19, increases in funding will level off to Cost of Living Adjustments (COLA) only, and that of course assumes no economic cycle downturns in the foreseeable future. The silver lining for continued significant revenue increases under this relatively rosy scenario would be continued enrollment/ADA growth. However, every silver lining has a cloud and this trend in enrollment is no exception since almost all District schools are currently operating in excess of their original student capacity design standards. If enrollment continues to increase it will eventually be necessary to construct additional classrooms/school sites to accommodate additional students and currently there are no significant levels of building funds available to accomplish any major facilities expansion projects.

Expenses
As we turn to examining the cost data, perhaps the most immediately striking feature is how closely costs mirror revenue. This will come as no surprise to those familiar with public school district finance, since typically over 80% of costs are personnel, and since compensation scales determined by collective bargaining agreements are in large part driven by available revenues. Additionally, as enrollment increases, more instructional and support staff is required to serve those additional students and that is also reflected in the expense data.

Employee Salaries
($ millions)

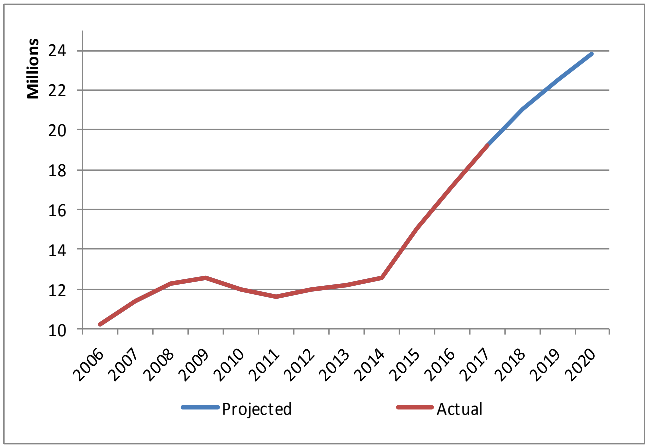
2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
30.1	34.8	37.8	37.5	37.1	35.6	36.2	38.7	41.1	44.3	49.9	50.9	54	55.3	56.5



A less obvious but considerably more concerning aspect of the data below is the trend in benefits costs, driven by steady increases in health & welfare benefit costs and by unprecedented increases in required employer contributions to the CalSTRS/CalPERS public pension systems. The chart below summarizes not only the growth in benefits costs, but also the percentage of costs represented by benefits over time, and perhaps most significantly, the change in benefits percentage of costs over time. Note the significant departure from the historic norms prior to 2015.

Total Benefits
($ millions)

2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
10.2	11.4	12.3	12.6	12.0	11.6	12.0	12.2	12.6	15.1	17.2	19.2	21	22.5	23.8



These additional costs, which are of direct and significant financial benefit to employees but which often are not included in compensation increase calculations during collective bargaining, represent a critical challenge to long-term District solvency. In a December 21, 2016 article in EdSource, Dennis Meyers of the California School Boards Association noted that "Combined with already scheduled cost **increases** to CalPERS and CalSTRS, higher pension costs will consume every dollar of projected revenue increases for 150 to 200 school districts in coming years, he told the CalPERS board committee during a hearing Tuesday. Those are [sic] districts get little supplemental money for English learners and low-income students under the Local Control Funding Formula." With an Unduplicated Pupil Percentage (UPP) of under 50%, Westside precisely fits this description, and has already begun grappling with these challenges.

Enrollment & ADA

A positive offsetting factor to the negative impact of increased health & welfare and pension costs is the recent steady growth in enrollment and corresponding increase in ADA mentioned above. Since ADA provides the unit basis for state funding, any increase in enrollment/ADA provides additional revenue that can at least partially relieve the financial pressure of increasing costs. That said, given the inevitable fluctuations in demographic shifts inherent in economic cycles, it would be imprudent to rely on projections of ever-increasing ADA to achieve balanced multi-year budget projections. More specifically, it is worth noting that it was not until mid-2015/16 that the District enrollment/ADA rebounded to the pre-Great Recession levels of 2008.

Note that although the District experienced enrollment and ADA growth both year-over-year and intra-year during the 2017-18 school year, the rate of that growth has declined significantly in comparison to recent years. Year-over-year ADA growth declined by 71% (ADA growth from 2015-16 → 2016-17 = 2.8% versus 0.8% for 2016-17 → 2017-18), and intra-year enrollment growth was down 80% from the prior year (2.0% from August '16 to June '17 compared to 0.4% for the 2017-18 school year). Historically, this slowing of growth almost always foreshadows a subsequent decline in enrollment/ADA. That said, as the artful disclaimer ubiquitously reads, "past performance is no guarantee of future results," and any number of factors, including the realization in the short-term of major housing developments within the District that are currently in advanced planning stages, could conceivably forestall a near-term enrollment decline.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, 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 additional financial information, please contact Shawn Cabey, Assistant Superintendent-Administrative Services, Westside Union School District, 41914 N. 50th Street West, Quartz Hill, CA 93536.

EXHIBIT A

WESTSIDE UNION SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2018

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash (Note 2)	$ 38,465,902
Accounts Receivable (Note 3)	4,837,253
Inventory	127,926
Prepaid Expenses	104,848
Other Current Assets	175,388
Total Current Assets	43,711,317
Capital Assets: (Note 5)	
Land	4,942,009
Site Improvements	6,540,556
Buildings	137,516,857
Furniture and Equipment	7,649,695
Work in Progress	44,488,446
Less Accumulated Depreciation	(50,992,747)
Total Capital Assets	150,144,816
TOTAL ASSETS	193,856,133
DEFERRED OUTFLOWS OF RESOURCES (Note 8, 12)	24,531,402
LIABILITIES	
Accounts Payable and Other Current Liabilities	7,456,477
Unearned Revenue	82,096
Total Current Libiltities	7,538,573
Long-Term Liabilities: (Note 6)	
Portion Due or Payable Within One Year	4,117,927
Portion Due or Payable After One Year	169,872,748
Total Long-Term Liabilities	173,990,675
TOTAL LIABILITIES	181,529,248
DEFERRED INFLOWS OF RESOURCES (Note 12)	3,125,976
NET POSITION	
Net Investment in Capital Assets	70,691,265
Restricted for:	
Capital Projects	8,517,806
Debt Service	7,308,331
Educational Programs	4,265,312
Other Purposes (Expendable)	8,498,312
Other Purposes (Nonexpendable)	263,074
Unrestricted	(65,811,789)
TOTAL NET POSITION	$ 33,732,311

The Notes to Financial Statements are an integral part of this statement.

EXHIBIT B

WESTSIDE UNION SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Activities	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Total Governmental Activities
Governmental:					
Instruction	$ 64,681,019	$ 96,701	$ 9,408,329	$ 9,219,173	$ (45,956,816)
Instruction-Related Services:					
Supervision of Instruction	3,077,860	3,985	212,354	-	(2,861,521)
Instructional Library, Media and Technology	510,231	313	349	-	(509,569)
School Site Administration	6,551,169	639	54,560	-	(6,495,970)
Pupil Services:					
Home-to-School Transportation	2,388,440	-	359	-	(2,388,081)
Food Services	2,637,285	669,254	2,095,359	-	127,328
All Other Pupil Services	6,472,032	-	1,096,353	-	(5,375,679)
General Administration:					
Data Processing	1,227,453	9,489	10,562	-	(1,207,402)
All Other General Administration	4,963,413	40,612	941,339	-	(3,981,462)
Plant Services	8,393,317	12,787	16,539	-	(8,363,991)
Ancillary Services	128,873	3,659	5,923	-	(119,291)
Enterprise Activities	471,628	-	-	-	(471,628)
Interest on Long-Term Debt	3,444,568	-	-	-	(3,444,568)
Other Outgo	914,171	259,911	588,940	-	(65,320)
Total Governmental Activities	$ 105,861,459	$ 1,097,350	$ 14,430,966	$ 9,219,173	(81,113,970)

General Revenues:	
Taxes:	
Property Taxes, levied for general purposes	12,764,750
Property Taxes, levied for debt service	7,586,734
Property Taxes, levied for other specific purposes	289,907
Federal and State Aid not restricted to specific purposes	64,257,746
Interest and Investment Earnings	189,769
Miscellaneous	1,387,039
Total General Revenues	86,475,945
Change in Net Position	5,361,975
Net Position - July 1, 2017, as Previously Reported	28,937,296
Adjustment for Restatement	(566,960)
Net Position - July 1, 2017, as Restated	28,370,336
Net Position - June 30, 2018	$ 33,732,311

The Notes to Financial Statements are an integral part of this statement.

WESTSIDE UNION SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

	GENERAL FUND	BOND INTEREST & REDEMPTION FUND	ALL OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash (Note 2)				
Cash in County Treasury	$ 18,219,369	$ 5,587,172	$ 11,695,992	$ 35,502,533
Cash on Hand and in Banks	300	-	-	300
Cash in Revolving Fund	30,000	-	300	30,300
Cash with Fiscal Agent	-	-	2,545,559	2,545,559
Accounts Receivable (Note 3)	1,132,133	-	338,876	1,471,009
Due from Grantor Government (Note 3)	3,364,280	-	-	3,364,280
Inventory	5,410	-	122,516	127,926
Prepaid Expenditures	104,848	-	-	104,848
Other Current Assets	175,388	-	-	175,388
TOTAL ASSETS	$ 23,031,728	$ 5,587,172	$ 14,703,243	$ 43,322,143
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	$ 4,195,684	$ -	$ 521,614	$ 4,717,298
Due To Grantor Government	880,033	-	-	880,033
Unearned Revenue	-	-	82,096	82,096
Total Liabilities	5,075,717	-	603,710	5,679,427
Fund Balances (Note 4)				
Nonspendable	140,258	-	122,816	263,074
Restricted	4,265,312	5,587,172	9,431,225	19,283,709
Assigned	4,760,559	-	4,545,492	9,306,051
Unassigned	8,789,882	-	-	8,789,882
Total Fund Balances	17,956,011	5,587,172	14,099,533	37,642,716
TOTAL LIABILITIES AND FUND BALANCES	$ 23,031,728	$ 5,587,172	$ 14,703,243	$ 43,322,143

The Notes to Financial Statements are an integral part of this statement.

EXHIBIT D

WESTSIDE UNION SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE
SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2018

Total Fund Balances - Governmental Funds		$ 37,642,716
Amounts reported for government activities in the statement of net position are different because:		
In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation. The cost of the assets is $201,137,563 and the accumulated depreciation is $50,992,747.		150,144,816
Unmatured interest payable on Long-Term Debt.		(1,859,145)
In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities at year-end consist of:		
General Obligation Bonds	$ 59,717,537	
Total OPEB Liability	12,086,605	
Capital Lease Agreement	228,043	
Compensated Absences	457,893	
Community Facilities Districts	19,507,981	
Net Pension Liability	81,992,616	(173,990,675)
In governmental funds, deferred outflows and inflows of resources related to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources related to pensions are:		
Deferred outflows of resources related to pensions		23,968,052
Deferred inflows of resources related to pensions		(3,125,976)
In governmental funds, deferred outflows and inflows of resources related to OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources related to OPEB are:		
Deferred outflows of resources related to OPEB		563,350
Because internal service funds are presumed to operate for the benefit of governmental activities, assets, deferred outflows of resources, liabilities, and deferred inflows of resources of internal service funds are reported with governmental activities in the statement of net position.		389,174
Adjustment for Rounding.		(1)
Total Net Position - Governmental Activities		$ 33,732,311

The Notes to Financial Statements are an integral part of this statement.

EXHIBIT E

WESTSIDE UNION SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	GENERAL FUND	BOND INTEREST & REDEMPTION FUND	ALL OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES				
Local Control Funding Formula Sources:				
State Apportionments	$ 49,042,277	$ -	$ -	$ 49,042,277
Education Protection Account Funds	11,937,564	-	-	11,937,564
Local Sources	12,764,751	-	-	12,764,751
Total LCFF Sources	73,744,592	-	-	73,744,592
Federal Revenues	2,647,667	-	2,005,150	4,652,817
Other State Revenues	7,526,689	59,333	9,338,299	16,924,321
Other Local Revenues	6,196,135	5,953,004	3,182,017	15,331,156
Total Revenues	90,115,083	6,012,337	14,525,466	110,652,886
EXPENDITURES				
Instruction	57,761,975	-	-	57,761,975
Instruction-Related Services:				
Supervision of Instruction	2,713,035	-	-	2,713,035
Instructional Library, Media and Technology	459,263	-	-	459,263
School Site Administration	5,749,804	-	-	5,749,804
Pupil Services:				
Home-to-School Transportation	2,286,119	-	-	2,286,119
Food Services	19,951	-	2,453,809	2,473,760
All Other Pupil Services	5,763,638	-	-	5,763,638
General Administration:				
Data Processing	1,142,403	-	-	1,142,403
All Other General Administration	4,406,152	-	109,765	4,515,917
Plant Services	7,204,265	-	301,233	7,505,498
Facilities Acquisition and Construction	1,539,250	-	7,092,677	8,631,927
Ancillary Services	111,186	-	-	111,186
Other Outgo	913,543	-	378	913,921
Debt Service:				
Principal	173,852	3,407,194	531,349	4,112,395
Interest	16,580	2,575,308	860,083	3,451,971
Total Expenditures	90,261,016	5,982,502	11,349,294	107,592,812
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(145,933)	29,835	3,176,172	3,060,074
FUND BALANCES - JULY 1, 2017, as Previously Reported	18,101,944	5,557,337	11,259,991	34,919,272
Adjustment for Restatement (Note 15)	-	-	(336,630)	(336,630)
FUND BALANCES - JULY 1, 2017, as Restated	18,101,944	5,557,337	10,923,361	34,582,642
FUND BALANCES - JUNE 30, 2018	$ 17,956,011	$ 5,587,172	$ 14,099,533	$ 37,642,716

The Notes to Financial Statements are an integral part of this statement.

EXHIBIT F

WESTSIDE UNION SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Total Net Change in Fund Balances - Governmental Funds	$	3,060,074
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in the governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays of $8,557,324 exceed depreciation expense of $4,090,504 in the period.		4,466,820
Repayment of the long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		4,112,145
In the statement of activities, compensated absences (vacation) 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).		93,195
Because internal service funds are presumed to benefit governmental activities, internal service activities are reported as governmental in the statement of activities.		98,919
In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, interest expense is recorded when it is incurred.		7,404
In governmental funds, OPEB costs are recognized when employer contributions are made. In the statement of activities, OPEB costs are recognized on the accrual basis.		279,989
In government funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis.		(6,756,571)
Change in Net Position of Governmental Activities	$	5,361,975

The Notes to Financial Statements are an integral part of this statement.

EXHIBIT G

WESTSIDE UNION SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2018

	Governmental Activities Internal Service Fund
ASSETS	
Cash (Note 2)	
Cash in County Treasury	$ 387,210
Accounts Receivable (Note 3)	1,964
TOTAL ASSETS	389,174
LIABILITIES	
Liabilities	
Accounts Payable	-
NET POSITION	
Unrestricted (Note 4)	$ 389,174

The Notes to Financial Statements are an integral part of this statement.

EXHIBIT H

WESTSIDE UNION SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Governmental Activities Internal Service Fund
Operating Revenues	
In-District Premiums	$ 565,369
Operating Expenses	
Services and Other Operating Expenses	471,628
Operating Income	93,741
Non-Operating Revenues	
Interest	5,178
Change in Net Position	98,919
Net Position - July 1, 2017	290,255
Net Position - June 30, 2018	$ 389,174

The Notes to Financial Statements are an integral part of this statement.

WESTSIDE UNION SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Governmental Activities Internal Service Fund
Cash Flows from Operating Activities	
Cash Received from Premiums	$ 565,369
Cash Paid for Other Operating Expenses	(471,628)
Net Cash Provided by Operating Activities	93,741
Cash Flows from Investing Activities	
Interest Income	4,092
Net Increase in Cash	97,833
Cash - July 1, 2017	289,377
Cash - June 30, 2018	$ 387,210

The Notes to Financial Statements are an integral part of this statement.

EXHIBIT J

WESTSIDE UNION SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2018

	AGENCY FUNDS
ASSETS	
Cash (Note 2)	
Cash on Hand and in Banks	$ 49,448
TOTAL ASSETS	$ 49,448
LIABILITIES	
Accounts Payable	$ -
Due to Student Groups	49,448
TOTAL LIABILITIES	$ 49,448

The Notes to Financial Statements are an integral part of this statement.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Westside Union School District conform to accounting principles generally accepted in the United States of America as applicable to governments and to general practices within California school districts. The District accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's California School Accounting Manual. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board and by the American Institute of Certified Public Accountants. The following is a summary of the significant accounting policies:

Fund Accounting

The accounts of the District are organized on the basis of funds or account groups, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance or retained earnings, revenues and expenditures or expenses, as appropriate. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The District accounts are organized into major, nonmajor, and fiduciary funds.

Major Governmental Funds:

General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Bond Interest and Redemption Fund is used to account for the accumulation of resources for, and the repayment of, District bonds, interest, and related costs.

Nonmajor Governmental Funds:

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed for purposes other than debt service and capital outlay and that compose a substantial portion of the fund's resources. The District maintains two nonmajor special revenue funds.

- Cafeteria Fund is used to account for revenues received and expenditures made to operate the District's food service operations.

- Deferred Maintenance Fund is used for the purpose of major repair or replacement of the District's existing school building components. Due to the implementation of GASB 54, the Deferred Maintenance Fund has been combined with the General Fund.

Capital Projects Funds are used to account for the acquisition and/or construction of all major governmental general fixed assets. The District maintains five nonmajor capital projects funds.

- Building Fund is used to account for the District's participation in the construction and acquisition of buildings and equipment.

- Capital Facilities Fund is used to account for resources from developer fees and expended for maintenance of District facilities.

- County School Facilities Fund is used to account for funds received from the State Allocation Board for construction of facilities.

- Special Reserve Fund is used to provide the accumulation of General Fund monies for capital outlay projects.

- Blended Component Unit - Capital Projects Fund is used to account for the transactions of the Community Facilities Districts.

Debt Service Funds are used to account for the accumulation of resources for, and the repayment of, District bonds, interest, and related costs. The District maintains one nonmajor debt service fund.

- Blended Component Unit - Debt Service Fund is used to account for the transactions of the Community Facilities Districts.

Proprietary Funds:

Internal Service Funds are used to account for services rendered on a cost reimbursement basis within the District. The District maintains one internal service fund, the Self Insurance Fund, which is used to account for the costs associated with retiree benefits.

Fiduciary Funds:

Agency Funds are used to account for assets of others for which the District acts as an agent. The District maintains an agency fund for each school that operates an associated student body.

