NEW ISSUE—FULL BOOK-ENTRY **RATING: S&P: "AA-"**
(See "MISCELLANEOUS – Rating" herein)

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California ("Bond Counsel"), under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax. See "TAX MATTERS" herein with respect to tax consequences relating to the Bonds, including with respect to the alternative minimum tax imposed on certain large corporations for tax years beginning after December 31, 2022. See "TAX MATTERS" herein with respect to tax consequences relating to the Bonds.

$25,000,000
LITTLE LAKE CITY SCHOOL DISTRICT
(Los Angeles County, California)
Election of 2022 General Obligation Bonds, Series A

Dated: Date of Delivery **Due: July 1, as shown herein**

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

The Little Lake City School District (Los Angeles County, California) Election of 2022 General Obligation Bonds, Series A (the "Bonds") were authorized at an election of the registered voters of the Little Lake City School District (the "District") held on June 7, 2022, at which the requisite 55% of the persons voting on the proposition voted to authorize the issuance and sale of not-to-exceed $36,000,000 principal amount of general obligation bonds. The Bonds are being issued to (i) finance the repair, upgrading, acquisition, construction and equipping of District sites and facilities, (ii) prepay the outstanding amount of the Little Lake City School District Certificates of Participation (2022 School Financing Project) (the "2022 Certificates"), and (iii) pay the costs of issuing the Bonds.

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

The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee for The Depository Trust Company, New York, New York (collectively referred to herein as "DTC"). Purchasers of interests in the Bonds (the "Beneficial Owners") will not receive physical certificates representing their interest in the Bonds, but will instead receive credit balances on the books of their respective nominees.

The Bonds will be dated as of their date of initial delivery (the "Date of Delivery") and will be issued as current interest bonds, such that interest thereon will accrue from the Date of Delivery and be payable semiannually on January 1 and July 1 of each year, commencing July 1, 2023. The Bonds are issuable in denominations of $5,000 principal amount or any integral multiple thereof.

Payments of principal of and interest on the Bonds will be made by U.S. Bank Trust Company, National Association, as the designated paying agent, bond registrar and transfer agent (the "Paying Agent"), to DTC for subsequent disbursement to DTC Participants (defined herein) who will remit such payments to the Beneficial Owners of the Bonds. U.S. Bank Trust Company, National Association has been appointed as agent of the Treasurer and Tax Collector of the County to act as Paying Agent for the Bonds.

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

Maturity Schedule
(see inside front cover)

The Bonds will be offered when, as and if issued and received by the Underwriter subject to the approval of legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, Bond Counsel and Disclosure Counsel. Certain matters will be passed on for the Underwriter by Katten Muchin Rosenman LLP, New York, New York. The Bonds, in book-entry form, will be available for delivery through the facilities of DTC in New York, New York on or about April 20, 2023.

STIFEL

Dated: March 29, 2023.

MATURITY SCHEDULE

$25,000,000
LITTLE LAKE CITY SCHOOL DISTRICT
(Los Angeles County, California)
Election of 2022 General Obligation Bonds, Series A

Base CUSIP[†]: 537260

$8,065,000 Serial Bonds

Maturity (July 1)	Principal Amount	Interest Rate	Yield	CUSIP[†] Suffix
2024	$855,000	5.000%	2.450%	GW5
2025	495,000	5.000	2.360	GX3
2032	140,000	5.000	2.410[(2)]	HL8
2033	185,000	5.000	2.470[(2)]	HM6
2034	240,000	5.000	2.590[(2)]	GY1
2035	290,000	5.000	2.740[(2)]	GZ8
2036	350,000	5.000	2.920[(2)]	HA2
2037	415,000	5.000	3.060[(2)]	HB0
2038	485,000	5.000	3.170[(2)]	HC8
2039	555,000	5.000	3.270[(2)]	HD6
2040	630,000	5.000	3.390[(2)]	HE4
2041	715,000	5.000	3.470[(2)]	HF1
2042	810,000	5.000	3.530[(2)]	HG9
2043	900,000	5.000	3.630[(2)]	HH7
2044	1,000,000	5.000	3.680[(2)]	HN4

$5,150,000 – 5.000% Term Bonds due July 1, 2048 – Yield 3.850[(2)]%; CUSIP[†] Suffix: HJ3

$11,785,000 – 4.000% Term Bonds due July 1, 2054 – Yield 4.250%; CUSIP[†] Suffix: HK0

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(2) Yield to call at par on July 1, 2031.

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

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

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

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

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

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

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

LITTLE LAKE CITY SCHOOL DISTRICT

BOARD OF EDUCATION

Manuel Cantu, *President*
Gina Ramirez, *Vice President*
Janet Rock, *Clerk*
Hilda Zamora, *Member*
Jasmine Sanchez, *Member*

DISTRICT ADMINISTRATION

Dr. William Crean, *Superintendent*
Liz Seymour, *Assistant Superintendent, Business Services*

PROFESSIONAL SERVICES

BOND COUNSEL AND DISCLOSURE COUNSEL

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

MUNICIPAL ADVISOR

Keygent LLC
El Segundo, California

PAYING AGENT AND ESCROW AGENT

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

ESCROW VERIFICATION

Causey Demgen & Moore P.C.
Denver, Colorado

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$25,000,000
LITTLE LAKE CITY SCHOOL DISTRICT
(Los Angeles County, California)
Election of 2022 General Obligation Bonds, Series A

INTRODUCTION

This Official Statement, which includes the cover page, inside cover page and appendices hereto, provides information in connection with the sale of the Little Lake City School District (Los Angeles County, California) Election of 2022 General Obligation Bonds, Series A (the "Bonds").

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

General

The Little Lake City School District (the "District") was established in 1882 and is located in Los Angeles County, California (the "County"), 17 miles southeast of downtown Los Angeles, California. The District covers approximately four square miles, operates seven K-5 schools and two 6-8 schools, and serves a population of approximately 34,400 residents. For fiscal year 2022-23, the District estimates an average daily attendance ("ADA") of 3,513 students. The District's ADA and enrollment in the last few years have been impacted by COVID-19. See "DISTRICT FINANCIAL INFORMATION – Considerations Regarding COVID-19" herein. The fiscal year 2022-23 assessed valuation of the area served by the District is $5,263,756,007.

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

For more information regarding the District, see also "LITTLE LAKE CITY SCHOOL DISTRICT" and "DISTRICT FINANCIAL INFORMATION" herein. The District's audited financial statements for the fiscal year ended June 30, 2022 are attached hereto as APPENDIX B and should be read in their entirety. The discussion of the District's financial history and the financial information contained herein does not purport to be complete or definitive.

Purposes of the Bonds

The Bonds are being issued to (i) finance the repair, upgrading, acquisition, construction and equipping of District sites and facilities, (ii) prepay the outstanding amount of the Little Lake City School District Certificates of Participation (2022 School Financing Project) (the "2022 Certificates"), and (iii) pay the costs of issuance of the Bonds. See "THE BONDS – Application and Investment of Bond Proceeds" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

Authority for Issuance of the Bonds

The Bonds are issued pursuant to certain provisions of the Government Code and pursuant to a resolution adopted by the Board of Education of the District. See "THE BONDS – Authority for Issuance" herein.

Sources of Payment for the Bonds

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

Description of the Bonds

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

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

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

Redemption. The Bonds are subject to optional redemption prior to their stated maturity dates, as further described herein. The Bonds are further subject to mandatory sinking fund redemption as further described herein. See "THE BONDS – Redemption" herein.

Payments. The Bonds will be dated as of the date of their initial execution and issuance (the "Date of Delivery"). Interest on the Bonds accrues from the Date of Delivery, and is payable semiannually on each January 1 and July 1, commencing July 1, 2023 (each, a "Bond Payment Date"). Principal on the Bonds is payable on July 1 of each year, as shown on the inside cover page hereof.

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

Tax Matters

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California ("State") personal income tax. See "TAX MATTERS" herein with respect to tax consequences relating to the Bonds, including with respect to the alternative minimum tax imposed on certain large corporations for tax years beginning after December 31, 2022. See "TAX MATTERS" herein.

Offering and Delivery of the Bonds

The Bonds are offered when, as and if issued, subject to approval as to their legality by Bond Counsel. It is anticipated that the Bonds in book-entry form will be available for delivery through the facilities of DTC in New York, New York, on or about April 20, 2023.

Bond Owner's Risks

The Bonds are general obligations of the District payable solely from *ad valorem* property taxes which may be levied on all taxable property in the District, without limitation as to rate or amount (except with respect to certain personal property which is taxable at limited rates). For more complete information regarding the District's financial condition and taxation of property within the District, see "TAX BASE FOR REPAYMENT OF BONDS," "DISTRICT FINANCIAL INFORMATION" and "LITTLE LAKE CITY SCHOOL DISTRICT" herein.

Continuing Disclosure

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

Professionals Involved in the Offering

Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, is acting as Bond Counsel and Disclosure Counsel to the District with respect to the Bonds. Keygent LLC, El Segundo, California, is acting as Municipal Advisor to the District with respect to the Bonds. Stradling Yocca Carlson and Rauth, a Professional Corporation, and Keygent LLC will each receive compensation from the District contingent upon the sale and delivery of the Bonds. Certain matters will be passed on for the Underwriter (defined herein) by Katten Muchin Rosenman LLP, New York, New York. U.S. Bank Trust Company, National Association is acting as Paying Agent for the Bonds. In addition to acting as Paying Agent for the Bonds, U.S. Bank Trust Company, National Association will act as escrow agent (in such capacity, the "Escrow Agent") for the 2022 Certificates. Causey Demgen & Moore P.C., Denver, Colorado, will act as verification agent for the 2022 Certificates. From time to time, Bond Counsel represents the Underwriter on matters unrelated to the District or the Bonds.

Forward Looking Statements

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

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE DISTRICT DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT.

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Copies of documents referred to herein and information concerning the Bonds are available from the Little Lake City School District, 10515 Pioneer Boulevard, Santa Fe Springs, California, 90670, telephone: (562) 868-8241. The District may impose a charge for copying, mailing and handling.

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

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

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

Capitalized terms used but not otherwise defined herein shall have the meanings assigned to such terms in the Resolutions (as defined herein).

THE BONDS

Authority for Issuance

The Bonds are issued pursuant to the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of the Government Code of the State of California (the "Act"), Article XIIIA of the California Constitution and other applicable law, and pursuant to a resolution adopted by the Board on January 24, 2023 (the "Resolution"). The District received authorization at an election held on June 7, 2022, by the requisite 55% or more of the votes cast by eligible voters of the District to issue not-to-exceed $36,000,000 aggregate principal amount of general obligation bonds (the "Authorization"). The Bonds are the first issuance of bonds under the Authorization, and following the issuance thereof, $11,000,000 of bonds will remain authorized and unissued.

Security and Sources of Payment

The Bonds are general obligations of the District payable solely from *ad valorem* property taxes. The Board of Supervisors of the County is empowered and obligated to annually levy *ad valorem* property taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except certain personal property which is taxable at limited rates), for the payment of principal of and interest on the Bonds when due. The levy may include allowance for an annual reserve, established for the purpose of avoiding fluctuating tax levies. Such taxes will be levied annually in addition to all other taxes during the period that the Bonds are outstanding in an amount sufficient to pay the principal of and interest on the Bonds when due. Such taxes, when collected, will be placed in the Debt Service Fund (defined herein), which is required to be segregated and maintained by the County and which is designated for the payment of the Bonds, and interest thereon when due, and for no other purpose. Pursuant to the Resolution, the District has pledged funds on deposit in the Debt Service Fund to the payment of the Bonds. Although the County is obligated to levy *ad valorem* property taxes for the payment of the Bonds as described above, and will maintain the Debt Service Fund, none of the Bonds are a debt of the County.

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

The rate of the annual *ad valorem* property taxes 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 in any year. Fluctuations in the annual debt service on the Bonds and the assessed value of taxable property in the District may cause the annual tax rates to fluctuate.

Economic and other factors beyond the District's control, such as general market decline in land values, outbreak of disease, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by the State and local agencies and property used for qualified education, hospital, charitable or religious purposes), or the complete or partial destruction of the taxable property caused by a natural or manmade disaster, such as earthquake, flood, fire (including wildfire), drought, sea level rise, landslide, climate change, or toxic contamination, could cause a reduction in the assessed value of taxable property within the District and necessitate a corresponding increase in the annual tax rate. For further information regarding the District's assessed valuation, tax rates, overlapping debt, and other matters concerning taxation, see "CONSTITUTIONAL AND STATUTORY

PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIIIA of the California Constitution" and "TAX BASE FOR REPAYMENT OF BONDS – Assessed Valuations" herein.

Statutory Liens

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

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

General Provisions

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

Interest on the Bonds accrues from the Date of Delivery, and is payable on each Bond Payment Date, commencing July 1, 2023. Interest on the Bonds shall be computed on the basis of a 360-day year of twelve 30-day months. Each Bond shall bear interest from the Bond Payment Date next preceding the date of authentication thereof unless it is authenticated as of a day during the period from the 16th day of the month immediately preceding any Bond Payment Date to and including such Bond Payment Date, in which event it shall bear interest from such Bond Payment Date, or unless it is authenticated on or before June 15, 2023, in which event it shall bear interest from the Date of Delivery. The Bonds are issuable in denominations of $5,000 principal amount, or any integral multiple thereof, and mature on July 1, in the years and amounts set forth on the inside cover page hereof.

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

Annual Debt Service

The following table displays the annual debt service requirements of the District for the Bonds (assuming no optional redemptions):

Year Ending July 1	Annual Principal Payment	Annual Interest Payment[1]	Total Annual Debt Service Payment
2023	--	$223,285.14	$223,285.14
2024	$855,000.00	1,132,150.00	1,987,150.00
2025	495,000.00	1,089,400.00	1,584,400.00
2026	--	1,064,650.00	1,064,650.00
2027	--	1,064,650.00	1,064,650.00
2028	--	1,064,650.00	1,064,650.00
2029	--	1,064,650.00	1,064,650.00
2030	--	1,064,650.00	1,064,650.00
2031	--	1,064,650.00	1,064,650.00
2032	140,000.00	1,064,650.00	1,204,650.00
2033	185,000.00	1,057,650.00	1,242,650.00
2034	240,000.00	1,048,400.00	1,288,400.00
2035	290,000.00	1,036,400.00	1,326,400.00
2036	350,000.00	1,021,900.00	1,371,900.00
2037	415,000.00	1,004,400.00	1,419,400.00
2038	485,000.00	983,650.00	1,468,650.00
2039	555,000.00	959,400.00	1,514,400.00
2040	630,000.00	931,650.00	1,561,650.00
2041	715,000.00	900,150.00	1,615,150.00
2042	810,000.00	864,400.00	1,674,400.00
2043	900,000.00	823,900.00	1,723,900.00
2044	1,000,000.00	778,900.00	1,778,900.00
2045	1,105,000.00	728,900.00	1,833,900.00
2046	1,225,000.00	673,650.00	1,898,650.00
2047	1,345,000.00	612,400.00	1,957,400.00
2048	1,475,000.00	545,150.00	2,020,150.00
2049	1,615,000.00	471,400.00	2,086,400.00
2050	1,745,000.00	406,800.00	2,151,800.00
2051	1,880,000.00	337,000.00	2,217,000.00
2052	2,025,000.00	261,800.00	2,286,800.00
2053	2,180,000.00	180,800.00	2,360,800.00
2054	2,340,000.00	93,600.00	2,433,600.00
Total	$25,000,000.00	$25,619,685.14	$50,619,685.14

(1) Interest payable semiannually on January 1 and July 1 of each year, commencing July 1, 2023.

Application and Investment of Bond Proceeds

The Bonds are being issued to (i) finance the repair, upgrading, acquisition, construction and equipping of certain District property and facilities, (ii) prepay the outstanding amount of the 2022 Certificates, and (iii) pay the costs of issuing the Bonds.

Building Fund. A portion of the net proceeds of the sale of the Bonds shall be deposited in the Little Lake City School District Election of 2022 General Obligation Bonds, Series A Building Fund (the "Building Fund") and shall be applied only to finance the repair, upgrading, acquisition, construction and equipping of certain District property and facilities. Any interest earnings on moneys held in the Building Fund shall be retained in the Building Fund. Any excess proceeds of the Bonds not needed for the authorized purposes for which the Bonds are being issued shall be transferred to the Debt Service Fund and applied to the payment of principal of and interest on the Bonds.

Escrow Fund. A portion of the net proceeds from the sale of the Bonds will be deposited with U.S. Bank Trust Company, National Association, acting as Escrow Agent for the 2022 Certificates, to the credit of a fund (the "2022 Certificates Escrow Fund") held pursuant to an escrow agreement (the "2022 Certificates Escrow Agreement") by and between the District and the Escrow Agent. Amounts in the 2022 Certificates Escrow Fund will be held uninvested as cash in an amount sufficient to enable the Escrow Agent to (i) to prepay on April 20, 2023, the outstanding principal evidenced by the 2022 Certificates and to pay any accrued interest with respect thereto. Amounts deposited into the 2022 Certificates Escrow Fund under the 2022 Certificates Escrow Agreement are not available to pay any other obligations of the District.

The sufficiency of the amounts on deposit in the 2022 Certificates Escrow Fund to prepay and defease the 2022 Certificates as described above, will be verified by Causey Demgen & Moore P.C., as verification agent (the "Verification Agent"). As a result of the deposit and application of funds so provided in the 2022 Certificates Escrow Agreement, and assuming the accuracy of the computations of the Underwriter and the Verification Agent, the 2022 Certificates will be defeased and the obligation of the District to make lease payments with respect thereto will terminate. See "LEGAL MATTERS – Escrow Verification" herein.

Debt Service Fund. Any premium or accrued interest received by the District on the sale of the Bonds shall be deposited in the fund held by the County and known as the "Little Lake City School District Election of 2022 General Obligation Bonds, Series A Debt Service Fund" (the "Debt Service Fund"). Any interest earnings on moneys held in the Debt Service Fund shall be retained in the Debt Service Fund. If, after all of the Bonds have been redeemed and cancelled or paid and cancelled, there are moneys remaining in the Debt Service Fund or otherwise held in trust for the payment of the redemption price of the Bonds, said moneys shall be transferred to the general fund of the District as provided and permitted by law.

Expected Investment of Bond Proceeds. In accordance with the Resolution and subject to federal tax restrictions, moneys in the Debt Service Fund and the Building Fund may be invested in the following: (i) lawful investments permitted by Government Code Sections 16429.1 and 53601; (ii) shares in a State common law trust established pursuant to Title 1, Division 7, Chapter 5 of the Government Code which invests exclusively in investments permitted by Government Code Section 53635; (iii) a guaranteed investment contract with a provider rated in at least the second highest category by each rating agency then rating the Bonds, (iv) the Local Agency Investments Fund of the State Treasurer, (v) the County's Treasury Pool (as defined herein), and (vi) State and Local Government Series Securities.

Money in the 2022 Certificates Escrow Fund will be invested as described above. Subject to federal tax restrictions, moneys in the Building Fund and the Debt Service Fund held by the County are permitted to be invested at the County Treasurer-Tax Collector's discretion pursuant to law and the investment policy of the County. Moneys in the Building Fund and the Debt Service Fund are expected to be invested through the Los Angeles County Treasury Pool. See “APPENDIX E –LOS ANGELES COUNTY TREASURY POOL” herein.

Redemption

Optional Redemption. The Bonds maturing on or before July 1, 2025 are not subject to optional redemption. The Bonds maturing on and after July 1, 2032 are subject to redemption prior to their stated maturity dates, at the option of the District, from any source of available funds, in whole or in part, on any date on or after July 1, 2031, at a redemption price equal to the principal amount of the Bonds called for redemption, plus interest accrued to the date fixed for such redemption, without premium.

Mandatory Sinking Fund Redemption. The Term Bonds maturing on July 1, 2048 (the “2048 Term Bonds”) are subject to redemption prior to maturity from mandatory sinking fund payments on July 1 of each year, on and after July 1, 2045, at a redemption price equal to the principal amount thereof, as of the date fixed for redemption, plus interest accrued to the date set for such redemption, without premium. The principal amount represented by the 2048 Term Bonds to be so redeemed and the redemption dates therefor, and the final principal payment date are as indicated in the following table:

Redemption Date (July 1)	Principal Amount
2045	$1,105,000
2046	1,225,000
2047	1,345,000
2048[1]	1,475,000
Total	$5,150,000

[1] Maturity.

In the event that portions of the 2048 Term Bonds shown above are optionally redeemed prior to their respective maturity dates, the remaining mandatory sinking fund payments with respect thereto shall be reduced proportionately, or as otherwise directed by the District, in integral multiples of $5,000 principal amount, in respect of the portion of the 2048 Term Bonds optionally redeemed.

The Term Bonds maturing on July 1, 2054 (the “2054 Term Bonds”) are subject to redemption prior to maturity from mandatory sinking fund payments on July 1 of each year, on and after July 1, 2049, at a redemption price equal to the principal amount thereof, as of the date fixed for redemption, plus interest accrued to the date set for such redemption, without premium. The principal amount represented by the 2054 Term Bonds to be so redeemed and the redemption dates therefor, and the final principal payment date are as indicated in the table on the following page.

Redemption Date (July 1)	Principal Amount
2049	$1,615,000
2050	1,745,000
2051	1,880,000
2052	2,025,000
2053	2,180,000
2054[(1)]	2,340,000
Total	$11,785,000

(1) Maturity.

In the event that portions of the 2054 Term Bonds shown above are optionally redeemed prior to their respective maturity dates, the remaining mandatory sinking fund payments with respect thereto shall be reduced proportionately, or as otherwise directed by the District, in integral multiples of $5,000 principal amount, in respect of the portion of the 2054 Term Bonds optionally redeemed.

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

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

The Paying Agent will take the following actions with respect to each such Redemption Notice: (a) at least 20 but not more than 45 days prior to the redemption date, such Redemption Notice will be given to the respective Owners of Bonds designated for redemption by registered or certified mail, postage prepaid, at their addresses appearing on the bond register; (b) at least 20 but not more than 45 days prior to the redemption date, such Redemption Notice will be given by registered or certified mail, postage prepaid, telephonically confirmed facsimile transmission, or overnight delivery service, to the Securities Depository; (c) at least 20 but not more than 45 days prior to the redemption date, such Redemption Notice will be given by registered or certified mail, postage prepaid, or overnight delivery service, to one of the Information Services; and (d) provide a Redemption Notice to such other persons as may be required pursuant to the Continuing Disclosure Certificate.

"Information Services" means the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System; or such other services providing information with respect to called municipal obligations as the District may specify in writing to the Paying Agent or as the Paying Agent may select.

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

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

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

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

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

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

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

Book-Entry Only System

The information under this caption concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but none of the District, the Municipal Advisor, nor the Underwriter takes any responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants (as defined herein) will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 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 is rated "AA+" by Standard & Poor's. 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.

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 certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

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

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

Redemption proceeds, distribution and 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 the 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 the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the 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.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

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

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

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

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

Any Bond may be exchanged for Bonds of like series, tenor, maturity and Transfer Amount (which with respect to any outstanding Bonds means the principal amount thereof, as applicable) upon presentation and surrender at the designated office of the Paying Agent, together with a request for exchange signed by the registered Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. A Bond may be transferred on the Bond Register only upon presentation and surrender of the Bond at the designated office of the Paying Agent together with an assignment executed by the Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. Upon exchange or transfer, the Paying Agent shall complete, authenticate and deliver a new Bond or Bonds of like series, tenor and of any authorized denomination or denominations requested by the Owner equal to the Transfer Amount of the Bond surrendered and bearing or accruing interest at the same rate and maturing on the same date.

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

Defeasance

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

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

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

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

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

ESTIMATED SOURCES AND USES OF FUNDS

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

Sources of Funds	
Principal Amount of Bonds	$25,000,000.00
Net Original Issue Premium	766.043.20
2022 Certificates of Participation Debt Service Fund	733,657.31
Total Sources	$26,499,700.51
Uses of Funds	
Building Fund	$14,214,820.02
Debt Service Fund	766,043.20
2022 Certificates Escrow Fund	11,223,837.29
Underwriter's Discount	100,000.00
Costs of Issuance[(1)]	195,000.00
Total Uses	$26,499,700.51

[(1)] Reflects all costs of issuance, including legal and municipal advisory fees, printing costs, rating agency fees, and the costs and fees of the Paying Agent, Escrow Agent, and Verification Agent, and other costs of issuance of the Bonds.

TAX BASE FOR REPAYMENT OF BONDS

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

Ad Valorem Property Taxation

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

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

The valuation of secured property is established as of January 1 and is subsequently enrolled in August. Property taxes on the secured roll are payable in two installments, due November 1 and February 1. If unpaid, such taxes become delinquent on December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent installment plus any additional amount determined by the Treasurer. After the second installment of taxes on the secured roll is delinquent, the tax collector shall collect a cost of $10 for preparing the delinquent tax records and giving notice of delinquency. Property on the secured roll with delinquent taxes is declared tax-defaulted on July 1 of the calendar year. Such property may thereafter be redeemed, until the right of redemption is terminated, by payment of the delinquent taxes and the delinquency penalty, plus a $15 redemption fee and a redemption penalty of 1.5% 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 Treasurer.

Property taxes on the unsecured roll as of July 31 become delinquent if they are not paid by August 31 and are thereafter subject to a delinquent penalty of 10%. Taxes added to the unsecure tax roll after July 31, if unpaid are delinquent and subject to a penalty of 10% on the last day of the month succeeding the month of enrollment. In the case of unsecured property taxes, an additional penalty of 1.5% per month begins to accrue when such taxes remain unpaid on the last day of the second month after the 10% penalty attaches. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the assessee; (2) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on specific property of the assessee; (3) filing a certificate of delinquency for record in the county recorder's office in order to obtain a lien on specified property of the assessee; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee.

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

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

Future assessed valuation growth allowed under Article XIIIA (new construction, certain changes of ownership, 2% inflation) is allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and K-14 school districts (as defined herein) will share the growth of "base" revenues from the tax rate area. Each year's growth allocation becomes part of each agency's allocation in the following year.

Assessed Valuations

The assessed valuation of property in the District is established by the County assessor, except for public utility property which is assessed by the State Board of Equalization ("SBE"). Assessed valuations are reported at 100% of the "full cash value" of the property, as defined in Article XIIIA of the State Constitution. For a discussion of how properties currently are assessed, see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING TAXES AND APPROPRIATIONS" herein.

Property within the District has a total assessed valuation for fiscal year 2022-23 of $5,263,756,007. The following table represents a 10-year history of assessed valuations in the District as of the date the equalized assessment tax roll is established in August of each year, excluding exemptions granted after such date in each year.

ASSESSED VALUATIONS
Fiscal Years 2013-14 through 2022-23
Little Lake City School District

	Local Secured	Utility	Unsecured	Total
2013-14	$2,979,657,223	$3,025,392	$179,988,235	$3,162,670,850
2014-15	3,255,027,983	3,025,392	185,986,201	3,444,039,576
2015-16	3,379,779,840	3,025,392	190,768,058	3,573,573,290
2016-17	3,447,936,626	3,025,392	176,243,083	3,627,205,101
2017-18	3,615,085,472	7,113,508	174,583,512	3,796,782,492
2018-19	3,834,550,111	7,113,508	199,236,496	4,040,900,115
2019-20	4,247,020,706	7,113,508	220,852,217	4,474,986,431
2020-21	4,570,646,186	7,113,508	267,376,608	4,845,136,302
2021-22	4,624,907,475	7,645,216	293,628,993	4,926,181,684
2022-23	4,955,605,171	7,645,216	300,505,620	5,263,756,007

Source: California Municipal Statistics, Inc.

Economic and other factors beyond the District's control, such as general market decline in property values, the outbreak of disease, disruption in financial markets that may reduce availability of financing for purchasers of property, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by the State and local agencies and property used for qualified education, hospital, charitable or religious purposes), or the complete or partial destruction of the taxable property caused by a natural or manmade disaster, such as earthquake, flood, fire (including wildfire), drought, sea level rise, climate change, landslide, or toxic contamination, could cause a reduction in the assessed value of taxable property within the District. Any such reduction would result in a corresponding increase in the annual tax rate levied by the County to pay the debt service with respect to the Bonds. See "THE BONDS – Security and Sources of Payment" and "DISTRICT FINANCIAL INFORMATION – Considerations Regarding COVID-19" herein.

Seismic Events. The District is located in a seismically active region of the State. The District also lies within a liquefaction zone identified by the State Department of Conservation, California Geological Survey pursuant to the Seismic Hazards Mapping Act of 1990. An earthquake of large magnitude could result in extensive damage to property within the District and could adversely affect the assessed valuation of property within the District, or more generally the region's economy.

Drought. In recent years California has experienced severe drought conditions. In January of 2014, the Governor declared a statewide Drought State of Emergency. As of such date, the State faced water shortfalls due to the driest year in recorded State history, the State's rivers and reservoirs were below their record low levels, and manual and electronic readings recorded the water content of snowpack at the highest elevations in the State (chiefly in the Sierra Nevada mountain range) at about 20% of normal average for the winter season. Following the Governor's declaration, the California State Water Resources Control Board (the "Water Board") issued a statewide notice of water shortages and potential future curtailment of water right diversions. In April 2017, the Governor lifted the drought emergency declaration, while retaining a prohibition on wasteful practices and advancing conservation measures. In April 2021, the Governor announced regional drought emergencies in two Northern California counties following two years of dry conditions. On May 10, 2021, the Governor expanded the emergency drought declaration to include an additional 39 counties throughout the State. On July 8, 2021 the Governor expanded the declaration to further include an additional nine counties. On October 19, 2021, the Governor extended the declaration to include all remaining counties, including the County, such that the drought state of emergency is now in effect Statewide. On March 28, 2022, the Governor issued Executive Order N0-27-22, which directed the Water Board to issue drought regulations, including a recommendation to have urban water suppliers initiate water shortage contingency plans.

Wildfire. Major wildfires have occurred in recent years in different regions of the State, including in the fall of 2020 and in the summer of 2021. The District did not sustain any property losses as a result of wildfires. However, serious and significant property damage has resulted in other areas of the State due to fire damage. The Governor has previously signed a number of measures into law intended to address a variety of issues related to mitigating the risk of wildfires, including forest management, mutual aid for fire departments, emergency alerts and other safety mandates.

Climate Change. In addition to the events described above, climate change caused by human activities may have adverse effects on the assessed value of property within the District. As greenhouse gas emissions continue to accumulate in the atmosphere as a result of economic activity, many scientists expect that climate change will intensify, increasing the frequency, severity and timing of extreme weather events such as coastal storm surges, drought, wildfires, floods, heat waves, and rising sea levels. See also "—Drought," and "—Wildfires" above. Projections of the impact of global climate change are complex and depend on a variety of factors outside of the District's control. The various scientific studies that forecast the amount and timing of adverse impacts of climate change are based on assumptions contained in such studies, but actual events may vary materially. In addition, the scientific understanding of climate change and its effects continues to evolve. Accordingly, the District is unable to forecast with certainty when or if adverse impacts of climate change will occur or the extent of such impacts.

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

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

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

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

Assembly Bill 102. On June 27, 2017, the Governor signed into law Assembly Bill 102 ("AB 102"). AB 102 restructured the functions of the SBE and created two new separate agencies: (i) the California Department of Tax and Fee Administration, and (ii) the Office of Tax Appeals. Under AB 102, the California Department of Tax and Fee Administration took over programs previously in the SBE Property Tax Department, such as the Tax Area Services Section, which is responsible for maintaining all property tax-rate area maps and for maintaining special revenue district boundaries. Under AB 102, the SBE continues to perform the duties assigned by the State Constitution related to property taxes, however, effective January 1, 2018, the SBE will only hear appeals related to the programs that it constitutionally administers and the Office of Tax Appeals will hear tax appeals on all other taxes and fee matters, such as sales and use tax and other special taxes and fees. AB 102 obligates the Office of Tax Appeals to adopt regulations as necessary to carry out its duties, powers, and responsibilities.

Assessed Valuation of Single Family Homes

The following table shows a per-parcel analysis of single family residences within the District, in terms of their fiscal year 2022-23 assessed valuation.

ASSESSED VALUATION OF SINGLE FAMILY HOMES
Fiscal Years 2022-23
Little Lake City School District

	No. of Parcels	2022-23 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	7,938	$2,661,591,929	$335,298	$324,902

2022-23 Assessed Valuation	No. of Parcels[1]	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $24,999	3	0.038%	0.038%	$56,516	0.002%	0.002%
$25,000 -$49,999	207	2.608	2.646	9,263,331	0.348	0.350
$50,000 - $74,999	583	7.344	9.990	35,373,393	1.329	1.679
$75,000 - $99,999	259	3.263	13.253	22,331,446	0.839	2.518
$100,000 - $124,999	170	2.142	15.394	19,020,193	0.715	3.233
$125,000 - $149,999	154	1.940	17.334	21,173,358	0.796	4.028
$150,000 - $174,999	162	2.041	19.375	26,485,732	0.995	5.023
$175,000 - $199,999	246	3.099	22.474	46,457,180	1.745	6.769
$200,000 - $224,999	363	4.573	27.047	77,365,308	2.907	9.676
$225,000 - $249,999	533	6.715	33.762	126,786,221	4.764	14.439
$250,000 - $274,999	505	6.362	40.123	132,420,915	4.975	19.414
$275,000 - $299,999	398	5.014	45.137	114,549,902	4.304	23.718
$300,000 - $324,999	390	4.913	50.050	121,661,156	4.571	28.289
$325,000 - $349,999	388	4.888	54.938	130,888,487	4.918	33.207
$350,000 - $374,999	325	4.094	59.033	117,838,173	4.427	37.634
$375,000 - $399,999	381	4.800	63.832	147,321,383	5.535	43.169
$400,000 - $424,999	332	4.182	68.015	136,897,517	5.143	48.313
$425,000 - $449,999	329	4.145	72.159	143,886,770	5.406	53.719
$450,000 - $474,999	346	4.359	76.518	160,138,096	6.017	59.735
$475,000 - $499,999	311	3.918	80.436	151,595,845	5.696	65.431
$500,000 and greater	1,553	19.564	100.000	920,081,007	34.569	100.000
	7,938	100.000%		$2,661,591,929	100.000%	

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

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Assessed Valuation and Parcels by Land Use

The following table shows a per-parcel analysis of the distribution of taxable property within the District by principal use, and the fiscal year 2022-23 assessed valuation of such parcels.

ASSESSED VALUATION AND PARCELS BY LAND USE
Fiscal Year 2022-23
Little Lake City School District

	2022-23 Assessed Valuation[1]	% of Total	No. of Parcels	% of Total
Non-Residential:				
Commercial	$381,065,752	7.69%	115	1.30%
Vacant Commercial	28,458,872	0.57	9	0.10
Industrial	1,540,095,519	31.08	260	2.93
Vacant Industrial	20,148,054	0.41	56	0.63
Recreational	2,375,387	0.05	2	0.02
Government/Social/Institutional	23,440,809	0.47	69	0.78
Subtotal Non-Residential	$1,995,584,393	40.27%	511	5.76%
Residential:				
Single Family Residence	$2,661,591,929	53.71%	7,938	89.40%
Condominium/Townhouse	129,633,333	2.62	272	3.06
Mobile Home	1,487,816	0.03	37	0.42
Mobile Home Park	1,256,749	0.03	1	0.01
2-4 Residential Units	8,351,111	0.17	23	0.26
5+ Residential Units/Apartments	155,943,450	3.15	36	0.41
Vacant Residential	1,756,390	0.04	61	0.69
Subtotal Residential	$2,960,020,778	59.73%	8,368	94.24%
Total	$4,955,605,171	100.00%	8,879	100.00%

(1) Local secured assessed valuation, excluding tax-exempt property.
Source: California Municipal Statistics, Inc.

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Assessed Valuation by Jurisdiction

The following table shows the assessed valuation by jurisdiction for fiscal year 2022-23.

ASSESSED VALUATION BY JURISDICTION
Fiscal Year 2022-23
Little Lake City School District

Jurisdiction:	Assessed Valuation in District	% of District	Assessed Valuation of Jurisdiction	% of Jurisdiction in District
City of Downey	$179,672,348	3.41%	$14,317,719,833	1.25%
City of Norwalk	1,866,283,359	35.46	9,487,213,499	19.67
City of Santa Fe Springs	3,217,800,300	61.13	10,009,358,851	32.15
Total District	5,263,756,007	100.00%		
Los Angeles County	$5,263,756,007	100.00%	$1,894,097,540,559	0.28%

Source: California Municipal Statistics, Inc.

Tax Levies, Collections and Delinquencies

Property taxes on the secured roll are due in two installments, November 1 and February 1 of the calendar year, and if unpaid, become delinquent after December 10 and April 10, respectively. A 10% penalty attaches to any delinquent installment plus a minimum $10 cost on the second installment, plus any additional amount determined by the Treasurer. See "—*Ad Valorem* Property Taxation" herein.

Pursuant to Revenue and Taxation Code Section 4985.2, the Treasurer may cancel any penalty, costs or other charges resulting from tax delinquency upon a finding that the late payment is due to reasonable cause and circumstances beyond the taxpayer's control, and occurred notwithstanding the exercise of ordinary care in the absence of willful neglect, provided the property taxes are paid within four fiscal years of such taxes coming due. See also "DISTRICT FINANCIAL INFORMATION – Considerations Regarding COVID-19" herein.

The following table shows secured *ad valorem* property tax within the District, and amounts delinquent as of June 30, for fiscal years 2011-12 through 2021-22.

SECURED TAX CHARGES AND DELINQUENCIES
Fiscal Year 2021-22
Little Lake City School District

Secured Tax Charge[(1)]	Amt. Del. June 30	% Del. June 30
$4,056,466.61	$63,569.48	1.57%

Secured Tax Charge[(2)]	Amt. Del. June 30	% Del. June 30
$2,867,946.57	$20,684.40	0.72%

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

Alternative Method of Tax Apportionment - "Teeter Plan"

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

The District participates in the California Statewide Delinquent Tax Finance Authority ("CSDTFA"). CSDTFA is a joint exercise of powers agency formed for the purpose of purchasing delinquent *ad valorem* property taxes of its members in accordance with Government Code Section 6516.6. The District anticipates that CSDTFA will from time to time purchase delinquent *ad valorem* property tax receivables from the District. For the most recent fiscal year for which CSDTFA purchased delinquencies (the 2020-21 fiscal year), such delinquencies were purchased from the District at a purchase price equal to 110% thereof. Any penalty charges collected with respect to such delinquencies will be retained by CSDTFA. CSDTFA does not currently purchase *ad valorem* property tax receivables related to the payment of general obligation bonds of the District. Thus, the District's participation in CSDTFA's program does not ensure that the District will receive the timely payment of *ad valorem* property taxes levied to pay the Bonds. See also "—*Ad Valorem* Property Taxation" herein.

Property tax delinquencies may be impacted by economic and other factors beyond the District's or the County's control, including the ability or willingness of property owners to pay property taxes during an economic recession or depression. An economic recession or depression could be caused by many factors outside the control of the District, including high interest rates, reduced consumer confidence, reduced real wages or reduced economic activity as a result of the spread of COVID-19 or other pandemic or natural or manmade disaster. See "DISTRICT FINANCIAL INFORMATION – Considerations Regarding COVID-19." However, notwithstanding any possible future change to or discontinuation of the Teeter Plan, State law requires the County to levy ad valorem property taxes sufficient to pay the Bonds when due.

Tax Rates

A representative tax rate area located within the District is Tax Rate Area 5295. The following table summarizes the total *ad valorem* tax rates levied, as a percentage of assessed valuation, by all taxing entities in Tax Rate Area 5295 during the five-year period from 2018-19 to 2022-23.

TYPICAL TAX RATES (TRA 5295)(1)
Fiscal Year 2022-23
Little Lake City School District

	2018-19	2019-20	2020-21	2021-22	2022-23(1)
General	1.000000%	1.000000%	1.000000%	1.000000%	1.000000%
Little Lake City School District	.076110	.065322	.066055	.062005	.068111
Whittier Union High School District	.058221	.055015	.054331	.053953	.053418
Rio Hondo Community College District	.025544	.025712	.013613	.015263	.015347
Metropolitan Water District	.003500	.003500	.003500	.003500	.003500
Total	1.163375%	1.149549%	1.137499%	1.134721%	1.140376%

(1) The fiscal year 2022-23 assessed valuation of TRA 5295 is $1,597,506,108 which is 30.35% of the district's total assessed valuation.
Source: California Municipal Statistics, Inc.

Principal Taxpayers

The more property (by assessed value) which is owned by a single taxpayer within the District, the greater amount of tax collections that are exposed to weaknesses in such a taxpayer's financial situation and ability or willingness to pay property taxes. The following table lists the 20 largest local secured taxpayers in the District in terms of their fiscal year 2022-23 secured assessed valuations. Each taxpayer listed below is a name listed on the tax rolls. The District cannot make any representation as to whether individual persons, corporations or other organizations are liable for tax payments with respect to multiple properties held in various names that in aggregate may be larger than is suggested by the table below:

LARGEST LOCAL SECURED TAXPAYERS
Fiscal Year 2022-23
Little Lake City School District

	Property Owner	Primary Land Use	2022-23 Assessed Valuation	% of Total[1]
1.	Goodman Santa Fe Springs SPE LLC	Industrial	$236,537,230	4.77%
2.	PPF Industrial 12016 Telegraph Rd. LP	Industrial	123,275,903	2.49
3.	PSB Hathaway I and II LLC	Industrial	107,178,978	2.16
4.	Teachers Insurance and Annuity Association	Industrial	83,408,258	1.68
5.	Breitburn Operating LP	Oil & Gas	64,417,122	1.30
6.	BREIT MF Telegraph Road LLC	Apartments	59,646,674	1.20
7.	Duke Realty Lakeland Road LP	Industrial	56,500,000	1.14
8.	Kelly Pipe Co LLC	Industrial	45,200,676	0.91
9.	CFH ENVP LP	Industrial	37,491,090	0.76
10.	1338 Flower LLC	Shopping Center	33,450,337	0.68
11.	Rexford Industrial Realty LP	Industrial	29,557,827	0.60
12.	Paddison Associates	Shopping Center	29,336,997	0.59
13.	NCP Imperial LLC	Office Building	27,877,222	0.56
14.	Carson Dominguez Properties LP	Industrial	24,543,695	0.50
15.	MHM Real Estate Holdings LLC	Automotive Sales & Service	24,276,198	0.49
16.	AMB US Logistics Fund LP	Industrial	23,991,437	0.48
17.	Rexford Industrial 9920 Pioneer	Industrial	23,970,000	0.48
18.	Omninet Pioneer LP	Office Building	22,488,595	0.45
19.	Centerpoint Imperial LLC	Commercial	22,091,650	0.45
20.	Target Corporation	Shopping Center	21,806,452	0.44
			$1,097,046,341	22.14%

[1] The fiscal year 2022-23 Local Secured Assessed Valuation: $4,955,605,171
Source: California Municipal Statistics, Inc.

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Statement of Direct and Overlapping Debt

Set forth on the following page is a direct and overlapping debt report (the "Debt Report") prepared by California Municipal Statistics, Inc. dated as of December 16, 2022, for debt issued as of January 1, 2023. 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.

The table shows the percentage of each overlapping entity's assessed value located within the boundaries of the District. The table also shows the corresponding portion of the overlapping entity's existing debt payable from property taxes levied within the District. The total amount of debt for each overlapping entity is not given in the table.

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

STATEMENT OF DIRECT AND OVERLAPPING DEBT
Little Lake City School District

2022-23 Assessed Valuation: $5,263,756,007

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	**% Applicable**	**Debt 1/1/23**
Metropolitan Water District	14.500%	$29,254
Rio Hondo Community College District	10.758	11,647,990
Whittier Union High School District	16.734	21,407,699
Little Lake City School District	**100.000**	**32,449,901[(1)]**
City of Santa Fe Springs 1915 Act Bonds	100.000	1,145,000
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$66,679,844
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
Los Angeles County General Fund Obligations	0.278%	$7,268,303
Los Angeles County Superintendent of Schools Certificates of Participation	0.278	9,462
Little Lake City School District Certificates of Participation	**100.000**	**11,035,000**
City of Downey General Fund and Pension Obligation Bonds	1.255	2,091,207
City of Norwalk Certificates of Participation	19.672	1,968,918
Los Angeles County Sanitation District No. 18 Authority	9.969	43,289
TOTAL GROSS OVERLAPPING GENERAL FUND DEBT		$22,416,179
Less: City of Downey supported obligations		28,300
TOTAL NET OVERLAPPING GENERAL FUND DEBT		$22,387,879
OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):		**$11,652,895**
GROSS COMBINED TOTAL DEBT		$100,748,918[(2)]
NET COMBINED TOTAL DEBT		$100,720,618

Ratios to 2022-23 Assessed Valuation:

Direct Debt ($34,449,901)..0.62%
Total Direct and Overlapping Tax and Assessment Debt......1.27%
Combined Direct Debt ($43,484,901).................................0.83%
Gross Combined Total Debt..1.91%
Net Combined Total Debt..1.91%

Ratios to Redevelopment Incremental Valuation ($2,467,007,544):

Total Overlapping Tax Increment Debt.................................0.47%

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(1) Excludes the Bonds.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Source: California Municipal Statistics, Inc.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

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

Article XIIIA of the California Constitution

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

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

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

Proposition 19

On November 3, 2020, State voters approved Proposition 19, a legislatively referred constitutional amendment ("Proposition 19"), which amends Article XIIIA to: (i) expand special rules that give property tax savings to homeowners that are over the age of 55, severely disabled, or whose property has been impacted by wildfire or natural disaster, when they buy a different home; (ii) narrow existing special rules for inherited properties; and (iii) dedicate most of the potential new State revenue generated from Proposition 19 toward fire protection. The District cannot make any assurance as to what effect the implementation of Proposition 19 will have on District revenues or the assessed valuation of real property in the District.

Legislation Implementing Article XIIIA

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

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

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

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

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.

So long as the District is not a basic aid district (as described herein), taxes lost through any reduction in assessed valuation will be compensated by the State as equalization aid under the State's school financing formula. See "DISTRICT FINANCIAL INFORMATION" herein.

Proposition 50 and Proposition 171

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

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

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

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

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

Article XIIIB of the California Constitution

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

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

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

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

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

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

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

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

Proposition 26

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

Article XIIIC and Article XIIID of the California Constitution

On November 5, 1996, the voters of the State approved Proposition 218, popularly known as the "Right to Vote on Taxes Act." Proposition 218 added to the State 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 State Constitution and special taxes approved by a two-thirds vote under Article XIIIA, Section 4. Article XIIID deals with assessments and property-related fees and charges, and explicitly provides that nothing in Article XIIIC or XIIID will be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development.

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

Propositions 98 and 111

On November 8, 1988, voters of the State 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 changed State funding of public education below the university level and the operation of the State's appropriations limit. The Accountability Act guarantees State funding for K-12 school districts and community college districts (hereinafter referred to collectively as "K-14 school districts") at a level equal to the greater of (a) the same percentage of State general fund revenues as the percentage appropriated to such districts in the 1986-87 fiscal year, and (b) the amount actually appropriated to such districts from the State general fund in the previous fiscal year, adjusted for increases in enrollment and changes in the cost of living. The Accountability Act permits the Legislature to suspend this formula for a one-year period.

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

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

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

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

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

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

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

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

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

Proposition 39

On November 7, 2000, State voters approved an amendment (commonly known as Proposition 39) to the State Constitution. Proposition 39 is an initiated Constitutional amendment that (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% 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, including the District, community college districts, and county offices of education. As noted above, the State Constitution previously limited property taxes to 1 percent of the value of property, such that 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 placed certain limitations on local school bonds to be approved by 55% of the voters. These provisions require that such bonds may be issued only if the tax rate per $100,000 of taxable property value projected to be levied as the result of any single election would not exceed $60 (for a unified school district), $30 (for a high school or elementary school district), or $25 (for a community college district), when assessed valuation is projected to increase in accordance with Article XIIIA of the State Constitution. These requirements are not part of Proposition 39 and can be changed with a majority vote of both houses of the Legislature and approval by the Governor.

Proposition 1A and Proposition 22

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

Proposition 22, The Local Taxpayer, Public Safety, and Transportation Protection Act, approved by the voters of the State on November 2, 2010, prohibits the State from enacting new laws that require redevelopment agencies to shift funds to schools or other agencies and eliminates the State's authority to shift property taxes temporarily during a severe financial hardship of the State. In addition, Proposition 22 restricts the State's authority to use State fuel tax revenues to pay debt service on State transportation bonds, to borrow or change the distribution of State fuel tax revenues, and to use vehicle license fee revenues to reimburse local governments for State mandated costs. Proposition 22 impacts resources in the State's general fund and transportation funds, the State's main funding source for schools and community colleges, as well as universities, prisons and health and social services programs. According to an analysis of Proposition 22 submitted by the Legislative Analyst's Office (the "LAO") on July 15, 2010, the expected reduction in resources available for the State to spend on these other programs as a consequence of the passage of Proposition 22 was expected to be approximately $1 billion in fiscal year 2010-11, with an estimated immediate fiscal effect equal to approximately 1 percent of the State's total general fund spending. The longer-term effect of Proposition 22, according to the LAO analysis, was expected to be an increase in the State's general fund costs by approximately $1 billion annually for several decades.

Proposition 55

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

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

Jarvis vs. Connell

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

Proposition 2

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

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

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

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

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

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

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

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

The Bonds are payable from *ad valorem* property taxes to be levied within the District pursuant to the State Constitution and other State law. Accordingly, the District does not expect SB 858 or SB 751 to adversely affect its ability to pay the principal of and interest on the Bonds as and when due.

Proposition 51

The Kindergarten Through Community College Public Education Facilities Bond Act of 2016 (also known as Proposition 51) is a voter initiative that was approved by State voters on November 8, 2016. Proposition 51 authorizes the sale and issuance of $9 billion in State general obligation bonds for the new construction and modernization of K-14 facilities.

K-12 School Facilities. Proposition 51 includes $3 billion for the new construction of K-12 facilities and an additional $3 billion for the modernization of existing K-12 facilities. K-12 school districts will be required to pay for 50% of the new construction costs and 40% of the modernization costs with local revenues. If a school district lacks sufficient local funding, it may apply for additional State grant funding, up to 100% of the project costs. In addition, a total of $1 billion will be available for the modernization and new construction of charter school facilities ($500 million) and technical education facilities ($500 million). Generally, 50% of modernization and new construction project costs for charter school and technical education facilities must come from local revenues. However, school districts that cannot cover their local share for these two types of projects may apply for State loans. State loans must be repaid over a maximum of 30 years for charter school facilities and 15 years for career technical education facilities. For career technical education facilities, State grants are capped at $3 million for a new facility and $1.5 million for a modernized facility. Charter schools must be deemed financially sound before project approval.

Community College Facilities. Proposition 51 includes $2 billion for community college district facility projects, including buying land, constructing new buildings, modernizing existing buildings, and purchasing equipment. In order to receive funding, community college districts must submit project proposals to the Chancellor of the community college system, who then decides which projects to submit to the Legislature and Governor based on a scoring system that factors in the amount of local funds contributed to the project. The Governor and Legislature will select among eligible projects as part of the annual State budget process.

The District makes no representation or guarantee that it will either pursue or qualify for Proposition 51 State facilities funding.

Future Initiatives

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

DISTRICT FINANCIAL INFORMATION

The information in this section concerning the District's general fund finances 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 solely from the proceeds of an ad valorem *property tax required to be levied by the County on taxable property within the District in an amount sufficient for the payment thereof. See "THE BONDS – Security and Sources of Payment" herein.*

State Funding of Education

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

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

Local Control Funding Formula. State Assembly Bill 97 (Stats. 2013, Chapter 47) ("AB 97"), as amended by Senate Bill 91 (Stats. 2013, Chapter 49) ("SB 91"), established the current system for funding school districts, charter schools and county offices of education.

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

The Base Grants per unit of ADA for each grade span are as follows: (i) \$7,702 for grades K-3; (ii) \$7,818 for grades 4-6; (iii) \$8,050 for grades 7-8; and (iv) \$9,329 for grades 9-12. During the implementation period of the LCFF, Base Grants were required to be adjusted annually for COLAs by applying the implicit price deflator for government goods and services. The provision of COLAs is now subject to appropriation for such adjustment in the annual State budget. The differences among Base Grants are linked to differentials in statewide average revenue limit rates by district type, and are intended to recognize the generally higher costs of education at higher grade levels. See "– State Budget Measures" herein for information on the adjusted Base Grants provided by current State budgetary legislation.

The Base Grants for grades K-3 and 9-12 are subject to adjustments of 10.4% and 2.6%, respectively, to cover the costs of class size reduction in early grades and the provision of career technical education in high schools. Unless otherwise collectively bargained for, school districts serving students in grades K-3 must maintain an average class enrollment of 24 or fewer students in grades K-3 at each school site in order to continue receiving the adjustment to the K-3 Base Grant. Such school districts must also make progress towards this class size reduction goal in proportion to the growth in their funding over the implementation period. AB 97 also provides additional add-ons to school districts that received categorical block grant funding pursuant to the Targeted Instructional Improvement and Home-to-School Transportation programs during fiscal year 2012-13.

School districts that serve students of limited English proficiency ("EL" students), students from low income families that are eligible for free or reduced priced meals ("LI" students) and foster youth are eligible to receive additional funding grants. Enrollment counts are unduplicated, such that students may not be counted as both EL and LI (foster youth automatically meet the eligibility requirements for free or reduced priced meals and are therefore not discussed herein separately). AB 97 authorizes a supplemental grant add-on (each, a "Supplemental Grant") for school districts that serve EL/LI students, equal to 20% of the applicable Base Grant multiplied by such districts' percentage of unduplicated EL/LI student enrollment. School districts whose EL/LI populations exceed 55% of their total enrollment are eligible for a concentration grant add-on (each, a "Concentration Grant") equal to 50% of the applicable Base Grant multiplied by the percentage of such district's unduplicated EL/LI student enrollment in excess of the 55% threshold.

The table on the following page shows a breakdown of the District's ADA by grade span, total enrollment, and the percentage of EL/LI student enrollment, for fiscal years 2015-16 through 2021-22, and estimated amounts for fiscal year 2022-23. However, the District's actual pupil attendance, and associated ADA and enrollment figures, may be impacted by the current coronavirus outbreak. See "– Considerations Regarding COVID-19" herein.

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ADA, ENROLLMENT AND EL/LI ENROLLMENT PERCENTAGE
Fiscal Years 2015-16 through 2022-23
Little Lake City School District

	Average Daily Attendance[1]				Enrollment[2]	
Fiscal Year	K-3	4-6	7-8	Total ADA	Total Enrollment	% of EL/LI Enrollment
2015-16	1,800.51	1,449.91	1,008.34	4,258.76	4,382	73.55%
2016-17	1,815.67	1,436.86	1,019.58	4,272.11	4,375	72.19
2017-18	1,850.86	1,487.69	937.11	4,275.66	4,392	72.40
2018-19	1,835.19	1,353.04	957.87	4,146.10	4,279	70.99
2019-20	1,805.19	1,322.31	1,024.65	4,152.15	4,283	70.74
2020-21[3]	1,805.19	1,322.31	1,024.65	4,152.15	4,019	71.98
2021-22	1,488.50	1,189.96	775.27	3,453.73	3,805	63.12
2022-23[4]	1,547.75	1,171.37	794.06	3,513.18	3,743	68.00

(1) Except for fiscal years 2019-20, reflects ADA as of the second principal reporting period ("P-2 ADA"), ending on or before the last attendance month prior to April 15 of each school year. An attendance month is equal to each four-week period of instruction beginning with the first day of school for a particular school district. For fiscal year 2019-20, due to the outbreak of COVID-19, P-2 ADA only reflects full school months from July 1, 2019 through February 29, 2020. See "– Considerations Regarding COVID-19" herein.
(2) Reflects certified enrollment as of the fall census day (the first Wednesday in October), which is reported to the California Longitudinal Pupil Achievement Data System ("CALPADS") in each school year and used to calculate each school district's unduplicated EL/LI student enrollment. Adjustments may be made to the certified EL/LI counts by the State Department of Education. CALPADS figures exclude preschool, extended transitional kindergarten, adult transitional students. For purposes of calculating Supplemental and Concentration Grants, a school district's percentage of unduplicated EL/LI students is based on a rolling average of such district's EL/LI enrollment for the then-current fiscal year and the two immediately preceding fiscal years.
(3) Due to COVID-19, the ADA and enrollment figures for fiscal year 2020-21 are the same as those from fiscal year 2019-20.
(4) Estimated.
Source: Little Lake City School District.