Reporting Entities

The Westside Union School District (the District) and the Westside Union School District Community Facilities Districts (CFDs) Nos. 2005-1, 2005-2, 2005-3 and 2007-1 have a financial and operational relationship which meets the reporting entity definition criteria of the GASB Statement No. 14, The Financial Reporting Entity, for inclusion of the CFDs as component units of the District. Accordingly, the financial activities of the CFDs have been included in the financial statements of the District. The CFDs were created for the sole purpose of financing the purchase, construction, expansion or rehabilitation of certain real and other tangible property with an estimated useful life of five years or longer, including elementary and secondary school sites and structures, and other governmental facilities which the District is authorized by law to contract, own or operate in order to meet increased demands placed upon the District as a result of developments or rehabilitation occurring within the area covered by CFDs Nos. 2005-1, 2005-2, 2005-3 and 2007-1.

The following are those aspects of the relationship between the District and the CFDs which satisfy GASB Statement No. 14 criteria.

Oversight Responsibility:

1. The CFDs' legislative body is composed of the members of the District's Board of Trustees.

2. The District is able to impose its will upon the CFDs, based on the following:

   - All major financing arrangements, contracts and other transactions of the CFDs must have the consent of the District.

   - The District exercises significant influence over operations of the CFDs. The facilities to be financed by the CFDs are determined by the District and all facilities financed by the CFDs will be owned and operated by the District.

3. The CFDs provide specific financial benefits or imposes specific financial burdens on the District based on the following:

   - The major revenue sources of the CFDs are the special taxes levied on properties located in the Project area. The rate of special taxes to be levied and collected are determined by the Board of Trustees of the District.

Financial Presentation

For financial presentation purposes, the CFDs' financial activity has been blended or combined with the financial data of the District. The financial statements present the CFDs' financial activity within the Blended Component Units Funds.

Basis of Presentation

Government-Wide Financial Statements:

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District and its component units.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund and fiduciary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. 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. Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements:

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column, and all nonmajor funds are aggregated into one column. The Internal Service Fund is presented on the proprietary fund statements. Fiduciary funds are reported by fund type.

The accounting and financial treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other uses) in net current assets.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the proprietary fund's Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position for proprietary funds presents increases (i.e., revenues) and decreases (i.e., expenditures) 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 activities.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the internal service fund are charges to other funds for self-insurance costs. Operating expenses for internal service funds include the costs of insurance premiums and claims related to self-insurance.

Fiduciary funds are reported using the economic resources measurement focus.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures, or expenses, are recognized in the accounts and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds use the accrual basis of accounting.

Revenues – exchange and non-exchange transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under 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 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. For the District, "Available" means collectible within the current period or within 60 days after year-end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned Revenue:

Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as unearned revenue. On governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have also been recorded as unearned revenue.

Expenses/Expenditures:

On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, then unrestricted resources as they are needed.

Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. By State law, the District's Board of Trustees must adopt a final budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The District's Board of Trustees satisfied these requirements.

These budgets are revised by the District's Board of Trustees and District Superintendent during the year to give consideration to unanticipated income and expenditures. The final revised budget that is presented in the financial statements consists of the original Board approved documents plus all revisions through June 30, 2018.

Formal budgetary integration was employed as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

Accounting Estimates

The presentation of 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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures (expenses) during the reporting period. Actual results could differ from those estimates.

Encumbrances

Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid. All outstanding encumbrances were liquidated at June 30.

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.

Inventory

Inventory in the General Fund and Cafeteria Fund consists mainly of expendable supplies held for consumption. Inventories are recorded using the consumption method, in that inventory acquisitions are initially recorded in inventory (asset) accounts, and the cost is recorded as an expenditure at the time individual inventory items are requisitioned. Inventories are valued on the weighted average method. Reported inventories are equally offset by a fund balance reserve which indicates that these amounts are not "available for appropriation and expenditure" even though they are a component of net current assets.

Capital Assets

Capital assets purchased or acquired with an original cost of $5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Asset Class	Estimated Useful Life in Years
Land	N/A
Playground Equipment	20
Office Furniture and Equipment	5-10
Computer Equipment	5
Licensed Vehicles	8
Land Improvements	20
School/Office Buildings	50
Construction in Progress	0
Portable Structures	25
Building Improvements/Personal Property	20
Audio/Visual Equipment	10
Food Services	15
Maintenance & Operations Vehicles/Equipment	15
Communications Equipment	10

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “due to/from other funds.” These amounts are eliminated in the governmental activities columns of the statement of net position.

Compensated Absences

All vacation pay plus related payroll taxes is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expense in the period taken since such benefits do not vest nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

Net Position in the Government-Wide Financial Statements

In the government-wide Statement of Net Position, the net position amount can be classified and displayed in three components:

- Net Investment in Capital Assets – This consists of capital assets net of accumulated depreciation and reduced by any long-term borrowings that are attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position.
- Restricted – This consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.
- Unrestricted – This consists of the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

Fund Balance Reserves and Designations

In the governmental funds Balance Sheet, fund balance amounts are reported within the fund balance categories below:

- Nonspendable – This is fund balance associated with revolving cash funds, inventories and prepaids.
- Restricted – This includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- Committed – This includes amounts that can be used only for the specific purposes determined by a formal action of the Board of Trustees (the District’s highest level of decision-making authority).
- Assigned – These funds are intended to be used by the government (District) for specific purposes but do not meet the criteria to be classified as restricted or committed.
- Unassigned – This is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications.

When fund balance resources are available for a specific purpose in multiple classifications, the District would use the most restrictive funds first.

Deferred Outflows and Deferred Inflows of Resources

Included in the Statement of Net Position are separate sections for deferred outflows and deferred inflows of resources.

Deferred outflows of resources is a consumption of net assets or net position that is applicable to a future reporting period. Deferred inflows of resources is an acquisition of net assets or net position that is applicable to a future reporting period. Deferred outflows and deferred inflows of resources have been reported as a result of recording the net pension liabilities and pension expense.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the CalPERS Schools Pool Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (CalPERS Plan) and CalSTRS Schools Pool Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (CalSTRS Plan) and additions to/deductions from the CalPERS Plan and CalSTRS Plan's fiduciary net positions have been determined on the same basis as they are reported by the CalPERS Financial Office and CalSTRS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined time frames. For this report, the following time frames are used:

Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Measurement Period	July 1, 2016 to June 30, 2017

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position.

In the fund financial statements, governmental funds recognize bond premiums and discounts as well as bond issuance costs, during the current period. The face amount of the debt issued, premiums, or discounts is reported as other financing sources/uses.

Local Control Funding Formula/Property Tax

As a result of the 2013-14 state budget package, the District's state apportionments are based on a new Local Control Funding Formula (LCFF). The LCFF creates base, supplemental, and concentration grants (by grade span) in place of most previously existing K-12 funding streams, including LCFF and most state categorical programs. Full implementation of LCFF is estimated to be in fiscal year 2018-19. Until then, the District will receive approximately the same level of funding as in 2012-13, plus an additional amount each year to bridge the gap between current year funding and the LCFF target levels.

The county is responsible for assessing, collecting and apportioning property taxes. Taxes are levied for each fiscal year on taxable real and personal property in the county. The levy is based on the assessed values as of the preceding March 1, which is also the lien date. Property taxes on the secured roll are due on November 1 and February 1, and taxes become delinquent after December 10 and April 10, respectively. Property taxes on the unsecured roll are due on the lien date (March 1), and become delinquent if unpaid by August 31.

Secured property taxes are recorded as revenue when apportioned, in the fiscal year of the levy. The county apportions secured property tax revenue in accordance with the alternate method of distributions prescribed by Section 4705 of the California *Revenue and Taxation Code.* This alternate method provides for crediting each applicable fund with its total secured taxes upon completion of the secured tax roll – approximately October 1 of each year.

The County Auditor reports the amount of the District's allocated property tax revenue to the California Department of Education. Property taxes are recorded as local LCFF sources by the District.

The California Department of Education reduces the District's entitlement by the District's local property tax revenue. The balance is paid from the State General Fund, and is known as the State Apportionment.

New Accounting Pronouncements

The following Governmental Accounting Standards Board (GASB) statements are effective for the FY 2017-18 financial statement audits:

- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement is effective for fiscal years beginning after June 15, 2017. Earlier application is encouraged.

  The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits, or OPEB). This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB.

- GASB Statement No. 81, *Irrevocable Split-Interest Agreements*. The Statement is effective for periods beginning after December 15, 2016, and should be applied retroactively. Earlier application is encouraged.

- GASB Statement No. 85, *Omnibus 2017*. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged.

- GASB Statement No. 86, *Certain Debt Extinguishment Issues*. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged.

2. CASH AND INVESTMENTS

Cash at June 30, 2018, consists of the following:

	Governmental Funds	Proprietary Fund	Fiduciary Funds	Total
Pooled Funds:				
Cash in County Treasury	$ 35,502,533	$ 387,210	$ -	$ 35,889,743
Deposits:				
Cash on Hand and in Banks	300	-	49,448	49,748
Cash in Revolving Fund	30,300	-	-	30,300
Cash with Fiscal Agent	2,545,559	-	-	2,545,559
Total	$ 38,078,692	$ 387,210	$ 49,448	$ 38,515,350

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Los Angeles County Treasury as part of the investment pool ($31,955,014,829 as of June 30, 2018). The County pools these funds with those of other districts in the County and invests the cash. These pooled funds are carried at cost which approximates market value. The District is considered to be an involuntary participant in the external investment pool. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

The fair market value of this pool as of June 30, 2018, as provided by the pool sponsor, was $31,526,959,020. The County is required by Government Code Section 53635 pursuant to Section 53601 to invest in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements.

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 manages its exposure to interest rate risk by investing in the County Treasury and in Money Market Mutual Fund U.S. Treasury Fund obligations. The District maintains an investment with the Los Angeles County Investment Pool with a fair value of approximately $35,408,979 and an amortized book value of $35,889,743. The average weighted maturity for this pool is 609 days.

The District does not have a formal investment policy that limits cash and investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2018, the District had no significant interest rate risk related to cash and investments held.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The District does not have a formal investment policy that limits its investment choices other than the limitations of State law.

Concentration of Credit Risk
Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District does not place limits on the amount it may invest in any one issuer. At June 30, 2018, the District had no concentration of credit risk.

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. 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% 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% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits.

Cash balances held in banks are insured up to $250,000 by the Federal Depository Insurance Corporation (FDIC). All cash held by the financial institutions is fully insured or collateralized.

The County is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et seq. The funds maintained by the County are either secured by federal depository insurance or are collateralized.

3. ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2018, consists of the following:

	GENERAL FUND	ALL OTHER GOVERNMENTAL FUNDS	PROPRIETARY FUND	TOTAL
Accounts Receivable				
Federal Sources				
Child Nutrition Program	$ -	$ 265,757	$ -	$ 265,757
State Sources				
Child Nutrition Program	-	18,985	-	18,985
Local Sources				
Interest	57,891	53,465	1,964	113,320
Other	1,074,242	669	-	1,074,911
Total Accounts Receivable	1,132,133	338,876	1,964	1,472,973
Due from Grantor Government				
Federal Sources				
Categorical Aid Programs	1,985,108	-	-	1,985,108
State Sources				
Categorical Aid Programs	409,941	-	-	409,941
Local Sources				
Other	969,231	-	-	969,231
Total Due from Grantor Government	3,364,280	-	-	3,364,280
Total Receivables	$ 4,496,413	$ 338,876	$ 1,964	$ 4,837,253

4. FUND BALANCE

Ending fund balance in the individual fund types is composed of the following elements:

	GENERAL FUND	BOND INTEREST & REDEMPTION FUND	ALL OTHER GOVERNMENTAL FUNDS	PROPRIETARY FUND	TOTAL
Nonspendable:					
Revolving Fund	$ 30,000	$ -	$ 300	$ -	$ 30,300
Inventory	5,410	-	122,516	-	127,926
Prepaid Expenditures	104,848	-	-	-	104,848
Total Nonspendable Balances	140,258	-	122,816	-	263,074
Restricted for:					
Legally Restricted Balances	4,265,312	5,587,172	9,431,225	-	19,283,709
Assigned to:					
WUTA Medigap	600,000	-	-	-	600,000
One Time Revenues (Unpaid Mandate)	1,322,558	-	-	-	1,322,558
Carryover in Res. 0.xxxx.0	2,838,001	-	-	-	2,838,001
Other Assignments	-	-	4,545,492	-	4,545,492
Total Assigned Balances	4,760,559	-	4,545,492	-	9,306,051
Unassigned for:					
Reserve for Economic Uncertainties	2,707,830	-	-	-	2,707,830
Other Unassigned	6,082,052	-	-	-	6,082,052
Total Unassigned Balances	8,789,882	-	-	-	8,789,882
Unrestricted Net Position	-	-	-	389,174	389,174
Total Fund Balances	$ 17,956,011	$ 5,587,172	$ 14,099,533	$ 389,174	$ 38,031,890

5. CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the fiscal year ended June 30, 2018, is shown below:

PRIMARY GOVERNMENT

	Balance July 1, 2017	Additions	Retirements	Balance June 30, 2018
Land	$ 4,942,009	$ -	$ -	$ 4,942,009
Site Improvements	6,532,156	8,400	-	6,540,556
Buildings	136,952,432	564,425	-	137,516,857
Furniture and Equipment	7,530,543	119,152	-	7,649,695
Work in Progress	36,623,099	8,337,259	471,912	44,488,446
Total at Historical Cost	192,580,239	9,029,236	471,912	201,137,563
Less Accumulated Depreciation for:				
Site Improvements	5,195,543	169,732	-	5,365,275
Buildings	35,753,692	3,661,570	-	39,415,262
Furniture and Equipment	5,953,008	259,202	-	6,212,210
Total Accumulated Depreciation	46,902,243	4,090,504	-	50,992,747
Governmental Activities Capital Assets, Net	$ 145,677,996	$ 4,938,732	$ 471,912	$ 150,144,816

Depreciation expense was charged to governmental activities as follows:

Governmental Activities:	
Instruction	$ 2,585,285
Instructional Supervision and Administration	121,429
Instructional Library, Media and Technology	20,556
School Site Administration	257,347
Home-to-School Transportation	102,321
Food Services	101,027
All Other Pupil Services	257,966
Ancillary Services	4,976
All Other General Administration	202,122
Data Processing	51,131
Plant Services	386,344
Total Depreciation Expense	$ 4,090,504

6. LONG-TERM DEBT

A schedule of changes in long-term debt for the fiscal year ended June 30, 2018, is shown below:

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018	Amounts Due Within One Year
General Obligation Bonds	$ 63,124,731	$ -	$ 3,407,194	$ 59,717,537	$ 3,390,366
Total OPEB Liability*	11,803,244	283,361	-	12,086,605	-
Capital Lease Agreement	401,645	-	173,602	228,043	155,604
Compensated Absences	551,088	-	93,195	457,893	-
Community Facilities Districts	20,039,330	-	531,349	19,507,981	571,957
Net Pension Liability	68,348,333	13,644,283	-	81,992,616	-
Total	$ 164,268,371	$ 13,927,644	$ 4,205,340	$ 173,990,675	$ 4,117,927

* Restated

7. BONDED DEBT

The outstanding general obligation bonded debt of the District at June 30, 2018, is the following:

Bond	Date of Bond	Year of Maturity	Rate of Interest	Amount of Original Issue	Bonds Outstanding July 1, 2017	Issued During Year	Matured During Year	Bonds Outstanding June 30, 2018
1998 Series A	2/1/1999	8/1/2023	3.00-3.06%	$ 7,257,875	$ 3,550,143	$ -	$ 578,579	$ 2,971,564
2001 Series A	9/1/2001	8/1/2026	3.25-5.42%	3,800,718	2,863,336	-	111,046	2,752,290
2002 Series A	12/1/2002	8/1/2027	2.00-5.99%	3,641,250	2,287,469	-	137,569	2,149,900
2008 Series A	9/10/2009	8/1/2034	3.00-6.35%	9,989,852	9,094,852	-	130,000	8,964,852
2008 Series B	7/26/2010	8/1/2050	2.00-6.67%	34,998,931	30,303,931	-	915,000	29,388,931
2012 Series A	4/22/2014	8/1/2025	2.00-4.00%	13,510,000	12,225,000	-	455,000	11,770,000
2012 Series B	4/22/2014	8/1/2019	2.00-4.00%	5,000,000	2,800,000	-	1,080,000	1,720,000
				$ 78,198,626	$ 63,124,731	$ -	$ 3,407,194	$ 59,717,537

The annual requirement to amortize the 1998 Series A General Obligation Bonds payable, outstanding at June 30, 2018, is as follows:

Year Ending June 30	Principal	Interest	Total
2019	$ 568,986	$ 911,014	$ 1,480,000
2020	558,448	976,552	1,535,000
2021	549,956	1,045,044	1,595,000
2022	443,209	1,211,791	1,655,000
2023	431,117	1,283,883	1,715,000
2024	419,848	1,360,152	1,780,000
Total	$ 2,971,564	$ 6,788,436	$ 9,760,000

The annual requirement to amortize the 2001 Series A General Obligation Bonds payable, outstanding at June 30, 2018, is as follows:

Year Ending June 30	Principal	Interest	Total
2019	$ 114,696	$ 180,304	$ 295,000
2020	121,291	208,709	330,000
2021	125,086	234,914	360,000
2022	136,315	278,685	415,000
2023	141,287	313,713	455,000
2024-27	2,113,615	5,901,385	8,015,000
Total	$ 2,752,290	$ 7,117,710	$ 9,870,000

The annual requirement to amortize the 2002 Series A General Obligation Bonds payable, outstanding at June 30, 2018, is as follows:

Year Ending June 30	Principal	Interest	Total
2019	$ 141,684	$ 213,316	$ 355,000
2020	142,766	237,234	380,000
2021	145,222	264,778	410,000
2022	141,920	283,080	425,000
2023	146,396	264,778	411,174
2024-28	1,431,912	3,917,716	5,349,628
Total	$ 2,149,900	$ 5,180,902	$ 7,330,802

The annual requirement to amortize the 2008 Series A General Obligation Bonds payable, outstanding at June 30, 2018, is as follows:

Year Ending June 30	Principal	Interest	Total
2019	$ 165,000	$ 44,908	$ 209,908
2020	131,784	94,623	226,407
2021	143,970	118,594	262,564
2022	153,843	147,704	301,547
2023	165,749	184,331	350,080
2024-28	1,692,837	3,622,791	5,315,628
2029-33	5,042,920	13,327,265	18,370,185
2034-35	1,468,749	5,383,232	6,851,981
Total	$ 8,964,852	$ 22,923,448	$ 31,888,300

The annual requirement to amortize the 2008 Series B General Obligation Bonds payable, outstanding at June 30, 2018, is as follows:

Year Ending June 30	Principal	Interest	Total
2019	$ 1,020,000	$ 819,462	$ 1,839,462
2020	1,115,000	776,763	1,891,763
2021	1,230,000	729,863	1,959,863
2022	1,355,000	678,162	2,033,162
2023	1,485,000	613,937	2,098,937
2024-28	7,895,000	1,904,781	9,799,781
2029-33	21,758	1,004,492	1,026,250
2034-38	2,590,624	12,697,378	15,288,002
2039-43	7,228,938	22,669,772	29,898,710
2044-48	3,545,671	34,672,670	38,218,341
2049-51	1,901,940	25,892,785	27,794,725
Total	$ 29,388,931	$ 102,460,065	$ 131,848,996

The annual requirement to amortize the 2012 Series A General Obligation Bonds payable, outstanding at June 30, 2018, is as follows:

Year Ending June 30	Principal	Interest	Total
2019	$ 550,000	$ 425,750	$ 975,750
2020	605,000	409,750	1,014,750
2021	1,615,000	391,100	2,006,100
2022	1,735,000	342,650	2,077,650
2023	1,860,000	290,600	2,150,600
2024-26	5,405,000	401,000	5,806,000
Total	$ 11,770,000	$ 2,260,850	$ 14,030,850

The annual requirement to amortize the 2012 Series B General Obligation Bonds payable, outstanding at June 30, 2018, is as follows:

Year Ending June 30	Principal	Interest	Total
2019	$ 830,000	$ 68,800	$ 898,800
2020	890,000	35,600	925,600
Total	$ 1,720,000	$ 104,400	$ 1,824,400

The total annual requirement to amortize General Obligation Bonds payable, outstanding at June 30, 2018, is summarized below:

Year Ending June 30	Principal	Interest	Total
2019	$ 3,390,366	$ 2,663,554	$ 6,053,920
2020	3,564,290	2,739,230	6,303,520
2021	3,809,234	2,784,292	6,593,526
2022	3,965,287	2,942,072	6,907,359
2023	4,229,548	2,951,243	7,180,791
2024-28	18,958,212	17,107,826	36,066,038
2029-33	5,064,678	14,331,757	19,396,435
2034-38	4,059,373	18,080,610	22,139,983
2039-43	7,228,938	22,669,772	29,898,710
2044-48	3,545,671	34,672,670	38,218,341
2049-51	1,901,940	25,892,785	27,794,725
Total	$ 59,717,537	$ 146,835,811	$ 206,553,348

8. TOTAL OPEB LIABILITY

General Information About the OPEB Plan

Plan Description.

The District offers medical/prescription drug, dental, and vision benefits through California's Valued Trust (CVT), a Jointly Managed Trust, on a pooled, self-insured basis. Active employees and retirees are offered a choice of Blue Cross PPOs and Kaiser HMOs, as well as Delta Dental and the Vision Service Pan. Benefits for Classified and Management/Confidential employees and retirees are provided through the Self-Insured Schools of California (SISC), a Joint Powers Authority.

Benefits Provided. Certificated employees, upon reaching age 55 and completing at least 10 years of full-time District service, may retire and receive a District contribution up to a dollar cap of $1,132.27 per month, subject to making any required retiree contributions for the coverages they elect. District-paid benefits end at age 65.

Classified employees may retire with District-paid benefits upon the earlier of: (1) the later age of 58 and 10 years of full-time District Service, or (2) the later of age 55 and 20 years of full-time District service. Part-time Classified employees who worked for at least 20 hours per week for the required number of years may be eligible for benefits if they pay for their share of health benefits for 3 years immediately preceding retirement under rule (1) above, or 5 years under rule (2). Classified retirees are subject to a dollar cap of $1,105.55 per month, and benefits end at age 65.

Management/Confidential retirees receive retiree health benefits under rules similar to Certificated retirees, except that their cap is $1,089.31 per month. There are two retirees (one Management, one Board) receiving benefits in excess of those described under special arrangements which are not expected to be repeated in the future.

Employees Covered by Benefit Terms

At July 1, 2017, membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	41
Inactive plan members emtitled to but not yet receiving benefits	-
Active plan members	470
Total	511

Total OPEB Liability

The District total OPEB liability of $12,086,605 was measured as of June 30, 2017, and was determined by an actuarial valuation as of June 30, 2017. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	3.00%
Discount rate	3.13%
Healthcare cost trend rate	6.00% for 2017; 5.00% for 2018 and later years

Discount Rate. GASB 75 requires a discount rate that reflects the following:

a) The long-term expected rate of return on OPEB plan investments – to the extent that the OPEB plan's fiduciary net position (if any) is projected to be sufficient to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return;
b) A yield or index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher – to the extent that the conditions in (a) are not met.

To determine a resulting single (blended) rate, the amount of the plan's projected fiduciary net position (if any) and the amount of projected benefit payments is compared in each period of projected benefit payments. The discount rate used to measure the District's Total OPEB liability is based on these requirements and the following information:

Reporting Date	Measurement Date	Long-Term Expected Return of Plan Investments (if any)	Municipal Bond 20-Year High Grade Rate Index	Discount Rate
June 30, 2018	June 30, 2017	4.00%	3.13%	3.13%

Pre-retirement mortality rates were based on the RP-2014 Employee Mortality Table for Males or Females, as appropriate, without projection. Post-retirement mortality rates were based on the RP-2014 Health Annuitant Mortality Table for Males or Females, as appropriate, without projection.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2017	$ 11,803,244
Changes for the year:	
Service Cost	530,907
Interest	360,006
Benefit Payments	(607,552)
Net changes	283,361
Balance at June 30, 2018	$ 12,086,605

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 1 percentage point lower or 1percentage point higher that the current discount rate.

	1% Decrease 2.13%	Discount Rate 3.13%	1% Increase 4.13%
Total OPEB liabiltiy (asset)	$ 12,979,318	$ 12,086,605	$ 11,266,556

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 1 percentage point lower (5.00 percent decreasing to 4.00 percent) or 1 percentage point higher (7.00 percent decreasing to 6.00 percent) than the current healthcare cost trend rate:

	1% Decrease (5.00% decreasing to 4.00%)	Healthcare Cost Trend Rate (6.00% decreasing to 5.00%)	1% Increase (7.00% decreasing to 6.00%)
Net OPEB liabiltiy (asset)	$ 10,976,282	$ 12,086,605	$ 13,370,405

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the District recognized OPEB expense of $890,913. At June 30, 2018, the District reported deferred outflows of resources related to OPEB from the following source.

	Deferred Outflows of Resources
OPEB contributions subsequent to measurement date	$ 563,350

9. CAPITAL LEASE AGREEMENT

The District has entered into a capital lease for copy machines. Future minimum lease payments under this agreement are as follow:

Year Ending June 30	Lease Payment
2019	$ 155,604
2020	72,439
Total	$ 228,043

10. COMPENSATED ABSENCES

The total unpaid employee compensated absences as of June 30, 2018, amounted to $457,893 and is included in the General Long-Term Debt.

11. COMMUNITY FACILITIES DISTRICTS

A. In January 2006, Community Facilities District 2005-1 issued Special Tax Bonds, Series 2005 in the aggregate amount of $7,870,000. Proceeds of the bonds will be used primarily to finance 1) the acquisition and construction of certain school facilities; 2) the acquisition and construction of certain sewer facilities; and 3) certain water improvements, all with respect to the property in the CFD.

The annual requirements to amortize the bonds outstanding at June 30, 2018, are as follows:

Year Ending June 30	Principal	Interest	Total
2019	$ 245,919	$ 276,334	$ 522,253
2020	256,225	265,943	522,168
2021	266,679	255,129	521,808
2022	278,051	243,867	521,918
2023	290,157	232,121	522,278
2024-28	1,640,340	966,285	2,606,625
2029-33	2,471,988	655,220	3,127,208
2034-37	1,221,647	77,747	1,299,394
Total	$ 6,671,006	$ 2,972,646	$ 9,643,652

B. In November 2006, Community Facilities District 2005-2 issued Special Tax Bonds, Series 2006 in the aggregate amount of $3,770,000. Proceeds of the bonds will be used primarily to finance 1) the acquisition and construction of certain school facilities and improvements; and 2) fees of the Los Angeles County Sanitation District, all with respect to the property of the CFD.

The annual requirements to amortize the bonds outstanding at June 30, 2018, are as follows:

Year Ending June 30	Principal	Interest	Total
2019	$ 88,512	$ 144,322	$ 232,834
2020	97,004	140,534	237,538
2021	105,544	136,390	241,934
2022	114,585	131,889	246,474
2023	123,728	127,000	250,728
2024-28	791,099	546,031	1,337,130
2029-33	1,398,783	390,725	1,789,508
2034-37	759,746	48,099	807,845
Total	$ 3,479,001	$ 1,664,990	$ 5,143,991

C. In November 2006, Community Facilities District 2005-3 issued Special Tax Bonds, Series 2006 in the aggregate amount of $10,125,000. Proceeds of the bonds will be used primarily to finance 1) the acquisition and construction of certain school facilities and improvements; 2) certain sewer facilities; 3) facility and meter connection fees of the Water District; 4) connection fees of the Water Agency, and 5) certain city fees, all with respect to the property in the CFD.

The annual requirements to amortize the bonds outstanding at June 30, 2018, are as follows:

Year Ending June 30	Principal	Interest	Total
2019	$ 237,526	$ 388,794	$ 626,320
2020	258,954	378,639	637,593
2021	283,159	367,594	650,753
2022	309,853	355,473	665,326
2023	336,386	342,248	678,634
2024-28	2,127,830	1,471,786	3,599,616
2029-33	3,758,452	1,055,663	4,814,115
2034-37	2,045,814	130,935	2,176,749
Total	9,357,974	4,491,132	13,849,106
Grand Total	$ 19,507,981	$ 9,128,769	$ 28,636,750

12. NET PENSION LIABILITY

General Information About the Pension Plans

Plan Descriptions

Qualified employees are covered under cost-sharing multiple-employer defined benefit pension plans maintained by agencies of the State of California. Classified employees are members of the California Public Employees' Retirement System (CalPERS) and certificated employees are members of the California State Teachers' Retirement System (CalSTRS). Benefit provisions under the plans are established by State statute and Local Government resolution. Support by the State for the CalSTRS plan is such that the plan has a special funding situation as defined by GASB Statement No. 68. CalPERS and CalSTRS issue publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on their respective websites.

Benefits Provided

CalPERS and CalSTRS provide service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members. Benefits are based on years of credited service, equal to one year of service credit for each year of full-time employment. Members with five years of total service are eligible to retire at age 62 for normal benefits or at age 55 with statutorily reduced benefits. Employees hired prior to January 1, 2013 are eligible to retire at age 60 for normal benefits or at age 55 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. All members are eligible for death benefits after one year of total service.

The plans' provisions and benefits in effect at June 30, 2018, are summarized as follows:

	CalPERS		CalSTRS	
	Before	On or After	Before	On or After
Hire Date	January 1, 2013	January 1, 2013	January 1, 2013	January 1, 2013
Benefit Formula	2% at 55	2% at 62	2% at 60	2% at 62
Benefit Vesting Schedule	5 Years	5 Years	5 Years	5 Years
Benefit Payments	Monthly for Life	Monthly for Life	Monthly for Life	Monthly for Life
Retirement Age	50-62	52-67	50-62	55-67
Monthly benefits, as a % of eligible compensation	1.1 - 2.5%	1.0 - 2.5%	1.1 - 2.4%	1.0 - 2.4%*
Required employee contribution rates (average)	7.000%	6.500%	10.250%	9.205%
Required employer contribution rates	15.531%	15.531%	14.430%	14.430%

*Amounts are limited to 120% of Social Security Wage Base.

Contributions - CalPERS

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. The CalPERS Board retains the authority to amend contribution rates. The total plan contributions are determined through 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 employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2017 (measurement date), employees hired prior to January 1, 2013 paid in 7.00%, employees hired on or after January 1, 2013 paid 6.00%, and the employer contribution rate was 13.88% of annual payroll. For the fiscal year ending June 30, 2018, employees hired prior to January 1, 2013 contributed 7.00%, employees hired on or after January 1, 2013 contributed 6.50%, and the employer's contribution rate was 15.531%.

Contributions - CalSTRS

For the measurement period ended June 30, 2017 (measurement date), Section 22950 of the California Education Code requires members to make monthly contributions 9.205% of the creditable compensation upon which members' contributions under this part are based. In addition, the employer required rates established by the CalSTRS Board have been established at 12.58% of creditable compensation. Rates are defined in Section 22950.5 through measurement period ending June 30, 2021. Section 22950.5 states, "For fiscal year 2021-22 and each fiscal year thereafter, the board shall increase or decrease the percentages paid specified in this section from the percentage paid during the prior fiscal year to reflect the contribution required to eliminate by June 30, 2046, the remaining unfunded actuarial obligation with respect to service credited to members before July 1, 2014, as determined by the board based upon a recommendation from its actuary."

On-Behalf Payments

Consistent with Section 22955.1 of the California Education Code, the State of California makes contributions to CalSTRS on behalf of employees working for the District. For the measurement period ended June 30, 2017 (measurement date), the State contributed 9.117017% of salaries creditable to CalSTRS. 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. 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.

Contributions Recognized

For the year ended June 30, 2018, the contributions recognized as part of pension expense for each plan were as follows:

	CalPERS	CalSTRS
Contributions - Employer	$ 1,120,278	$ 4,822,622
Contributions - Employee (paid by employer)	483,991	3,528,795
Contributions - State On-Behalf Payments	-	2,925,448
Total	$ 1,604,269	$ 11,276,865

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

As of June 30, 2018, the District reported a net pension liability for its proportionate share of the net pension liability of each plan as follows:

	Proportionate Share of Net Pension Liability
CalPERS	$ 15,101,832
CalSTRS	66,890,784
Total Net Pension Liablility	$ 81,992,616

The District's net pension liability for each plan is measured as the proportionate share of the net pension liability as of June 30, 2017. The total pension liability for each plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016, rolled forward to June 30, 2017. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

For the year ended June 30, 2018, the District recognized pension expense of $17,000,792. At June 30, 2018, 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	$ 10,264,928	$ -
Differences between actual and expected experience	788,405	1,166,683
Changes in assumptions	12,392,299	177,805
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	-	-
Net difference between projected and actual earnings on plan investments	522,420	1,781,488
Total	$ 23,968,052	$ 3,125,976

$10,264,928 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30		
2019	$	2,934,101
2020		5,065,396
2021		3,556,037
2022		(978,386)
Total	$	10,577,148

Actuarial Assumptions

The total pension liabilities in the June 30, 2017, actuarial valuations were determined using the following actuarial assumptions:

	CalPERS	CalSTRS
Valuation Date	June 30, 2016	June 30, 2016
Measurement Date	June 30, 2017	June 30, 2017
Actuarial Cost Method	Entry Age - Normal	Entry Age - Normal
Actuarial Assumptions		
Discount Rate	7.15%	7.10%
Inflation	2.75%	2.75%
Payroll Growth	3.00%	3.50%
Projected Salary Increase	Varies *	Varies *
Investment Rate of Return	7.50% #	7.10% #
Mortality	Varies &	Varies &

* Depending on age, service and type of employment
# Net of pension plan investment expenses, including inflation
& Depending on age, gender and type of job

Discount Rate

The discount rate used to measure the total pension liability was 7.15% for CalPERS and 7.10% for CalSTRS. To determine whether the District bond rate should be used in calculation of a discount rate for each plan, CalPERS and CalSTRS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current discount rates are adequate and the use of the District bond rate calculation is not necessary for either plan.

The stress test results are presented in a detailed report that can be obtained from the CalPERS and CalSTRS websites.

According to Paragraph 30 of GASB Statement No. 68, the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. Administrative expenses are assumed to be 15 basis points. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS and CalSTRS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS and CalSTRS are scheduled to review all actuarial assumptions as part of their regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require board action and proper stakeholder outreach. For these reasons, CalPERS and CalSTRS expect to continue using a discount rate net of administrative expenses for GASB 67 and GASB 68 calculations through at least the 2018-19 fiscal year. CalPERS and CalSTRS will continue to check the materiality of the difference in calculation until such time as they have changed their methodology.

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.
In determining the long-term expected rate of return, CalPERS and CalSTRS 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 10 years) and long-term (11-60 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 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 equivalent to the single equivalent rate calculated above and rounded down to the nearest quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

	CalSTRS	
Asset Class	Assumed Assets Allocation	Long Term Expected Rate of Return*
Global Equity	47.00%	6.30%
Fixed Income	12.00%	0.30%
Inflation Sensitive	4.00%	3.80%
Private Equity	13.00%	9.30%
Real Estate	13.00%	5.20%
Liquidity	2.00%	-1.00%
Absolute Return/Risk Mitigating	9.00%	2.90%

* 20-year average

	CalPERS		
Asset Class	Strategic Allocation	Real Return (Years 1-10) *	Real Return (Years 11+) #
Global Equity	47.00%	4.90%	5.38%
Fixed Income	19.00%	0.80%	2.27%
Inflation Assets	6.00%	0.60%	1.39%
Private Equity	12.00%	6.60%	6.63%
Real Estate	11.00%	2.80%	5.21%
Infrastructure and Forestland	3.00%	3.90%	5.36%
Liquidity	2.00%	-0.40%	-0.90%

* An expected inflation of 2.5% used for this period
# An expected inflation of 3.0% used for this period

Sensitivity of Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following represents the District's proportionate share of the net pension liability for each plan, calculated using the discount rate for each plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	CalPERS	CalSTRS
1% Decrease	6.15%	6.10%
Net Pension Liability	$ 22,219,634	$ 98,216,907
Current Discount Rate	7.15%	7.10%
Net Pension Liability	$ 15,101,832	$ 66,890,784
1% Increase	8.15%	8.10%
Net Pension Liability	$ 9,197,019	$ 41,467,512

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS and CalSTRS financial reports.

13. JOINT POWERS AGREEMENTS

The Westside Union School District participates in four joint ventures under joint powers agreements (JPAs). The relationships between the Westside Union School District and the JPAs are such that none of the JPAs are a component unit of the Westside Union School District for financial reporting purposes.

The Antelope Valley Schools Transportation Agency (AVSTA) provides student transportation services on a fee for service basis for its four members; Antelope Valley Union High School District, Keppel Union School District, Lancaster School District and Westside Union School District. The AVSTA is governed by a board consisting of a representative from each member district. The Board controls the operations of the AVSTA, including selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the Board. Each member district payment fees are based upon the level of service provided to the district.