For certain school districts that would have received greater funding levels under the prior revenue limit system, the LCFF provided for a permanent economic recovery target ("ERT") add-on, equal to the difference between the revenue limit allocations such districts would have received under the prior system in fiscal year 2020-21, and the target LCFF allocations owed to such districts in the same year. To derive the projected funding levels, the LCFF assumed the discontinuance of deficit revenue limit funding, implementation of COLAs in fiscal years 2014-15 through 2020-21, and restoration of categorical funding to pre-recession levels. The ERT add-on was paid incrementally over the implementation period of the LCFF. The District does not qualify for the ERT add-on.

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

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

Accountability. Regulations adopted by the State Board of Education require that school districts increase or improve services for EL/LI students in proportion to the increase in funds apportioned to such districts on the basis of the number and concentration of such EL/LI students, and detail the conditions under which school districts can use supplemental or concentration funding on a school-wide or district-wide basis.

School districts are also required to adopt local control and accountability plans ("LCAPs") disclosing annual goals for all students, as well as certain numerically significant student subgroups, to be achieved in eight areas of State priority identified by the LCFF. LCAPs may also specify additional local priorities. LCAPs must specify the actions to be taken to achieve each goal, including actions to correct identified deficiencies with regard to areas of State priority. LCAPs covering a three-year period were required to be adopted beginning in fiscal year 2014-15, and updated annually thereafter. The State Board of Education has adopted a template LCAP for use by school districts.

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

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

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

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

Other Revenue Sources

Federal and Local Sources. The federal government provides funding for several of the District's programs, including special education programs, programs under the Every Student Succeeds Act, and specialized programs such as Drug Free Schools, Innovative Strategies, and Vocational & Applied Technology. In addition, school districts may receive additional local revenues beyond local property tax collections, such as from leases and rentals, interest earnings, interagency services, developer fees, special tax revenues, pass-through tax increment revenues, parcel tax revenues, redevelopment revenues, foundation revenues, and other local sources. With respect to the District, certain of these are discussed below.

Parcel Taxes. Parcel taxes are "special taxes" for purposes of the State Constitution, and as such must be approved by at least two-thirds of the voters voting on the relevant proposition. On November 6, 2012, the voters approved Measure TT, a five-year tax of $48 per-parcel (beginning with the 2013-14 fiscal year), to be levied within the District to raise funds to augment the District's operating budget. Measure TT provides an exemption for property owners who are (i) 65 years or older, or (ii) are receiving Supplemental Security Income for a disability, regardless of age. On June 5, 2018, the voters approved Measure LL to renew the parcel tax approved under Measure TT. The table on the following page shows the parcel taxes collected by the District under Measure TT and Measure LL over the last six fiscal years, and an estimated amount for fiscal year 2022-23.

PARCEL TAXES
Fiscal Years 2016-17 through 2022-23
Little Lake City School District

Fiscal Year	Parcel Taxes Collected
2016-17	$372,312
2017-18	366,893
2018-19	370,114
2019-20	365,977
2020-21	361,318
2021-22	359,300
2022-23[1]	350,000

[1] Estimated.
Source: Little Lake City School District.

Lease Revenues. The District has three surplus properties and has entered into long-term lease agreements with various tenants in connection therewith (collectively, the "Lease Agreements"). The District receives approximately $354,000 each year in rental income generated by the Lease Agreements.

Developer Fees. The District maintains a fund, separate and apart from its general fund, to account for developer fees assessed by the District on residential and commercial development (the "Developer Fees"). The Developer Fees received by the District are deposited into the District's Capital Facilities Fund. The following table lists the historical Developer Fees collected for fiscal years 2016-17 through 2021-22 and an estimated amount for fiscal year 2022-23.

DEVELOPER FEES COLLECTIONS
Fiscal Years 2016-17 through 2022-23
Little Lake City School District

Fiscal Year	Developer Fees Collected
2016-17	$464,908
2017-18	153,052
2018-19	32,793
2019-20	22,006
2020-21	12,329
2021-22	30,080
2022-23(1)	30,000

(1) Estimated.
Source: Little Lake City School District.

The District, however, can make no representations that the Developer Fees will continue to be received by the District in amounts consistent with prior years, or as currently projected.

Pass-Through Revenues. The District receives pass-through tax increment revenue (the "Pass-Through Revenues") from the redevelopment agencies within the District's boundaries. The Pass-Through Revenues are not offset against the State apportionment received by the District and are deposited into the District's Capital Facilities Fund. The amount of Pass-Through Revenues received by the District from fiscal years 2016-17 through 2021-22, and an estimated amount for fiscal year 2022-23, are shown in the following table.

PASS-THROUGH REVENUES
Fiscal Years 2016-17 through 2022-23
Little Lake City School District

Fiscal Year	Pass-Through Revenues
2016-17	$291,295
2017-18	352,582
2018-19	323.904
2019-20	450,429
2020-21	352,582
2021-22	459,101
2022-23(1)	350,000

(1) Budgeted.
Source: Little Lake City School District.

The District, however, can make no representations that the Pass-Through Revenues will continue to be received by the District in amounts consistent with prior years, or as currently projected, particularly in light of the recently enacted legislation eliminating redevelopment agencies. See "CONSTITUTIONAL

AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 1A and Proposition 22" herein.

Considerations Regarding COVID-19

General. An outbreak of disease or similar public health threat, such as the ongoing coronavirus ("COVID-19") pandemic, or fear of such an event, could have an adverse impact on the District's financial condition and operating results.

The spread of COVID-19 continues to have significant negative impacts throughout the world, including in the District. The World Health Organization has declared the COVID-19 outbreak to be a pandemic, and states of emergency have been declared by the State and the United States. The purpose behind these declarations was to coordinate and formalize emergency actions and across federal, State and local governmental agencies, and to proactively prepare for the then-expected wider spread of the virus.

To date there have been millions of confirmed cases in the United States, and over one million deaths related to COVID-19. Although vaccines and vaccine boosters are currently widely available, no representation can be made as to whether the number of cases will continue to grow. The COVID-19 outbreak resulted in the imposition of restrictions on mass gatherings and widespread temporary closings of businesses, universities and schools through much of 2020 and portions of 2021, as well as supply chain issues and significant increases in inflation as these restrictions and closures have been lifted. Stock markets in the U.S. and globally have been volatile, with significant declines attributed to coronavirus concerns.

Federal Response. On March 27, 2020 the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") was signed by the President of the United States. The CARES Act appropriated over $2 trillion to, among other things, (i) provide cash payments to individuals, (ii) expand unemployment assistance and eligibility, (iii) provide emergency grants and loans for small businesses, (iv) provide loans and other assistance to corporations, including the airline industry, (v) provide funding for hospitals and community health centers, (vi) expand funding for safety net programs, including child nutrition programs, and (vii) provide aid to state and local governments. On December 27, 2020, the President of the United States signed the Coronavirus Relief and Response Supplemental Appropriations Act, 2021 ("CRRSA"), which included approximately $900 billion worth of provisions for additional COVID-related relief, including extension of or additional funding for various relief programs implemented by the CARES Act. The CRRSA provided approximately $82 billion of COVID-19 related relief for education, including $54.3 billion for K-12 schools (largely through Title I funding), $22.7 billion for higher education and $4 billion for state governors to spend at their discretion. On March 12, 2021, the President signed the American Rescue Plan Act of 2021 (the "American Rescue Plan"), which provides approximately $1.9 trillion in federal economic stimulus intended to accelerate the recovery from the COVID-19 pandemic. The American Rescue Plan provides direct payments to individuals, extends unemployment benefits, provides funding to distribute COVID-19 vaccines and provides funding for schools, higher education institutions, state, tribal governments and businesses.

State Response. In response to the COVID-19 pandemic, on March 17, 2020, Senate Bill 89 ("SB 89") and Senate Bill 117 ("SB 117") were signed by the Governor, both of which took effect immediately. SB 89 amended the Budget Act of 2019 by appropriating $500,000,000 from the State general fund for any purpose related to the Governor's March 4, 2020 emergency proclamation. SB 117, among other things, (i) specified that for school districts that comply with Executive Order N–26–20, the ADA reported to the State Department of Education for the second period and the annual period for apportionment purposes for the 2019-20 school year only includes all full school months from July 1, 2019 through February 29, 2020, (ii) prevented the loss of funding related to an instructional time penalty because of a school closed due to the COVID–19 by deeming the instructional days and minutes requirements to have been met during the period of time the school was closed due to COVID–19, (iii) required a school district to be credited with the ADA it would have received had it been able to operate its After School Education and Safety Program during the time the school was closed due to COVID–19, and (iv) appropriated $100,000,000 from the State general fund to the State Superintendent to be apportioned to certain local educational agencies for purposes of purchasing personal protective equipment, or paying for supplies and labor related to cleaning school sites. Additionally, the Governor, on March 4, 2021, signed into law Assembly Bill 86 ("AB 86"), urgency legislation which provided approximately $6.6 billion to accelerate the return of in-person school instruction and expand student support. See also "DISTRICT FINANCIAL INFORMATION – State Budget Measures" herein.

On June 29, 2020, Senate Bill 98 ("SB 98"), the education omnibus bill to the 2020-21 State budget, was signed by the Governor, which took effect immediately. SB 98 provided that distance learning could be offered by a school district during the 2020-21 academic year on a local educational agency or schoolwide level as a result of an order or guidance from a State public health officer or a local public health officer or for pupils who are medically fragile or would be put at risk by in-person instruction, or who are self-quarantining because of exposure to COVID-19. SB 98 provided requirements for distance learning, including, but not limited to: (i) confirmation or provision of access for all pupils to connectivity and devices adequate to participate in the educational program and complete assigned work, (ii) content aligned to grade level standards that is provided at a level of quality and intellectual challenge substantially equivalent to in-person instruction, (iii) support for pupils who are not performing at grade level or need support in other areas, (iv) special education services, (v) designated and integrated instruction in English language development for English learners, and (vi) daily live interaction with certificated employees and peers.

District Response. As a result of the COVID-19 pandemic, the District transitioned to distance learning for portions of the 2019-20 and 2020-21 school years. The District concluded the 2020-21 school year with in-person instruction available to families. The District began offering in-person instruction as of the fall of the 2021-22 school year. The District will continue to monitor the State's school reopening guidelines and will consult with local health officials and the State's school reopening guidelines as the District continues to plan for the current and coming academic year.

State law allows school districts to apply for a waiver to hold them harmless from the loss of LCFF funding based on attendance and state instructional time penalties when they are forced to close schools due to emergency conditions. In addition, the Governor enacted Executive Order N-26-20 ("Executive Order N-26-20"), which (i) generally streamlined the process of applying for such waivers for closures related to COVID-19 and (ii) directed school districts to use LCFF apportionment to fund distance learning and high quality educational opportunities, provide school meals and, as practicable, arrange for the supervision of students during school hours.

The District has received or expects to receive (i) $4,550,114 in COVID-19 relief funding from the CARES Act, (ii) $1,999,985 from the CRRSA, (iii) $4,247,261 from the American Rescue Plan Act of 2021, (iv) $4,822,826 from AB 130, (v) $72,164 from SB 117, (vi) $481,835 of ESSER II State Reserve, and (vii) $240,000 of ESSER III Summer Grant. However, no assurances can be given that the District will ultimately receive projected relief funding, or what the timing of receipt of such funds might be. The District, however, can make no representation whether all expected funds will be received or full expended, or what the timing of receipt of such funds might be.

Other potential impacts to the District associated with the COVID-19 outbreak include, but are not limited to, increasing costs and challenges relating to establishing distance learning programs or other measures to permit instruction while schools remain closed, disruption of the regional and local economy with corresponding decreases in tax revenues, including property tax revenue, sales tax revenue and other revenues, increases in tax delinquencies, potential declines in property values, and decreases in new home sales, and real estate development. The economic consequences and the volatility in the U.S. and global stock markets resulting from the spread of COVID-19, and responses thereto by local, State, and the federal governments, could have a material impact on the investments in the State pension trusts, which could materially increase the unfunded actuarial accrued liability of the STRS Defined Benefit Program and PERS Schools Pool, which, in turn, could result in material changes to the District's required contribution rates in future fiscal years. See "LITTLE LAKE CITY SCHOOL DISTRICT – District Retirement Systems" herein.

The COVID-19 outbreak is ongoing, and the ultimate geographic spread or mutation of the virus (notwithstanding the general availability of vaccines and vaccine boosters), the duration and severity of the outbreak, and the economic and other actions that may be taken by governmental authorities to contain the outbreak or to treat its impact are uncertain. Additional information with respect to events surrounding the outbreak of COVID-19 and responses thereto can be found on State and local government websites, including but not limited to: Los Angeles County Department of Health (https://publichealth.lacounty.gov/), the Governor's office (http://www.gov.ca.gov) and the California Department of Public Health (https://covid19.ca.gov/). The District has not incorporated by reference the information on such websites, and the District does not assume any responsibility for the accuracy of the information on such websites.

The ultimate impact of COVID-19 on the District's operations and finances is unknown. There can be no assurances that the spread of COVID-19, or the responses thereto by local, State, or the federal government, will not materially adversely impact the local, state and national economies or the assessed valuation of property within the District, or adversely impact enrollment or ADA within the District and, notwithstanding available state or federal assistance, materially adversely impact the financial condition or operations of the District. See also "TAX BASE FOR REPAYMENT OF BONDS – Assessed Valuations" herein.

Comparative Financial Statements

The District's audited financial statements for the year ended June 30, 2022 are included for reference in APPENDIX B hereto. Audited financial statements for the District for the fiscal year ended June 30, 2022, and prior fiscal years are on file with the District and available for public inspection at the Office of the Assistant Superintendent of Business Services of the District, 10515 South Pioneer Boulevard, Santa Fe Springs, California 90670, telephone: (562) 868-8241. The table on the following page reflects the District's revenues, expenditures and fund balances for fiscal years 2017-18 through 2021-22.

Accounting Practices

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

AUDITED GENERAL FUND REVENUE, EXPENDITURES AND FUND BALANCES
Fiscal Years 2017-18 through 2021-22
Little Lake City School District

	Fiscal Year 2017-18	Fiscal Year 2018-19	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2021-22
REVENUES:					
LCFF Revenue	$39,355,906	$42,064,007	$42,119,557	$42,101,730	$44,393,410
Federal Revenue	1,864,218	1,700,859	1,478,362	5,398,009	4,406,305
Other State Revenue	5,463,818	6,965,433	6,053,632	7,728,468	8,612,292
Other Local Revenue	3,451,204	3,266,222	3,723,082	3,473,139	3,134,185
Total Revenues	50,135,146	53,996,521	53,374,633	58,701,346	60,546,192
EXPENDITURES:					
Current					
Instruction	33,120,835	36,838,855	34,369,118	35,651,405	38,199,977
Instruction Related Activities:					
Supervision of Instruction	1,516,539	2,020,587	1,885,008	1,649,838	1,240,029
Instructional Library, Media, Technology	200,189	211,402	211,180	274,457	199,410
School Site Administration	2,793,159	2,986,770	3,313,947	3,201,561	3,643,208
Pupil Services:					
Home-to-School Transportation	982,355	1,043,534	1,018,507	1,063,479	1,096,724
Food Services	--	--	31,803	117,214	35,758
All Other Pupil Services	2,235,499	2,622,198	2,660,955	2,783,450	3,209,342
General Administration:					
Data Processing	759,610	767,561	874,716	654,381	874,624
All Other General Administration	2,475,909	2,793,478	2,943,621	2,677,743	3,622,754
Plant Services	4,014,476	4,004,181	4,134,872	4,729,133	5,524,860
Facility Acquisition & Construction	11,645	--	--	23,490	--
Other Outgo	246,010	185,296	--	187,145	52,763
Enterprise Services	2,312	1,818	2,463	--	--
Debt Service	--	--	--	19,350	132,880
Total Expenditures	48,358,538	53,475,680	51,534,460	53,032,646	57,832,329
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,776,608	520,841	1,840,173	5,668,700	2,713,863
OTHER FINANCING SOURCES (USES)					
Operating Transfers In	--	--	--	--	--
Operating Transfers Out	(1,347,038)	(342,130)	(472,400)	(1,239,865)	(554,827)
Total Other Sources & Uses	(1,347,038)	(342,130)	(472,400)	(1,239,865)	(554,827)
TOTAL CHANGE IN FUND BALANCE	429,570	178,711	1,367,773	4,428,835	2,159,036
FUND BALANCE – JULY 1	10,067,336	10,496,906	10,675,617	12,043,390	16,472,225
FUND BALANCE – JULY 30	$10,496,906	$10,675,617	$12,043,390	$16,472,225	$18,631,261

Source: Little Lake City School District.

Budget Process

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

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

On or before September 15, the county superintendent will approve, conditionally approve or disapprove the adopted budget for each school district. Budgets will be disapproved if they fail the above standards. The district board must be notified by September 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. No later than October 22, the county superintendent must notify the State Superintendent of Public Instruction of all school districts whose budget may be disapproved.

A school district whose budget has been disapproved must revise and readopt its budget by October 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 school district budgets and not later than November 8, must approve or disapprove the revised budgets. If the budget is disapproved, the county superintendent will call for the formation of a budget review committee pursuant to Education Code Section 42127.1. No later than November 8, the county superintendent must notify the State Superintendent of Public Instruction of all school districts whose budget has been disapproved. Until a school district's budget is approved, the school district will operate on the lesser of its proposed budget for the current fiscal year or the last budget adopted and reviewed for the prior fiscal year.

Interim Financial Reports. Under the provisions of AB 1200, each school district is required to file interim certifications with the county office of education as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent two fiscal years. The county office of education reviews the certification and issues either a positive, negative or qualified certification. A positive certification is assigned to any school district that will meet its financial obligations for the current fiscal year and the subsequent two fiscal years. A negative certification is assigned to any school district that will be unable to meet its financial obligations for the remainder of the current fiscal year or 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 the two subsequent fiscal years.

Within the past five years, the District has submitted, and the County Superintendent of Schools has accepted, positive certifications on all of its interim financial reports.

Recent Budgeting Trends. The table on the following page shows the District's general fund adopted budgets for the years 2018-19 through 2022-23, audited general fund results for the fiscal years 2018-19 through 2021-22, and projected results for the fiscal year 2022-23.

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GENERAL FUND BUDGETING
Fiscal Years 2018-19 through 2022-23
Little Lake City School District

	2018-19		2019-20		2020-21		2021-22		2022-23	
	Budgeted[(1)]	Audited[(1)]	Budgeted[(1)]	Audited[(1)]	Budgeted[(1)]	Audited[(1)]	Budgeted[(1)]	Audited[(1)]	Original Budget [(2)]	Projected[(2)]
REVENUES										
LCFF Sources	$41,924,396	$42,064,007	$42,045,162	$42,119,557	$41,956,547	$42,101,730	$44,174,023	$44,393,410	$41,022,325	$48,752,022
Federal Sources	1,778,965	1,700,859	1,634,354	1,478,362	5,406,961	5,398,009	4,677,905	4,406,305	4,434,510	5,065,562
Other State Sources	3,806,115	6,965,433	4,896,173	6,053,632	8,745,562	7,728,468	7,437,978	8,612,292	7,286,051	16,119,076
Other Local Sources	2,607,118	3,266,222	3,378,447	3,723,082	3,204,975	3,473,139	3,479,876	3,134,185	3,418,063	3,893,436
Total Revenues	50,116,594	53,996,521	51,954,136	53,374,633	59,314,045	58,701,346	59,769,782	60,546,192	56,160,949	73,830,096
EXPENDITURES										
Current:										
Certificated Salaries	22,501,596	22,313,757	21,968,265	21,956,528	20,966,238	21,582,065	23,589,030	23,281,709	23,684,107	26,055,627
Classified Salaries	6,786,380	6,446,600	6,250,835	6,283,625	5,721,665	6,182,286	6,755,444	6,791,163	7,180,328	8,736,017
Employee Benefits	12,922,640	15,228,346	13,524,223	14,686,098	14,103,944	13,585,755	15,104,362	15,266,542	15,293,701	17,323,546
Books & Supplies	1,245,307	1,623,620	426,623	830,308	4,237,025	4,206,527	2,521,021	2,478,490	2,700,276	11,249,421
Services & Operating Expenditures	8,180,932	7,736,689	7,816,878	7,750,505	7,612,781	7,334,761	10,646,906	9,965,263	9,076,347	9,336,915
Other Outgo	(84,833)	72,779	(13,564)	(36,007)	61,095	98,412	(24,529)	(105,659)	147,232	147,232
Other Outgo – Transfers of Indirect Costs	--	--	--	--	--	19,350	--	--	(78,031)	(91,745)
Capital Outlay	--	53,889	47,898	63,403	30,690	23,490	17,667	21,941	--	138,464
Total Expenditures	51,552,022	53,475,680	50,021,249	51,534,460	52,733,438	53,032,646	58,609,901	57,832,329	58,003,960	72,895,477
Excess (Deficiency) of Revenues Over Expenditures	(1,435,428)	520,841	1,932,887	1,840,173	6,580,607	5,668,700	1,159,881	2,713,863	(1,843,011)	934,619
Other Financing Sources (Uses)										
Transfers In	--	--	--	--	--	--	--	--	--	--
Transfers Out	(25,000)	(342,130)	(425,371)	(472,400)	(1,037,513)	(1,239,865)	(350,000)	(554,827)	(350,000)	(350,000)
Net Financing Sources (Uses)	(25,000)	(342,130)	(425,371)	(472,400)	(1,037,513)	(1,239,865)	(350,000)	(554,827)	(350,000)	(350,000)
Net Change in Fund Balance	(1,460,428)	178,711	1,507,516	1,367,773	5,543,094	4,428,835	809,881	2,159,036	(2,193,011)	584,619
Fund Balance, July 1	10,496,906	10,496,906	10,675,617	10,675,617	12,043,390	12,043,390	16,472,225	16,472,225	17,365,941	17,365,941
Fund Balance, June 30	$9,036,478	$10,675,617	$12,183,133	$12,043,390	$17,586,484	$16,472,225	$17,282,106	$18,631,261	$15,172,930	$17,950,560

(1) From the District's comprehensive audited financial statements for fiscal years 2017-18 through 2021-22, respectively. Reflects unrestricted and restricted general fund activity.
(2) From the District's Second Interim Report for fiscal year 2022-23, approved by the Board on March 14, 2023.
Source: Little Lake City School District.

State Budget Measures

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

2022-23 State Budget. On June 30, 2022, the Governor signed the State budget for fiscal year 2022-23 (the "2022-23 Budget"). The following information is drawn from the DOF and LAO summaries of the 2022-23 Budget.

For fiscal year 2021-22, the 2022-23 Budget projects total general fund revenues and transfers of $277.1 billion and authorizes expenditures of $242.9 billion. The State is projected to end the 2021-22 fiscal year with total reserves of $46.7 billion, including $18.2 billion in the traditional general fund reserve, $20.3 billion in the BSA, $7.3 billion in the PSSSA and $900 million in the Safety Net Reserve Fund. For fiscal year 2022-23, the 2022-23 Budget projects total general fund revenues and transfers of $219.7 billion and authorizes expenditures of $234.4 billion. The State is projected to end the 2022-23 fiscal year with total reserves of $37.2 billion, including $3.5 billion in the traditional general fund reserve, $23.3 billion in the BSA, $9.5 billion in the PSSSA and $900 million in the Safety Net Reserve Fund. The 2022-23 Budget includes deposits to the PSSSA of $3.1 billion, $4 billion and $2.2 billion attributable to fiscal years 2020-21 through 2022-23, respectively. The balance of $7.1 billion in the PSSSA in fiscal year 2021-22 triggers school district reserve caps beginning in fiscal year 2022-23. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 2" herein.

The 2022-23 Budget sets total funding for all K-12 education programs at $128.6 billion, including $78.6 billion from the State general fund. This results in per-pupil funding of $22,893, including $16,993 from Proposition 98 sources. The minimum funding guarantee in fiscal year 2022-23 is set at $110.4 billion. The 2022-23 Budget also makes retroactive increases to the minimum funding guarantee in fiscal years 2020-21 and 2021-22, setting them at $96.1 billion and $110.2 billion, respectively. Collectively, this represents a three-year increase in the minimum funding guarantee of $35.8 billion over the level projected by the State budget for fiscal year 2021-22 (the "2021-22 Budget"). Test 1 is projected to be in effect over this three year period.

Other significant features relating to K-12 education funding include the following:

- *Local Control Funding Formula:* The 2022-23 Budget funds a COLA of 6.56% to LCFF apportionments, the largest COLA in the history of the LCFF. To assist school district and charter schools address ongoing fiscal pressures, staff shortages and other operational needs, the 2022-23 Budget includes $4.32 billion in ongoing Proposition 98 funding to increase LCFF base funding by an additional 6.28%. With respect to county offices of education, the 2022-23 Budget includes $101.2 million in ongoing, augmented LCFF funding. To support the fiscal stability of all local educational agencies, including those with declining student populations, the 2022-23 Budget amends the LCFF calculation to consider the greater of a school district's current year, prior year or average of three prior years' ADA. Finally, to minimize reductions in LCFF funding that would otherwise occur due to increased absences in fiscal year 2021-22, the 2022-23 Budget enables all classroom-based local educational agencies that can demonstrate they provided independent study offerings to students in fiscal year 2021-22 to be funded at the greater of their current year ADA or their current year enrollment, adjusted for pre-COVID-19 absence rates in the 2021-22 fiscal year. The 2022-23 Budget also allows classroom based charter schools to be similarly funded. The 2022-23 Budget reflects $2.8 billion in ongoing Proposition 98 funding and $413 million in one-time Proposition 98 funding to implement these stabilization policies.

- *Learning Recovery*: The 2022-23 Budget establishes the Learning Recovery Emergency Fund and appropriates $7.9 billion in one-time Proposition 98 funding to establish a block grant to support local educational agencies in establishing learning recovery initiatives.

- *Discretionary Block Grant:* $3.6 billion in one-time, discretionary Proposition 98 funding to school districts, county offices of education, charter schools and State special schools to be spent on a variety of purposes, including arts and music programs, professional development, instructional materials, operational costs and expenses related to the COVID-19 pandemic.

- *Student Supports:* The 2021-22 Budget provided $3 billion, available over several years, to expand and strengthen the implementation and use of community school models in communities with high levels of poverty. Community schools typically integrate health, mental health and other services for students and families and provide these services directly on school campuses. The 2022-23 Budget includes an additional $1.1 billion in one-time Proposition 98 funding to expand access to community schools.

- *Educator Workforce:* The 2021-22 Budget provided $2.9 billion to support a variety of initiatives intended to further expand the State's educator preparation and training infrastructure, including meeting the needs of early childhood educators. To further support this effort, the 2022-23 Budget provides $48.1 million in one-time funding to waive certain teacher examination fees, $20 million in one-time funding to develop and implement integrated teacher preparation programs, $2.7 million to fund State operational support for teacher credentialing, and $1.4 million to establish career counselors for prospective educators.