The Self Insurance Risk Management Authority (SIRMA) Workers' Compensation arranges for and provides workers' compensation insurance for its seventeen members. All members except two are public school districts. The two non public school district members are Joint Powers Authorities consisting of several public school districts. All of the members of the SIRMA Workers' Compensation are located in the northern part of Los Angeles County.

The SIRMA is governed by a board consisting of a representative from each member district. The board controls the operations of the SIRMA, including selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the Board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to their participation in the SIRMA.

The Partners in Nutrition Cooperative (PINCO) provides services to as many as 40 school districts in California. PINCO provides buying, warehousing and distribution of food product services to the participating member districts. In addition, PINCO manages the receipt, diversion, processing and distribution of USDA donated commodities for the member districts. Operational authority rests with the Lead District Board of Trustees. The Lead District is advised by an Advisory Committee which is comprised of one appointed representative from each of the member districts.

The Self-Insured Schools of California (SISC II) Property and Liability Program provides a risk management pool for the benefit of public schools, colleges or other educational agencies. Members include educational agencies throughout the State of California. The program is governed by a Board of Directors that is elected from and by representatives of member districts.

Condensed financial information of the JPAs is as follows:

	AVSTA	PINCO	SISC II	SIRMA
	Unaudited June 30, 2018	Unaudited June 30, 2018	Audited June 30, 2017	Audited June 30, 2018
Total Assets	$ 4,265,709	$ 6,242,536	$ 48,144,010	$ 2,591,572
Total Liabilities	366,165	65,058	33,774,894	2,087,365
Net Position	$ 3,899,544	$ 6,177,478	$ 14,369,116	$ 504,207
Total Revenues	$ 16,815,223	$ 16,670,043	$ 21,716,362	$ 15,610,106
Total Expenditures	16,201,614	15,357,806	28,886,143	16,122,852
Net Increase (Decrease) in Net Position	$ 613,609	$ 1,312,237	$ (7,169,781)	$ (512,746)

14. COMMITMENTS AND CONTINGENCIES

A. Federal and State Allowances, Awards and Grants

The District has received Federal and State funds for specific purposes that are subject to review and audit by the grantor agencies. If the review or audit discloses exceptions, the District may incur a liability to grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursement will not be material.

B. Litigation

Various claims and litigation involving the District are currently outstanding. However, management of the District believes, based on consultation with legal counsel, that the ultimate resolution of these matters will not have a material adverse effect on the District's financial position or results of operations.

C. Construction Commitments

As of June 30, 2018, the District had the following commitments with respect to unfinished capital projects:

Capital Projects	Remaining Construction Commitments	Expected Date of Completion	Funding Source
Cottonwood Modernization	$ 2,056,128	February 2019	Bond
21st Century Technology Upgrade Districtwide	587,761	February 2019	Bond
JW Add 3 Relocatable Classrooms - Spring 2018	105,820	January 2019	Dev. Fees
EZ Add 3 Relocatable Classrooms -Spring 2018	115,801	January 2019	Dev. Fees
QH Slope, South Basketball	16,500	August 2018	Gen. Fd. RRMA
Decommission HV Solar	1,900,000	January 2019	School Facilities Fund
Exterior Painting at QH	112,400	August 2018	Gen. Fd. RRMA

15. ADJUSTMENT FOR RESTATEMENT

The beginning balance of Other Postemployment Benefits (Total OPEB Liability) was restated by $(230,330) due to the implementation of GASB Statement No. 75. In addition, the beginning balance of the Blended Component Unit-Capital Projects Fund was restated by $(336,630) due to a write off of receivables.

Required Supplementary Information

WESTSIDE UNION SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	(GAAP Basis)	Final Budget Positive (Negative)
REVENUES				
Local Control Funding Formula Sources:				
State Apportionments	$ 51,637,846	$ 50,623,880	$ 49,042,277	$ (1,581,603)
Education Protection Account Funds	11,642,047	11,182,608	11,937,564	754,956
Local Sources	9,799,065	11,884,794	12,764,751	879,957
Total LCFF Sources	73,078,958	73,691,282	73,744,592	53,310
Federal Revenues	2,443,118	2,635,463	2,647,667	12,204
Other State Revenues	2,472,754	7,096,466	7,526,689	430,223
Other Local Revenues	5,305,579	5,754,318	6,196,135	441,817
Total Revenues	83,300,409	89,177,529	90,115,083	937,554
EXPENDITURES				
Certificated Salaries	39,735,920	40,634,559	40,557,124	77,435
Classified Salaries	12,947,874	13,445,842	13,445,839	3
Employee Benefits	17,563,929	21,001,736	21,001,737	(1)
Books and Supplies	5,049,906	3,665,611	3,272,721	392,890
Services and Other Operating Expenditures	9,350,316	9,550,170	9,443,334	106,836
Other Outgo	460,000	874,875	913,543	(38,668)
Direct Support/Indirect Costs	(116,470)	(122,119)	(108,732)	(13,387)
Capital Outlay	7,836,113	1,586,308	1,545,018	41,290
Debt Service:				
Principal	197,911	197,911	173,852	24,059
Interest	44,577	44,577	16,580	27,997
Total Expenditures	93,070,076	90,879,470	90,261,016	618,454
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ (9,769,667)	$ (1,701,941)	(145,933)	$ 1,556,008
FUND BALANCE - JULY 1, 2017			18,101,944	
FUND BALANCE - JUNE 30, 2018			$ 17,956,011	

See accompanying Notes to the Required Supplementary Information.

WESTSIDE UNION SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL
OPEB LIABILITY AND RELATED RATIOS LAST TEN FISCAL YEARS*
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Fiscal Year 2018
Total OPEB Liability	
Service cost	$ 530,907
Interest	360,006
Benefit payments	(607,552)
Net Change in OPEB Liability	283,361
Total OPEB Liability-Beginning	11,803,244
Total OPEB Liability-Ending	$ 12,086,605
Covered - Employee Payroll	$ 90,274,357
Total OPEB Liability as a Percentage of Covered-Employee Payroll	13.39%

* This schedule is required to show information for ten years; however, until a full ten-year trend is compiled information is presented for those years for which information is available.

See accompanying Notes to the Required Supplementary Information.

WESTSIDE UNION SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
CALPERS/CALSTRS LAST TEN FISCAL YEARS*
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	CalPERS			
	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015
District's proportion of the net pension liability	0.06325%	0.06325%	0.06313%	0.06520%
District's proportionate share of the net pension liability	$ 15,101,832	$ 12,491,914	$ 9,305,424	$ 7,401,788
District's covered-employee payroll	$ 8,066,518	$ 7,588,470	$ 6,989,236	$ 6,843,961
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	187.22%	164.62%	133.14%	108.15%
Plan fiduciary net position as a percentage of the total pension liability	71.87%	73.90%	79.43%	83.38%

	CalSTRS			
	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015
District's proportion of the net pension liability	0.07233%	0.06906%	0.07359%	0.06870%
District's proportionate share of the net pension liability	$ 66,890,784	$ 55,856,419	$ 49,543,732	$ 40,146,219
State's proportionate share of the net pension liability associated with the District	24,863,304	20,264,709	17,138,663	15,115,052
Total	$ 91,754,088	$ 76,121,128	$ 66,682,395	$ 55,261,271
District's covered-employee payroll	$ 38,335,628	$ 34,310,969	$ 34,008,649	$ 30,443,248
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	174.49%	162.79%	145.68%	131.87%
Plan fiduciary net position as a percentage of the total pension liability	69.46%	70.04%	74.02%	76.52%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

See accompanying Notes to the Required Supplementary Information.

WESTSIDE UNION SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
CALPERS/CALSTRS LAST TEN FISCAL YEARS*
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	CalPERS			
	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015
Contractually required contribution	$ 1,360,129	$ 1,120,664	$ 899,006	$ 822,703
Contributions in relation to the contractually required contribution	1,360,129	1,120,664	899,006	822,703
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 8,757,508	$ 8,069,300	$ 7,588,470	$ 6,989,236
Contributions as a percentage of covered-employee payroll	15.531%	13.888%	11.847%	11.771%

	CalSTRS			
	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015
Contractually required contribution	$ 5,686,657	$ 4,729,940	$ 3,681,567	$ 3,019,968
Contributions in relation to the contractually required contribution	5,686,657	4,729,940	3,681,567	3,019,968
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 39,408,574	$ 37,598,889	$ 34,310,969	$ 34,008,649
Contributions as a percentage of covered-employee payroll	14.43%	12.58%	10.73%	8.88%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

See accompanying Notes to the Required Supplementary Information.

WESTSIDE UNION SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

1. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

As of June 30, 2018, expenditures exceeded appropriations in individual funds as follows:

Appropriations Category	Excess Expenditures
General Fund	
Other Outgo	$ 38,668
Direct Support/Indirect Costs	13,387

2. PURPOSE OF SCHEDULES

A. Budgetary Comparison Schedules

These schedules are required by GASB Statement No. 34 as required supplementary information (RSI) for the General Fund and for each major special revenue fund that has a legally adopted annual budget. The budgetary comparison schedules present both (a) the original and (b) the final appropriated budgets for the reporting period as well as (c) actual inflows, outflows, and balances, stated on the District's budgetary basis. A separate column to report the variance between the final budget and actual amounts is also presented, although not required.

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

This schedule is required by GASB Statement No. 75 for all sole and agent employers that provide other postemployment benefits (OPEB). The schedule presents information of the measurement date of the net OPEB liability.

C. Schedule of Proportionate Share of the Net Pension Liability

This schedule is required by GASB Statement No. 68 and is required for all employers in a cost-sharing pension plan. The schedule reports the following information:

- The proportion (percentage) of the collective net pension liability (similar to the note disclosure)
- The proportion share (amount) of the collective net pension liability
- The employer's covered-employee payroll
- The proportionate share (amount) of the collective net pension liability as a percentage of the employer's covered-employee payroll
- The pension plan's fiduciary net position as a percentage of the total pension liability

D. Schedule of Pension Contributions

This schedule is required by GASB Statement No. 68 and is required for all employers in a cost-sharing pension plan. The schedule reports the following information:

- If an employer's contributions to the plan are actuarially determined or based on statutory or contractual requirements: the employer's actuarially determined contribution to the pension plan (or, if applicable, its statutorily or contractually required contribution), the employer's actual contributions, the difference between the actual and actuarially determined contributions (or statutorily or contractually required), and a ratio of the actual contributions divided by covered-employee payroll.

3. SUMMARY OF CHANGES OF BENEFITS OR ASSUMPTIONS

Benefit Changes
There were no changes to benefit terms that applied to all members of the Schools Pool.

Changes of Assumptions
There were no changes of assumptions.

Supplementary Information

STATEMENT 1

WESTSIDE UNION SCHOOL DISTRICT
BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUND
JUNE 30, 2018

	CAFETERIA FUND
ASSETS	
Cash	
Cash in County Treasury	$ 3,497,526
Cash in Revolving Fund	300
Cash with Fiscal Agent	85,402
Accounts Receivable	304,205
Inventory	122,516
TOTAL ASSETS	$ 4,009,949
LIABILITIES AND FUND BALANCE	
Liabilities	
Accounts Payable	$ 67,284
Unearned Revenue	82,096
Total Liabilities	149,380
Fund Balance	
Nonspendable	122,816
Restricted	3,737,753
Total Fund Balance	3,860,569
TOTAL LIABILITIES AND FUND BALANCE	$ 4,009,949

The Notes to Financial Statements are an integral part of this statement.

WESTSIDE UNION SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	CAFETERIA FUND
REVENUES	
Federal Revenues	$ 2,005,150
Other State Revenues	129,905
Other Local Revenues	754,030
Total Revenues	2,889,085
EXPENDITURES	
Pupil Services:	
Food Services	2,453,809
General Administration:	
All Other General Administration	108,732
Plant Services	557
Total Expenditures	2,563,098
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	325,987
FUND BALANCE - JULY 1, 2017	3,534,582
FUND BALANCE - JUNE 30, 2018	$ 3,860,569

The Notes to Financial Statements are an integral part of this statement.

STATEMENT 3

WESTSIDE UNION SCHOOL DISTRICT
BALANCE SHEET
NONMAJOR DEBT SERVICE FUND
JUNE 30, 2018

		BLENDED COMPONENT UNIT - DEBT SERVICE FUND
ASSETS		
Cash		
Cash in County Treasury	$	996,889
Cash with Fiscal Agent		720,131
Accounts Receivable		4,139
TOTAL ASSETS	$	1,721,159
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts Payable	$	-
Fund Balance		
Assigned		1,721,159
TOTAL LIABILITIES AND FUND BALANCE	$	1,721,159

The Notes to Financial Statements are an integral part of this statement.

STATEMENT 4

WESTSIDE UNION SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
NONMAJOR DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	BLENDED COMPONENT UNIT - DEBT SERVICE FUND
REVENUES	
Other Local Revenues	$ 1,670,762
EXPENDITURES	
Debt Services:	
Principal	531,349
Interest	860,083
Total Expenditures	1,391,432
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	279,330
OTHER FINANCING SOURCES (USES)	
Interfund Transfers In	1,261,461
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	1,540,791
FUND BALANCE - JULY 1, 2017	180,368
FUND BALANCE - JUNE 30, 2018	$ 1,721,159

The Notes to Financial Statements are an integral part of this statement.

STATEMENT 5

WESTSIDE UNION SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2018

	BUILDING FUND	CAPITAL FACILITIES FUND	COUNTY SCHOOL FACILITIES FUND	SPECIAL RESERVE FUND	BLENDED COMPONENT UNIT-CAPITAL PROJECTS FUND	TOTAL
ASSETS						
Cash						
Cash in County Treasury	$ 1,229,439	$ 1,783,811	$ 1,863,017	$ 2,846,219	$ (520,909)	$ 7,201,577
Cash with Fiscal Agent	-	-	-	-	1,740,026	1,740,026
Accounts Receivable	10,451	8,409	10,754	592	326	30,532
TOTAL ASSETS	$ 1,239,890	$ 1,792,220	$ 1,873,771	$ 2,846,811	$ 1,219,443	$ 8,972,135
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts Payable	$ 41,566	$ 123,469	$ 241,145	$ 27,340	$ 20,810	$ 454,330
Fund Balances						
Restricted	1,198,324	1,668,751	1,632,626	-	1,193,771	5,693,472
Assigned	-	-	-	2,819,471	4,862	2,824,333
Total Fund Balances	1,198,324	1,668,751	1,632,626	2,819,471	1,198,633	8,517,805
TOTAL LIABILITIES AND FUND BALANCES	$ 1,239,890	$ 1,792,220	$ 1,873,771	$ 2,846,811	$ 1,219,443	$ 8,972,135

The Notes to Financial Statements are an integral part of this statement.

STATEMENT 6

WESTSIDE UNION SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	BUILDING FUND	CAPITAL FACILITIES FUND	COUNTY SCHOOL FACILITIES FUND	SPECIAL RESERVE FUND	BLENDED COMPONENT UNIT-CAPITAL PROJECTS FUND	TOTAL
REVENUES						
Other State Revenues	$ -	$ -	$ 9,208,394	$ -	$ -	$ 9,208,394
Other Local Revenues	30,392	666,373	10,778	4,309	45,373	757,225
Total Revenues	30,392	666,373	9,219,172	4,309	45,373	9,965,619
EXPENDITURES						
General Administration:						
All Other General Administration	-	1,033	-	-	-	1,033
Plant Services	11,860	246,572	-	-	42,244	300,676
Facilities Acquisition and Construction	886,002	356,638	360,381	5,299,703	189,953	7,092,677
Other Outgo	-	-	-	-	378	378
Total Expenditures	897,862	604,243	360,381	5,299,703	232,575	7,394,764
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(867,470)	62,130	8,858,791	(5,295,394)	(187,202)	2,570,855
OTHER FINANCING SOURCES (USES)						
Interfund Transfers In	-	-	-	7,240,566	-	7,240,566
Interfund Transfers Out	-	-	(7,240,566)	-	(1,261,461)	(8,502,027)
Total Other Financing Sources (Uses)	-	-	(7,240,566)	7,240,566	(1,261,461)	(1,261,461)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	(867,470)	62,130	1,618,225	1,945,172	(1,448,663)	1,309,394
FUND BALANCES - JULY 1, 2017, as Previously Reported	2,065,794	1,606,621	14,401	874,299	2,983,926	7,545,041
Adjustment for Restatement (Note 15)	-	-	-	-	(336,630)	(336,630)
FUND BALANCES - JULY 1, 2017, as Restated	2,065,794	1,606,621	14,401	874,299	2,647,296	7,208,411
FUND BALANCES - JUNE 30, 2018	$ 1,198,324	$ 1,668,751	$ 1,632,626	$ 2,819,471	$ 1,198,633	$ 8,517,805

The Notes to Financial Statements are an integral part of this statement.

WESTSIDE UNION SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN
ASSETS AND LIABILITIES
STUDENT BODY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	BALANCE JULY 1, 2017	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2018
Anaverde Hills				
ASSETS				
Cash on Hand and in Banks	$ 5,704	$ 20,480	$ 21,689	$ 4,495
TOTAL ASSETS	$ 5,704	$ 20,480	$ 21,689	$ 4,495
LIABILITIES				
Accounts Payable	$ -	$ -	$ -	$ -
Due to Student Groups	5,704	20,480	21,689	4,495
TOTAL LIABILITIES	$ 5,704	$ 20,480	$ 21,689	$ 4,495
Del Sur Middle School				
ASSETS				
Cash on Hand and in Banks	$ 6,739	$ 36,803	$ 37,747	$ 5,795
TOTAL ASSETS	$ 6,739	$ 36,803	$ 37,747	$ 5,795
LIABILITIES				
Accounts Payable	$ -	$ -	$ -	$ -
Due to Student Groups	6,739	36,803	37,747	5,795
TOTAL LIABILITIES	$ 6,739	$ 36,803	$ 37,747	$ 5,795
Hillview Middle School				
ASSETS				
Cash on Hand and in Banks	$ 27,568	$ 67,454	$ 78,171	$ 16,851
TOTAL ASSETS	$ 27,568	$ 67,454	$ 78,171	$ 16,851
LIABILITIES				
Accounts Payable	$ -	$ -	$ -	$ -
Due to Student Groups	27,568	67,454	78,171	16,851
TOTAL LIABILITIES	$ 27,568	$ 67,454	$ 78,171	$ 16,851

The Notes to Financial Statements are an integral part of this statement.

WESTSIDE UNION SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN
ASSETS AND LIABILITIES
STUDENT BODY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	BALANCE JULY 1, 2017	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2018
Joe Walker Middle School				
ASSETS				
Cash on Hand and in Banks	$ 10,919	$ 115,235	$ 103,847	$ 22,307
TOTAL ASSETS	$ 10,919	$ 115,235	$ 103,847	$ 22,307
LIABILITIES				
Accounts Payable	$ -	$ -	$ -	$ -
Due to Student Groups	10,919	115,235	103,847	22,307
TOTAL LIABILITIES	$ 10,919	$ 115,235	$ 103,847	$ 22,307
Total				
ASSETS				
Cash on Hand and in Banks	$ 50,930	$ 239,972	$ 241,454	$ 49,448
TOTAL ASSETS	$ 50,930	$ 239,972	$ 241,454	$ 49,448
LIABILITIES				
Accounts Payable	$ -	$ -	$ -	$ -
Due to Student Groups	50,930	239,972	241,454	49,448
TOTAL LIABILITIES	$ 50,930	$ 239,972	$ 241,454	$ 49,448

The Notes to Financial Statements are an integral part of this statement.

SCHEDULE 1

WESTSIDE UNION SCHOOL DISTRICT
BOARD OF TRUSTEES AND ORGANIZATION
JUNE 30, 2018

BOARD OF TRUSTEES

MEMBER	OFFICE	TERM EXPIRES
Steve DeMarzio	President	December 2020
John Curiel	Vice President	December 2018
Patricia Shaw	Clerk	December 2020
Linda Jones	Member	December 2018
Jennifer Narvarro	Member	December 2018

ADMINISTRATION

Regina Rossall	Superintendent
Shawn Cabey	Assistant Superintendent, Administrative Services

ORGANIZATION

The Westside Union School District was established in 1946 and covers approximately 346 square miles in North Los Angeles County in California. The communities served are West Lancaster, Quartz Hill, West Palmdale and Leona Valley. There are six TK-6 elementary schools, two TK-8 schools, two K-6 schools, and three 6-8 middle schools. The District Office is located in the unincorporated census-designated place (CDP) of Quartz Hill. There were no changes in the District boundaries in the current year.

WESTSIDE UNION SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Second Period Report 0D04F1D7	Annual Report E59AAE54
TK/K-3		
Regular	3,882.21	3,882.74
Extended Year Special Education	5.72	5.72
Subtotal TK/K-3	3,887.93	3,888.46
Grades 4-6		
Regular	3,161.76	3,154.84
Extended Year Special Education	2.93	2.93
Special Education - NPS	1.39	1.28
Extended Year Special Education - NPS	0.10	0.10
Subtotal Grades 4-6	3,166.18	3,159.15
Grades 7-8		
Regular	2,000.40	1,996.10
Extended Year Special Education	0.55	0.55
Special Education - NPS	0.23	0.17
Subtotal Grades 4-6	2,001.18	1,996.82
Grand Total	9,055.29	9,044.43

See accompanying Notes to Supplementary Information.

WESTSIDE UNION SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

GRADE LEVEL	1986-87 MINUTES REQUIREMENT	2017-18 ACTUAL MINUTES	NUMBER OF DAYS TRADITIONAL CALENDAR	NUMBER OF DAYS MULTITRACK CALENDAR	STATUS
Kindergarten	36,000	51,060	180	N/A	In Compliance
Grades 1-3	50,400	51,740	180	N/A	In Compliance
Grades 4-6	54,000	54,630	180	N/A	In Compliance
Grades 7-8	54,000	57,900	180	N/A	In Compliance

Note: The District participated in Longer Day incentives and did not meet or exceed its target funding.

See accompanying Notes to Supplementary Information.

SCHEDULE 4

WESTSIDE UNION SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

GENERAL FUND	(BUDGET) 2019*	2018	2017***	2016
Revenues and Other Financial Sources	$ 95,262,479	$ 90,115,083	$ 88,203,756	$ 85,311,623
Expenditures	93,473,174	90,261,016	87,721,554	81,276,685
Other Uses and Transfers Out	-	-	-	-
Total Outgo	93,473,174	90,261,016	87,721,554	81,276,685
Change in Fund Balance	$ 1,789,305	$ (145,933)	$ 482,202	$ 4,034,938
Ending Fund Balance	$ 19,745,316	$ 17,956,011	$ 18,101,944	$ 17,619,741
Available Reserves	$ 11,315,793	$ 8,789,882	$ 10,533,712	$ 7,754,476
Reserve for Economic Uncertainties	$ 2,804,196	$ 2,707,830	$ 2,606,756	$ 2,438,301
Unassigned Fund Balance	$ 8,511,597	$ 6,082,052	$ 7,926,956	$ 5,316,175
Available Reserves as a Percentage of Total Outgo	12.11%	9.74%	12.01%	9.54%
Total Long-Term Debt***	**	$ 173,990,675	$ 164,268,371	$ 158,297,527
Average Daily Attendance at P-2	9,055	9,055	8,977	8,735

The General Fund balance has increased by $336,270 over the past two years. The fiscal year 2018-19 budget projects a decrease of $1,789,305. For a district this size, the State recommends available reserves of at least 3% of total General Fund expenditures, transfers out, and other uses. Westside Union School District has met the State's minimum requirements.

Average daily attendance has increased by 320 ADA over the past two years. No increase/decrease of ADA is anticipated during the fiscal year 2018-19.

* Based on July 1 budget, included for analytical purposes only and has not been subjected to audit.
** Not determined.
*** Restated.

See accompanying Notes to Supplementary Information.

SCHEDULE 5

WESTSIDE UNION SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM OR CLUSTER TITLE	FEDERAL CATALOG NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	CLUSTER EXPENDITURES	FEDERAL EXPENDITURES
	GENERAL FUND				
	U.S. Department of Education:				
	Passed through the California Department of Education (CDE):				
	Special Education Cluster:				
	Local Assistance	84.027	13379	$ 1,428,602	
	Local Assistance, Part B, Sec 611, Private Schools	84.027	10115	17,587	
	Preschool Grant	84.173	13430	57,963	
	Preschool Local Assistance	84.027	13682	176,659	
	Preschool Staff Development	84.173	13431	401	
	Total Special Education Cluster				$ 1,681,212
*	Title I, Part A, Basic Grants Low Income and Neglected	84.010	14329		592,946
	Title II, Part A, Supprting Effective Instruction	84.367	14341		142,189
	Title III, LEP	84.365A	10084		28,113
	Total Department of Education				2,444,460
	U.S. Department of Health and Human Services:				
	Passed through CDE:				
	MediCal Administrative Activities	93.778	10060		203,207
	Total General Fund				2,647,667
	CAFETERIA FUND				
	U.S. Department of Agriculture:				
	Passed through CDE:				
*	Child Nutrition Cluster:				
	National School Lunch Program	10.555	13391, 13396	1,599,834	
	Especially Needy Breakfast	10.553	13526	188,754	
	Donated Commodities			216,562	
	Total Department of Agriculture				2,005,150
	Total Federal Expenditures				$ 4,652,817

* Major Programs Tested

See accompanying Notes to Supplementary Information.

SCHEDULE 6

WESTSIDE UNION SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT FORM
WITH AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

		BLENDED COMPONENT UNIT FUND
June 30, 2018 Annual Financial and Budget Report Form Fund Balances	$	1,723,791
Adjustments and Reclassifications		
Decrease Accounts Receivable for:		
Pending Cash Transfer		(525,158)
June 30, 2018 Audited Financial Statement Fund Balances	$	1,198,633

See accompanying Notes to Supplementary Information.

WESTSIDE UNION SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
JUNE 30, 2018

1. PURPOSE OF SCHEDULES

A. Schedule of Average Daily Attendance

Average daily attendance 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 entities. This schedule provides information regarding the attendance of students at various grade spans and in different programs.

B. Schedule of Instructional Time

Districts, including basic aid districts, must maintain their instructional minutes at 1986-87 requirements, as required by Education Code Section 46201. This schedule is required for all districts, including basic aid districts.

The District has received incentive funding for increasing instructional time as provided by the incentives for Longer Instructional Day. The District has not met or 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 Article 8 (commencing with Section 46200) of Chapter 2 of Part 26 of the Education Code.

C. 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.

D. Schedule of Expenditures of Federal Awards

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Westside Union School 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 Uniform Guidance requires a disclosure of the financial activities of all Federally funded programs. This schedule was prepared to comply with the Uniform Guidance. The District did not elect to use the 10 percent de minimis indirect cost rate.

E. Reconciliation of Annual Financial and Budget Report Form with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balances of all funds and the total liabilities balance of the general long-term debt as reported on the Annual Form to the audited financial statements.

JLG

Jeanette L. Garcia & Associates
202 East Airport Drive, Suite 160
San Bernardino, CA 92408
Phone: (909) 763-2100
Fax: (909) 763-2330
www.jlgcpa.net

Jeanette L. Garcia,
CPA

Member:

American
Institute of
Certified Public
Accountants

California
Society of
Certified Public
Accountants

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*

Independent Auditor's Report

To the Board of Trustees
Westside Union School District
Quartz Hill, 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 Westside Union School District, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Westside Union School District's basic financial statements, and have issued our report thereon dated December 17, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Westside Union School 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 Westside Union School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Westside Union School 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 entity'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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Westside Union School 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*.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Jeanette L Garcia + Associates

San Bernardino, California
December 17, 2018

JLG

Jeanette L. Garcia & Associates
202 East Airport Drive, Suite 160
San Bernardino, CA 92408
Phone: (909) 763-2100
Fax: (909) 763-2330
www.jlgcpa.net

Jeanette L. Garcia,
CPA

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE

Independent Auditor's Report

To the Board of Trustees
Westside Union School District
Quartz Hill, California

Report on Compliance for Each Major Federal Program

We have audited Westside Union School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Westside Union School District's major federal programs for the year ended June 30, 2018. Westside Union School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of audit findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with 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 Westside Union School 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 Uniform Guidance, *Audits of States, Local Governments,* 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 Westside Union School 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 on Westside Union School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Westside Union School 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, 2018.

Report on Internal Control Over Compliance

Management of Westside Union School 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 Westside Union School 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 Westside Union School 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 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.

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.

Jeanette L Garcia + Associates

San Bernardino, California
December 17, 2018

JLG

Jeanette L. Garcia & Associates
202 East Airport Drive, Suite 160
San Bernardino, CA 92408
Phone: (909) 763-2100
Fax: (909) 763-2330
www.jlgcpa.net

Jeanette L. Garcia, CPA

Member:

American Institute of Certified Public Accountants

California Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

To the Board of Trustees
Westside Union School District
Quartz Hill, California

Report On State Compliance

We have audited the District's compliance with the types of compliance requirements described in the *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the California Education Audit Appeals Panel that could have a direct and material effect on each of the District's state programs identified below for fiscal year ended June 30, 2018.

Management's Responsibility for State Compliance

Management is responsible for compliance with state statutes, 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 for each applicable program as identified in the, *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting,* published by the Education Audit Appeals Panel. 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 *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting,* published by the Education Audit Appeals Panel. Those standards and audit guide 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 direct and material effect on the state programs noted below 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. Our audit does not provide a legal determination of the District's compliance with those requirements.

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	Not Applicable

	Procedures Performed
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	Not Applicable
Middle or Early College High Schools	Not Applicable
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
School Districts, County Offices of Education, and Charter Schools:	
Educator Effectiveness	Yes
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program	Not Applicable
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not Applicable
Charter Schools:	
Attendance	Not Applicable
Mode of Instruction	Not Applicable
Nonclassroom-Based Instruction/Independent Study for Charter Schools	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
Annual Instructional Minutes - Classroom Based	Not Applicable
Charter School Facility Grant Program	Not Applicable

We did not test compliance for Independent Study because the ADA was below the level required for testing. We did not test for Early Retirement Incentive Program because the District did not participate in the program.

Opinion on State Compliance

In our opinion, Westside Union School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the statutory requirements listed in the schedule above for the year ended June 30, 2018.

Jeanette L Garcia + Associates

San Bernardino, California
December 17, 2018

Findings and Recommendations

WESTSIDE UNION SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	____ Yes	✓ No
Significant deficiencies identified?	____ Yes	✓ None Reported
Noncompliance material to financial statements noted?	____ Yes	✓ No

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	____ Yes	✓ No
Significant deficiencies identified?	____ Yes	✓ None reported
Type of auditor's report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with Title 2, CFR Part 200?	____ Yes	✓ No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
10.553, 10.555	Child Nutrition Cluster
84.010	Title I, Part A, Basic Grant Low Income and Neglected

Dollar threshold used to distinguish between Type A and Type B programs:	$ 750,000	
Auditee qualified as low-risk auditee?	✓ Yes	____ No

State Awards

Internal control over State programs:		
Material weakness(es) identified?	____ Yes	✓ No
Significant deficiencies identified?	____ Yes	✓ None reported
Noncompliance material to financial statements noted?	____ Yes	✓ No
Type of auditor's report issued on compliance for State programs:	Unmodified	

Section II – Financial Statement Findings

None Reported.

Section III – Federal Award Findings and Questioned Costs

None Reported.

Section IV – State Award Findings and Questioned Costs

None Reported.

WESTSIDE UNION SCHOOL DISTRICT
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Prior Year Findings and Recommendations:

There were no findings and recommendations for the fiscal year ended June 30, 2017.

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APPENDIX C

GENERAL INFORMATION ABOUT LOS ANGELES COUNTY

*The following information concerning the County of Los Angeles (the **"County"**) is included only for the purpose of supplying general information regarding the area of the District. The Bonds are not a debt of the County, the State or any of its political subdivisions, and neither the County, the State nor any of its political subdivisions is liable therefor.*

General

The County. Located along the southern coast of California, Los Angeles County covers about 4,083 square miles. It measures approximately 75 miles from north to south and 70 miles from east to west. The county includes Santa Catalina and San Clemente Islands and is bordered by the Pacific Ocean and Ventura, San Bernardino and Orange Counties. Almost half of the county is mountainous and some 14% is a coastal plain known as the Los Angeles Basin. The low Santa Monica mountains and Hollywood Hills run east and west and form the northern boundary of the Basin and the southern boundary of the San Fernando Valley. The San Fernando Valley terminates at the base of the San Gabriel Mountains whose highest peak is over 10,000 feet. Beyond this mountain range the rest of the county is a semi-dry plateau, the beginning of the vast Mojave Desert.

According to the County Regional Planning Commission, the 86 incorporated cities in the county covered about 1,344 square miles or 27% of the total county. About 16% of the land in the County is devoted to residential use and over two thirds of the land is open space and vacant.

Population

The following table shows population estimates for the County and the State of California for the past five years as of January 1.

LOS ANGELES COUNTY AND STATE OF CALIFORNIA
Population Estimates

Area	2015	2016	2017	2018	2019
Los Angeles County	10,149,661	10,180,169	10,231,271	10,254,658	10,253,716
State of California	38,912,464	39,179,627	39,500,973	39,740,508	39,927,315

Source: State of California, Department of Finance, Demographic Research Unit.

Employment and Industry

The District is located in the Los Angeles-Long Beach-Glendale Metropolitan District (“**MD**”). The seasonally adjusted unemployment rate in the County declined over the month to 4.6% in March 2019 from a revised 4.7% in February 2019 and was below the rate of 4.7% one year ago. Civilian employment decreased by 8,000 to 4,910,000 in March 2019, while unemployment declined by 2,000 to 238,000 over the month. The civilian labor force decreased by 11,000 over the month to 5,148,000 in March 2019. (All of the above figures are seasonally adjusted.) The unadjusted unemployment rate for the County was 4.4% in March 2019.

The California seasonally adjusted unemployment rate was 4.3% in March 2019, 4.2% in February 2019, and 4.3% a year ago in March 2018. The comparable estimates for the nation were 3.8% in March 2019, 3.8% in February 2019, and 4.0% a year ago.

The table below lists annual employment by industry group for the County MD for the past five years for which data is available.

LOS ANGELES-LONG BEACH-GLENDALE MD
(County of Los Angeles)
Annual Average Labor Force
Employment by Industry Group
March 2018 Benchmark

	2014	**2015**	**2016**	**2017**	**2018**
Civilian Labor Force	4,992,600	4,989,800	5,041,400	5,096,500	5,136,300
Employment	4,580,300	4,659,700	4,776,700	4,853,800	4,896,500
Unemployment	412,300	330,100	264,800	242,700	239,800
Unemployment Rate	8.3%	6.6%	5.3%	4.8%	4.7%
Wage and Salary Employment: (1)					
Agriculture	5,200	5,000	5,300	5,700	4,800
Mining, Logging and Construction	121,600	129,000	136,300	140,400	147,900
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
Trans., Warehousing, Utilities	169,300	177,600	188,900	198,200	202,800
Information	198,900	207,600	229,400	214,900	217,400
Financial and Insurance	134,500	135,600	138,100	137,500	137,100
Real Estate, Rental & Leasing	76,700	80,000	81,700	84,100	85,900
Professional and Business Services	589,100	591,000	600,100	608,800	620,000
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
Federal Government	46,700	47,400	47,700	48,000	47,300
State Government	85,300	87,400	89,900	92,500	91,900
Local Government	424,200	433,700	439,100	445,600	450,400
Total All Industries (2)	4,197,800	4,290,700	4,399,900	4,454,000	4,514,900

(1) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(2) May not add due to rounding.
Source: State of California Employment Development Department.

Largest Employers

The table below lists the larger employers in the Los Angeles County area. Major private employers in the Los Angeles area include those in aerospace, health care, entertainment, electronics, retail and manufacturing. Major public sector employers include public universities and schools, the State of California and Los Angeles County.

LOS ANGELES COUNTY
Major Employers- Listed Alphabetically
As of May 2019

Employer Name	Location	Industry
AHMC Healthcare Inc	Alhambra	Health Care Management
American Honda Motor Co Inc	Torrance	Automobile-Manufacturers
Cedar-Sinai Medical Ctr	West Hollywood	Hospitals
Deluxe Digital Media Mgmt Inc	Burbank	Audio-Visual Consultants
Jet Propulsion Laboratory	Pasadena	Research Service
Kaiser Permanente Los Angeles	Los Angeles	Hospitals
La County of Education	Downey	Educational Service-Business
LAC & Usc Medical Ctr	Los Angeles	Hospitals
Long Beach City Hall	Long Beach	Government Offices-City/Village & Twp
Longshore Dispatch	Wilmington	Nonclassified Establishments
Los Angeles County Sheriff	Monterey Park	Government Offices-County
Los Angeles Intl Airport-Lax	Los Angeles	Airports
Los Angeles Medical Ctr	Los Angeles	Pathologists
Los Angeles Police Dept	Los Angeles	Police Departments
Paramount Special Events	Los Angeles	Motion Picture Producers & Studios
Radford Studio Ctr Inc	Studio City	Government-Operators-Nonresidential Bldg
Security Industry Specialist	Culver City	Security Systems Consultants
Six Flags Magic Mountain	Valencia	Amusement & Theme Parks
Sony Pictures Entertainment	Culver City	Motion Picture Producers & Studios
UCLA Health System	Los Angeles	Physicians & Surgeons
University of Ca Los Angeles	Los Angeles	Schools-Universities & Colleges Academic
University of Ca Los Angeles	Los Angeles	University-College Dept/Facility/Office
Vxi Global Solutions	Los Angeles	Call Centers
Walt Disney Co	Burbank	Motion Picture Producers & Studios
Warner Brothers Studio	Burbank	Television Program Producers

Source: State of California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database, 2019 2nd Edition.