- *Educator Preparation, Retention and Training:* The 2022-23 Budget funds a variety of additional educator workforce initiatives, including (i) $250 million in one-time Proposition 98 funding to expand residency slots for teachers and school counselors, (ii) $85 million in one-time Proposition 98 funding to create Pre-Kindergarten through 12th grade educator resources and professional learning in science technology, engineering and math, and (iii) $35 million in one-time Proposition 98 funding, available over three years, for educator training in computer science, special education and support for English-learners.

- *Universal Transitional Kindergarten*: $614 million in ongoing Proposition 98 funding to expand eligibility for transitional kindergarten to include all children turning five years old between September 2 and February 2, beginning in the 2022-23 fiscal year. To accommodate expected enrollment increases related to the expansion of transitional kindergarten, the 2022-23 Budget will rebench the Test 1 percentage of State revenues allocated to education. Additionally, the 2022-23 Budget includes $383 million in Proposition 98 funding to add one additional certificated or classified employee to every transitional kindergarten class, which is expected to reduce student-to-adult ratios to more closely align with the State's preschool program. Finally, the 2022-23 Budget provides $100 million of one-time funding in 2022-23, and $550 million of funding in 2023-24, to support the construction or retrofit of school facilities for the purpose of providing classrooms for transitional kindergarten, full-day kindergarten or preschool.

- *Expanded Learning Time:* $3 billion of Proposition 98 funding as part of a multi-year plan to implement expanded-day, full-year instruction and enrichment for all elementary school students, with a focus on local educational agencies with the highest concentrations of low-income students, English language learners, and foster youth. Pursuant to this plan, all local educational agencies will receive funding for expanded learning opportunities based on their numbers of such students. Beginning in fiscal year 2023-24, local educational agencies will be required to offer expanded learning opportunities to all low-income students, English language learnings and foster youth. Local educational agencies with the highest concentrations of these students will be required to offer expanded learning opportunities to all students. The 2022-23 Budget continues to assume full implementation of this program by fiscal year 2025-26.

- *Literacy:* $250 million in one-time Proposition 98 funding, available over five years, for grants to high-needs schools to train and hire literacy coaches and reading specialists to guide productive classroom instruction and offer one-on-one and small group intervention for struggling readers.

- *Community Engagement:* $100 million in one-time Proposition 98 funding to expand the reach of an initiative included in prior budgetary legislation which builds the capacity of local educational agencies to engage more effectively with their communities.

- *Special Education:* $500 million in ongoing Proposition 98 funding to increase in the State-wide base funding rate for special education funding.

- *College and Career Pathways:* $500 million in one-time Proposition 98 funding, over seven years, to support the development of college and career pathways program focused on technology (including computer science, green technology and engineering), health care, education and climate-related fields. Additionally, the 2022-23 Budget includes $200 million in one-time Proposition 98 funding, available over four years, to strengthen and expand student access and participation in dual enrollment opportunities.

- *Home-to-School Transportation*: $637 million in ongoing Proposition 98 funding to reimburse local educational agencies for up to 60% of their prior year transportation costs. In addition, commencing in fiscal 2023-24, the 2022-23 Budget reflects the application of an ongoing COLA to the current LCFF Home-to-School Transportation add-on. Finally, the 2022-23 Budget provides $1.5 billion in one-time Proposition 98 funding, available over five years, to support the greening of school buses as part of a Statewide zero-emissions initiative.

- *Nutrition:* $596 million in Proposition 98 funding to create universal access to subsidized school meals. The 2022-23 Budget provides an additional $611.8 million in ongoing Proposition 98 funding to augment State meal program reimbursements rates beginning in fiscal year 2022-23, in order to allow local educational agencies to continue offering higher-quality and more diverse meals for students. Additionally, the 2022-23 Budget includes $600 million in one-time Proposition 98 funding, available over three years, to upgrade school kitchen infrastructure and equipment, provide food service employee training and incorporate fresh, minimally-processed, California-grown foods in school meals. The 2022-23 Budget also provides an additional $100 million in one-time Proposition 98 funding to support local educational agency procurement practices for plant-based or restricted diet meals, as well as to procure California-grown or California-produced, sustainably grown and whole or minimally processed foods. Finally, the 2022-23 Budget includes an additional $30 million in one-time Proposition 98 funding for the California Farm to School Program, which connects local producers and school food buyers, increases food education opportunities and engages schools and students with the agricultural community.

- *Facilities:* $1.4 billion in State general obligation bond funding to support school construction projects. This represents the final installment available to K-12 school districts under Proposition 51. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 51" herein. The 2022-23 Budget also provides $1.3 billion in one-time funding in fiscal year 2022-23, $2.1 billion of such funds in 2023-24 and $875 million of such funds in fiscal year 2024-25, to support new construction and modernization projects through the State's school facility program. Finally, the 2022-23 Budget includes $30 million in ongoing Proposition 98 funding to support eligible facilities costs for the Charter School Facility Grant Program.

- *Classified Staff:* An increase of $35 million in one-time Proposition 98 funding, and $90 million in ongoing Proposition 98 funding, for the Classified School Employee Summer Assistance Program, which provides supplemental pay for classified staff during the intersessional months when they are not employed.

For additional information regarding the 2022-23 Budget, see the DOF and LAO websites at www.dof.ca.gov and www.lao.ca.gov. However, the information presented on such websites is not incorporated herein by any reference.

Proposed 2023-24 State Budget. On January 10, 2023, the Governor released his proposed State budget for fiscal year 2023-24 (the "Proposed 2023-24 Budget"). The following information is drawn from the DOF and LAO summaries of the Proposed 2023-24 Budget.

The Proposed 2023-24 Budget reports that due to several factors, including continued high inflation, multiple federal reserve bank interest rate increases and stock market declines, the revenue outlook is substantially different from the previous two years. The Proposed 2023-24 Budget forecasts that State general fund revenues will be $29.5 billion lower than the level projected by the 2022-23 Budget, and the State faces an estimated budget gap of approximately $22.5 billion in fiscal year 2023-24. The LAO estimates a slightly lower budget gap of $18 billion, and results from a difference in what the Governor and the LAO treat as spending that was approved by prior budgets.

To close the budget gap, the Proposed 2023-24 Budget includes a series of measures intended to avoid deep reductions to priority programs that marked budgetary shortfalls over the past two decades, as well as avoid draws on State reserves:

- *Funding Delays - $7.4 billion*: Delayed funding for multiple items across fiscal years 2021-22 through 2023-24. The majority of these funding delays are in higher education, healthcare and broadband access. The LAO notes that these funding delays will result in net cost increased in fiscal years 2024-24 and 2025-26.

- *Reductions/Pullbacks - $5.7 billion*: Reductions in spending for various items across fiscal years 2021-22 through 2023-24, and a pull back of certain items that were included in the 2022-23 Budget. Significant items in this category include a $3 billion inflationary adjustment included in the prior budget, and a $750 million principal payment to the State's unemployment insurance loan.

- *Cost Shifts - $4.3 billion*: Shifts in certain expenditures in fiscal years 2022-23 and 2023-24 from the State general fund to other sources.

- *Trigger Reductions - $3.9 billion*: Reductions to funding for certain items in fiscal years 2020-21 through 2023-24. These reductions would be placed in a "trigger" that would restore funding if sufficient revenues are available. The reductions are to baseline adjustments, enrollments, caseloads and population adjustments, primarily in the areas of natural resources and the environment, transportation, housing and homelessness, State parks and workforce training.

- *Limited Revenue Generation and Borrowing - $1.2 billion*: Augmentation to State general fund sources and limited borrowing, the majority of which would be derived from loans from special funds and a renewal of a tax on managed care organizations.

The Proposed 2023-24 Budget also includes estimates of multiyear revenues and spending. Under these projections and the current budget proposals, the State is projected to face operating deficits of $9 billion in fiscal year 2024-25, $9 billion in fiscal year 2025-26 and $4 billion in fiscal year 2026-27.

For fiscal year 2022-23, the Proposed 2023-24 Budget projects total general fund revenues and transfers of $208.9 billion and authorizes expenditures of $240.1 billion. The State is projected to end the 2022-23 fiscal year with total reserves of $47.7 billion, including $17.2 billion in the traditional general fund reserve, $21.5 billion in the BSA, $8.1 billion in the PSSSA and $900 million in the Safety Net Reserve Fund. For fiscal year 2023-24, the Proposed 2023-24 Budget projects total general fund revenues and transfers of $210.2 billion and authorizes expenditures of $223.6 billion. The State is projected to end the 2023-24 fiscal year with total reserves of $35.6 billion, including $3.8 billion in the traditional general fund reserve, $22.4 billion in the BSA, $8.5 billion in the PSSSA and $900 million in the Safety Net Reserve Fund.

The ending balance in the BSA is at the constitutional maximum amount, resulting in $951 million that is required to be dedicated to infrastructure improvements in fiscal year 2023-24. The Proposed 2023-24 Budget also includes revised deposits to the PSSSA of $3.7 billion and $1.1 billion attributable to fiscal years 2021-22 and 2022-23, respectively, and authorizes a deposit in fiscal year 2023-24 of $365 million. The balance of $8.5 billion in the PSSSA in fiscal year 2022-23 would trigger school district reserve caps in fiscal year 2023-24. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 2" herein.

The Proposed 2023-24 Budget sets total funding for all K-12 education programs at $128.5 billion, including $78.7 billion from the State general fund and $49.8 billion from other sources. This results in per-pupil funding of $23,723, including $17,519 from Proposition 98 sources. The minimum funding guarantee in fiscal year 2022-23 is set at $108.8 billion, reflecting a decrease of approximately $1.5 billion from the prior year. The Proposed 2023-24 Budget also makes a retroactive increase to the minimum funding guarantee in fiscal year 2021-22 and retroactive decrease to the guarantee in fiscal year 2022-23, setting them at $110.4 billion and $106.9 billion, respectively. Collectively, this represents a three-year decrease in the minimum funding guarantee of $4.7 billion over the level projected by the 2022-23 Budget. Test 1 is projected to be in effect over this three year period.

Other significant features relating to K-12 education funding include the following:

- *Local Control Funding Formula:* The Proposed 2023-24 Budget funds a COLA of 8.13% to LCFF apportionments. When combined with growth adjustments, this increase will result in $4.2 billion in additional discretionary funds for local educational agencies. To fund the increase and maintain the current-year level of LCFF apportionments, the Proposed 2023-24 Budget provides approximately $613 million in one-time resources to support the ongoing cost of the LCFF in fiscal year 2022-23, and $1.4 billion of such resources to support the ongoing cost of the LCFF in fiscal year 2023-24. The Proposed 2023-24 Budget also provides an increase of $51.7 million in ongoing Proposition 98 funding to support an 8.13% COLA for county offices of education, and an increase of $669 million of such funding to support a similar COLA for categorical programs that remain outside the LCFF. Finally, to accelerate learning gains and close opportunity gaps, the Proposed 2023-24 Budget provides $300 million in ongoing Proposition 98 funding to establish an equity multiplier as an add-on to the LCFF. These funds will be allocated to local educational agencies based on school-site eligibility, and the funds are intended to augment resources that support the highest-needs schools in the State.

- *Universal Transitional Kindergarten*: $690 million in ongoing Proposition 98 funding to continue the implementation of transitional kindergarten, expanding eligibility to include all children turning five years old between September 2 and April 2, beginning in the 2023-24 fiscal year. To accommodate expected enrollment increases related to this expansion, the Proposed 2023-24 Budget will rebench the Test 1 percentage of State revenues allocated to education. Additionally, the Proposed 2023-24 Budget includes $165 million to add one additional certificated or classified employee to every transitional kindergarten class. The Proposed 2023-24 Budget also delays, to fiscal year 2024-25, $550 million of funding previously approved to support the construction or retrofit of full-day kindergarten and preschool facilities.

- *Literacy:* $250 million in additional one-time Proposition 98 funding for grants to high-needs schools to train and hire literacy coaches and reading specialists to guide productive classroom instruction and offer one-on-one and small group intervention for struggling readers.

- *Arts and Cultural Enrichment:* On November 8, 2022, State voters approved Proposition 28, which requires that an amount equal to 1% of the prior year's minimum funding guarantee be allocated to schools to increase arts instruction and arts programs in public education. The Proposed 2023-24 Budget includes $941 million to fund this mandate. Given the need to cover the costs of the LCFF in fiscal years 2022-23 and 2023-24, the Proposed 2023-24 Budget reflects a reduction of approximately $1.2 billion in Proposition 98 funding previously approved for the Arts, Music and Instructional Materials Block Grant. The Proposed 2023-24 Budget also provides $100 million in one-time Proposition 98 funding to enable local educational agencies to provide high school seniors with access to cultural enrichment experiences.

- *Facilities*: The Proposed 2023-24 Budget reflects decrease of $100 million in State general fund support for the State school facilities program. The Proposed 2023-24 Budget also includes $30 million in ongoing Proposition 98 funding to support eligible facilities costs for the Charter School Facility Grant Program, and would set aside $15 million of previously appropriated funding to support school kitchen infrastructure improvements.

Future Actions and Events. The District cannot predict what additional actions will be taken in the future by the State legislature and the Governor to address changing State revenues and expenditures. The District also cannot predict the impact such actions will have on State revenues available in the current or future years for education. The State budget will be affected by national and State economic conditions and other factors over which the District will have no control. Certain actions or results could produce a significant shortfall of revenue and cash, and could consequently impair the State's ability to fund schools. The COVID-19 pandemic has already resulted in significant negative economic effects at State and federal levels, and additional negative economic effects are possible, each of which could negatively impact anticipated State revenue levels. In addition, the pandemic could also result in higher State expenditures, of both a direct nature (such as those related to managing the outbreak) and an indirect nature (such as higher public usage of need-based programs resulting from unemployment or disability). See “DISTRICT FINANCIAL INFORMATION – Considerations Regarding COVID-19” herein. State budget shortfalls in future fiscal years may also have an adverse financial impact on the financial condition of the District. However, the obligation to levy *ad valorem* property taxes upon all taxable property within the District for the payment of principal of and interest on the Bonds would not be impaired.

LITTLE LAKE CITY SCHOOL DISTRICT

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

Introduction

The District was established in 1882 and is located in the County, 17 miles southeast of downtown Los Angeles. The District covers approximately four square miles, operates seven K-5 schools and two 6-8 schools, and serves a population of approximately 34,400 residents. For fiscal year 2022-23, the District has budgeted an ADA of 3,513 students. The District’s ADA and enrollment may be impacted by COVID-19. See “DISTRICT FINANCIAL INFORMATION – Considerations Regarding COVID-19” herein. The fiscal year 2022-23 assessed valuation of the area served by the District is $5,263,756,007.

Unless otherwise indicated, the following financial, statistical and demographic data has been provided by the District. Additional information concerning the District and copies of subsequent audited financial reports of the District may be obtained by contacting: Little Lake City School District, Attention: Assistant Superintendent, Business Services, 10515 South Pioneer Boulevard, Santa Fe Springs, California 90670.

Administration

The District is governed by a five-member Board, each member of which is elected to a four-year term. Elections for positions to the Board are held every two years, alternating between two and three available positions. The following table shows the current members and terms of the Board.

BOARD OF EDUCATION
Little Lake City School District

Name	Office	Term Expires
Manuel Cantu	President	December 2024
Gina Ramirez	Vice President	December 2024
Janet Rock	Clerk	December 2024
Hilda Zamora	Member	December 2026
Jasmine Sanchez	Member	December 2026

The Superintendent of the District is responsible for administering the affairs of the District in accordance with the policies of the Board. Dr. William Crean is currently the District’s Superintendent. Brief biographies of the Superintendent and the Assistant Superintendent, Business Services follow.

Dr. William Crean, Superintendent. Dr. Crean joined the District in July 2007. Previously, he served as principal of Lakeview from 2007 to 2011, and then as principal of Lake Center from 2012 to 2016. Dr. Crean was appointed Superintendent of the District in 2016. Prior to coming to the District, he served as the Assistant Superintendent of Educational Services for the Redondo Beach Unified School District. In his 34 years as an educator, he has served as a classroom teacher, Assistant Principal, Principal, Assistant Superintendent and Superintendent of Schools. For the past 18 years, he has also been an adjunct faculty member in the Loyola Marymount University School of Education. Dr. Crean received a Doctor of Education – Organizational Leadership from the University of La Verne, a Master of Arts – Educational Administration from California State University-Dominguez Hills, a Master of Arts – Spanish Literature and Linguistics from the University of Wisconsin-Madison, and a Bachelor of Arts – Foreign Languages from Assumption College in Worcester, MA.

Liz Seymour, Assistant Superintendent, Business Services. Ms. Seymour joined the District in August 2021. She has over 33 years of governmental accounting experience, and 23 years of school district financial experience. Ms. Seymour's prior school district work experience includes 3 years of experience as a Chief Business Official and over 7 years of experience as a Fiscal Services Director. Ms. Seymour received a Bachelor of Science degree from California State University Long Beach in Business Administration with an Accounting Option.

Average Daily Attendance and Enrollment

On average throughout the District, the regular education pupil-teacher ratio is approximately 21:1 for grades K-3, 33:1 in grades 4-6, and 33:1 in grades 7-8. The following table shows an eight-year ADA and enrollment history for the District, and a budgeted amount for the current fiscal year.

AVERAGE DAILY ATTENDANCE AND ENROLLMENT
Fiscal Years 2014-15 through 2022-23
Little Lake City School District

Fiscal Year	Average Daily Attendance(1)	Enrollment(2)
2014-15	4,382	4,512
2015-16	4,259	4,382
2016-17	4,272	4,375
2017-18	4,276	4,392
2018-19	4,146	4,279
2019-20	4,152	4,283
2020-21	4,152	4,019
2021-22	3,454	3,805
2022-23(3)	3,513	3,743

Note: Rounded to the nearest whole number.
(1) Reflects P-2 ADA in each school year. Includes ADA of County-operated programs.
(2) Reflects October CALPADS for fiscal year 2014-15.
(3) Estimated.
Source: Little Lake City School District.

Labor Relations

The District currently employs 241 full-time certificated employees and 122 full-time classified employees. In addition, the District employs 202 part-time faculty and staff. District employees, except for management and some part-time employees, are represented by two employee bargaining units as shown below.

BARGAINING UNITS
Little Lake City School District

Name of Bargaining Unit	Number of Employees Represented	Current Contract Expiration Date
California School Employees Association	278	June 30, 2023
Little Lake Education Association	223	June 30, 2023

Source: Little Lake City School District.

District Retirement Systems

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

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

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

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

MEMBER CONTRIBUTION RATES
STRS (Defined Benefit Program)

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

Source: AB 1469.

Pursuant to the Reform Act (defined below), the contribution rates for members ("PEPRA Members") hired after the Implementation Date (defined below) will be adjusted if the normal cost increases by more than 1% since the last time the member contribution was set. The contribution rate for employees ("Classic Members") hired before the Implementation Date (defined below) increased from 9.205% of creditable compensation for fiscal year commencing July 1, 2017 to 10.205% of creditable compensation effective July 1, 2018. For fiscal year commencing July 1, 2021, the contribution rate was 10.250% for Classic Members and 10.205% for PEPRA Members. For fiscal year commencing July 1, 2022, the contribution rate is 10.250% for Classic Members and 10.205% for PEPRA Members.

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

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

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

Source: AB 1469.

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

On June 27, 2019, the Governor signed SB 90 ("SB 90") into law as a part of the 2019-20 Budget. Pursuant to SB 90, the State Legislature appropriated $2.246 billion to be transferred to the Teacher's Retirement Fund for the STRS Defined Benefit Program to pay in advance, on behalf of employers, part of the contributions required for fiscal years 2019-20 and 2020-21, resulting in K-14 school districts having to contribute 1.03% less in fiscal year 2019-20 and 0.70% less in fiscal year 2020-21, resulting in employer contribution rates of 17.1% in fiscal year 2019-20 and 18.4% in fiscal year 2020-21. In addition, the State made a contribution of $1.117 billion to be allocated to reduce the employer's share of the unfunded actuarial obligation determined by the STRS Board upon recommendation from its actuary. This additional payment was reflected in the June 30, 2020 actuarial valuation. Subsequently, the State's 2020-21 Budget redirected $2.3 billion previously appropriated to STRS and PERS pursuant to SB 90 for long-term unfunded liabilities to further reduce the employer contribution rates in fiscal year 2020-21 and 2021-22. As a result, the effective employer contribution rate was 16.15% in fiscal year 2020-21 and is 16.92% in fiscal year 2021-22. "DISTRICT FINANCIAL INFORMATION – State Budget Measures". The employer contribution rate will be 19.1% in fiscal year 2022-23.

The District's contributions to STRS were $2,574,952 in fiscal year 2016-17, $2,992,690 in fiscal year 2017-18, $3,502,150 in fiscal year 2018-19 and $3,656,524 in fiscal year 2019-20, $3,321,765 in fiscal year 2020-21, and $3,867,364 in fiscal year 2021-22. The District estimates $4,523,664 for its contribution to STRS for fiscal year 2022-23.

The State also contributes to STRS, currently in an amount equal to 8.328% for fiscal year 2021-22, and 8.328% for fiscal year 2022-23. The State's contribution reflects a base contribution rate of 2.017%, and a supplemental contribution rate that will vary from year to year based on statutory criteria. Based upon the recommendation from its actuary, for fiscal year 2017-18 and each fiscal year thereafter, the STRS Board is required, with certain limitations, to increase or decrease the State's contribution rates to reflect the contribution required to eliminate the unfunded actuarial accrued liability attributed to benefits in effect before July 1, 1990. However, the maximum increase or decrease in a given year is limited to 0.5% of payroll under the STRS valuation policy. Once the State has eliminated its share of the STRS' unfunded actuarial obligation, the State contribution will be immediately reduced to the base contribution rate of 2.017% of payroll.

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

PERS. Classified employees working four or more hours per day are members of the California Public Employees' Retirement System ("PERS"). PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the State statutes, as legislatively amended from time to time. PERS operates a number of retirement plans including the Public Employees Retirement Fund ("PERF"). PERF is a multiple-employer defined benefit retirement plan. In addition to the State, employer participants at June 30, 2021 included 1,608 public agencies and 1,329 K-14 school districts and charter schools. PERS acts as the common investment and administrative agent for the member agencies. The State and K-14 school districts (for "classified employees," which generally consist of school employees other than teachers) are required by law to participate in PERF. Employees participating in PERF generally become fully vested in their retirement benefits earned to date after five years of credited service. One of the plans operated by PERS is for K-14 school districts throughout the State (the "Schools Pool").

Contributions by employers to the Schools Pool are based upon an actuarial rate determined annually and contributions by plan members vary based upon their date of hire. Pursuant to SB 90, the

State Legislature appropriated $904 million to the Schools Pool, including transfers in fiscal years 2019-20 and 2020-21 to the Public Employees Retirement Fund to pay, in advance on behalf of K-14 school district employers, part of the contributions required for K-14 school district employers for such fiscal years, as well as additional amounts to be applied toward certain unfunded liabilities for K-14 school district employers. In June 2020, SB 90 was amended by Assembly Bill 84/Senate Bill 111 ("AB 84"). Under AB 84, $144 million of the State contribution under SB 90 was deemed to satisfy a portion of the State's required contribution in fiscal year 2019-20, and the amounts previously allocated toward future liabilities were redirected such that, $430 million will satisfy a portion of the employer contribution rate in fiscal year 2020-21, and $330 million will satisfy a portion of the employer contribution rate in fiscal year 2021-22. As a result of the payments made by the State pursuant to SB 90, as amended by AB 84, the employer contribution rate was 19.721% for fiscal year 2019-20, 20.7% in fiscal year 2020-21, and 22.91% for fiscal year 2021-22. "DISTRICT FINANCIAL INFORMATION – State Budget Measures". The employer contribution rate is 25.37% in fiscal year 2022-23. Classic Members contribute at a rate established by statute, which was 7% of their respective salaries in fiscal year 2021-22 and is 7% in fiscal year 2022-23, while PEPRA Members contribute at an actuarially determined rate, which was 7% in fiscal year 2021-22 and is 8% in fiscal year 2022-23. Due primarily to the change in the discount rate, the total normal cost of PEPRA Members changed by more than 1% of payroll relative to fiscal year 2021-22, which required the PEPRA Member contribution rate to be adjusted to equal 50% of the total normal cost of 15.91% in fiscal year 2022-23. See "—California Public Employees' Pension Reform Act of 2013" herein.

The District's contributions to PERS were $727,186 in fiscal year 2016-17, $872,179 in fiscal year 2017-18, $1,013,581 in fiscal year 2018-19, $1,165,676 in fiscal year 2019-20, $1,178,124 in fiscal year 2020-21, and $1,458,788 in fiscal year 2021-22. The District estimates a contribution of $1,707,440 for its contribution to PERS for fiscal year 2022-23.

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

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

FUNDED STATUS
STRS (Defined Benefit Program) and PERS (Schools Pool)
(Dollar Amounts in Millions) [(1)]
Fiscal Years 2010-11 through 2020-21

STRS

Fiscal Year	Accrued Liability	Value of Trust Assets (MVA)[(2)]	Unfunded Liability (MVA)[(2)]	Value of Trust Assets (AVA)[(3)]	Unfunded Liability (AVA)[(3)]
2010-11	$208,405	$147,140	$68,365	$143,930	$64,475
2011-12	215,189	143,118	80,354	144,232	70,957
2012-13	222,281	157,176	74,374	148,614	73,667
2013-14	231,213	179,749	61,807	158,495	72,718
2014-15	241,753	180,633	72,626	165,553	76,200
2015-16	266,704	177,914	101,586	169,976	96,728
2016-17	286,950	197,718	103,468	179,689	107,261
2017-18	297,603	211,367	101,992	190,451	107,152
2018-19	310,719	225,466	102,636	205,016	105,703
2019-20	322,127	233,253	107,999	216,252	105,875
2020-21	332,082	292,980	60,136	242,363	89,719

PERS

Fiscal Year	Accrued Liability	Value of Trust Assets (MVA)	Unfunded Liability (MVA)	Value of Trust Assets (AVA)[(3)]	Unfunded Liability (AVA)[(3)]
2010-11	$58,358	$45,901	$12,457	$51,547	$6,811
2011-12	59,439	44,854	14,585	53,791	5,648
2012-13	61,487	49,482	12,005	56,250	5,237
2013-14	65,600	56,838	8,761	--[(4)]	--[(4)]
2014-15	73,325	56,814	16,511	--[(4)]	--[(4)]
2015-16	77,544	55,785	21,759	--[(4)]	--[(4)]
2016-17	84,416	60,865	23,551	--[(4)]	--[(4)]
2017-18	92,071	64,846	27,225	--[(4)]	--[(4)]
2018-19[(5)]	99,528	68,177	31,351	--[(4)]	--[(4)]
2019-20[(6)]	104,062	71,400	32,662	--[(4)]	--[(4)]
2020-21[(7)]	110,507	86,519	23,988	--[(4)]	--[(4)]

(1) Amounts may not add due to rounding.
(2) Reflects market value of assets, including the assets allocated to the SBPA reserve. Since the benefits provided through the SBPA are not a part of the projected benefits included in the actuarial valuations summarized above, the SBPA reserve is subtracted from the STRS Defined Benefit Program assets to arrive at the value of assets available to support benefits included in the respective actuarial valuations.
(3) Reflects actuarial value of assets.
(4) Effective for the June 30, 2014 actuarial valuation, PERS no longer uses an actuarial value of assets.
(5) For fiscal year 2020-21, the additional $430 million State contribution made pursuant to AB 84 did not directly impact the actuarially determined contribution as it was not yet in the Schools Pool by the June 30, 2019 actuarial valuation date. The additional State contribution was treated as an advance payment toward the unfunded accrued liability contribution with required employer contribution rate correspondingly reduced.
(6) For fiscal year 2021-22, the impact of the additional $330 million State contribution made pursuant to AB 84 is directly reflected in the actuarially determined contribution, because the additional payment was in the Schools Pool as of the June 30, 2020 actuarial valuation date, which served to reduce the required employer contribution rate by 2.16% of payroll.
(7) On April 18, 2022, the PERS Board (defined below) approved the K-14 school district contribution rate for fiscal year 2022-23 and released certain actuarial information to be incorporated into the June 30, 2021 actuarial valuation to be released in the latter half of 2022.