Commercial Activity

A summary of historic taxable sales within the County during the past five years in which data is available is shown in the following table. Total taxable sales during the first quarter of calendar year 2018 in the County were reported to be $38.5 billion, a 2.72% increase over the total taxable sales of $37.4 billion reported during the first quarter of calendar year 2017. Information regarding taxable sales for calendar year 2018 is not yet available.

COUNTY OF LOS ANGELES
Taxable Transactions
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Outlets Taxable Transactions
2013	179,370	$99,641,174	263,792	$140,079,708
2014	187,408	104,189,819	272,733	147,446,927
2015[(1)]	112,657	197,147,021	310,063	151,033,781
2016	196,929	109,997,043	311,295	154,208,333
2017	197,452	113,280,347	313,226	159,259,356

(1) Permit figures for calendar year 2015 are not comparable to that of prior years due to outlet counts in these reports including the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers.

Source: State Board of Equalization. Taxable Sales in California (Sales & Use Tax) for years 2013-2016. State Department of Tax and Fee Administration for year 2017.

Effective Buying Income

"Effective Buying Income" is defined as personal income less personal tax and nontax payments, a number often referred to as "disposable" or "after-tax" income. Personal income is the aggregate of wages and salaries, other labor-related income (such as employer contributions to private pension funds), proprietor's income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local), nontax payments (fines, fees, penalties, etc.) and personal contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as "disposable personal income."

The following table summarizes the total effective and median household buying income for the City, the County, the State and the United States for the period 2015 through 2019.

LOS ANGELES COUNTY,
STATE OF CALIFORNIA, UNITED STATES
Effective Buying Income and Median Household Effective Buying Income
As of January 1, 2015 through 2019

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2015	Los Angeles County	$231,719,110	$48,950
	California	981,231,666	53,589
	United States	7,757,960,399	46,738
2016	Los Angeles County	$243,502,324	$50,236
	California	1,036,142,723	55,681
	United States	8,132,748,136	48,043
2017	Los Angeles County	$243,502,324	$50,236
	California	1,036,142,723	55,681
	United States	8,132,748,136	48,043
2018	Los Angeles County	$261,119,300	$54,720
	California	1,113,648,181	59,646
	United States	8,640,770,229	50,735
2019	Los Angeles County	$271,483,825	$56,831
	California	1,183,264,399	62,637
	United States	9,017,967,563	52,841

Source: The Nielsen Company (US), Inc for years 2015 through 2018; Claritas, LLC for 2019.

Construction Activity

Building activity for the past five years in the County is shown in the following tables.

LOS ANGELES COUNTY
Total Building Permit Valuations
(Dollars in Thousands)

	2013	2014	2015	2016	2017
Permit Valuation					
New Single-family	$1,523,457.5	$1,744,290.3	$1,897,829.7	$2,162,018.2	$2,352,615.0
New Multi-family	1,953,088.6	2,290,197.4	2,843,749.1	2,774,294.3	3,257,833.4
Res. Alterations/Additions	1,267,408.4	1,474,930.2	1,641,457.3	1,639,295.0	1,757,904.0
Total Residential	4,743,954.5	5,509,417.9	6,383,036.1	6,575,607.5	7,368,352.4
New Commercial	1,788,462.0	2,229,307.8	1,695,869.8	1,728,443.3	2,196,089.1
New Industrial	155,035.2	120,740.5	85,937.1	138,508.5	134,534.2
New Other	338,223.4	1,041,249.7	1,157,838.0	791,078.1	563,679.2
Com. Alterations/Additions	2,171,248.4	3,266,273.2	2,705,727.4	2,880,916.6	3,143,200.1
Total Nonresidential	4,452,969.0	6,657,571.2	5,645,372.3	5,538,946.5	6,037,502.6
New Dwelling Units					
Single Family	3,607	4,358	4,487	4,780	5,456
Multiple Family	13,243	14,349	18,405	15,589	17,023
TOTAL	16,850	18,707	22,892	20,369	22,479

Source: Construction Industry Research Board, Building Permit Summary.

APPENDIX D

FORM OF OPINION OF BOND COUNSEL

[Settlement Date]

Board of Trustees
Westside Union School District
41914 50th Street West
Quartz Hill, CA 93536

OPINION: $__________ Westside Union School District
(Los Angeles County, California)
2020 Refunding General Obligation Bonds

Members of the Board of Trustees:

We have acted as bond counsel to the Westside Union School District (the "District") in connection with the issuance by the District of the general obligation bonds captioned above, dated the date hereof (the "Bonds"). In such capacity, we have examined the law and such certified proceedings, certifications and other documents as we deem necessary to render this opinion.

The Bonds are issued under the provisions of Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code and pursuant to a resolution (the "Resolution") of the Board of Trustees of the District (the "Board") adopted on May 7, 2019.

Regarding questions of fact material to our opinion, we have relied upon certified proceedings and other certifications of public officials and others furnished to us, without undertaking to verify such facts by independent investigation.

Based on the foregoing, we are of the opinion that, under existing law:

1. The District is a duly created and validly existing school district with the power to issue the Bonds, and to perform its obligations under the Bond Resolution and the Bonds.

2. The Bond Resolution has been duly adopted by the Board, and constitutes a valid and binding obligation of the District enforceable upon the District in accordance with its terms.

3. The Bonds have been duly authorized, executed and delivered by the District, and are valid and binding general obligations of the District.

4. The Board of Supervisors of Los Angeles County is required under the laws of the State of California to levy an *ad valorem* tax upon the property in the District which is subject to taxation, unlimited as to rate or amount, for the payment of principal and interest on the Bonds.

5. The interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. The opinions set forth in the preceding sentence are subject to the condition that the District

comply with all requirements of the Internal Revenue Code of 1986, as amended, relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The District has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the Bonds.

6. The interest on the Bonds is exempt from personal income taxation imposed by the State of California.

We express no opinion regarding any other tax consequences arising with respect to the ownership, sale or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Respectfully submitted,

A Professional Law Corporation

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

$_______
WESTSIDE UNION SCHOOL DISTRICT
(Los Angeles County, California)
2020 Refunding General Obligation Bonds

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this "Disclosure Certificate") is executed and delivered by the Westside Union School District (the "District") in connection with the execution and delivery of the captioned bonds (the "Bonds"). The Bonds are being executed and delivered pursuant to a resolution adopted by the Board of Trustees of the District on May 7, 2019 (the "Bond Resolution"). The Treasurer and Tax Collector of Los Angeles County, through its agent, U.S. Bank National Association, is initially acting as paying agent for the Bonds (the "Paying Agent").

The District hereby 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 S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth above and in the Bond Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

"*Annual Report*" means any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4.

"*Annual Report Date*" means the date not later than nine months after the end of each fiscal year of the District (currently June 30th).

"*Dissemination Agent*" means a Dissemination Agent designated in writing by the District and which has filed with the District and the Paying Agent a written acceptance of such designation.

"*Listed Events*" means any of the events listed in Section 5(a).

"*MSRB*" means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule.

"*Official Statement*" means the final official statement executed by the District in connection with the issuance of the Bonds.

"*Paying Agent*" means Treasurer and Tax Collector of Los Angeles County, through its agent, U.S. Bank National Association, Los Angeles, California, or any successor thereto.

"*Participating Underwriter*" means the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"*Rule*" means 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.

Section 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing not later than March 31, 2021 with the report for the 2019-20 Fiscal Year, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4. Not later than 15 Business Days prior to the Annual Report Date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the District) has not received a copy of the Annual Report, the Dissemination Agent shall contact the District to determine if the District is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if 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(c). The District shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the District hereunder.

(b) If the District does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the District shall provide (or cause the Dissemination Agent to provide) to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A, with a copy to the Paying Agent and Participating Underwriter.

(c) With respect to each Annual Report, the Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the District, file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The District's Annual Report shall contain or incorporate by reference the following:

(a) Audited financial statements 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 Annual Report Date, 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.

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, the District shall include in its Annual Report the following information:

(i) total secured property tax levy and collections, showing current collections as a percent of the total levy, provided, however, if such information is not available for the most recently completed fiscal year, then the data to be filed with the Annual Report shall be with respect to the prior fiscal year;

(ii) assessed valuation of taxable properties in the District; and

(iii) in addition to any of the information expressly required to be provided under this Disclosure Certificate, the District shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(c) 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 are available to the public on the MSRB's internet web site or filed with the Securities and Exchange Commission. The District shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section, the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds:

(1) Principal and interest payment delinquencies.

(2) Non-payment related defaults, if material.

(3) Unscheduled draws on debt service reserves reflecting financial difficulties.

(4) Unscheduled draws on credit enhancements reflecting financial difficulties.

(5) Substitution of credit or liquidity providers, or their failure to perform.

(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or

determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.

(7) Modifications to rights of security holders, if material.

(8) Bond calls, if material, and tender offers.

(9) Defeasances.

(10) Release, substitution, or sale of property securing repayment of the securities, if material.

(11) Rating changes.

(12) Bankruptcy, insolvency, receivership or similar event of the District.

(13) 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, if material.

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(15) Incurrence of a financial obligation of the District, if material, 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 security holders, if material.

(16) 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) Whenever the District obtains knowledge of the occurrence of a Listed Event, and, if the Listed Event is described in subsections (a)(2), (a)(6), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13) or (a)(14) above, the District determines that knowledge of the occurrence of a Listed Event would be material under applicable Federal securities law, the District shall, or shall cause the Dissemination Agent (if not the District) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds.

(c) The District acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), (a)(14), and (a)(15) of this Section contain the qualifier “if material” and that subparagraph (a)(6) also contains the qualifier "material" with respect to certain notices, determinations or other events affecting the tax status of the Bonds. The District shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event’s occurrence is material for purposes of U.S. federal securities law. Whenever the District obtains knowledge of the occurrence of any of these Listed Events, the District will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the District will cause a notice to be filed as set forth in paragraph (b) above.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above 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 United States 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 governing 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.

(e) For purposes of Section 5(a)(15) and (16), "financial obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. 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(c).

Section 8. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. Any Dissemination Agent may resign by providing 30 days' written notice to the District and the Paying Agent.

Section 9. 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 or 5(a), 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 type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Bond Resolution for amendments to the Bond Resolution with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the District to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be filed in the same manner as for a Listed Event under Section 5(c).

Section 10. 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 Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. If the District fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or 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 Bond 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 12. Duties, Immunities and Liabilities of Dissemination Agent.

(a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they 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 negligence or willful misconduct. The Dissemination Agent will have no duty or obligation to review any information provided to it by the District hereunder, and shall not be deemed to be acting in any fiduciary capacity for the District, the Bondholders or any other party. The obligations of the

District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(b) The Dissemination Agent shall be paid compensation by the District for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

Section 13. 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.

Date: __________, 2020

WESTSIDE UNION SCHOOL DISTRICT

By: ________________________________

Name: ______________________________

Title: _______________________________

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Westside Union School District (the "District")

Name of Bond Issue: $__________ Westside Union School District (County of Los Angeles, California) 2020 Refunding General Obligation Bonds (Forward Delivery)

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, dated as of __________, 2020. The District anticipates that the Annual Report will be filed by _____________.

Dated:____________

DISSEMINATION AGENT

By: ______________________________
Its: ______________________________

cc: Paying Agent and Participating Underwriter

APPENDIX F

DTC AND THE BOOK-ENTRY SYSTEM

The following description of the Depository Trust Company ("DTC"), the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Neither the District nor the Paying Agent take any responsibility for the information contained in this Section.

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) Bonds 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, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. 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.

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (in this Appendix, 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 will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC. If, however, the aggregate principal amount of any maturity exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. 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. *The information contained on this Internet site is not incorporated herein by reference.*

3. 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 ownership interest of each actual purchaser of each Bond ("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 Bonds representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

4. 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 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.

5. 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 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 the notices be provided directly to them.

6. Redemption notices will 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.

7. Neither DTC nor Cede & Co. (nor such 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 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 the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and interest payments 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 District or Paying Agent on 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 nor its nominee, Paying Agent, or District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of District or 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.

9. DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to District or Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bonds are required to be printed and delivered.

10. 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.

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

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APPENDIX G

LOS ANGELES COUNTY INVESTMENT POLICY AND MONTHLY INVESTMENT REPORT

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 https://ttc.lacounty.gov/monthly-reports/; however, the information presented on such website is not incorporated herein by any reference.

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COUNTY OF LOS ANGELES
TREASURER AND TAX COLLECTOR

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 437, Los Angeles, California 90012
Telephone: (213) 974-2101 Fax: (213) 626-1812
ttc.lacounty.gov and lacountypropertytax.com

JOSEPH KELLY
TREASURER AND TAX COLLECTOR

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

28 March 19, 2019

CELIA ZAVALA
EXECUTIVE OFFICER

March 19, 2019

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**DELEGATION OF AUTHORITY TO INVEST AND
ANNUAL ADOPTION OF THE TREASURER AND TAX COLLECTOR
INVESTMENT POLICY
(ALL DISTRICTS) (3-VOTES)**

SUBJECT

Delegation of authority to invest and reinvest County funds and funds of other depositors in the County Treasury to the Treasurer, and adoption of the Treasurer and Tax Collector Investment Policy.

IT IS RECOMMENDED THAT THE BOARD:

1. Delegate the authority to the Treasurer to invest and reinvest County funds and funds of other depositors in the County Treasury.

2. Adopt the attached Treasurer and Tax Collector Investment Policy (Investment Policy).

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The requested actions allow the Treasurer to continue to invest County funds and funds of other depositors in the County Treasury pursuant to the Investment Policy. On March 20, 2018, pursuant to Government Code Section 27000.1, and subject to Government Code Section 53607, your Board delegated to the Treasurer the annual authority to invest and reinvest funds of the County and funds of other depositors in the County Treasury. Government Code Section 27000.1 states that subsequent to your Board's delegation, the county treasurer shall thereafter assume full responsibility for those transactions until your Board either revokes its delegation of authority, by ordinance, or decides not to renew the annual delegation, as provided in Section 53607. This action requests renewal of the annual delegation.

Government Code Section 53646 permits your Board to annually approve the Investment Policy. The primary objectives of the Investment Policy, in priority order, are to maintain the safety of principal, to provide liquidity, and to achieve a return on funds invested. These objectives align with those in State law. Each year, my office reviews the Investment Policy to ensure that it aligns with any changes in the Government Code. Based on our analysis, we do not recommend any changes to the Investment Policy. Nevertheless, we have provided the annual update to the limitation calculation for intermediate-term, medium-term, and long-term holdings in Attachment II.

Implementation of Strategic Plan Goals

The recommended action supports County Strategic Plan Strategy III.3 - Pursue Operational Effectiveness, Fiscal Responsibility, and Accountability.

FISCAL IMPACT/FINANCING

The investment of surplus County funds and funds of other depositors allows these funds to earn a return which is credited to the depositor, net of administrative expenses.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Pursuant to Government Code Section 27000.1, your Board may delegate by ordinance the authority to invest and reinvest funds of the County and funds of other depositors in the County Treasury to the Treasurer. On January 23, 1996, your Board adopted Ordinance 96-0007 addingLos Angeles County Code Section 2.52.025 which delegated such authority to the Treasurer, subject to annual renewal pursuant to Government Code Section 53607.

Government Code Section 53646 permits the Treasurer to render annually to your Board a statement of Investment Policy, to be reviewed and approved at a public meeting. This Government Code Section also requires that any change in the Investment Policy be submitted to your Board for review and approval at a public meeting.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

There is no impact on current services.

Respectfully submitted,

Joseph Kelly

Treasurer and Tax Collector

JK:NI:JNK:bp

Enclosures

c: Chief Executive Officer
Executive Officer, Board of Supervisors
County Counsel
Auditor-Controller
Los Angeles County Office of Education
Los Angeles Community College District

COUNTY OF LOS ANGELES
TREASURER AND TAX COLLECTOR
INVESTMENT POLICY

Authority to Invest

Pursuant to Government Code Section 27000.1 and Los Angeles County Code 2.52.025, the Los Angeles County Board of Supervisors has delegated to the Treasurer the authority to invest and reinvest the funds of the County and the funds of other depositors in the County Treasury.

Fundamental Investment Policy

The Treasurer, a trustee, is inherently a fiduciary and subject to the prudent investor standard. Accordingly, when investing, reinvesting, purchasing, acquiring, exchanging, selling, and managing investments, the investment decisions SHALL be made with the care, skill, prudence, and diligence under the circumstances then prevailing, that a prudent person acting in a like capacity and familiarity would use with like aims.

All investments SHALL be governed by the Government Code and comply with the specific limitations set forth within this Investment Policy. Periodically, it may be necessary and prudent to make investment decisions beyond the limitations set forth in the Investment Policy that are otherwise permissible by California Government Code. In these special circumstances, ONLY the Treasurer is permitted to give written approval to operate outside the limitations set forth within this Investment Policy.

Pooled Surplus Investment Portfolio

The Treasurer SHALL establish and maintain a Pooled Surplus Investment (PSI) portfolio. The PSI portfolio SHALL be used to provide safe, liquid investment opportunities for pooled surplus funds deposited into the County Treasury.

The investment policies of the PSI portfolio SHALL be directed by and based on three prioritized objectives. The primary objective SHALL be to ensure the safety of principal. The secondary objective SHALL be to meet the liquidity needs of the PSI participants, which might be reasonably anticipated. The third objective SHALL be to achieve a return on funds invested, without undue compromise of the first two objectives.

PSI revenue/loss distribution SHALL be shared on a pro-rata basis with the PSI participants. PSI revenue/loss distribution will be performed monthly, net of administrative costs authorized by Government Code Section 27013 which includes employee salaries and benefits and services and supplies, for investing, depositing or handling funds, and the distribution of interest income, based on the PSI participants' average daily fund balance as recorded on the Auditor-Controller's accounting records. Administrative costs SHALL be deducted from the monthly PSI revenue/loss distribution on the basis of one-twelfth of the budgeted costs and adjusted periodically to actual costs.

Investments purchased with the intent to be held to maturity SHALL be accounted for in the Non-Trading partition of the PSI portfolio. Investments purchased with the intent to be sold prior to maturity SHALL be accounted for in the Trading partition of the PSI portfolio. The investments in the Trading partition SHALL NOT exceed $500 million without specific written approval of the Treasurer.

In the event that a decision is made to transfer a given security from one partition to another, it MAY be transferred at cost; however, the difference between the market value, exclusive of accrued interest, at the time of transfer and the purchase price, exclusive of accrued interest, SHALL be computed and disclosed as unrealized profit or loss.

All PSI investments SHALL be categorized according to the period of time from settlement date to maturity date as follows:

- SHORT-TERM investments are for periods of up to ONE YEAR.
- INTERMEDIATE-TERM investments are for periods of ONE YEAR to THREE YEARS.
- MEDIUM-TERM investments are for periods of over THREE YEARS to FIVE YEARS.
- LONG-TERM investments are for periods of over FIVE YEARS.

PSI investments SHALL be limited to the short-term category except that the Investment Office of the Treasurer's Office MAY make PSI investments in accordance with the limitations imposed in Attachments I, II, and III (all of which are attached hereto and incorporated by this reference.)

The weighted average maturity target of the PSI portfolio is a range between 1.0 and 2.0 years. For purposes of maturity classification, the maturity date SHALL be the nominal maturity date or the unconditional put option date, if one exists.

The total PSI portfolio investments with maturities in excess of one year SHALL NOT exceed 75% of the last 36 months’ average total cash and investments, after adjustments, as indicated in Attachment II.

Business Continuity Plan

The Treasurer's Business Continuity Plan (BCP) serves to sustain the performance of mission-critical Treasury functions in the event of a local or widespread disaster. The BCP includes written guidelines to perform critical Treasury functions, contact information for key personnel, authorized bank representatives and broker/dealers. The plan provides for an offsite location in the event the Treasurer's offices are uninhabitable. The Treasurer's Office implemented its BCP in 2007.

The Treasurer's Office shall perform regularly scheduled BCP exercises at the offsite location. To prepare Treasury staff for emergency processing, staff shall participate in the BCP exercises on a rotating basis.

Liquidity of PSI Investments

Short-term liquidity SHALL further be maintained and adjusted monthly so that sufficient anticipated cash is available to fully meet unanticipated withdrawals of discretionary deposits, adjusted for longer-term commitments, within 90 days.

Such liquidity SHALL be monitored where, at the beginning of each month, the par value for maturities in the next 90 days plus projected PSI deposits for 90 days, divided by the projected PSI withdrawals for 90 days plus discretionary PSI deposits, is equal to or greater than one.

The liquidation of investments is not required solely because the discretionary liquidity withdrawal ratio is less than one; however, investments SHALL be limited to a maximum maturity of 30 days until such time as the discretionary liquidity withdrawal ratio is equal to or greater than one.

The sale of any PSI instrument purchased in accordance with established policies is not required solely because an institution's credit rating is lowered after the purchase of the instrument.

Specific Purpose Investment Portfolio

The Treasurer SHALL maintain a Specific Purpose Investment (SPI) portfolio to manage specific investment objectives of the SPI participants. Specific investments may be made with the approval of the requesting entity's governing body and the approval of the Treasurer. Revenue/loss distribution of the SPI portfolio SHALL be credited to the specific entity for which the investment was made. The Treasurer reserves the right to establish and charge the requesting entity fees for maintaining the entity's SPI portfolio.

Investments SHALL be limited to the short-term category, as defined above in the previous section for PSI investments, except when requested by a depositing entity and with the approval of the Treasurer, a longer term investment MAY be specifically made and held in the SPI portfolio.

The sale of any SPI instrument purchased in accordance with established policies is not required solely because an institution's credit rating is lowered after the purchase of the instrument.

Execution, Delivery, and Monitoring of Investments

The Treasurer SHALL designate, in writing, personnel authorized to execute investment transactions.

All transactions SHALL be executed on a delivery versus payment basis.

The Treasurer or his authorized designees, in purchasing or obtaining any securities in a negotiable, bearer, registered, or nonregistered format, requires delivery of the securities to the Treasurer or designated custodial institution, by book entry, physical delivery, or by third party custodial agreement.

All investment transactions made by the Investment Office SHALL be reviewed by the Internal Controls Branch to assure compliance with this Investment Policy.

Reporting Requirements

The Treasurer SHALL provide the Board of Supervisors with a monthly report consisting of, but not limited to, the following:

- All investments detailing each by type, issuer, date of maturity, par value, historical cost, market value and the source of the market valuation.
- Month-end bank balances for accounts under the control of the Treasurer.
- A description of funds, investments, or programs that are under the management of contracted parties, including lending programs for the Treasurer.
- A description of all investment exceptions, if any, to the Investment Policy.

- A statement denoting the ability of the PSI portfolio to meet the anticipated cash requirements for the participants for the next six months.

Discretionary Treasury Deposits and Withdrawal of Funds

At the sole discretion of the Treasurer, PSI deposits may be accepted from local agencies not required to deposit their funds with the Los Angeles County Treasurer, pursuant to Government Code Section 53684.

At the time such deposits are made, the Treasurer may require the depositing entity to provide annual cash flow projections or an anticipated withdrawal schedule for deposits in excess of $1 million. Such projections may be adjusted periodically as prescribed by the Treasurer but in no event less than semi-annually.

In accordance with Government Code Section 27136, all requests for withdrawal of such funds, for the purpose of investing or depositing these funds elsewhere SHALL be evaluated, prior to approving or disapproving the request, to ensure that the proposed withdrawal will not adversely affect the principal deposits of the other PSI participants.

If it is determined that the proposed withdrawal will negatively impact the principal deposits of the other PSI participants, the Treasurer may delay such withdrawals until the impact can be mitigated.

Broker/Dealers Section

Broker/Dealers SHALL be limited to primary government dealers as designated by the Federal Reserve Bank or institutions meeting one of the following:

A. Broker/Dealers with minimum capitalization of $500 million and who meet all five of the below listed criteria:

    1. Be licensed by the State as a Broker/Dealer, as defined in Section 25004 of the Corporations Code, or a member of a Federally regulated securities exchange and;

    2. Be a member of the Financial Industry Regulatory Authority and;

    3. Be registered with the Securities and Exchange Commission and;

    4. Have been in operation for more than five years; and

5. Have a minimum annual trading volume of $100 billion in money market instruments or $500 billion in United States (U.S.) Treasuries and Agencies.

B. Emerging firms that meet all of the following:

1. Be licensed by the State as a Broker/Dealer, as defined in Section 25004 of the Corporations Code, or a member of a Federally regulated securities exchange and;

2. Maintain office(s) in California and;

3. Maintain a minimum capitalization of $250,000 and, at the time of application, have a maximum capitalization of no more than $10 million.

Commercial Paper and Negotiable Certificates of Deposit may be purchased directly from issuers approved by the Treasurer.

An approved Treasurer Broker/Dealer list SHALL be maintained. Firms SHALL be removed from the approved Broker/Dealer list and trading suspended with firms failing to accurately and timely provide the following information:

A. Confirmation of daily trade transactions and all open trades in effect at month-end.

B. Response to auditor requests for confirmation of investment transactions.

C. Response to the Internal Controls Branch requests for needed information.

Honoraria, Gifts, and Gratuities Limitations

The Treasurer, Chief Deputy Treasurer and Tax Collector and designated Treasurer and Tax Collector employees SHALL be governed by the provision of the State's Political Reform Act, the Los Angeles County Code relating to Lobbyists, and the Los Angeles County Code relating to post government employment of County officials.

Investment Limitations

The Investment Office SHALL NOT invest in inverse floating rate notes, range notes, or interest only strips that are derived from a pool of mortgages.

The Investment Office SHALL NOT invest in any security that could result in zero interest if held to maturity.

For investment transactions in the PSI portfolio, the Investment Office SHALL obtain approval of the Treasurer before recognizing any loss exceeding $100,000 per transaction, calculated using amortized cost.

Proceeds from the sale of notes or funds set aside for the repayment of notes SHALL NOT be invested for a term that exceeds the term of the notes. Funds from bond proceeds may be invested in accordance with Government Code Section 53601(m), which permits investment according to the statutory provisions governing the issuance of those bonds, or in lieu of any statutory provisions to the contrary, in accordance with the approved financing documents for the issuance.

Permitted Investments

Permitted Investments SHALL be limited to the following:

A. Obligations of the U.S. Government, its agencies and instrumentalities

1. Maximum maturity: None.
2. Maximum total par value: None.
3. Maximum par value per issuer: None.
4. Federal agencies: Additional limits in Section G apply if investments are Floating Rate Instruments.

B. Municipal Obligations from the approved list of municipalities (Attachment III)

1. Maximum maturity: As limited in Attachment III.
2. Maximum total par value: 10% of the PSI portfolio.

C. Asset-Backed Securities

1. Maximum maturity: Five years.

2. Maximum total par value: 20% of the PSI portfolio.

3. Maximum par value per issuer: Per limits outlined in Attachment I for issuer's current credit rating.

4. All Asset-Backed securities must be rated in a rating category of “AA” or its equivalent or better rating and the issuer's corporate debt rating must be in a rating category of “A” or its equivalent or better by a Nationally Recognized Statistical Rating Organization (NRSRO).

D. Bankers’ Acceptance Domestic and Foreign

1. Maximum maturity: 180 days and limits outlined in Attachment I for issuer's current credit rating.

2. Maximum total par value: 40% of the PSI portfolio.

3. Maximum par value per issuer: Per limits outlined in Attachment I for the issuer's current credit rating.

4. The aggregate total of Bankers’ Acceptances and Negotiable Certificates of Deposits SHALL NOT exceed:

   a) The total shareholders’ equity of depository bank.

   b) The total net worth of depository bank.

E. Negotiable Certificates of Deposit (CD)

1. Maximum maturity: Three years and limits outlined in Attachment I for issuer's current credit rating.

2. Maximum total par value: Aggregate total of Domestic and Euro CD's are limited to 30% of the PSI portfolio.

3. Maximum par value per issuer: Per limits outlined in Attachment I for the issuer's current credit rating.

4. Must be issued by:

   a) National or State-chartered bank, or

   b) Savings association or Federal association, or

   c) Federal or State credit union, or

   d) Federally licensed or State-licensed branch of a foreign bank.

5. Euro CD's:

   a) Maximum maturity: One year and limits outlined in Attachment I for issuer's current credit rating.

   b) Maximum total par value: 10% of the PSI portfolio.

   c) Maximum par value per issuer: Per limits outlined in Attachment I for issuer's current credit rating.

   d) Limited to London branch of National or State-chartered banks.

6. The aggregate total of Bankers Acceptances and Negotiable Certificates of Deposits SHALL NOT exceed:

   a) The total shareholders' equity of depository bank.

   b) The total net worth of the depository bank.

F. Corporate and Depository Notes

1. Maximum maturity: Three years and limits outlined in Attachment I for the issuer's current credit rating.

2. Maximum total par value: 30% of the PSI portfolio.

3. Maximum par value per issuer: Per limits outlined in Attachment I for the issuer's current credit rating.

4. Notes MUST be issued by:

    a) Corporations organized and operating within the U.S.

    b) Depository institutions licensed by the U.S or any State and operating within the U.S.

5. Additional limits in Section G apply if note is a Floating Rate Note Instrument.

G. Floating Rate Notes

Floating Rate Notes included in this category are defined as any instrument that has a coupon or interest rate that is adjusted periodically due to changes in a base or benchmark rate.

1. Maximum maturity: Seven years, provided that Board of Supervisors' authorization to exceed maturities in excess of five years is in effect, of which a maximum of $100 million par value may be greater than five years to maturity.

2. Maximum total par value: 10% of the PSI portfolio.

3. Maximum par value per issuer: Per limits outlined in Attachment I for the issuer's current credit rating.

4. Benchmarks SHALL be limited to commercially available U.S. dollar denominated indexes.

5. The Investment Office SHALL obtain the prospectus or the issuer term sheet prior to purchase for all Floating Rate Notes and SHALL include the following on the trade ticket:

    a) Specific basis for the benchmark rate.

    b) Specific computation for the benchmark rate.

    c) Specific reset period.

d) Notation of any put or call provisions.

H. Commercial Paper

1. Maximum maturity: 270 days and limits outlined in Attachment I for the issuer's current credit rating.

2. Maximum total par value: 40% of the PSI portfolio.

3. Maximum par value per issuer: The lesser of 10% of the PSI portfolio or the limits outlined in Attachment I for the issuer’s current credit rating.

4. Credit: Issuing Corporation - Commercial paper of “prime” quality of the highest ranking or of the highest letter and number rating as provided for by a NRSRO. The entity that issues the commercial paper shall meet all of the following conditions in either paragraph (a) or paragraph (b):

   a) The entity meets the following criteria:

      1) Is organized and operating in the U.S. as a general corporation.

      2) Has total assets in excess of $500 million.

      3) Has debt other than commercial paper, if any, that is rated in a rating category of “A” or its equivalent or higher by a NRSRO.

   b) The entity meets the following criteria:

      1) Is organized in the U.S. as a Limited Liability Company or Special Purpose Corporation.

      2) Has program-wide credit enhancements including, but not limited to, over collateralization, letters of credit, or surety bond.

      3) Has commercial paper that is rated “A-1”or higher, or the equivalent, by a NRSRO.

I. Shares of Beneficial Interest

1. Money Market Fund (MMF) - Shares of beneficial interest issued by

diversified management companies known as money market mutual funds, registered with the Securities and Exchange Commission in accordance with Section 270.2a-7 of Title 17 of the Code of Federal Regulation. The company SHALL have met either of the following criteria:

a) Attained the highest possible rating by not less than two NRSROs.

b) Retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years experience investing in the securities and obligations authorized in Government Code Section 53601 and with assets under management in excess of five hundred million dollars ($500,000,000).

Maximum total par value: 15% of the PSI portfolio. However, no more than 10% of the PSI may be invested in any one fund.

2. State of California's Local Agency Investment Fund (LAIF) pursuant to Government Code Section 16429.1.

3. Trust Investments – Shares of beneficial interest issued by a joint powers authority organized pursuant to Section 6509.7 that invests in securities and obligations authorized in Section 53601 (a) to (o) of the Government Code. To be eligible, the joint powers authority issuing the shares shall have retained an investment adviser that meets all of the following criteria:

   a) The adviser is registered or exempt from registration with the Securities and Exchange Commission.

   b) The adviser has not less than five years of experience investing in the securities and obligations authorized in Section 53601 (a) to (o) of the Government Code.

   c) The adviser has assets under management in excess of five hundred million dollars ($500,000,000).

J. Repurchase Agreement

1. Maximum maturity: 30 days.

2. Maximum total par value: $1 billion.

3. Maximum par value per dealer: $500 million.

4. Agreements must be in accordance with approved written master repurchase agreement.

5. Agreements must be fully secured by obligations of the U.S. Government, its agencies and instrumentalities. The market value of these obligations that underlie a repurchase agreement shall be valued at 102% or greater of the funds borrowed against those securities and the value shall be adjusted no less than monthly. Since the market value of the underlying securities is subject to daily market fluctuations, the investments in repurchase agreements shall be in compliance if the value of the underlying securities is brought back up to 102% no later than the next business day. If a repurchase agreement matures the next business day after purchase, the repurchase agreement is not out of compliance with this collateralization requirement if the value of the collateral falls below the 102% requirement at the close of business on settlement date.

K. Reverse Repurchase Agreement

1. Maximum term: One year.

2. Maximum total par value: $500 million. Maximum par value is limited to a combined total of reverse repurchase agreements and securities lending agreements of 20% of the base value of the portfolio.

3. Maximum par value per broker: $250 million.

4. Dealers limited to those primary dealers or those Nationally or State chartered banks that have a significant banking relationship with the County as defined in Government Code Section 53601(j)(4)(B) approved specifically by the Treasurer.

5. Agreements SHALL only be made for the purpose of enhancing investment revenue.

6. Agreements must be in accordance with approved written master repurchase agreement.

7. Securities eligible to be sold with a simultaneous agreement to repurchase

SHALL be limited to obligations of the U.S. Government and its agencies and instrumentalities.

8. The security to be sold on a reverse repurchase agreement SHALL have been owned and fully paid for by the Treasurer for a minimum of 30 days prior to sale.

9. The proceeds of the reverse repurchase agreement SHALL be invested in authorized instruments with a maturity less than 92 days unless the agreement includes a codicil guaranteeing a minimum earning or spread to maturity.

10. The proceeds of the reverse repurchase agreement SHALL be invested in instruments with maturities occurring at or before the maturity of the reverse repurchase agreement.

11. In no instance SHALL the investment from the proceeds of a reverse repurchase agreement be sold as part of a subsequent reverse repurchase agreement.

L. Forwards, Futures and Options

Forward contracts are customized contracts traded in the Over The Counter Market where the holder of the contract is OBLIGATED to buy or sell a specific amount of an underlying asset at a specific price on a specific future date.

Future contracts are standardized contracts traded on recognized exchanges where the holder of the contract is OBLIGATED to buy or sell a specific amount of an underlying asset at a specific price on a specific future date.

Option contracts are those traded in either the Over The Counter Market or recognized exchanges where the purchaser has the RIGHT but not the obligation to buy or sell a specific amount of an underlying asset at a specific price within a specific time period.

1. Maximum maturity: 90 days.

2. Maximum aggregate par value: $100 million.

3. Maximum par value per counterparty: $50 million. Counterparties for Forward

and Option Contracts limited to those on the approved Treasurer and Tax Collector list and must be rated “A” or better from at least one nationally recognized rating agency.

4. The underlying securities SHALL be an obligation of the U.S. Government and its agencies and instrumentalities.

5. Premiums paid to an option seller SHALL be recognized as an option loss at the time the premium is paid and SHALL not exceed $100,000 for each occurrence or exceed a total of $250,000 in any one quarter. Premiums received from an option purchase SHALL be recognized as an option gain at the time the premium is received.

6. Complex or hybrid forwards, futures or options defined as agreements combining two or more categories are prohibited unless specific written approval of the Treasurer is obtained PRIOR to entering into the agreement.

7. Open forward, future, and option contracts SHALL be marked to market weekly and a report SHALL be prepared by the Internal Controls Branch.

8. In conjunction with the sale of bonds, the Treasurer MAY authorize exceptions to maturity and par value limits for forwards, futures and options.

M. Interest Rate Swaps

Interest Rate Swaps SHALL be used only in conjunction with the sale of bonds approved by the Board of Supervisors. In accordance with Government Code Section 53534, these agreements SHALL be made only if all bonds are rated in one of the three highest rating categories by two nationally recognized rating agencies and only upon receipt, from any rating agency rating the bonds, of written evidence that the agreement will not adversely affect the rating.