Source: PERS Schools Pool Actuarial Valuation; STRS Defined Benefit Program Actuarial Valuation.

The STRS Board has sole authority to determine the actuarial assumptions and methods used for the valuation of the STRS Defined Benefit Program. Based on the multi-year CalSTRS Experience Analysis (spanning from July 1, 2010, through June 30, 2015) (the "2017 Experience Analysis"), on February 1, 2017, the STRS Board adopted a new set of actuarial assumptions that reflect member's increasing life expectancies and current economic trends. These new assumptions were first reflected in the STRS Defined Benefit Program Actuarial Valuation, as of June 30, 2016 (the "2016 STRS Actuarial Valuation"). The new actuarial assumptions include, but are not limited to: (i) adopting a generational mortality methodology to reflect past improvements in life expectancies and provide a more dynamic assessment of future life spans, (ii) decreasing the investment rate of return (net of investment and administrative expenses) to 7.25% for the 2016 STRS Actuarial Valuation and 7.00% for the June 30, 2017 actuarial evaluation, and (iii) decreasing the projected wage growth to 3.50% and the projected inflation rate to 2.75%.

Based on the multi-year CalSTRS Experience Analysis (spanning from July 1, 2015, through June 30, 2018) (the "2020 Experience Analysis"), on January 31, 2020, the STRS Board adopted a new set of actuarial assumptions that were first reflected in the STRS Defined Benefit Program Actuarial Valuation, as of June 30, 2019 (the "2019 STRS Actuarial Valuation"). While no changes were made to the actuarial assumptions discussed above, which were established as a result of the 2017 Experience Analysis, certain demographic changes were made, including: (i) lowering the termination rates to reflect a continued trend of lower than expected teachers leaving their employment prior to retirement, and (ii) adopting changes to the retirement rates for both Classic Members and PEPRA Members to better reflect the anticipated impact of years of service on retirements. The 2021 STRS Actuarial Valuation (defined below) continues using the Entry Age Normal Actuarial Cost Method.

The STRS Defined Benefit Program Actuarial Valuation, as of June 30, 2021 (the "2021 STRS Actuarial Valuation") reports that the unfunded actuarial obligation decreased by $16.1 billion since the 2020 STRS Actuarial Valuation and the funded ratio, based on an actuarial value of assets, increased by 5.9% to 73.0% over such time period. The increase in the funded ratio is primarily due to a greater than expected investment return (27.2% in fiscal year 2020-21), salary increases less than assumed, additional State contributions, and contributions to pay down the unfunded actuarial obligation under the STRS Board's valuation policy. The full impact of the 27.2% investment return will take three years to be reflected in the contribution rates, since STRS uses an actuarial value of assets which smooths the volatility of investment returns by reflecting only one-third of the net accumulated investment gains or losses in a year. The STRS Board has no authority to adjust rates to pay down the portion of the unfunded actuarial obligation related to service accrued on or after July 1, 2014 for member benefits adopted after 1990 (the "Unallocated UAO"). There was a decrease in the Unallocated UAO from $377 million as of June 30, 2020 to a negative $469 million as of June 30, 2021.

According to the 2021 STRS Actuarial Valuation, the future revenues from contributions and appropriations for the STRS Defined Benefit Program are projected to be approximately sufficient to finance its obligations with a projected ending funded ratio in fiscal year ending June 30, 2041 of 101.0%. This finding assumes additional increases in the scheduled contribution rates allowed under the current law will be made, the future recognition of the currently deferred asset gains, and is based on the valuation assumptions and valuation policy adopted by the STRS Board, including a 7.00% investment rate of return assumption.

In its Annual Comprehensive Financial Report for fiscal year ending June 30, 2022, STRS reported a money weighted net return on investment of negative 2.4% and time-weighted net return on investments of negative 1.3% for fiscal year 2021-22, ending with the total fund value of $301.6 billion as of June 30, 2022. When STRS released the preliminary investment return for fiscal year 2021-22 on July 29, 2022, STRS noted that it is the first negative return since 2009, reflecting the ongoing volatility in the global financial markets impacted by inflation, rising interest rates, COVID-19 and the war in Ukraine. Due in part to the 27.2% return in fiscal year 2020-21, STRS remains in position to be fully funded by 2046.

On November 2, 2022, STRS released is 2022 Review of Funding Levels and Risks (the STRS 2022 Review of Funding Levels and Risks"), which is based on the 2021 STRS Actuarial Valuation and reflects all relevant changes that have occurred since 2021 STRS Actuarial Valuation, including the negative 2.4% money-weighted investment loss reported for the 2021-22 fiscal year. The key results and findings noted in the STRS 2022 Review of Funding Levels and Risks were that (i) the State's share of the STRS unfunded actuarial obligation is still projected to be eliminated prior to 2046 (currently projected to be eliminated by fiscal year 2029-30), but not as early as projected in the June 30, 2021 valuation, (ii) the current contribution rates for the State and employers are projected to be sufficient to eliminate their share of the STRS unfunded actuarial obligation by 2046 and contribution rate increases are not expected to be needed for fiscal year 2023-24, (iii) the largest risk facing STRS' ability to reach full funding remains investment-related risk, especially considering the Defined Benefit Program continues to mature, which will increase the system's sensitivity to investment experience, and the State's share of the unfunded actuarial obligation could quickly increase if STRS were to experience another year in which the investment return is significantly below the assumed rate of return, (iv) anticipated continued decreases in enrollment in K-12 public schools could lead to future declines in the size of the active membership, resulting in lower than anticipated payroll growth, which could negatively impact STRS' ability to achieve full funding, requiring contribution rate increases, especially among employers, (v) a recession resulting in a period of low investment returns and a decline in the size of the active membership could hurt STRS ability to reach full funding, and (vi) the ability of the funding plan to allow STRS to reach full funding is dependent on STRS meeting its current actuarial assumptions over the long term, while uncertainty around inflation, investment markets and payroll growth could put pressure on STRS' ability to meet some of its long-term actuarial assumptions. In addition, with respect to investment related risks, the STRS 2022 Review of Funding Levels and Risks notes that once the State's supplemental contribution rate is reduced to zero (as discussed above), if it were ever needed to be increased again, the STRS Board will be limited to increases of only 0.5% of payroll each year, which could take the STRS Board years before it is able to increase the rate to the levels necessary to reduce any newly realized unfunded actuarial obligation.

Between 2019 and 2020, the number of teachers actively working dropped from 451,000, to about 448,000. Between 2020 and 2021, the number of active teachers continued to drop to about 429,000, which resulted in a payroll that remained flat, below the 3.5% annual payroll growth assumption. In 2022, the total number of active members was back to the levels last seen prior to the start of the COVID-19 pandemic, increasing by approximately 20,000 over the last fiscal year. The total payroll increased by more than 6% over the last fiscal year, resulting in STRS collecting more contributions from employers than expected. The STRS 2022 Review of Funding Levels and Risks notes that, a likely contributor to the decline in active membership in 2020-21 was the higher than expected retirements STRS experienced that fiscal year and the uncertainties related to the COVID-19 pandemic. Although an increase in retirements would normally not impact long-term funding, decisions made by employers about whether to replace the teachers who have retired can impact STRS ability to reach full funding by 2046, especially if it leads to an overall reduction in the number of teachers working in the State and a reduction in total payroll. The STRS 2022 Review of Funding Levels and Risks, also notes that another area of particular concern related to payroll growth and the number of teachers in the State is the decreasing population of children enrolled in K-12 schools in the State. Total enrollment in public schools in the State dropped 271,000, or 4.4% reduction, between 2019-20 and 2021-22. Several factors contributed to the drop of enrollment during that time period, including the increase in the number of homeschool students and students enrolled in private schools during the COVID-19 pandemic. The STRS 2022 Review of Funding Levels and Risks notes that it is unclear whether the decrease in overall enrollment is permanent or simply a temporary effect of the COVID-19 pandemic. See "DISTRICT FINANCIAL INFORMATION – Considerations Regarding COVID-19" herein. In September 2022, the State updated its projection of K-12 enrollment for the State, which assumes the number of children enrolled in K-12 schools will decline approximately 9% over the next 10 years.

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

On March 14, 2012, the PERS Board voted to lower the PERS' rate of expected price inflation and its investment rate of return (net of administrative expenses) (the "PERS Discount Rate") from 7.75% to 7.5%. On February 18, 2014, the PERS Board voted to keep the PERS Discount Rate unchanged at 7.5%. On November 17, 2015, the PERS Board approved a new funding risk mitigation policy to incrementally lower the PERS Discount Rate by establishing a mechanism whereby such rate is reduced by a minimum of 0.05% to a maximum of 0.25% in years when investment returns outperform the existing PERS Discount Rate by at least four percentage points. On December 21, 2016, the PERS Board voted to lower the PERS Discount Rate to 7.0% over a three year phase-in period in accordance with the following schedule: 7.375% for the June 30, 2017 actuarial valuation, 7.25% for the June 30, 2018 actuarial valuation and 7.00% for the June 30, 2019 actuarial valuation. The new discount rate went into effect July 1, 2017 for the State and July 1, 2018 for K-14 school districts and other public agencies. Lowering the PERS Discount Rate means employers that contract with PERS to administer their pension plans will see increases in their normal costs and unfunded actuarial liabilities. Active members hired after January 1, 2013, under the Reform Act (defined below) will also see their contribution rates rise. The PERS Funding Risk Mitigation Policy recently triggered an automatic decrease of 0.2% in the PERS Discount Rate due to the investment return in fiscal year 2020-21, lowering such rate to 6.8%.

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

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

The PERS Board is required to undertake an experience study every four years under its Actuarial Assumptions Policy and State law. As a result of the most recent experience study, on November 17, 2021 (the "2021 Experience Study"), the PERS Board approved new actuarial assumptions, including (i) lowering the inflation rate to 2.30% per year, (ii) increasing the assumed real wage inflation assumption to 0.5%, which results in a total wage inflation of 2.80%, (iii) increasing the payroll growth rate to 2.80%, and (iv) certain changes to demographic assumptions relating to modifications to the mortality rates, retirement rates, and disability rates (both work and non-work related), and rates of salary increases due to seniority and promotion. These actuarial assumptions will be incorporated into the actuarial valuation for fiscal year ending June 30, 2021 and will first impact contribution rates for school districts in fiscal year 2022-23. Based on the timing of the study, the member data used in the analysis, which runs through June 30, 2019, does not include the impacts of COVID-19. Preliminary analysis of the system experience since the beginning of the pandemic has shown demographic experience (e.g. retirements, deaths, etc.) did differ from the current actuarial assumptions in some areas, which will be more precisely quantified in future actuarial valuations.

On November 15, 2021, the PERS Board selected a new asset allocation mix through its periodic Asset Liability Management Study that will guide the fund's investment portfolio for the next four years, retained the current 6.8% discount rate and approved adding 5% leverage to increase diversification. The new asset allocation takes effect July 1, 2022 and will impact contribution rates for employers and PEPRA employees beginning in fiscal year 2022-23.

The Schools Pool Actuarial Valuation as of June 30, 2021 (the "2021 PERS Actuarial Valuation"), reported that from June 30, 2020 to June 30, 2021 the funded ratio of the Schools Pool increased by 9.7% (from 68.6% to 78.3%), which was primarily due to investment return in 2020-21 being greater than expected, offset partially by the reduction in discount rate from 7.00% to 6.80%. On July 12, 2021 PERS reported a preliminary 21.3% net return on investments for fiscal year 2021. Since the preliminary return sufficiently exceeded the 7.00% discount rate, the Funding Risk Mitigation Policy triggered a 0.20% reduction in the discount rate, from 7.00% to 6.8%. Pursuant to the Funding Risk Mitigation and Actuarial Amortization policies, a portion of the investment gain was used to fully offset the increase in unfunded liability resulting from the decrease in discount rate. The remaining net investment gain was amortized over 20 years with a five year ramp. The 2021 PERS Actuarial Valuation reports that the contribution rate for fiscal year 2023-24 is projected to be 27.0%, the contribution rate for fiscal year 2024-25 is projected to be 28.1%, the contribution rate for fiscal year 2025-26 is projected to be 28.8%, the contribution rate for fiscal year 2026-27 is projected to be 29.2%, and the contribution rate for fiscal year 2027-28 is projected to be 30.7%. The projected contribution rates in the 2021 PERS Actuarial Valuation reflect an investment loss for fiscal year 2021-22 based on preliminary investment return information released by the PERS Investment Office, adjusted to reflect final audited June 30, 2021 assets. Further, projected rates reflect the anticipated decrease in normal cost due to new hires entering lower cost benefit tiers. The projections assume that all actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits or funding will occur during the projection period. Future contribution requirements may differ significantly. The actual long-term cost of the plan will depend on the actual benefits and expenses paid and the actual investment experience of the fund.

In its Basic Financial Statements for fiscal year ending June 30, 2022, PERS reported a time-weighted net return on investment of negative 6.1% and a money-weighted net return on investment of negative 7.5% for fiscal year 2021-22. When PERS released the preliminary investment returns for fiscal year 2021-22 on July 20, 2022, PERS noted that volatile global financial markets, geopolitical instability, domestic interest rate hikes, and inflation all had an impact on the investment return. The investment return for fiscal year 2021-22 will be reflected in contribution levels for the State and employers in fiscal year 2023-24.

In November 2022, PERS released its 2022 Annual Review of Funding Levels and Risk (the "2022 PERS Funding Levels and Risk Report"), which provided a summary of the current funding levels of the system, the near-term outlook for required contributions and risks faced by the system in the near and long-term. The results presented in the 2022 PERS Funding Levels and Risk Report are based on the June 30, 2021 annual valuations, which have been projected forward to June 30, 2022 based on preliminary investment performance for the year ending June 30, 2022. The unfavorable investment returns during the year ending June 30, 2022 resulted in decreases to the funded ratios for PERS plans. The funded status of the Schools Pool decreased from 78.3% as of June 30, 2021 to a projected 69% as of June 30, 2022. The 2022 PERS Funding Levels and Risk Report notes that the pandemic has potential to alter the experience of the retirement in several different areas, including investment returns, inflation, deaths, retirements, terminations, disability retirements, and pay increases. See "DISTRICT FINANCIAL INFORMATION – Considerations Regarding COVID-19" herein. The 2022 PERS Funding Levels and Risk Report notes that over the next several years, inflation and near-term economic decline, also have the potential to either increase required contributions or add additional financial strain on employers and their ability to make required contributions. PERS and its members are potentially impacted by high inflation because wages generally keep pace with inflation over the long-term, many retirees are likely to receive higher cost-of-living adjustments but will likely still lose purchasing power, and increases in wages exceeding the assumed increases and higher COLAs result in higher contributions for employers. In addition, many forecasters are predicting an economic slowdown in the near future, which could lead to lower investment returns, increased investment volatility, and higher unemployment. If the system experiences lower than expected investment returns, the potential impact on required contributions, combined with the impacts of high inflation, could push contribution rates to levels that would prove challenging for some employers.

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

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

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

The District's proportionate shares of the net pension liabilities, pension expense, deferred outflow of resources and deferred inflow of resources for STRS and PERS, as of June 30, 2022, are as shown in the following table.

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
STRS	$16,936,244	$6,920,775	$18,205,829	$802,038
PERS	8,047,166	1,699,016	3,590,442	633,775
Total	$24,983,410	$8,619,791	$21,796,271	$1,435,813

Source: Little Lake City School District

For more information, see "—District Debt Structure" and "APPENDIX B – 2021-22 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note 14" attached hereto.

Other Post-Employment Benefits

Benefits Plan. The District provides medical benefits (the "Benefits") to eligible retirees and their covered eligible dependents through a postemployment benefits plan (the "Plan"). All active employees who retire directly from the District and meet eligibility criteria may participate in the Plan. To be eligible for the Benefits, an employee must retire from the District on or after age 55 with at least 10 years of service. As of June 30, 2022, membership in the Plan consisted of 85 employees currently receiving the Benefits and 284 active Plan members.

Funding Policy. The contribution requirements of Plan members and the District are established and may be amended by the Board. Expenditures for the Benefits are recognized on a "pay-as-you-go basis" covering the cost of premiums paid for current retirees. During fiscal years 2017-18, 2018-19, 2019-20, 2020-21, and 2021-22, the District recognized $148,626, $151,572, $147,400, $173,587 and $223,131 of expenditures for the Benefits, respectively, all of which were used to pay current premiums. For fiscal year 2022-23, the District estimates $148,862 as its contribution towards its Plan, for current insurance premiums.

Medicare Premium Payment Program. The District participates in the Medicare Premium Payment ("MPP") Program, a cost-sharing multiple-employer other postemployment benefit plan. STRS administers the MPP Program through the Teachers' Health Benefit Fund (the "THBF"). The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the STRS Defined Benefit Program who were retired or began receiving a disability allowance prior to July 1, 2012, and were not eligible for premium-free Medicare Part A. The MPP Program is now closed to new entrants.

As of June 30, 2022, 86 retirees participated in the MPP Program. The number of retired members who will participate in the program in the future is unknown because eligibility cannot be predetermined. The MPP Program is funded on a pay-as-you-go basis from a portion of the monthly District benefit payments. Benefit payments that would otherwise be credited to the STRS Defined Benefit Program each month are instead credited to the MPP Program to fund monthly program and administrative costs.

The District's proportionate share of the net MPP Program liability as of June 30, 2022 was $190,415. See also "APPENDIX B – 2021-22 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note 11 – Other Postemployment Benefits (OPEB) Liability" attached hereto.

GASB Statement Nos. 74 and 75. On June 2, 2015, GASB approved *GASB Statement #74, Financial Reporting for Postemployment Benefit Plans Other Than Pensions* ("GASB 74") and *GASB Statement #75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75") with respect to pension accounting and financial reporting standards for public sector post-retirement benefit programs and the employers that sponsor them. GASB 74 replaces GASB Statements No. 43 and 57 and GASB 75 replaces GASB 45.

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

Under GASB Statement No. 74, the measurement date must be the same as the plan's fiscal year end, but the actuarial valuation date may be any date up to 24 months prior to the measurement date. For the Total OPEB Liability (the "TOL"), if the valuation date is before the measurement date, the results must be projected forward from the valuation date to the measurement date using standard actuarial roll-forward techniques. For plans that are unfunded or have assets insufficient to cover the projected benefit payments, a discount rate reflecting a 20-year tax-exempt municipal bond yield or index rate must be used. For plans with assets that meet the GASB Statement No. 74 requirements, a projection of the benefit payments and future Fiduciary Net Position (the "FNP") is performed based on the funding policy and assumptions of the plan, along with the methodology specified in GASB.

GASB Statement No. 74 has an effective date for plan fiscal years beginning after June 15, 2016 and GASB Statement No. 75 is effective for employer fiscal years beginning after June 15, 2017. The District has recognized GASB Statement No. 74 and GASB Statement No. 75 in their financial statements for fiscal year 2019-20. See "APPENDIX B – 2021-22 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT" attached hereto. The full extent of the effect of the new standards on the District is not known at this time.

Actuarial Study. The District has implemented GASB 74 and GASB 75, pursuant to which the District has commissioned and received an actuarial study of its liability with respect to the Benefits. The new GASB 74 and GASB 75 (discussed above) require biennial actuarial valuations for all plans. The most recent actuarial study for the Plan was dated August 25, 2022 (the "Study"), and had a valuation date of June 30, 2022. The Study concluded that, as of a June 30, 2022 measurement date, the Total OPEB Liability (the "TOL") with respect to such Benefits was $9,799,475. Because the District does not maintain a qualifying irrevocable trust, the District's Net OPEB Liability (the "NOL") is equal to the TOL.

Supplemental Retirement

The District has contracted to provide supplemental retirement benefits and medical coverage for certain eligible retired employees. As of June 30, 2022, the remaining balance of the obligations associated with the District's supplemental retirement plans was $226,131.

Risk Management

Property and Liability. The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2022, the District contracted with Alliance of Schools for Cooperative Insurance Programs ("ASCIP") for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Worker's Compensation. For fiscal year 2021-22, the District participated in the Whittier Area Schools Insurance Authority ("WASIA") public entity risk pool. The intent of WASIA is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participates in WASIA. The workers' compensation experience of the participating districts is calculated based on each participating district's experience rating and a premium/contribution rate is applied to all districts in WASIA. Participation in WASIA is limited to districts that can meet WASIA membership requirements.

Employee Medical Benefits. The District has contracted with PERS to provide employee health benefits. The District offers dental benefits through Delta Dental. The District also offers vision coverage through Vision Service Plan.

Joint Powers Agreements

The District is a member of the WASIA and ASCIP public entity risk pools, and the Whittier Area Cooperative Special Education Program ("WACSEP") joint powers authorities (JPAs). The District pays an annual premium to the ASCIP and WASIA for its property liability coverage and workers' compensation, respectively. Participation in WACSEP is for the receipt of Special Education funding. The relationships between the District, the pools, and the JPAs are such that they are not component units of the District for financial reporting purposes.

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

During the year ended June 30, 2022, the District made payments of $389,813, and $359,271 to WASIA and ASCIP, respectively, for the services noted above.

Cybersecurity

The District, like many other public and private entities, relies on computer and other digital networks and systems to conduct its operations. As a recipient and provider of personal, private or other electronic sensitive information, the District is potentially subject to multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized access to the District's systems for the purposes of misappropriating assets or information or causing operational disruption or damage. The District carries cybersecurity insurance.

No assurance can be given that the District's efforts to manage cyber threats and attacks will, in all cases, be successful or that any such attack will not materially impact the operations or finances of the District. The District is also reliant on other entities and service providers, such as the Paying Agent, the County or the Dissemination Agent in connection with compliance by the District with its continuing disclosure undertakings. No assurance can be given that the District may not be affected by cyber threats and attacks against other entities or service providers in a manner which may affect the Owners of the Bonds, e.g., systems related to the timeliness of payments on the Bonds or compliance with disclosure filings pursuant to the Continuing Disclosure Certificate.

District Debt Structure

Short-Term Debt. The District currently has no outstanding short-term debt obligations.

Long-Term Debt. A schedule of changes in long-term debt for the year ended June 30, 2022 is show below:

	Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022
General obligation bonds	$37,124,571	$7,638,662	$8,475,000	$36,288,233
Certificates of participation	--	11,035,000	--	11,035,000
Unamortized debt premiums	391,974	509,866	58,556	843,284
Early retirement liabilities	210,040	231,561	91,024	350,577
Leases	243,202	--	49,691	193,511
Compensated Absences	198,139	27,992	--	226,131
TOTAL	$38,167,926	$19,443,081	$8,674,271	$48,936,736

Source: Little Lake City School District.

Certificates of Participation. On March 30, 2022, the District executed and delivered its Certificates of Participation (2022 School Financing Project), evidencing principal in an amount equal to $11,035,000 (the "2022 Certificates"), for the purpose of financing certain capital improvements. The 2022 Certificates are payable from lease payments to be made by the District pursuant to a lease agreement by and between the Public Property Financing Corporation of California, for use and possession of certain District sites and facilities. The table on the following page shows future lease payments due with respect to the District's outstanding 2022 Certificates. However, one purpose of the Bonds to legally defease the 2022 Certificates.

ANNUAL LEASE PAYMENT SCHEDULE
Certificates of Participation
(2022 School Financing Project)
Little Lake City School District

Year Ending June 1	Principal	Interest	Total
2023	--	$571,946.04	$571,946.04
2024	--	489,075.00	489,075.00
2025	$280,000.00	489,075.00	769,075.00
2026	295,000.00	475,075.00	770,075.00
2027	305,000.00	460,325.00	765,325.00
2028	325,000.00	445,075.00	770,075.00
2029	340,000.00	428,825.00	768,825.00
2030	355,000.00	411,825.00	766,825.00
2031	375,000.00	394,075.00	769,075.00
2032	395,000.00	375,325.00	770,325.00
2033	410,000.00	355,575.00	765,575.00
2034	435,000.00	335,075.00	770,075.00
2035	450,000.00	317,675.00	767,675.00
2036	470,000.00	299,675.00	769,675.00
2037	485,000.00	280,875.00	765,875.00
2038	505,000.00	261,475.00	766,475.00
2039	525,000.00	241,275.00	766,275.00
2040	550,000.00	220,275.00	770,275.00
2041	570,000.00	198,275.00	768,275.00
2042	590,000.00	175,475.00	765,475.00
2043	615,000.00	151,875.00	766,875.00
2044	645,000.00	124,200.00	769,200.00
2045	675,000.00	95,175.00	770,175.00
2046	705,000.00	64,800.00	769,800.00
2047	735,000.00	33,075.00	768,075.00
Total	$11,035,000.00	$7,695,396.04	$18,730,396.04

Source: Little Lake City School District.

General Obligation Bonds. The District received authorization at an election held on March 7, 2000 at which the requisite vote of at least two-thirds of the persons voting on the proposition voted to authorize the issuance of $34,000,000 maximum principal amount of general obligation bonds of the District (the "2000 Authorization"). On July 12, 2000, the District caused the issuance of its Election of 2000 General Obligation Bonds, Series A (Bank Qualified), in the aggregate principal amount of $9,000,000 (the "2000 Series A Bonds"). On August 1, 2002, the District caused the issuance of its Election of 2000 General Obligation Bonds, Series B, in the aggregate principal amount of $7,000,000 (the "2000 Series B Bonds"). On February 28, 2006 the District caused the issuance of its Election of 2000 General Obligation Bonds Series C (Bank Qualified), in the aggregate principal amount of $9,000,000 (the "2000 Series C Bonds"). On June 2, 2010, the District caused the issuance of its Election of 2000 General Obligation Bonds, Series D (Tax-Exempt), in the aggregate principal amount of $999,901.35 (the "2000 Series D Bonds"). Concurrently with the issuance of the Series D Bonds, the District caused the issuance of its Election of 2000 General Obligation Bonds, Series D-1 (Qualified School Construction Bonds – Direct Payment to District) (Federally Taxable), in the aggregate principal amount of $8,000,000 (the "2000 Series D-1 Bonds"). $98.65 of the 2000 Authorization remains unissued.

On February 2, 2005, the District issued its 2005 General Obligation Refunding Bonds in the aggregate principal amount of $8,765,000, the proceeds of which were used to advance refund certain of the then-outstanding 2000 Series A Bonds (the “2005 Refunding Bonds”). There are no 2000 Series A Bonds outstanding. On July 6, 2011, the District issued its 2011 General Obligation Refunding Bonds (Bank Qualified) in the aggregate principal amount of $5,285,000, the proceeds of which were used to advance refund certain of the then-outstanding 2000 Series B Bonds (the “2011 Refunding Bonds”).

There are no 2000 Series B Bonds outstanding. On May 15, 2014, the District concurrently issued its 2014 General Obligation Refunding Bonds, Series A (Tax-Exempt) in the aggregate principal amount of $6,325,000 (the “2014 Series A Refunding Bonds”), and its 2014 General Obligation Refunding Bonds, Series B (Federally Taxable) in the aggregate principal amount of $5,785,000 (the “2014 Series B Refunding Bonds”), the proceeds of which were used to advance refund certain of the then-outstanding 2000 Series C Bonds and 2005 Refunding Bonds. The 2014 Series A Refunding Bonds and 2014 Series B Refunding Bonds were issued by means of a private placement.