Further, the counterparty to such an agreement SHALL be rated “A” or better from at least one nationally recognized rating agency selected by the Treasurer, or the counterparty SHALL provide an irrevocable letter of credit from an institution rated “A” or better from at least one nationally recognized rating agency acceptable to the Treasurer.

N. Securities Lending Agreement

Securities lending agreements are agreements under which the Treasurer agrees to transfer securities to a borrower who, in turn agrees to provide collateral to the Treasurer. During the term of the agreement, both the securities and the collateral are held by a third party. At the conclusion of the agreement, the securities are transferred back to the Treasurer in return for the collateral.

1. Maximum term: 180 days.

2. Maximum par value: Maximum par value is limited to a combined total of reverse repurchase agreements and securities lending agreements of 20% of the base value of the portfolio.

3. Dealers limited to those primary dealers or those Nationally or State chartered banks that have a significant banking relationship with the County as defined in Government Code Section 53601(j)(4)(B) approved specifically by the Treasurer.

4. Agreements SHALL only be made for the purpose of enhancing investment revenue.

5. Securities eligible to be sold with a simultaneous agreement to repurchase SHALL be limited to obligations of the U.S. Government and its agencies and instrumentalities.

6. The security to be sold on securities lending agreement SHALL have been owned and fully paid for by the Treasurer for a minimum of 30 days prior to sale.

7. The proceeds of the securities lending agreement SHALL be invested in authorized instruments with a maturity less than 92 days unless the agreement includes a codicil guaranteeing a minimum earning or spread to maturity.

8. In no instance SHALL the investment from the proceeds of a securities lending agreement be sold as part of a subsequent reverse repurchase agreement or securities lending agreement.

O. Supranationals

Supranationals are multilateral lending institutions that provide development financing, advisory services and other financial services to their member countries to promote improved living standards through sustainable economic growth.

Supranational investments are U.S. dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by any of the supranational institutions identified in Government Code Section 53601(q), with a maximum remaining maturity of five years or less, and which are eligible for purchase and sale within the United States. Supranational investments shall be rated in a rating category of “AA” or its equivalent or better by a NRSRO and shall not exceed 30% of the PSI portfolio.

1. Maximum maturity: Five years and limits outlined in Attachment I for issuer’s current credit rating.

2. Maximum total par value: 30% of the PSI portfolio.

3. Maximum par value per issuer: Per limits outlined in Attachment I for issuer’s current credit rating.

County of Los Angeles
Treasurer and Tax Collector
Investment Policy
ATTACHMENT 1 a.

MINIMUM CREDIT RATING
DOMESTIC ISSUERS

Investment Type	Maximum Maturity	S&P	Moody's	Fitch	Investment Limit
Bankers' Acceptance	180 days	A-1/AAA	P-1/Aaa	F1/AAA	$750MM
		A-1/AA	P-1/Aa	F1/AA	$600MM
		A-1/A	P-1/A	F1/A	$450MM, of which 50% may be over 90 days to a maximum of 180 days
Certificates of Deposit	3 years	A-1/AAA	P-1/Aaa	F1/AAA	$750MM, of which 50% may be over 180
		A-1/AA	P-1/Aa	F1/AA	$600MM, of which 50% may be over 180
		A-1/A	P-1/A	F1/A	$450MM, of which 50% may be over 90 days to a maximum of 180 days
Corporate Notes, Asset Backed Securities (ABS) and Floating Rate Notes (FRN)	Corporate: 3 years ABS: 5 years FRN: 5 years (1)	A-1/AAA	P-1/Aaa	F1/AAA	$750MM, of which 50% may be over 180
		A-1/AA	P-1/Aa	F1/AA	$600MM, of which 50% may be over 180
		A-1/A	P-1/A	F1/A	$450MM, of which 50% may be over 90 days to a maximum of 180 days

Note: All domestic issuers must attain the required ratings from at least two of the three Nationally Recognized Statistical Rating Organizations (S&P, Moody's, and Fitch).

(1) Seven years, if Board of Supervisors' authorization to exceed maturities in excess of five years is in effect, of which a maximum of $100 MM (million) par value may be greater than five years to maturity.

County of Los Angeles
Treasurer and Tax Collector
Investment Policy
ATTACHMENT 1 b.

MINIMUM CREDIT RATING
FOREIGN ISSUERS

Investment Type	Maximum Maturity	S&P	Moody's	Fitch	Investment Limit
Bankers' Acceptance	180 days	A-1/AAA	P-1/Aaa	F1/AAA	$600MM
		A-1/AA	P-1/Aa	F1/AA	$450MM
		A-1/A	P-1/A	F1/A	$300MM, of which 50% may be over 90 days to a maximum of 180 days.
Certificates of Deposit	3 years	A-1/AAA	P-1/Aaa	F1/AAA	$600MM, of which 50% may be over 180
		A-1/AA	P-1/Aa	F1/AA	$450MM, of which 50% may be over 180
		A-1/A	P-1/A	F1/A	$300MM, of which 50% may be over 90 days to a maximum of 180 days
Corporate Notes, Asset Backed Securities (ABS) and Floating Rate Notes (FRN) (1)	Corporate: 3 years ABS: 5 years FRN: 5 years (1)	A-1/AAA	P-1/Aaa	F1/AAA	$600MM, of which 50% may be over 180
		A-1/AA	P-1/Aa	F1/AA	$450MM, of which 50% may be over 180
		A-1/A	P-1/A	F1/A	$300MM, of which 50% may be over 90 days to a maximum of 180 days

Note: All foreign issuers must attain the required ratings from at least two of the three Nationally Recognized Statistical Rating Organizations (S&P, Moody's, and Fitch).

(1) Seven years, if Board of Supervisors' authorization to exceed maturities in excess of five years is in effect, of which a maximum of $100 MM (million) par value may be greater than five years to maturity.

County of Los Angeles
Treasurer and Tax Collector
Investment Policy
ATTACHMENT 1 c.

MINIMUM CREDIT RATING
SUPRANATIONAL ISSUERS

Issuer Rating (1)			**Limit (2)**
S&P	**Moody's**	**Fitch**	
AAA	Aaa	aaa	30% of PSI Portfolio, of which 20% of the PSI Portfolio may be between 2 and 5 years.
AA	Aa	aa	20% of PSI Portfolio, of which 10% of the PSI Portfolio may be between 2 and 5 years.

(1) The issuer must attain the required ratings from at least two of the three Nationally Recognized Statistical Rating Organizations (S&P, Moody's and Fitch).
(2) Maximum combined par value for all issuers is limited to 30% of the PSI portfolio.

County of Los Angeles
Treasurer and Tax Collector
Investment Policy
ATTACHEMENT 1 d.

MINIMUM CREDIT RATING
COMMERCIAL PAPER

Maximum Maturity	S&P	Moody's	Fitch	Investment Limit
270 days	A-1/AAA A-1/AA A-1/A	P-1/Aaa P-1/Aa P-1/A	F1/AAA F1/AA F1/A	$1.5 Billion $1 Billion $750 MM

Note: The issuer must attain the required ratings from at least two of the three Nationally Recognized Statistical Rating Organizations (S&P, Moody's and Fitch).

County of Los Angeles
Treasurer and Tax Collector
Investment Policy
ATTACHMENT II

LIMITATION CALCULATION FOR INTERMEDIATE-TERM, MEDIUM-TERM AND LONG-TERM HOLDINGS (Actual $)

Average Investment Balance and Available Cash (1)	$28,964,136,457
Less:	
▪ 50% of Discretionary Deposits (1)	($1,132,949,913.70)
Average Available Balance	$27,831,186,543
Multiplied by the Percent Available for Investment Over One Year	75%
Equals the Available Balance for Investment Over One Year	$20,873,389,908
Intermediate-Term (From 1 to 3 Years) ▪ One-third of the Available Balance for Investment	$6,957,796,636
Medium-Term and Long-Term (Greater Than 3 Years) ▪ Two-thirds of Available Balance for Investment (2)	$13,915,593,272

(1) 36 Month Average from January 2016 to December 2018.
(2) Any unused portion of the Medium-Term and Long-Term available balance may be used for Intermediate-Term investments.

County of Los Angeles
Treasurer and Tax Collector
Investment Policy
ATTACHMENT III

APPROVED LIST OF MUNICIPAL OBLIGATIONS

1. Any obligation issued or caused to be issued by the County of Los Angeles on its behalf or on behalf of other Los Angeles County affiliates. If on behalf of other Los Angeles County affiliates, the affiliate must have a minimum rating of “A3” (Moody’s) or “A-” (Standard and Poor’s or Fitch). The maximum maturity is limited to 30 years.

2. Any short- or medium-term obligation issued by the State of California or a California local agency with a minimum Moody’s rating of “MIG-1” or “A2” or a minimum Standard and Poor’s rating of “SP-1” or “A.” Maximum maturity limited to five years.

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 March 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	$13.052
Schools and Community Colleges	15.606
Discretionary Participants	2.690
Total	$31.348

The Treasury Pool participation composition is as follows:

Non-discretionary Participants	91.43%
Discretionary Participants:	
Independent Public Agencies	8.13%
County Bond Proceeds and Repayment Funds	0.44%
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 April 30, 2019, the March 31, 2019 book value of the Treasury Pool was approximately $31.348 billion and the corresponding market value was approximately $31.189 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 March 31, 2019:

Type of Investment	**% of Pool**
Certificates of Deposit	6.54
U.S. Government and Agency Obligations	64.84
Bankers Acceptances	0.00
Commercial Paper	28.06
Municipal Obligations	0.11
Corporate Notes & Deposit Notes	0.45
Repurchase Agreements	0.00
Asset Backed Instruments	0.00
Other	0.00
	100.00

The Treasury Pool is highly liquid. As of March 31, 2019, approximately 39.68% of the investments mature within 60 days, with an average of 526 days to maturity for the entire portfolio.

APPENDIX H

FORM OF DELAYED DELIVERY CONTRACT

_____________, 2019

Raymond James & Associates, Inc.
880 Carillion Parkway
Tower 3, Third Floor
St. Petersburg, Florida 33716

Re: $_____________ Westside Union Elementary School District
(County of Los Angeles, California)
2020 Refunding General Obligation Bonds (Forward Delivery) (the "Bonds")

Ladies and Gentlemen:

The undersigned (the "Purchaser") hereby agrees to purchase from Raymond James & Associates, Inc. (the "Underwriter"), when, as and if issued and delivered to the Underwriter by the Westside Union Elementary School District (the "District"), and the Underwriter agrees to sell to the Purchaser:

Par Amount	Maturity Date	Interest Rate	CUSIP Number	Yield	Price

of the above-referenced Bonds (the "Purchased Bonds") offered by the District under the Preliminary Official Statement dated May 10, 2019 (the "Preliminary Official Statement"), and the Official Statement relating to the Bonds dated May 16, 2019 (the "Official Statement"), at the purchase price and with the interest rates, principal amounts, and maturity dates shown above, and on the further terms and conditions set forth in this Delayed Delivery Contract. Capitalized terms used but not defined herein have the meanings ascribed thereto in the Official Statement. The Bonds are being purchased by the Underwriter pursuant to the Forward Delivery Bond Purchase Agreement between the District and the Underwriter (the "Forward Delivery Bond Purchase Agreement").

The Purchaser hereby confirms that it has received and reviewed the Preliminary Official Statement and the Official Statement (including, without limitation, the section entitled "FORWARD DELIVERY OF THE BONDS"), has considered the risks associated with purchasing the Purchased Bonds and is duly authorized to purchase the Purchased Bonds. The Purchaser acknowledges and agrees that the Purchased Bonds are being sold on a "forward" basis, and the Purchaser hereby purchases and agrees to accept delivery of the Purchased Bonds from the Underwriter on or about May 7, 2020 (the "Settlement Date"), as they may be issued and delivered in accordance with the Forward Delivery Bond Purchase Agreement.

Payment for the Purchased Bonds on the Settlement Date shall be made to the Underwriter or upon its order on the Settlement Date upon delivery to the Purchaser of the Purchased Bonds through the book-entry system of The Depository Trust Company. The Purchaser agrees that in no event shall the Underwriter be responsible or liable for any claim or loss, whether direct or consequential, that the Purchaser may suffer in the event the District does not for any reason issue and deliver the Bonds.

Upon issuance by the District of the Bonds and purchase thereof by the Underwriter, the obligation of the Purchaser to take delivery of the Purchased Bonds hereunder shall be unconditional, except in the event that between the date of this Delayed Delivery Contract and the Settlement Date one of the following events shall have occurred:

1. There is a Change in Law (defined below);

2. As a result of any legislation, regulation, rule, order, release, court decision or judgment or action by the U.S. Department of the Treasury, the Internal Revenue Service, or any agency of the State either enacted, issued, effective, adopted or proposed (but only with respect to any such proposed legislation, regulation, ruling, order, release, court decision or judgment or action that continues to be proposed as of the Settlement Date), or for any other reason, Bond Counsel cannot issue an opinion substantially in the form attached to the Official Statement as Appendix D to the effect that (a) the interest on the Bonds is not subject to federal income tax under Section 103 of the Code (or comparable provisions of any successor federal tax laws), and (b) the interest on the Bonds is exempt from State of California income taxation;

3. The Official Statement as of the date of Closing (as defined in the Forward Delivery Bond Purchase Agreement), which is expected to occur on or about _____, 2019, or the Updated Official Statement to be provided by the District pursuant to the terms of the Forward Delivery Bond Purchase Agreement as of the Settlement Date, contained or contains an untrue statement or misstatement of material fact or omitted or omits to state a material fact necessary in order to make the statements and information contained therein not misleading in any material respect;

4. Legislation is enacted, or a decision by a court of the United States is rendered, or any action is taken by, or on behalf of, the Securities Exchange Commission that, in the reasonable opinion of the Underwriter, following consultation with the District, has the effect of requiring the Bonds to be registered under the Securities Act of 1933, as amended, or requires the qualification of the Paying Agent Agreement under the Trust Indenture Act of 1939, as amended, or an event occurs that would cause the sale of the Bonds to be in violation of any provision of the federal or State of California securities laws; or

5. As of the Settlement Date, the Bonds are no longer rated investment grade by S&P Global Ratings.

The Underwriter shall notify the Purchaser promptly in the event that the Underwriter becomes aware of the occurrence of any of the events described in clauses 1 through 5 above.

A “Change in Law” means (i) any change in or addition to applicable federal or state law, whether statutory or as interpreted by the courts or by federal or state agencies, including any changes in or new rules, regulations or other pronouncements or interpretations by federal or state agencies; (ii) any legislation enacted by the Congress of the United States (if such enacted legislation has an effective date that is on or before the Settlement Date), (iii) any law, rule or regulation enacted by any governmental body, department or agency (if such enacted law, rule, or regulation has an effective date that is on or before the Settlement Date) or (iv) any judgment, ruling or order issued by any court or administrative body that in any such case would, (A) as to the Underwriter, prohibit the Underwriter from completing the underwriting of the Bonds or selling the Bonds or the beneficial ownership interests therein to the public or, (B) as to the District, make the completion of the issuance, sale, or delivery of the Bonds illegal.

If the Change of Law eliminates the exclusion from gross income for federal income tax purposes of interest payable on "state or local bonds," the Underwriter would not be obligated to purchase the Bonds from the District, and the Purchaser would not be required to accept delivery of the Purchased Bonds from the Underwriter.

The Purchaser acknowledges and agrees that the Purchased Bonds are being sold on a "forward" or "delayed delivery" basis for delivery on the Settlement Date and that the Purchaser is obligated to take up and pay for the Purchased Bonds on the Settlement Date unless one of the events described above occurs. The Purchaser acknowledges that it will not be able to withdraw its order as described herein, and will not otherwise be excused from performance of its obligations to take up and pay for the Purchased Bonds on the Settlement Date because of market or credit changes, including specifically, but not limited to (a) except for the rating change described in event number 5 above, changes in the rating assigned to the Bonds between the date of Closing and the Settlement Date or changes in the credit associated with the Bonds generally, and (b) changes in the financial condition, operations, performance, properties or prospects of the District from the date hereof to the Settlement Date. The Purchaser acknowledges and agrees that it will remain obligated to purchase the Purchased Bonds in accordance with the terms hereof, even if the Purchaser decides to sell the Purchased Bonds following the date hereof, unless the Purchaser sells the Purchased Bonds to another institution with the prior written consent of the Underwriter and such institution provides a written acknowledgment of confirmation of purchase order and a delayed delivery contract in the same respective forms as that executed by the Purchaser.

The Purchaser represents and warrants that, as of the date of this Delayed Delivery Contract, the Purchaser is not prohibited from purchasing the Purchased Bonds hereby agreed to be purchased by it under the laws of the jurisdiction to which the Purchaser is subject. Each of the undersigned parties represents and warrants that it has the power and authority to enter into this Delayed Delivery Contract and to perform its obligations hereunder.

The Purchaser agrees that it will at all times satisfy the minimum initial and maintenance margin requirements of Regulation T of the Board of Governors of the Federal Reserve System, Rule 431 of the New York Governors of the Federal Reserve System, Rule 4210 of the Financial Industry Regulatory Authority and any other margin regulations applicable to the Underwriter.

This Delayed Delivery Contract will inure to the benefit of and be binding upon the parties hereto and their respective successors, but will not be assignable by either party without the prior written consent of the other.

The Purchaser acknowledges that the Underwriter is entering into the Forward Delivery Bond Purchase Agreement with the District to purchase the Bonds in reliance in part on the performance by the Purchaser of its obligations hereunder.

This Delayed Delivery Contract may be executed by either of the parties hereto in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same instrument.

It is understood that the acceptance by the Underwriter of any Delayed Delivery Contract (including this one) is in the Underwriter's sole discretion and that, without limiting the foregoing, acceptances of such contracts need not be on a first-come, first-served basis. If this Delayed Delivery Contract is acceptable to the Underwriter, it is requested that the Underwriter sign the form of acceptance below and mail, e-mail, or otherwise deliver one of the counterparts hereof to the Purchaser at its address set forth below. This will become a binding contract between the Underwriter and the Purchaser when such counterpart is so mailed, e-mailed or otherwise delivered by the Underwriter. This Delayed Delivery Contract does not constitute a customer confirmation pursuant to Rule G-15 of the Municipal Securities Rulemaking Board.

This Delayed Delivery Contract shall be construed and administered under the laws of the State of New York.

[PURCHASER]

By:________________________________
Name:______________________________
Title:_______________________________

Address:____________________________
____
Telephone:__________________________

Accepted:

RAYMOND JAMES & ASSOCIATES, INC.

By:________________________________
Name:______________________________
Title:_______________________________