The 2012 Authorization was the result of an election held on November 6, 2012 and approved by at least 55% of the votes cast by eligible voters within the District to issue $18,000,000 maximum principal amount of general obligation bonds. On October 30, 2013, the District caused the issuance of its Election of 2012 General Obligation Bonds, Series A in the aggregate principal amount of $6,000,000 (the “2012 Series A Bonds”). On July 2, 2015, the District caused the issuance of its 2012 General Obligation Bonds, Series B in the aggregate principal amount of $12,000,000 (the “2015 Series B Bonds”). On November 18, 2021, the District concurrently issued its 2021 General Obligation Refunding Bonds, Series A (Federally Tax-Exempt) in the aggregate principal amount of $2,325,000 (the “2021 Series A Refunding Bonds”), and its 2021 General Obligation Refunding Bonds, Series B (Federally Taxable) in the aggregate principal amount of $5,045,000 (the “2021 Series B Refunding Bonds”), the proceeds of which were used to currently refund all of the District’s then-outstanding 2011 Refunding Bonds and advance refund all of the District’s then-outstanding 2012 Series A Bonds.

The Authorization pursuant to which the Bonds are being issued was the result of an election held on June 7, 2022 and approved by at least 55% of the votes cast by eligible voters within the District to issue $36,000,000 maximum principal amount of general obligation bonds. The Bonds will be the first issuance of the District pursuant to the Authorization.

The table on the following page shows future debt service payments on all of the District’s outstanding general obligation bonds, including the Bonds.

COMBINED GENERAL OBLIGATION BONDED INDEBTEDNESS
Little Lake City School District

Year Ending (July 1)	2000 Authorization: 2000 Series D Bonds	2000 Series D-1 Bonds[1]	2014 Series A Refunding Bonds	2014 Series B Refunding Bonds	2021 Series A Refunding Bonds	2012 Authorization: 2012 Series B Bonds	2021 Series B Refunding Bonds	The Bonds	Total Annual Debt Service
2023	--	$477,120.00	$546,592.50	$674,844.00	$436,400.00	$747,550.00	$190,409.06	$223,285.14	$3,296,200.70
2024	--	477,120.00	543,133.50	673,860.00	432,000.00	773,300.00	189,607.70	1,987,150.00	5,076,171.20
2025	--	477,120.00	544,361.50	667,188.00	427,200.00	802,050.00	193,806.36	1,584,400.00	4,696,125.86
2026	--	8,477,120.00[2]	525,120.00	--	427,000.00	833,550.00	192,932.16	1,064,650.00	11,520,372.16
2027	$1,685,000.00	--	526,035.00	--	421,200.00	772,550.00	277,057.96	1,064,650.00	4,746,492.96
2028	1,800,000.00	--	526,480.50	--	--	798,550.00	284,346.46	1,064,650.00	4,474,026.96
2029	1,815,000.00	--	526,456.50	--	--	807,300.00	296,447.96	1,064,650.00	4,509,854.46
2030	--	--	525,963.00	--	--	837,512.50	297,573.66	1,064,650.00	2,725,699.16
2031	--	--	--	--	--	857,512.50	313,585.40	1,064,650.00	2,235,747.90
2032	--	--	--	--	--	885,262.50	319,141.36	1,204,650.00	2,409,053.86
2033	--	--	--	--	--	914,262.50	328,341.90	1,242,650.00	2,485,254.40
2034	--	--	--	--	--	920,700.00	357,118.10	1,288,400.00	2,566,218.10
2035	--	--	--	--	--	955,200.00	364,904.16	1,326,400.00	2,646,504.16
2036	--	--	--	--	--	980,600.00	377,265.86	1,371,900.00	2,729,765.86
2037	--	--	--	--	--	1,013,800.00	384,061.76	1,419,400.00	2,817,261.76
2038	--	--	--	--	--	1,049,400.00	394,805.00	1,468,650.00	2,912,855.00
2039	--	--	--	--	--	1,072,200.00	409,941.26	1,514,400.00	2,996,541.26
2040	--	--	--	--	--	1,107,600.00	419,318.76	1,561,650.00	3,088,568.76
2041	--	--	--	--	--	--	433,089.26	1,615,150.00	2,048,239.26
2042	--	--	--	--	--	--	441,101.00	1,674,400.00	2,115,501.00
2043	--	--	--	--	--	--	458,505.76	1,723,900.00	2,182,405.76
2044	--	--	--	--	--	--	--	1,778,900.00	1,778,900.00
2045	--	--	--	--	--	--	--	1,833,900.00	1,833,900.00
2046	--	--	--	--	--	--	--	1,898,650.00	1,898,650.00
2047	--	--	--	--	--	--	--	1,957,400.00	1,957,400.00
2048	--	--	--	--	--	--	--	2,020,150.00	2,020,150.00
2049	--	--	--	--	--	--	--	2,086,400.00	2,086,400.00
2050	--	--	--	--	--	--	--	2,151,800.00	2,151,800.00
2051	--	--	--	--	--	--	--	2,217,000.00	2,217,000.00
2052	--	--	--	--	--	--	--	2,286,800.00	2,286,800.00
2053	--	--	--	--	--	--	--	2,360,800.00	2,360,800.00
2054	--	--	--	--	--	--	--	2,433,600.00	2,433,600.00
Total	$5,300,000.00	$9,908,480.00	$4,264,142.50	$2,015,892.00	$2,143,800.00	$16,128,900.00	$6,923,360.90	$50,619,685.14	$97,304,260.54

(1) Reflects gross debt service on the 2000 Series D-1 Bonds, which were designated as federally-taxable "Qualified School Construction Bonds" pursuant to an irrevocable election by the District to have Section 6431(f)(3)(B) of the Internal Revenue Code apply thereto. As a result, the District expects to receive, on or about each interest payment date, a cash subsidy (the "Subsidy Payment") from the United States Treasury (the "Treasury") equal to the amount of interest that would have been payable on each such interest payment date if such interest were determined at a federally-determined tax credit rate, 5.41%. The cash payment does not constitute a full faith and credit guarantee of the United States Government, but is required to be paid by the Treasury under the American Recovery and Reinvestment Act of 2009 (the "Recovery Act"). However, the Subsidy Payment is subject to reduction (the "Sequestration Reduction") pursuant to the federal Balanced Budget and Emergency Deficit Control Act of 1985, as amended, which currently includes provisions reducing the Subsidy Payment by 7.3% through the end of the current federal fiscal year (September 30, 2015). In the absence of action by the United States Congress, the rate of the Sequestration Reduction is subject to change in the following federal fiscal year. The District cannot predict whether or how subsequent sequestration actions may affect Subsidy Payments currently scheduled for receipt in future federal fiscal years. However, notwithstanding any such reduction, the County Board of Supervisors is empowered and obligated to levy *ad valorem* property taxes in an amount sufficient to pay the principal of and interest on the 2000 Series D-1 Bonds. The County will deposit any cash Subsidy Payments received into the debt service fund for the 2000 Series D-1 Bonds.

(2) Amount reflects final principal payment due. A portion of the principal amount due at maturity will be levied by the County and deposited into the debt service fund for the 2000 Series D-1 Bonds.

Source: Little Lake City School District.

LIMITATION ON REMEDIES; BANKRUPTCY

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

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

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

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

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

Opinion of Bond Counsel Qualified by Reference to Bankruptcy, Insolvency and Other Laws Relating to or Affecting Creditor's Rights. The proposed form of the approving opinion of Bond Counsel attached hereto as APPENDIX A is qualified by reference to bankruptcy, insolvency and other laws relating to or affecting creditor's rights. Bankruptcy proceedings, if initiated, could subject the owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

TAX MATTERS

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes, and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. However, it should be noted that for tax years beginning after December 31, 2022, with respect to applicable corporations as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the "Code"), generally certain corporations with more than $1,000,000,000 of average annual adjusted financial statement income, interest (and original issue discount) with respect to the Bonds might be taken into account in determining adjusted financial statement income for purposes of computing the alternative minimum tax imposed by Section 55 of the Code on such corporations. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax.

The excess of the stated redemption price at maturity of a Bond over the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bond Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by the Bond Owner will increase the Bond Owner's basis in the applicable Bond.

Bond Counsel's opinion as to the exclusion from gross income of interest (and original issue discount) on the Bonds is based upon certain representations of fact and certifications made by the District and others and is subject to the condition that the District complies with all requirements of the Code, that must be satisfied subsequent to the issuance of the Bonds to assure that interest (and original issue discount) on the Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause the interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to comply with all such requirements.

The amount by which a Bond Owner's original basis for determining loss on sale or exchange in the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which must be amortized under Section 171 of the Code; such amortizable Bond premium reduces the Bond Owner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bond Owner realizing a taxable gain when a Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Owner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Bond premium.

The Internal Revenue Service (the "IRS") has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the Bonds will be selected for audit by the IRS. It is also possible that the market value of the Bonds might be affected as a result of such an audit of the Bonds (or by an audit of similar Bonds). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, Congress or the IRS might not change the Code (or interpretation thereof) subsequent to the issuance of the Bonds to the extent that it adversely affects the exclusion from gross income of interest on the Bonds or their market value.

SUBSEQUENT TO THE ISSUANCE OF THE BONDS THERE MIGHT BE FEDERAL, STATE, OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY CHANGES TO OR INTERPRETATIONS OF FEDERAL, STATE, OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE, OR LOCAL TAX TREATMENT OF THE BONDS INCLUDING THE IMPOSITION OF ADDITIONAL FEDERAL INCOME OR STATE TAXES BEING IMPOSED ON OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS THE BONDS. THESE CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE BONDS. NO ASSURANCE CAN BE GIVEN THAT SUBSEQUENT TO THE ISSUANCE OF THE BONDS STATUTORY CHANGES WILL NOT BE INTRODUCED OR ENACTED OR JUDICIAL OR REGULATORY INTERPRETATIONS WILL NOT OCCUR HAVING THE EFFECTS DESCRIBED ABOVE. BEFORE PURCHASING ANY OF THE BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING POSSIBLE STATUTORY CHANGES OR JUDICIAL OR REGULATORY CHANGES OR INTERPRETATIONS, AND THEIR COLLATERAL TAX CONSEQUENCES RELATING TO THE BONDS.

Bond Counsel's opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Bond Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Resolution and the Tax Certificate relating to the Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. Bond Counsel expresses no opinion as to the effect on the exclusion from gross income of interest (and original issue discount) on the Bonds for federal income tax purposes with respect to any Bond if any such action is taken or omitted based upon the advice of counsel other than Stradling Yocca Carlson & Rauth, a Professional Corporation.

Although Bond Counsel has rendered an opinion that interest on the Bonds is excluded from gross income for federal income tax purposes provided that the District continues to comply with certain requirements of the Code, the ownership of the Bonds and the accrual or receipt of interest with respect to the Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the Bonds.

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

LEGAL MATTERS

Legality for Investment in California

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

Information Reporting Requirements

On May 17, 2006, the President signed the Tax Increase Prevention and Reconciliation Act of 2005 ("TIPRA"). Under Section 6049 of the Internal Revenue Code of 1986, as amended by TIPRA, interest paid on tax-exempt obligations is subject to information reporting in a manner similar to interest paid on taxable obligations. The effective date of this provision is for interest paid after December 31, 2005, regardless of when the tax-exempt obligations were issued. The purpose of this change was to assist in relevant information gathering for the IRS relating to other applicable tax provisions. TIPRA provides that backup withholding may apply to such interest payments made after March 31, 2007 to any bondholder who fails to file an accurate Form W-9 or who meets certain other criteria. The information reporting and backup withholding requirements of TIPRA do not affect the excludability of such interest from gross income for federal income tax purposes.

Continuing Disclosure

Current Undertaking. The District will covenant in a Continuing Disclosure Certificate for the benefit of the holders and Beneficial Owners of the Certificates to provide certain financial information and operating data relating to the District by not later than nine months following the end of the District's Fiscal Year (presently ending June 30) (the "Annual Report"), commencing with the report of Fiscal Year ending June 30, 2022, and to provide notices of the occurrence of certain listed events. The Annual Report and notices of listed events will be filed by the District with the Municipal Securities Rulemaking Board through its Electronic Market Municipal Access, located at www.emma.msrb.com. The information on such website is not incorporated herein by any reference. The specific nature of the information to be contained in the Annual Report and the notice of listed events is set forth in APPENDIX C – "FORM OF CONTINUING DISCLOSURE CERTIFICATE" attached hereto. These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) promulgated under the Securities Exchange Act of 1934, as amended (the "Rule").

Previous Undertakings. In the past five years, the District has filed in a timely manner the annual reports or notices of listed events as required pursuant to its prior continuing disclosure undertakings.

Escrow Verification

Upon delivery of the Bonds, the Verification Agent will deliver reports on the mathematical accuracy of certain computations based upon certain information and assertions provided to them by the Underwriter relating to the adequacy of the moneys held in the 2022 Certificates Escrow Fund as cash to pay the principal evidenced by and/or prepayment price of and accrued interest with respect to the 2022 Certificates.

Absence of Material Litigation

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

Financial Statements

The financial statements with supplemental information for the year ended June 30, 2022, the independent auditor's report of the District, and the related statements of activities and of cash flows for the year then ended, and the report of Eide Bailly LLP (the "Auditor") dated February 23, 2023, are attached to this Official Statement as APPENDIX B. In connection with the inclusion of the financial statements and the report of the Auditor thereon in this Official Statement, the District did not request the Auditor to, and the Auditor has not undertaken to, update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by the Auditor with respect to any event subsequent to the date of its report.

Legal Opinion

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

MISCELLANEOUS

Rating

S&P has assigned a rating of "AA-" to the Bonds. Such rating reflects only the view of such organization and any desired explanation of the significance of such rating should be obtained from the rating agency furnishing the same, at the following address: 55 Water Street, 45th Floor, New York, New York 10041.

Generally, rating agencies base their ratings on information and materials furnished to them (which may include information and material from the District which is not included in this Official Statement) and on investigations, studies and assumptions by the rating agencies. There is no assurance such rating will continue for any given period of time or that such rating will not be revised downward or withdrawn entirely by the rating agency, if in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price for the Bonds.

The District has covenanted in a Continuing Disclosure Certificate to file on The Electronic Municipal Market Access ("EMMA") website operated by the Municipal Securities Rulemaking Board notices of any rating changes on the Bonds. See "LEGAL MATTERS – Continuing Disclosure" herein and "APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR THE BONDS" attached hereto. Notwithstanding such covenant, information relating to rating changes on the Bonds may be publicly available from the rating agency prior to such information being provided to the District and prior to the date the District is obligated to file a notice of rating change on EMMA. Purchasers of the

Bonds are directed to the rating agency and its website and official media outlets for the most current rating changes with respect to the Bonds after the initial issuance of the Bonds.

Underwriting

Stifel, Nicolaus & Company, Incorporated (the "Underwriter") has agreed, pursuant to a purchase contract (the "Purchase Contract") by and between the District and the Underwriter, to purchase all of the Bonds for a purchase price of $25,666,043.20 (consisting of the principal amount of $25,000,000.00, plus net original issue premium of $766,043.20, and less the Underwriter's discount of $100,000.00).

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

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Additional Information

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

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

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended only 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, beneficial or otherwise, of any of the Bonds.

LITTLE LAKE CITY SCHOOL DISTRICT

By: /s/ Liz Seymour
Assistant Superintendent of Business Services

APPENDIX A

FORM OF OPINION OF BOND COUNSEL FOR THE BONDS

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

April 20, 2023

Board of Education
Little Lake City School District

Members of the Board of Education:

We have examined a certified copy of the record of the proceedings relative to the issuance and sale of $25,000,000 Little Lake City School District Election of 2022 General Obligation Bonds, Series A (the "Bonds"). As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

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

1. Such proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code, and a resolution (the "Resolution") of the Board of Education of the District, commencing with Section 53506 *et seq.*, and a fifty-five percent vote of the qualified electors of the Little Lake City School District (the "District") voting at an election held on June 7, 2022.

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

3. Under existing statutes, regulations, rulings and judicial decisions, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals; however, for tax years beginning after December 31, 2022, with respect to applicable corporations as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the "Code"), interest (and original issue discount) with respect to the Bonds might be taken into account in determining adjusted financial statement income for the purposes of computing the alternative minimum tax imposed on such corporations.

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

5. The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Bonds constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bondowner before receipt of cash attributable to such excludable income. The amount of original

issue discount deemed received by a Bondowner will increase the Bondowner's basis in the applicable Bond.

6. The amount by which a Bond Owner's original basis for determining loss on sale or exchange in the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium, which must be amortized under Section 171 of the Code; such amortizable Bond premium reduces the Bond Owner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bond Owner realizing a taxable gain when a Bond is sold by the Bond Owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Bond Owner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Bond premium.

The opinions expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Resolution and the Tax Certificate relating to the Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. No opinion is expressed herein as to the effect on the exclusion from gross income of interest (and original issue discount) for federal income tax purposes with respect to any Bond if any such action is taken or omitted based upon the advice of counsel other than ourselves. Other than expressly stated herein, we express no opinion regarding tax consequences with respect to the Bonds.

The opinions expressed herein as to the exclusion from gross income of interest (and original issue discount) on the Bonds are based upon certain representations of fact and certifications made by the District and others and are subject to the condition that the District complies with all requirements of the Code, that must be satisfied subsequent to the issuance of the Bonds to assure that such interest (and original issue discount) will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to comply with all such requirements.

It is possible that subsequent to the issuance of the Bonds there might be federal, state, or local statutory changes (or judicial or regulatory interpretations of federal, state, or local law) that affect the federal, state, or local tax treatment of the Bonds or the market value of the Bonds. No assurance can be given that subsequent to the issuance of the Bonds such changes or interpretations will not occur.

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

Respectfully submitted,

Stradling Yocca Carlson & Rauth

APPENDIX B

2021-22 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT

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Financial Statements
June 30, 2022

Little Lake City School District

Independent Auditor's Report

To the Governing Board
Little Lake City School District
Santa Fe Springs, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Little Lake City School District (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 District, as of June 30, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Adoption of New Accounting Standard

As discussed in Notes 1 and 17 to the financial statements, the District has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ended June 30, 2022. Accordingly, a restatement has been made to the fund balance of the General Fund and the governmental activities net position as of July 1, 2021, to restate beginning fund balance and net position. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in the District's total OPEB liability and related ratios, schedule of the District's proportionate share of the net OPEB liability – MPP Program, schedule of the District's proportionate share of the net pension liability, and schedule of the District's contributions, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. 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*, combining non-major governmental funds financial statements, and other supplementary information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards, combining non-major governmental fund financial statements, and other supplementary information as listed in the table of contents 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 February 23, 2023 on our consideration of the 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 District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Eide Bailly LLP

Rancho Cucamonga, California
February 23, 2023

10515 S. Pioneer Boulevard, Santa Fe Springs, CA 90670-3799 (562) 868-8241 Fax (562) 868-1192

This section of Little Lake City School District's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2022, with comparative information for the year ended June 30, 2021. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

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

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

The *Fund Financial Statements* include statements for the following category: governmental.

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

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

The Primary unit of the government is the Little Lake City School District.

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

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

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

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

In the *Statement of Net Position* and the *Statement of Activities*, we present the District's activities as follows:

Governmental Activities - All of the District's services are reported in this category. This includes the education of kindergarten through grade eight students, and the on-going effort to improve and maintain buildings and sites. Property taxes, State income taxes, user fees, interest income, Federal, State, and local grants, as well as general obligation bonds, finance these activities.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

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

THE DISTRICT AS A WHOLE

Net Position

The District's net position (deficit) was $(15,209,322) for the fiscal year ended June 30, 2022. Of this amount, $(37,528,046) was unrestricted (deficit). Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the governing board's ability to use net position for day-to-day operations. Our analysis below, in summary form, focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

Table 1

	Governmental Activities	
	2022	2021 as restated
Assets		
Current and other assets	$ 63,836,629	$ 54,241,135
Capital and right-to-use leased assets	44,090,974	45,311,557
Total assets	107,927,603	99,552,692
Deferred outflows of resources	11,692,300	14,348,243
Liabilities		
Current liabilities	10,129,203	12,630,004
Long-term liabilities	58,959,342	51,789,349
Aggregate net pension liability	24,983,410	51,186,262
Total liabilities	94,071,955	115,605,615
Deferred inflows of resources	40,757,270	17,426,505
Net Position		
Net investment in capital assets	10,633,581	9,331,480
Restricted	11,685,143	11,962,065
Unrestricted (deficit)	(37,528,046)	(40,424,730)
Total net position (deficit)	$ (15,209,322)	$ (19,131,185)

The $(37,528,046) in unrestricted net position of governmental activities represents the accumulated results of all past years' operations. Unrestricted net position (deficit) - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, decreased by 7.2% ($(37,528,046) compared to $(40,424,730)).

Changes in Net Position

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

Table 2

	Governmental Activities	
	2022	2021 *
Revenues		
Program revenues		
Charges for services and sales	$ 56,488	$ 31,135
Operating grants and contributions	13,257,500	15,794,328
General revenues		
Federal and State aid not restricted	36,205,352	33,978,387
Property taxes	13,207,082	13,662,529
Other general revenues	1,614,252	520,867
Total revenues	64,340,674	63,987,246
Expenses		
Instruction-related	38,672,519	44,280,217
Pupil services	6,560,549	6,403,264
Administration	4,397,686	3,604,497
Plant services	5,688,607	4,886,909
All other services	5,099,450	4,610,249
Total expenses	60,418,811	63,785,136
Change in net position	$ 3,921,863	$ 202,110

*The revenues and expenses for fiscal year 2021 were not restated to show the effects of GASB Statement No. 87 for comparative purposes.

Governmental Activities

As reported in the *Statement of Activities* on page 15, the cost of all of our governmental activities this year was $60,418,811. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only $13,207,082 because the cost was paid by those who benefited from the programs ($56,488) or by other governments and organizations who subsidized certain programs with grants and contributions ($13,257,500). We paid for the remaining "public benefit" portion of our governmental activities with $36,205,352 from Federal or State unrestricted funds and $1,614,252 with other revenues, like interest and general entitlements.

In Table 3, we have presented the cost and net cost of each of the District's largest functions: instruction including, pupil services, administration, plant services, and all other services. As discussed above, net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

Table 3

	Total Cost of Services		Net Cost of Services	
	2022	2021 *	2022	2021 *
Instruction-related	$ 38,672,519	$ 44,280,217	$ (30,122,246)	$ (32,370,332)
Pupil services	6,560,549	6,403,264	(2,763,151)	(3,616,863)
Administration	4,397,686	3,604,497	(3,683,521)	(3,300,861)
Plant services	5,688,607	4,886,909	(5,490,655)	(4,123,462)
All other services	5,099,450	4,610,249	(5,045,250)	(4,548,155)
Total	$ 60,418,811	$ 63,785,136	$ (47,104,823)	$ (47,959,673)

*The total and net cost of services for fiscal year 2021 were not restated to show the effects of GASB Statement No. 87 for comparative purposes.

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of $39,472,608, which is an increase of $12,096,557 from last year (Table 4).

Table 4

	Balances and Activity			
Governmental Fund	July 1, 2021 as restated	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2022
General Fund	$ 16,472,225	$ 60,546,192	$ 58,387,156	$ 18,631,261
Student Activity Fund	141,896	155,634	180,146	117,384
Cafeteria Fund	344,765	2,874,690	2,711,243	508,212
Capital Facilities Fund	1,199,082	(14,487)	224,575	960,020
County School Facilities Fund	697,198	(10,091)	451,111	235,996
Special Reserve Fund for Capital Outlay Projects	2,007,555	11,774,188	1,329,863	12,451,880
Bond Interest and Redemption Fund	6,506,946	10,586,360	10,531,610	6,561,696
Debt Service Fund	6,384	(225)	-	6,159
Total	$ 27,376,051	$ 85,912,261	$ 73,815,704	$ 39,472,608

The primary reasons for these changes are:

- As the District's principal operating fund, the General Fund, is comprised of unrestricted as well as restricted dollars. The General Fund is used to account for the ordinary operations of the District. In accordance with GASB Statement No. 54 requirements, the fund balance for the General Fund is inclusive of all financial activity recorded in the Deferred Maintenance Fund. The fund balance increased by $2.1 million primarily due to:
    - The District has approximately $0.42 million in categorical grants (Kitchen Infrastructure and Training $0.13 and School Medi-Cal Administrative Activities $0.29 million.
    - The District received approximately $1.5 million for Expanded Learning Opportunities Program that increased the General Fund balance.
- The Cafeteria Fund is used to account for federal, state and local resources to the food service program. The fund balance increased by $0.16 million due to revenues exceeding operational expenses in 2021-2022.
- The Special Reserve Fund for Capital Outlay Projects is used to account for Capital Outlay Projects primarily funded by General Fund monies. The fund balance increase of $10.4 million is primarily due to the District entering into a $10 million Certificate of Participation. The District received $.55 million in property tax AB 1290, $0.006 of interest. The District incurred expenditures for the playground upgrades ($0.19 million) and district-wide maintenance and repairs ($0.77 million).

- The Fund balances in the Capital Facilities Fund, County School Facilities Fund, Bond Interest and Redemption Fund, and Debt Service Fund remained stable from the prior year, showing a net increase of approximately $0.054 million.

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget was adopted on June 27, 2021. (A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report on page 64).

The anticipated ending balance for the General Fund was projected at $16.14 million, based on final budgetary revisions through June 30, 2022. Based on year-end totals, the ending fund balance was $18.63 million, reflecting an increase of $4.49 million over earlier projections. The increase in grant revenues is the main factor to the fluctuation.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets and Right-to-Use Leased Assets

At June 30, 2022, the District had $44,090,974 in a broad range of capital and right-to-use leased assets (net of depreciation and amortization expense), including land, buildings, furniture, and equipment. This amount represents a net decrease (including additions, deductions, and depreciation) of $1,220,583, or 2.7%, from last year (Table 5).

Table 5

	Governmental Activities	
	2022	2021 as restated
Land and construction in progress	$ 2,240,968	$ 1,467,566
Buildings and improvements	40,794,916	43,325,670
Equipment	866,152	275,119
Leased assets	188,938	243,202
Total	$ 44,090,974	$ 45,311,557

The District completed modernization projects at various schools totaling $725,842 in the 2021-2022 year. We presented more detailed information about our capital assets in Note 4 to the financial statements.

Long-Term Liabilities

At the end of this year, the District had $48,936,736 in long-term liabilities outstanding versus $38,167,926 last year, an increase of 28.2%. Those long-term liabilities consisted of the following:

Table 6

	Governmental Activities	
	2022	2021 as restated
Long-Term Liabilities		
General obligation bonds (net of unamortized premiums)	$ 37,131,517	$ 37,516,545
Certificates of participation	11,035,000	-
Leases	193,511	243,202
Compensated absences	350,577	210,040
Early retirement liabilities	226,131	198,139
Total	$ 48,936,736	$ 38,167,926

The District's general obligation bond rating continues to be "AA-." The State limits the amount of general obligation debt that districts can issue to five percent of the assessed value of all taxable property within the District's boundaries. The District's outstanding general obligation debt of $37,131,517 is significantly below the statutorily-imposed limit.

At year-end, the District has a net pension liability of $24,983,410 versus $51,186,262 last year, a decrease of $26,202,852, or 51.2%.

Other liabilities include compensated absences payable, net other postemployment benefits (OPEB) liability (not including health benefits) and other long-term liabilities. We present more detailed information regarding our long-term liabilities in Notes 10, 11, and 14 of the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the District Budget for the 2022-2023 year, the governing board and management used the following criteria:

The key assumptions in our revenue forecast as of the 45-Day Budget Revision are:

- LCFF Revenue is budgeted at $11,817 per ADA, this reflects a 12.84% cost-of-living adjustment and 66.22 Unduplicated Pupil Percentage. Due to the current weighted average relief calculation ADA will consist of a weight three-year average for the 2022-2023 fiscal year.
    - LCFF incomes is budgeted at $47.2 million, an increase of $2.9 million from the prior year. This included property tax revenue budgeted at $9.4 million.

- Federal income is budgeted at $5.03 million, an increase of $.48 million from the prior year. The increase is primarily due to the District expecting to receive the following federal funding in response to the COVID-19 pandemic:
  - An increase of $0.48 million for the Elementary and Secondary School Emergency II Relief Fund

Other State Income is budgeted at $15.66 million. The increase is primarily due to the District receiving Expanded Learning Opportunities Program funding. The District anticipates receiving funds for State Lottery, After School Education and Safety Grant (ASES), State Mental Health, and the Classified School Employee Summer Assistance Program (CSESAP).

Other Local Revenue is budgeted at $4.10 million. No major differences are reflected from the 2021-2022 unaudited actuals.

The key assumptions in our expenditure forecast as of the 45-Day Budget Revision are:

- Certificated and Classified salaries and benefits total 69.5% of total expenditures. Certificated and Classified salaries total $31.2 million, an increase of $1.20 million, from prior year unaudited actual totals, and reflect staffing ratios approved in policy and employee contracts. Provided below are teacher staffing ratios.

	Staffing Ratio	Enrollment
Grades Kindergarten through Third	24:1	1,600
Grades Four through Eight	33:1	2,126

- Salary projections include the following:
  - Negotiations for the 2022-2023 fiscal year were not settled with both bargaining associations as of the adoption of the budget nor at the 45-day budget revision. Therefore, no cost-of-living increases are budgeted.
- Employee benefits are budgeted at $15.45 million, and include health and welfare, and statutory benefits for all positions.
  - Statutory benefits include, STRS, PERS, OASDI, Medicare, SUI, and Worker's Compensation.
- $11.27 million, or 16% of the total General Fund operating budget is allocated for books and supplies other operating expenses and services ($9.07 million), and other outgo and uses ($0.35 million).

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Liz Seymour, Assistant Superintendent, Business Services, at Little Lake City School District, 10515 South Pioneer Boulevard, Santa Fe Springs, California, 90670, or e-mail at lseymour@llcsd.net.

	Governmental Activities
Assets	
Deposits and investments	$ 43,169,039
Receivables	5,453,738
Prepaid items	14,783
Stores inventories	97,980
Other current assets	148,166
Lease receivables	14,952,923
Capital assets not depreciated	2,240,968
Capital assets, net of accumulated depreciation	41,661,068
Right-to-use leased assets, net of accumulated amortization	188,938
Total assets	107,927,603
Deferred Outflows of Resources	
Deferred charge on refunding	420,132
Deferred outflows of resources related to OPEB	2,652,377
Deferred outflows of resources related to pensions	8,619,791
Total deferred outflows of resources	11,692,300
Liabilities	
Accounts payable	7,981,910
Interest payable	718,105
Unearned revenue	1,429,188
Long-term liabilities	
Long-term liabilities other than OPEB and pensions due within one year	1,970,191
Long-term liabilities other than OPEB and pensions due in more than one year	46,966,545
Other postemployment benefits (OPEB) liabilitiy	10,022,606
Aggregate net pension liability	24,983,410
Total liabilities	94,071,955
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	4,008,076
Deferred inflows of resources related to pensions	21,796,271
Deferred inflows of resources related to leases	14,952,923
Total deferred inflows of resources	40,757,270
Net Position	
Net investment in capital assets	10,633,581
Restricted for	
Debt service	5,849,750
Capital projects	1,196,016
Educational programs	4,072,345
Other restrictions	567,032
Unrestricted (deficit)	(37,528,046)
Total net position (deficit)	$ (15,209,322)

Functions/Programs	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities
Governmental Activities				
Instruction	$ 34,137,979	$ 3,761	$ 7,828,942	$ (26,305,276)
Instruction-related activities				
Supervision of instruction	1,096,882	-	425,565	(671,317)
Instructional library, media, and technology	196,550	-	-	(196,550)
School site administration	3,241,108	-	292,005	(2,949,103)
Pupil services				
Home-to-school transportation	1,096,724	-	-	(1,096,724)
Food services	2,594,238	31,319	2,751,980	189,061
All other pupil services	2,869,587	-	1,014,099	(1,855,488)
Administration				
Data processing	839,853	-	9,959	(829,894)
All other administration	3,557,833	1,200	703,006	(2,853,627)
Plant services	5,688,607	12,300	185,652	(5,490,655)
Ancillary services	180,146	-	-	(180,146)
Interest on long-term liabilities	2,146,714	-	-	(2,146,714)
Other outgo	52,763	7,908	46,292	1,437
Depreciation and amortization (unallocated)	2,719,827	-	-	(2,719,827)
Total governmental activities	$ 60,418,811	$ 56,488	$ 13,257,500	$ (47,104,823)
General Revenues and Subventions				
Property taxes, levied for general purposes				9,262,718
Property taxes, levied for debt service				3,023,074
Taxes levied for other specific purposes				921,290
Federal and State aid not restricted to specific purposes				36,205,352
Interest and investment earnings				(1,059,719)
Miscellaneous				2,673,971
Subtotal, general revenues and subventions				51,026,686
Change in Net Position				3,921,863
Net Position (deficit) - Beginning, as restated				(19,131,185)
Net Position (deficit) - Ending				$ (15,209,322)

	General Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets					
Deposits and investments	$ 21,895,622	$ 12,480,007	$ 6,561,696	$ 2,231,714	$ 43,169,039
Receivables	4,984,419	4,129	-	465,190	5,453,738
Due from other funds	500,000	-	-	-	500,000
Prepaid expenditures	3,258	-	-	11,525	14,783
Stores inventories	50,941	-	-	47,039	97,980
Other current assets	148,166	-	-	-	148,166
Lease receivables	14,952,923	-	-	-	14,952,923
Total assets	$ 42,535,329	$ 12,484,136	$ 6,561,696	$ 2,755,468	$ 64,336,629
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities					
Accounts payable	$ 7,521,957	$ 32,256	$ -	$ 427,697	$ 7,981,910
Due to other funds	-	-	-	500,000	500,000
Unearned revenue	1,429,188	-	-	-	1,429,188
Total liabilities	8,951,145	32,256	-	927,697	9,911,098
Deferred Inflows of Resources					
Deferred inflows of resources related to leases	14,952,923	-	-	-	14,952,923
Fund Balances					
Nonspendable	79,199	-	-	58,564	137,763
Restricted	4,072,345	12,434,171	6,561,696	1,769,207	24,837,419
Assigned	3,288,785	17,709	-	-	3,306,494
Unassigned	11,190,932	-	-	-	11,190,932
Total fund balances	18,631,261	12,451,880	6,561,696	1,827,771	39,472,608
Total liabilities, deferred inflows of resources, and fund balances	$ 42,535,329	$ 12,484,136	$ 6,561,696	$ 2,755,468	$ 64,336,629

Total Fund Balance - Governmental Funds		$ 39,472,608
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	$ 83,405,154	
Accumulated depreciation is	(39,503,118)	
Net capital assets		43,902,036
Right-to-use leased assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of right-to-use leased assets is	243,202	
Accumulated amortization is	(54,264)	
Net right-to-use leased assets		188,938
In governmental funds, unmatured interest on long-term liabilities is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term liabilities is recognized when it is incurred.		(718,105)
Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the governmental funds. Deferred outflows of resources amounted to and related to		
Deferred charge on refunding	420,132	
Other postemployment benefits (OPEB) liability	2,652,377	
Aggregate net pension liability	8,619,791	
Total deferred outflows of resources		11,692,300
Deferred inflows of resources represent an acquisition of net position that applies to a future period and is not reported in the governmental funds. Deferred inflows of resources amount to and related to		
Other postemployment benefits (OPEB) liability	(4,008,076)	
Aggregate net pension liability	(21,796,271)	
Total deferred inflows of resources		(25,804,347)
Aggregate net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		(24,983,410)

The District's OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.		$ (10,022,606)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of		
General obligation bonds	$ (34,239,901)	
Unamortized premium on bonds issuance	(577,333)	
Certificates of participation	(11,035,000)	
Unamortized premium on COP	(265,951)	
Leases	(193,511)	
Compensated absences (vacations)	(226,131)	
Special termination benefits payable	(350,577)	
In addition, capital appreciation general obligation bonds were issued. The accretion of interest to date on the general obligation bonds is	(2,048,332)	
Total long-term liabilities		(48,936,736)
Total net position - governmental activities		$ (15,209,322)

	General Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues					
Local Control Funding Formula	$ 44,393,410	$ -	$ -	$ -	$ 44,393,410
Federal sources	4,406,305	-	204,065	2,710,070	7,320,440
Other State sources	8,612,292	-	18,276	156,318	8,786,886
Other local sources	3,134,185	(85,184)	2,753,698	139,133	5,941,832
Total revenues	60,546,192	(85,184)	2,976,039	3,005,521	66,442,568
Expenditures					
Current					
Instruction	38,199,977	-	-	-	38,199,977
Instruction-related activities					
Supervision of instruction	1,240,029	-	-	-	1,240,029
Instructional library, media, and technology	199,410	-	-	-	199,410
School site administration	3,643,208	-	-	-	3,643,208
Pupil services					
Home-to-school transportation	1,096,724	-	-	-	1,096,724
Food services	35,758	-	-	2,619,198	2,654,956
All other pupil services	3,209,342	-	-	-	3,209,342
Administration					
Data processing	874,624	-	-	-	874,624
All other administration	3,622,754	-	-	87,311	3,710,065
Plant services	5,524,860	858,783	-	4,734	6,388,377
Ancillary services	-	-	-	180,146	180,146
Other outgo	52,763	-	-	-	52,763
Facility acquisition and construction	-	201,535	-	675,686	877,221
Debt service					
Principal	49,691	-	1,540,000	-	1,589,691
Interest and other	83,189	269,545	1,610,159	-	1,962,893
Total expenditures	57,832,329	1,329,863	3,150,159	3,567,075	65,879,426
Excess (Deficiency) of Revenues Over Expenditures	2,713,863	(1,415,047)	(174,120)	(561,554)	563,142
Other Financing Sources (Uses)					
Transfers in	-	554,827	-	-	554,827
Other sources - proceeds from issuance of bonds and certificates	-	11,035,000	7,370,000	-	18,405,000
Other sources - premium on issuance of bonds and certificates	-	269,545	240,321	-	509,866
Transfers out	(554,827)	-	-	-	(554,827)
Other uses - deposit to refunded bond escrow agent	-	-	(7,381,451)	-	(7,381,451)
Net Financing Sources (Uses)	(554,827)	11,859,372	228,870	-	11,533,415
Net Change in Fund Balances	2,159,036	10,444,325	54,750	(561,554)	12,096,557
Fund Balance - Beginning, as restated	16,472,225	2,007,555	6,506,946	2,389,325	27,376,051
Fund Balance - Ending	$ 18,631,261	$ 12,451,880	$ 6,561,696	$ 1,827,771	$ 39,472,608

Total Net Change in Fund Balances - Governmental Funds		$ 12,096,557
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation and amortization expenses in the Statement of Activities. This is the amount by which depreciation and amortization expenses exceeds capital outlays in the period.		
Depreciation and amortization expenses	$ (2,719,827)	
Capital outlays	1,499,244	
Net expense adjustment		(1,220,583)
The District issued capital appreciation general obligations bonds. The accretion of interest on the general obligation bonds during the current fiscal year was		(268,662)
In the Statement of Activities, certain operating expenses, such as compensated absences (vacations) and early retirement incentives 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). This year, early retirement incentives earned were more than incentives paid by $140,537 and vacation earned was more than amount used by $27,992.		(168,529)
In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and net pension liability during the year.		3,890,339
In the governmental funds, OPEB costs are based on employer contributions made to OPEB plans during the year. However, in the Statement of Activities, OPEB expense is the net effect of all changes in the deferred outflows, deferred inflows, and net OPEB liability during the year.		(548,376)

Proceeds received from Certificates of Participation or Sale of Bonds is a revenue in the governmental funds, but it increases long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.	$ (18,405,000)
Governmental funds report the effect of premiums, discounts, and the deferred amount on a refunding when the debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities.	
Premium on issuance recognized	(509,866)
Deferred amount on refunding recognized	446,451
Premium amortization	58,556
Deferred amount on refunding amortization	(26,319)
Payment of principal on long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.	
General obligation bonds	8,475,000
Leases	49,691
Interest on long-term liabilities is recorded as an expenditure in the funds when it is due; however, in the Statement of Activities, interest expense is recognized as the interest accretes or accrues, regardless of when it is due.	52,604
Change in net position of governmental activities	$ 3,921,863

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The Little Lake City School District (the District) was formed in 1871, under the laws of the State of California. The District operates under a locally elected five-member Board form of government and provides educational services to grades K-8 as mandated by the State and/or Federal agencies. The District is located in Los Angeles County, and occupies the cities of Santa Fe Springs, Norwalk, and Downey. The District serves 4,380 students and operates seven elementary schools and two middle schools.

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

Basis of Presentation - Fund Accounting

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

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

Major Governmental Funds

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

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

As a result, the General Fund reflects an increase in fund balance of $1,265,320.

Special Reserve Fund for Capital Outlay Projects The Special Reserve Fund for Capital Outlay Projects exists primarily to provide for the accumulation of General Fund monies for capital outlay purposes (*Education Code* Section 42840). The District also accounts for the proceeds received from the issuance of certificates of participation in this fund.

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

Non-Major Governmental Funds

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

- **Student Activity Fund** The Student Activity Fund is used to account separately for the operating activities of the associated student body accounts that are not fiduciary in nature, including student clubs, general operations, athletics, and other student body activities.

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

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

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

- **County School Facilities Fund** The County School Facilities Fund is established pursuant to *Education Code* Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), the 2004 State School Facilities Fund (Proposition 55), the 2006 State School Facilities Fund (Proposition 1D), or the 2016 State School Facilities Fund (Proposition 51) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code* Section 17070 et seq.).

Debt Service Funds The Debt Service funds are used to account for the accumulation of resources for and the payment of principal and interest on general long-term liabilities.

- **Debt Service Fund** The Debt Service Fund is used for the accumulation of resources for and the retirement of principal and interest on general long-term liabilities.

Basis of Accounting - Measurement Focus

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

The government-wide statement of activities presents a comparison between expenses, both direct and indirect, and programs of the District and for each governmental function. 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*, including depreciation and amortization of leased assets. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District. Eliminations have been made to minimize the double counting of internal activities.

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

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

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

Revenues – Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. The District considers revenues to be available if they are collected within one year after year-end, except for property taxes, which are considered available if collected within 60 days. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

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

Unearned Revenue Unearned revenues arise when resources are received by the District before it has a legal claim to them, such as when certain grants are received prior to the occurrence of qualifying expenditures. In the subsequent periods, when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and the revenue is recognized.

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

Investments

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

Stores Inventories

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

Prepaid Expenditures (Expenses) Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital Assets and Depreciation

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

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

Depreciation is computed using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings and improvements, 20 to 50 years; equipment, two to 15 years; and vehicles, eight years.

The District records impairments of capital assets when it becomes probable that the carrying value of the assets will not be fully recovered over their estimated useful life. Impairments are recorded to reduce the carrying value of the assets to their net realizable value based on facts and circumstances in existence at the time of the determination. No impairments were recorded during the year ended June 30, 2022.

The District records the value of intangible right-to-use assets based on the underlying leased asset in accordance with GASB Statement No. 87, *Leases*. The right-to-use intangible asset is amortized each year for the term of the contract.

Interfund Balances

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

Compensated Absences

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

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

Accrued Liabilities and Long-Term Liabilities

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

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

Debt Issuance Costs, Premiums and Discounts

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

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

Deferred Outflows/Inflows of Resources

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

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

Pensions

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

Postemployment Benefits Other Than Pensions (OPEB)

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

Leases

The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The District measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the lease term.

The District recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements. At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Fund Balances - Governmental Funds

As of June 30, 2022, fund balances of the governmental funds are classified as follows:

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

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

Committed - amounts that can be used only for specific purposes determined by a formal action of the governing board. The governing board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions or other action as approved by the governing board. The District currently does not have any committed funds.

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

Unassigned - all other spendable amounts.

Spending Order Policy

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

Minimum Fund Balance Policy

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

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position net of investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report $11,685,143 of restricted net position, which is restricted by enabling legislation.

Interfund Activity

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

Estimates

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

Property Tax

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

Change in Accounting Principles

Implementation of GASB Statement No. 87

As of July 1, 2021, the District adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use an underlying asset. The standard requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The effect of the implementation of this standard on beginning net position and fund balance is disclosed in Note 17 and the additional disclosures required by this standard are included in Notes 5. and 10.

Implementation of GASB Statement No. 92

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, Leases, and Implementation Guide No. 2019-3, Leases, for interim financial reporting.
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan.

- The applicability of Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, to reporting assets accumulated for postemployment benefits.
- The applicability of certain requirements of Statement No. 84, Fiduciary Activities, to postemployment benefit arrangements.
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition.
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers.
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature.
- Terminology used to refer to derivative instruments.

The requirements of this Statement are effective as follows:

- The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
- The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2021.
- The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021.
- The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

The provisions of this Statement have been implemented as of June 30, 2022.

Implementation of GASB Statement No. 93

In March 2020, the GASB issued Statement No. 93, Replacement of Interbank Offered Rates. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR (Interbank Offered Rate). This Statement achieves that objective by:

- Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment.
- Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate.
- Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable.
- Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap.

- Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap.
- Clarifying the definition of reference rate, as it is used in Statement 53, as amended.
- Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

The provisions of this Statement have been implemented as of June 30, 2022.

Note 2 - Deposits and Investments

Summary of Deposits and Investments

Deposits and investments as of June 30, 2022, are classified in the accompanying financial statements as follows:

Governmental funds	$ 43,169,039

Deposits and investments as of June 30, 2022, consist of the following:

Cash on hand and in banks	$ 117,884
Cash in revolving	25,000
Investments	43,026,155
Total deposits and investments	$ 43,169,039

Policies and Practices

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

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

General Authorizations

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

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the Los Angeles County Investment Pool to provide the cash flow and liquidity needed for operations. The District maintains an investment of $32,763,069 with the Los Angeles County Investment Pool with an average weighted maturity of 933 days. In addition, the District maintains an investment of $10,263,086 in U.S. Bank money market funds with an average weighted maturity of 1 day.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investments in the Los Angeles County Investment Pool and U.S. Bank money market funds are not required to be rated, nor have they been rated as of June 30, 2022.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agency. 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. As of June 30, 2022, the District's bank balance was fully insured.

Note 3 - Receivables

Receivables at June 30, 2022, consisted of intergovernmental grants, entitlements, interest and other local sources. All receivables are considered collectible in full.

	General Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total
Federal Government				
Categorical aid	$ 1,700,381	$ -	$ 433,055	$ 2,133,436
State Government				
LCFF apportionment	1,754,511	-	-	1,754,511
Categorical aid	1,165,466	-	27,388	1,192,854
Lottery	215,697	-	-	215,697
Local Government				
Interest	47,926	4,129	3,627	55,682
Other local sources	100,438	-	1,120	101,558
Total	$ 4,984,419	$ 4,129	$ 465,190	$ 5,453,738

Note 4 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2022, was as follows:

	Balance July 1, 2021 as restated	Additions	Deductions	Balance June 30, 2022
Governmental Activities				
Capital assets not being depreciated				
Land	$ 1,308,712	$ -	$ -	$ 1,308,712
Construction in progress	158,854	803,573	(30,171)	932,256
Total capital assets not being depreciated	1,467,566	803,573	(30,171)	2,240,968
Capital assets being depreciated				
Land improvements	6,575,809	-	-	6,575,809
Buildings and improvements	70,859,801	7,783	-	70,867,584
Furniture and equipment	3,002,734	718,059	-	3,720,793
Total capital assets being depreciated	80,438,344	725,842	-	81,164,186
Total capital assets	81,905,910	1,529,415	(30,171)	83,405,154
Accumulated depreciation				
Land improvements	(2,950,339)	(247,958)	-	(3,198,297)
Buildings and improvements	(31,159,601)	(2,290,579)	-	(33,450,180)
Furniture and equipment	(2,727,615)	(127,026)	-	(2,854,641)
Total accumulated depreciation	(36,837,555)	(2,665,563)	-	(39,503,118)
Net depreciable capital assets	45,068,355	(1,136,148)	(30,171)	43,902,036
Right-to-use leased assets being amortized				
Furniture and equipment	243,202	-	-	243,202
Accumulated amortization				
Furniture and equipment	-	(54,264)	-	(54,264)
Net right-to-use leased assets	243,202	(54,264)	-	188,938
Governmental activities capital assets and right-to-use leased assets, net	$ 45,311,557	$ (1,190,412)	$ (30,171)	$ 44,090,974

Depreciation and amortization expenses were unallocated as follows:

Governmental Activities	
Unallocated	$ 2,719,827

Note 5 - Lease Receivables

The District has entered into lease agreements with various lessees. The lease receivables are summarized below:

Lease Receivables	Outstanding July 1, 2021 as restated	Addition	Deletion	Outstanding June 30, 2022
Plaza De La Raza	$ 31,150	$ -	$ (9,880)	$ 21,270
Silver Crest	315,992	-	(14,782)	301,210
Civic Center	14,658,647	-	(28,204)	14,630,443
Total	$ 15,005,789	$ -	$ (52,866)	$ 14,952,923

Plaza De La Raza

The District leases a portion of the Lakeview Elementary for modular classrooms. The lease is for a term of five years. The agreement allows for 3.00% annual increases to the lease payments. The agreement allows for either party to terminate upon providing written notice within an agreed upon number of days. However, the District is reasonably certain that the lease will not exercise the termination option. At termination, the lessee must vacate the premise. During the fiscal year, the District recognized $9,880 in lease revenue and $547 in interest revenue related to this agreement. At June 30, 2022, the District recorded $21,270 in lease receivable and deferred inflow of resources for this arrangement. The District used an interest rate of 2.20% based on the rates available to finance real estate over the same time period.

Silver Crest

The District leases certain parcel of real property situated in the City of Santa Fe Springs. The lease is for a term of 55 years and may be renewed for four additional ten-year terms. The District believes the lessee will exercise the renewal option with reasonable certainty. The agreement allows for a 30% increase after the 50th year and an additional 6.00% increase every five years after to the lease payments. The agreement allows for either party to terminate upon providing written notice within an agreed upon number of days. However, the District is reasonably certain that the licensee will not exercise the termination option. At termination, the lessee must vacate the premise. During the fiscal year, the District recognized $14,782 in lease revenue and $6,218 in interest revenue related to this agreement. At June 30, 2022, the District recorded $301,210 in lease receivable and deferred inflow of resources for this arrangement. The District used an interest rate of 2.20% based on the rates available to finance real estate over the same time period.

Civic Center

The District leases land to the Civic Center Plaza, LLC. The lease is for a term of 58 years. The agreement allows for 8.00% increases every five years to the lease payments. The agreement allows for either party to terminate upon providing written notice within an agreed upon number of days. However, the District is reasonably certain that the lessee will not exercise the termination option. During the fiscal year, the District recognized $28,204 in lease revenue and $295,062 in interest revenue related to this agreement. At June 30, 2022, the District recorded $14,630,443 in lease receivable and deferred inflow of resources for this arrangement. The District used an interest rate of 2.20% based on the rates available to finance real estate over the same time periods.

Note 6 - Interfund Transactions

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivable and payable balances at June 30, 2022, between major and non-major governmental funds are as follows:

A balance of $500,000 due to the General Fund from the Cafeteria Non-Major Governmental Fund resulted from a temporary loan to cover operating costs.	$ 500,000

Interfund Transfers

Interfund transfers for the year ended June 30, 2022, consisted of the following:

The General Fund transferred to the Special Reserve Fund for Capital Outlay Projects to set aside community redevelopment funds for future capital outlay projects.	$ 554,827

Note 7 - Accounts Payable

Accounts payable at June 30, 2022, consisted of the following:

	General Fund	Special Reserve Capital Outlay Fund	Non-Major Governmental Funds	Total
LCFF apportionment	$ 1,437,535	$ -	$ -	$ 1,437,535
Salaries and benefits	3,130,508	-	75,120	3,205,628
Vendor payables	2,953,914	32,256	352,577	3,338,747
Total	$ 7,521,957	$ 32,256	$ 427,697	$ 7,981,910

Note 8 - Unearned Revenue

Unearned revenue at June 30, 2022, consisted of the following:

	General Fund
Federal financial assistance	$ 587,549
State categorical aid	841,639
Total	$ 1,429,188

Note 9 - Tax and Revenue Anticipation Notes (TRANs)

The District issued $5,000,000 of Series C-2 Tax Revenue Anticipation Notes, dated March 31, 2021, through the Los Angeles County Schools Pooled Financing Program. The notes matured on December 30, 2021, and yield 2.00% interest. The notes were sold to provide operating cash prior to the District's receipt of the anticipated tax payments and other revenues. Repayment requirements state that principal and interest will be payable on the maturity date.

The District's Tax and Revenue Anticipation Notes consisted of the following:

Issue Date	Rate	Maturity Date	Outstanding July 1, 2021	Additions	Payments	Outstanding June 30, 2022
March 31, 2021	2.00%	12/30/2021	$ 5,000,000	$ -	$ (5,000,000)	$ -

Note 10 - Long-Term Liabilities Other than OPEB and Pensions

Summary

The changes in the District's long-term liabilities other than OPEB and pensions during the year consisted of the following:

	Balance July 1, 2021 as restated	Additions	Deductions	Balance June 30, 2022	Due in One Year
Long-Term Liabilities					
General obligation bonds	$ 37,124,571	$ 7,638,662	$ (8,475,000)	$ 36,288,233	$ 1,790,000
Certificates of participation	-	11,035,000	-	11,035,000	-
Unamortized debt premiums	391,974	509,866	(58,556)	843,284	-
Early retirement liabilities	210,040	231,561	(91,024)	350,577	128,774
Leases	243,202	-	(49,691)	193,511	51,417
Compensated absences	198,139	27,992	-	226,131	-
Total	$ 38,167,926	$ 19,443,081	$ (8,674,271)	$ 48,936,736	$ 1,970,191

Payments on the general obligation bonds are made by the bond interest and redemption fund with local tax collections. Payments on the early retirement incentives are made by the general fund. The compensated absences will be paid primarily by the general fund. Payments on the leases are made by the general fund. Payments on the certificates of participation are made by the special reserve fund for capital outlay projects.

General Obligation Bonds

The outstanding general obligation bonded debt is as follows:

Issuance Date	Final Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2021	Interest Accreted/ Issued	Redeemed	Bonds Outstanding June 30, 2022
5/20/2010	7/1/2029	6.03-6.23%	$ 999,901	$ 2,779,571	$ 268,662	$ -	$ 3,048,233
5/20/2010	7/1/2026	5.96%	8,000,000	8,000,000	-	-	8,000,000
7/6/2011	7/1/2027	2.00-4.50%	5,285,000	2,810,000	-	(2,810,000)	-
10/9/2013	7/1/2043	3.00-5.00%	6,000,000	4,480,000	-	(4,480,000)	-
4/28/2014	7/1/2030	3.13-3.44%	6,325,000	4,545,000	-	(405,000)	4,140,000
4/28/2014	7/1/2025	3.13-3.44%	5,785,000	3,040,000	-	(570,000)	2,470,000
7/2/2015	7/1/2040	2.00-5.00%	12,000,000	11,470,000	-	(210,000)	11,260,000
10/27/2021	7/1/2027	4.00%	2,325,000	-	2,325,000	-	2,325,000
10/27/2021	7/1/2043	0.40-3.04%	5,045,000	-	5,045,000	-	5,045,000
				$ 37,124,571	$ 7,638,662	$ (8,475,000)	$ 36,288,233

2010 General Obligation Bonds, Series D

On May 20, 2010, the District issued 2010 General Obligation Bonds, Series D in the amount of $999,901. The Bonds were issued as capital accretion bonds, with the value of the capital appreciation bonds accreting to $5,300,000. The bonds have a final maturity which occurs on July 1, 2029, with an interest rate of 6.03% to 6.23%. Proceeds from the sale of the bonds were used to finance the construction and modernization of school facilities and to pay cost of issuance associated with the bonds. As of June 30, 2022, the principal balance outstanding was $3,048,233.

2010 General Obligation Bonds, Series D-1

On May 20, 2010, the District issued 2010 General Obligation Bonds, Series D-1 in the amount of $8,000,000. The Bonds were issued as current interest bonds. The bonds have a final maturity which occurs on July 1, 2026, with an interest rate of 5.96%. The bonds are subject to mandatory sinking fund deposit requirement as follows:

Fiscal Year	Amount
2023	$ 635,000
2024	680,000
2025	735,000
2026	2,390,000
Total	$ 4,440,000

The Los Angeles County Treasury has been designated as the trustee of the sinking fund and the amount held in the sinking fund as of June 30, 2022, was $3,560,000. Proceeds from the sale of the bonds were used to finance the construction and modernization of school facilities and to pay cost of issuance associated with the bonds. As of June 30, 2022, the principal balance outstanding was $8,000,000.

2011 Refunding General Obligations Bonds

On July 6, 2011, the District issued $5,285,000 of the 2011 Refunding General Obligation Bonds. The refunding bonds were issued as current interest bonds. The bonds have a final maturity which occurs on July 1, 2027, with an interest rate of 2.00% to 4.50%. Proceeds from the sale of bonds were used to advance refund a portion of the District's outstanding Election of 2000 General Obligation Bonds, Series B and to pay cost of issuance associated with the bonds. As of June 30, 2022, the 2011 Refunding General Obligation Bonds were fully defeased.

2012 General Obligation Bonds, Series A

On October 9, 2013, the District issued 2012 General Obligation Bonds, Series A in the amount of $6,000,000. The Bonds were issued as current interest bonds. The bonds have a final maturity which occurs on July 1, 2043, with an interest rate of 3.00% to 5.00%. Proceeds from the sale of the bonds were used to finance the repair, upgrading, acquisition, construction, and equipping of certain District property and facilities and to pay the costs of issuing the bonds. As of June 30, 2022, the 2012 General Obligation Bonds, Series A were fully defeased.

2014 General Obligation Refunding Bonds, Series A

On April 28, 2014, the District issued the 2014 General Obligation Bonds, Series A in the amount of $6,325,000. The Series A bonds were issued as current interest bonds. The bonds were issued at an aggregate price of $6,231,294 (representing the principal amount of $6,325,000, less cost of issuance of $93,706). The bonds have a final maturity to occur on July 1, 2030, and an interest rate of 3.13% to 3.44%. Proceeds from the sale of bonds were used to provide advance refunding a portion of the District's outstanding 2000 General Obligation Bonds, Series C, and 2005 General Obligation Refunding Bonds. At June 30, 2022, the principal balance outstanding was $4,140,000.

2014 General Obligation Refunding Bonds, Series B

On April 28, 2014, the District issued the 2014 General Obligation Bonds, Series B in the amount of $5,785,000. The Series B bonds were issued as current interest bonds. The bonds were issued at an aggregate price of $5,695,591 (representing the principal amount of $5,785,000, less cost of issuance of $89,409). The bonds have a final maturity to occur on July 1, 2025, and an interest rate of 3.13% to 3.44%. Proceeds from the sale of bonds were used to provide advance refunding a portion of the District's outstanding 2000 General Obligation Bonds, Series C, and 2005 General Obligation Refunding Bonds. At June 30, 2022, the principal balance outstanding was $2,470,000.

2012 General Obligation Bonds, Series B

On July 2, 2015, the District issued the 2012 General Obligation Bonds, Series B in the amount of $12,000,000. The Series B represents the second and final series of the authorized bonds not to exceed $18,000,000 to be issued under the measure as approved by the voters. The Series B bonds were issued as current interest bonds. The bonds were issued at an aggregate price of $12,303,757 (representing the principal amount of $12,000,000 plus an original issue premium of $515,754 less cost of issuance of $211,997). The bonds have a final maturity to occur on July 1, 2040, and interest rates of 2.00 to 5.00%. Proceeds from the sale of bonds were used to finance the renovation, acquisition, and construction of District buildings and facilities. At June 30, 2022, the principal outstanding was $11,260,000. Unamortized premium on issuance was $371,344.

2021 General Obligation Refunding Bonds, Series A

On October 27, 2021, the District issued the 2021 General Obligation Bonds, Series A in the amount of $2,325,000. The Series A bonds were issued as current interest bonds and have a final maturity date of July 1, 2027 with an interest rate of 4.00%. The net proceeds of $2,493,990 (representing the principal amount of $2,325,000 and premium of $240,321, less cost of issuance of $59,706 and underwriter’s discount of $11,625) were used to advance refund all of the District’s outstanding 2011 General Obligation Refunding Bonds and to pay costs of issuance of the refunding bonds. The refunding of the 2011 General Obligation Refunding Bonds resulted in a cash flow saving of $206,317 over the life of the new debt and an economic gain of $201,697, based on the difference between present value of the existing debt service requirements and the new debt service requirement discounted at 0.65%. At June 30, 2022, the principal balance outstanding was $2,325,000. Unamortized premium on issuance was $205,989.

2021 General Obligation Refunding Bonds, Series B

On October 27, 2021, the District issued the 2021 General Obligation Bonds, Series B in the amount of $5,045,000. The Series B bonds were issued as current interest bonds and have a final maturity date of July 1, 2043 with interest rates of 0.4 to 3.04%. The net proceeds of $4,887,461 (representing the principal amount of $5,045,000, less cost of issuance of $132,314 and underwriter's discount of $25,225) were used to advance refund all of the District's outstanding 2012 General Obligation Bonds, Series A and to pay costs of issuance of refunding bonds. The refunding of the 2012 General Obligation Bonds, Series A resulted in a cash flow saving of $922,317 over the life of the new debt and an economic gain of $849,413, based on the difference between present value of the existing debt service requirements and the new debt service requirement discounted at 0.65%. At June 30, 2022, the principal balance outstanding was $5,045,000.

Debt Service Requirements to Maturity

The bonds mature through 2044 as follows:

Fiscal Year	Principal	Accreted Interest	Interest to Maturity	Total
2023	$ 1,790,000	$ -	$ 1,291,725	$ 3,081,725
2024	1,740,000	-	1,308,569	3,048,569
2025	1,820,000	-	1,243,174	3,063,174
2026	1,910,000	-	1,107,358	3,017,358
2027	9,325,000	-	741,688	10,066,688
2028-2032	8,548,233	2,251,767	2,035,271	12,835,271
2033-2037	4,705,000	-	1,632,065	6,337,065
2038-2042	5,590,000	-	617,316	6,207,316
2043-2044	860,000	-	32,854	892,854
Total	$ 36,288,233	$ 2,251,767	$ 10,010,020	$ 48,550,020

Certificates of Participation

On March 30, 2022, pursuant to a trust agreement between the Public Property Financing Corporation (the Corporation) and the District, the Corporation issued certificates of participation (2022 School Financing Project) consisting of $11,035,000 in current interest certificates. The proceeds from the issuance will be used to finance capital improvements to the District sites and facilities and pay the costs related to the execution and delivery of the certificates. The certificates have a final maturity of June 1, 2047, with interest rates of 4.00 – 5.00%. At June 30, 2022, the principal balance outstanding was $11,035,000, and unamortized premium on issuance was $265,951.

Debt Service Requirements to Maturity

The certificates mature through 2047 as follows:

Year Ending June 30,	Principal	Interest	Total
2023	$ -	$ 571,946	$ 571,946
2024	-	489,075	489,075
2025	280,000	489,075	769,075
2026	295,000	475,075	770,075
2027	305,000	460,325	765,325
2028-2032	1,790,000	2,055,125	3,845,125
2033-2037	2,250,000	1,588,875	3,838,875
2038-2042	2,740,000	1,096,775	3,836,775
2043-2047	3,375,000	469,125	3,844,125
Total	$ 11,035,000	$ 7,695,396	$ 18,730,396

Early Retirement Incentives

The District offers an early retirement incentive program pursuant to *Education Code* Sections 22714 and 44929, whereby the service credit to eligible employees is increased by two years. Eligible employees must have five or more years of service under the California State Teachers' Retirement System and retire during a period of not more than 120 days or less than 60 days from the date of the formal action taken by the District. A total of 41 employees have retired under this retirement incentive program, and are entitled to receive future benefits. As of June 30, 2022, the remaining balance of the obligations associated with the District's early retirement incentive plan was $350,577.

The following represents future obligations:

Year Ending June 30,	Future Payments
2023	$ 128,774
2024	100,672
2025	63,822
2026	41,601
Thereafter	15,708
Total	$ 350,577

Leases

The District has entered into agreements to lease various facilities and equipment. The District's liability on lease agreements is summarized below:

Leases	Leases Outstanding July 1, 2021 as restated	Addition	Payments	Leases Outstanding June 30, 2022
Postage meter	$ 14,475	$ -	$ (3,342)	$ 11,133
Copiers	228,727	-	(46,349)	182,378
Total	$ 243,202	$ -	$ (49,691)	$ 193,511

Postage Meter Lease

The District entered an agreement to lease a postage meter for 60 months, beginning September 2020. The lease terminates September 2025. Under the terms of the lease, the District pays a monthly base fee of $892. At June 30, 2022, the District has recognized a right-to-use asset of $11,069 and a lease liability of $11,133 related to this agreement. During the fiscal year, the District recorded $3,406 in amortization expense and $227 in interest expense for the right-to-use the postage meter. The District used a discount rate of 2.4%, which was based on a base rate established from the District's own publicly traded debt, which was then adjusted for the specific terms of the lease and the District's credit rating.

Copiers Lease

The District entered an agreement to lease copiers for 60 months, beginning December 2020. The lease terminates December 2025. Under the terms of the lease, the District pays a monthly base fee of $4,850. At June 30, 2022, the District has recognized a right-to-use asset of $177,869 and a lease liability of $182,378 related to this agreement. During the fiscal year, the District recorded $50,858 in amortization expense and $11,851 in interest expense for the right-to-use the copiers. The District used a discount rate of 6.3%, which was based on the terms of the lease agreement.

The remaining principal and interest payment requirements for the lease obligation debt as of June 30, 2022 are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	$ 51,417	$ 10,351	$ 61,768
2024	54,617	7,151	61,768
2025	58,019	3,750	61,769
2026	29,458	533	29,991
Total	$ 193,511	$ 21,785	$ 215,296

Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2022, amounted to $226,131.

Note 11 - Other Postemployment Benefit (OPEB) Liability

For the fiscal year ended June 30, 2022, the District reported net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

OPEB Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	$ 9,799,475	$ 2,652,377	$ 4,008,076	$ 619,407
Medicare Premium Payment (MPP) Program	223,131	-	-	(71,031)
Total	$ 10,022,606	$ 2,652,377	$ 4,008,076	$ 548,376

The details of each plan are as follows:

District Plan

Plan Administration

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

Plan Membership

At June 30, 2022, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	85
Active employees	284
Total	369

Benefits Provided

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

Contributions

The benefit payment requirements of the Plan members and the District are established and may be amended by the District, the Teacher Education Association (TEA), the local California Service Employees Association (CSEA), and unrepresented groups. The benefit payment is based on projected pay-as-you-go financing requirements as determined annually through the agreements with the District, TEA, CSEA, and the unrepresented groups. For measurement period of June 30, 2022, the District paid $291,371 in benefits.

Total OPEB Liability of the District

The District's total OPEB liability of $9,799,475 was measured as of June 30, 2022, and the total OPEB liability was determined by an actuarial valuation as of June 30, 2022.

Actuarial Assumptions

The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	4.09%
Salary increases	2.75%, average, including inflation
Discount rate	4.09%
Healthcare cost trend rates	7.00 % for 2022

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

Mortality rates were based on the 2022 CalSTRS Mortality Table for certificated employees and the 2021 CalPERS Active Mortality for Miscellaneous Employees Table for classified employees.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actual experience study for the period July 1, 2021 to June 30, 2022.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance, June 30, 2021	$ 13,327,261
Service cost	635,362
Interest	301,226
Differences between expected and actual experience	(1,384,995)
Changes of assumptions or other inputs	(2,788,008)
Benefit payments	(291,371)
Net change in total OPEB liability	(3,527,786)
Balance, June 30, 2022	$ 9,799,475

No changes of benefit terms were noted.

Changes of assumptions and other inputs reflect a change in the discount rate from 2.18% in 2021 to 4.09% in 2022.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

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

Discount Rate	Total OPEB Liability
1% decrease (3.09%)	$ 11,139,054
Current discount rate (4.09%)	9,799,475
1% increase (5.09%)	8,677,939

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

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

Healthcare Cost Trend Rates	Total OPEB Liability
1% decrease (6.00%)	$ 8,409,650
Current healthcare cost trend rate (7.00%)	9,799,475
1% increase (8.00%)	11,552,954

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

For the year ended June 30, 2022, the District recognized OPEB expense of $619,407. At June 30, 2022, the District reported deferred outflows of resources and deferred inflow of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 13,984	$ 1,486,353
Changes of assumptions	2,638,393	2,521,723
Total	$ 2,652,377	$ 4,008,076

The deferred outflows of resources for related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	$ (25,810)
2024	(25,810)
2025	(25,810)
2026	(25,810)
2027	(33,201)
Thereafter	(1,219,258)
Total	$ (1,355,699)

Medicare Premium Payment (MPP) Program

Plan Description

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

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2020 annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

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

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

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

Net OPEB Liability and OPEB Expense

At June 30, 2022, the District reported a liability of $223,131 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2021 and June 30, 2020, respectively, was 0.0559%, and 0.0694%, resulting in a net decrease in the proportionate share of 0.0135%.

For the year ended June 30, 2022, the District recognized OPEB expense of ($71,031).

Actuarial Methods and Assumptions

The June 30, 2021 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2020, and rolling forward the total OPEB liability to June 30, 2021, using the assumptions listed in the following table:

For the valuation as of June 30, 2020, CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among our members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

Assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 245 or an average of 0.16% of the potentially eligible population (152,062).

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2021, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2021, is 2.16%. As the MPP Program is funded on a pay-as-you-go basis as previously noted, the OPEB Plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 2.16%, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2021, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate decreased 0.05% from 2.21% as of June 30, 2020.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

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

Discount Rate	Net OPEB Liability
1% decrease (1.16%)	$ 245,952
Current discount rate (2.16%)	223,131
1% increase (3.16%)	203,633

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Medicare Costs Trend Rates

The following presents the District's proportionate share of the net OPEB liability calculated using the Medicare costs trend rates, as well as what the net OPEB liability would be if it were calculated using Medicare costs trend rates that are one percent lower or higher than the current rates:

Medicare Costs Trend Rates	Net OPEB Liability
1% decrease (3.50% Part A and 4.40% Part B)	$ 202,912
Current Medicare costs trend rate (4.50% Part A and 5.40% Part B)	223,131
1% increase (5.50% Part A and 6.40% Part B)	246,312

Note 12 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total
Nonspendable					
Revolving cash	$ 25,000	$ -	$ -	$ -	$ 25,000
Stores inventories	50,941	-	-	47,039	97,980
Prepaid expenditures	3,258	-	-	11,525	14,783
Total nonspendable	79,199	-	-	58,564	137,763
Restricted					
Legally restricted programs	4,072,345	-	-	449,648	4,521,993
Student activity	-	-	-	117,384	117,384
Capital projects	-	12,434,171	-	1,196,016	13,630,187
Debt services	-	-	6,561,696	6,159	6,567,855
Total restricted	4,072,345	12,434,171	6,561,696	1,769,207	24,837,419
Assigned					
Capital projects	-	17,709	-	-	17,709
Site donation carryover	72,737	-	-	-	72,737
S&C carryover projects	1,950,728	-	-	-	1,950,728
Deferred maintenance	1,265,320	-	-	-	1,265,320
Total assigned	3,288,785	17,709	-	-	3,306,494
Unassigned	11,190,932	-	-	-	11,190,932
Total	$ 18,631,261	$ 12,451,880	$ 6,561,696	$ 1,827,771	$ 39,472,608

Note 13 - Risk Management

Property and Liability

The District is exposed to various risks of loss related to torts; theft, damage, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2022, the District contracted with Alliance of Schools for Cooperative Insurance Programs (ASCIP) for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

For fiscal year 2022, the District participated in the Whittier Area Schools Insurance Authority (WASIA) public entity risk pool. The intent of WASIA is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participates in WASIA. The workers' compensation experience of the participating districts is calculated based on each participating district's experience rating and a premium/contribution rate is applied to all districts in WASIA. Participation in WASIA is limited to districts that can meet WASIA membership requirements.

Employee Medical Benefits

The District has contracted with CalPERS to provide employee health benefits. The District offers dental benefits through Delta Dental. The District also offers vision coverage through Vision Service Plan.

Note 14 - Employee Retirement Systems

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

For the fiscal year ended June 30, 2022, the District reported its proportionate share of net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	$ 16,936,244	$ 6,920,775	$ 18,205,829	$ 802,038
CalPERS	8,047,166	1,699,016	3,590,442	633,775
Total	$ 24,983,410	$ 8,619,791	$ 21,796,271	$ 1,435,813

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2020, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

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

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

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

The STRP provisions and benefits in effect at June 30, 2022, are summarized as follows:

	STRP Defined Benefit Program	
Hire date	On or before December 31, 2012	On or after January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	16.92%	16.92%
Required state contribution rate	10.828%	10.828%

Contributions

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2022, are presented above and the District's total contributions were $3,867,364.

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

At June 30, 2022, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the District were as follows:

Total net pension liability, including State share	
Proportionate share of net pension liability	$ 16,936,244
State's proportionate share of the net pension liability	8,521,661
Total	$ 25,457,905

The net pension liability was measured as of June 30, 2021. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2021 and June 30, 2020, respectively was 0.0372% and 0.0398%, resulting in a net decrease in the proportionate share of 0.0026%.

For the year ended June 30, 2022, the District recognized pension expense of $802,038. In addition, the District recognized pension expense and revenue of $291,558 for support provided by the State. At June 30, 2022, 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	$ 3,867,364	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	611,300	3,006,454
Differences between projected and actual earnings on pension plan investments	-	13,397,006
Differences between expected and actual experience in the measurement of the total pension liability	42,426	1,802,369
Changes of assumptions	2,399,685	-
Total	$ 6,920,775	$ 18,205,829

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	$ (3,402,036)
2024	(3,111,751)
2025	(3,188,975)
2026	(3,694,244)
Total	$ (13,397,006)

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	$ 383,035
2024	488,102
2025	(662,005)
2026	(697,469)
2027	(688,715)
Thereafter	(578,360)
Total	$ (1,755,412)

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2020, and rolling forward the total pension liability to June 30, 2021. The financial reporting actuarial valuation as of June 30, 2020, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2020
Measurement date	June 30, 2021
Experience study	July 1, 2015 through June 30, 2018
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2021, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Public equity	42%	4.8%
Real estate	15%	3.6%
Private equity	13%	6.3%
Fixed income	12%	1.3%
Risk mitigating strategies	10%	1.8%
Inflation sensitive	6%	3.3%
Cash/liquidity	2%	(0.4%)

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	$ 34,476,131
Current discount rate (7.10%)	16,936,244
1% increase (8.10%)	2,378,473

California Public Employees Retirement System (CalPERS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2020 annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: https://www.calpers.ca.gov/page/forms-publications.

Benefits Provided

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

The CalPERS provisions and benefits in effect at June 30, 2022, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	22.910%	22.910%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2022, are presented above and the total District contributions were $1,458,788.

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

As of June 30, 2022, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $8,047,166. The net pension liability was measured as of June 30, 2021. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2021 and June 30, 2020, respectively was 0.0396% and 0.0410%, resulting in a net decrease in the proportionate share of 0.0014%.

For the year ended June 30, 2022, the District recognized pension expense of $633,775. At June 30, 2022, 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	$ 1,458,788	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	-	483,210
Differences between projected and actual earnings on pension plan investments	-	3,088,262
Differences between expected and actual experience in the measurement of the total pension liability	240,228	18,970
Total	$ 1,699,016	$ 3,590,442

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	$ (774,533)
2024	(712,253)
2025	(742,571)
2026	(858,905)
Total	$ (3,088,262)

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and District's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 4.1 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	$ (23,540)
2024	(120,753)
2025	(107,207)
2026	(10,452)
Total	$ (261,952)

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2020, and rolling forward the total pension liability to June 30, 2021. The financial reporting actuarial valuation as of June 30, 2020, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2020
Measurement date	June 30, 2021
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and service

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

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

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

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.15%)	$ 13,568,651
Current discount rate (7.15%)	8,047,166
1% increase (8.15%)	3,463,148

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of $2,393,449 (10.828% of annual payroll). Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. 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.

Note 15 - Commitments and Contingencies

Grants

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2022.

Litigation

The District is not currently a party to any legal proceedings.

Note 16 - Participation in Public Entity Risk Pools, Joint Powers Authorities

The District is a member of the Whittier Area Schools Insurance Authority (WASIA), and Alliance of Schools for Cooperative Insurance Programs (ASCIP) public entity risk pools and the Whittier Area Cooperative Special Education Program (WACSEP) joint powers authorities (JPAs). The District pays an annual premium to the ASCIP and WASIA for its property liability coverage and workers' compensation, respectively. Participation in WACSEP is for the receipt of Special Education funding. The relationships between the District, the pools, and the JPAs are such that they are not component units of the District for financial reporting purposes.

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

During the year ended June 30, 2022, the District made payments of $393,813, and $359,271 to WASIA and ASCIP, respectively, for the services noted above.

Note 17 - Adoption of New Accounting Standard – Restatement of Prior Year Net Position and Fund Balance

As of July 1, 2021, the District adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use an underlying asset. The Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Beginning net position and fund balance was restated to retroactively adopt the provisions of GASB Statement No. 87 as follows:

Governmental Activities	
Net Position - Beginning, as previously reported on June 30, 2021	$ (19,131,185)
Lease receivables	15,005,789
Right-to-use intangible asset, net of amortization	243,202
Lease liability	(243,202)
Deferred inflows of resources related to leases	(15,005,789)
Net Position - Beginning, as restated on July 1, 2021	$ (19,131,185)
General Fund	
Fund Balance - Beginning, as previously reported on June 30, 2021	$ 16,472,225
Lease receivables	15,005,789
Deferred inflows of resources related to leases	(15,005,789)
Fund Balance - Beginning, as restated on July 1, 2021	$ 16,472,225

Required Supplementary Information
June 30, 2022

Little Lake City School District

	Budgeted Amounts			Variances - Positive (Negative)
	Original	Final	Actual	Final to Actual
Revenues				
Local Control Funding Formula	$ 44,043,230	$ 44,174,023	$ 44,393,410	$ 219,387
Federal sources	6,767,889	4,677,905	4,406,305	(271,600)
Other State sources	5,421,970	7,437,978	8,612,292	1,174,314
Other local sources	3,251,034	3,479,876	3,134,185	(345,691)
Total revenues [1]	59,484,123	59,769,782	60,546,192	776,410
Expenditures				
Current				
Certificated salaries	21,755,396	23,589,030	23,281,709	307,321
Classified salaries	6,548,926	6,755,444	6,791,163	(35,719)
Employee benefits	14,216,068	15,104,362	15,266,542	(162,180)
Books and supplies	2,197,510	2,521,021	2,478,490	42,531
Services and operating expenditures	10,262,617	10,646,906	9,965,263	681,643
Other outgo	174,256	(24,529)	(105,659)	81,130
Capital outlay	-	17,667	21,941	(4,274)
Debt service				
Debt service - principal	-	-	49,691	(49,691)
Debt service - interest and other	-	-	83,189	(83,189)
Total expenditures [1]	55,154,773	58,609,901	57,832,329	777,572
Excess of Revenues Over Expenditures	4,329,350	1,159,881	2,713,863	1,553,982
Other Financing Uses				
Transfers out	(512,058)	(350,000)	(554,827)	(204,827)
Net Change in Fund Balances	3,817,292	809,881	2,159,036	1,349,155
Fund Balance - Beginning, as restated	16,472,225	16,472,225	16,472,225	-
Fund Balance - Ending	$ 20,289,517	$ 17,282,106	$ 18,631,261	$ 1,349,155

[1] Due to the consolidation of Fund 14, Deferred Maintenance Fund, for reporting purposes into the General Fund, additional revenues and expenditures pertaining to these other funds are included in the Actual (GAAP Basis) revenues and expenditures, however are not included in the original and final General Fund budgets.

	2022	2021	2020	2019	2018
Total OPEB Liability					
Service cost	$ 635,362	$ 577,873	$ 333,782	$ 329,606	$ 331,388
Interest	301,226	324,150	265,482	261,356	253,817
Difference between expected and actual experience	(1,384,995)	17,170	(344,454)	(8,360)	-
Changes of assumptions	(2,788,008)	943,749	2,387,852	306,444	223,619
Benefit payments	(291,371)	(285,933)	(147,210)	(148,862)	(142,932)
Net change in total OPEB liability	(3,527,786)	1,577,009	2,495,452	740,184	665,892
Total OPEB Liability - Beginning	$ 13,327,261	$ 11,750,252	9,254,800	8,514,616	7,848,724
Total OPEB Liability - Ending (a)	$ 9,799,475	$ 13,327,261	$ 11,750,252	$ 9,254,800	$ 8,514,616
Covered Payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Total OPEB Liability as a Percentage of Covered Payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

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

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

Year ended June 30,	2022	2021	2020	2019	2018
Proportion of the net OPEB liability	0.0559%	0.0694%	0.0716%	0.0712%	0.0712%
Proportionate share of the net OPEB liability	$ 223,131	$ 294,162	$ 266,744	$ (272,612)	$ (299,483)
Covered payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Plan fiduciary net position as a percentage of the total OPEB liability	(0.80%)	(0.71%)	(0.81%)	(0.40%)	0.01%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

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

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

	2022	2021	2020	2019	2018	2017	2016	2015
CalSTRS								
Proportion of the net pension liability	0.0372%	0.0398%	0.0405%	0.0397%	0.0393%	0.0387%	0.0391%	0.0363%
Proportionate share of the net pension liability	$ 16,936,244	$ 38,604,989	$ 36,569,759	$ 36,468,459	$ 36,362,850	$ 31,314,607	$ 26,329,829	$ 21,197,937
State's proportionate share of the net pension liability	8,521,661	19,900,876	19,951,245	20,879,898	21,511,955	17,826,847	13,925,577	12,800,230
Total	$ 25,457,905	$ 58,505,865	$ 56,521,004	$ 57,348,357	$ 57,874,805	$ 49,141,454	$ 40,255,406	$ 33,998,167
Covered payroll	$ 20,568,204	$ 21,383,181	$ 21,511,978	$ 20,739,362	$ 20,468,617	$ 19,550,112	$ 17,994,392	16,156,921
Proportionate share of the net pension liability as a percentage of its covered payroll	82.34%	180.54%	170.00%	175.84%	177.65%	160.18%	146.32%	131.20%
Plan fiduciary net position as a percentage of the total pension liability	87%	72%	73%	71%	69%	70%	74%	77%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
CalPERS								
Proportion of the net pension liability	0.0396%	0.0410%	0.0407%	0.0412%	0.0415%	0.0429%	0.0441%	0.0459%
Proportionate share of the net pension liability	$ 8,047,166	$ 12,581,273	$ 11,860,482	$ 10,979,257	$ 9,913,380	$ 8,478,004	$ 6,500,945	$ 5,215,309
Covered payroll	$ 5,691,420	$ 5,910,836	$ 5,611,676	$ 5,615,730	$ 5,236,074	$ 5,166,473	$ 4,687,851	4,822,645
Proportionate share of the net pension liability as a percentage of its covered payroll	141.39%	212.85%	211.35%	195.51%	189.33%	164.10%	138.68%	108.14%
Plan fiduciary net position as a percentage of the total pension liability	81%	70%	70%	71%	72%	74%	79%	83%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

	2022	2021	2020	2019	2018	2017	2016	2015
CalSTRS								
Contractually required contribution	$ 3,867,364	$ 3,321,765	$ 3,656,524	$ 3,502,150	$ 2,992,690	$ 2,574,952	$ 2,097,727	$ 1,597,902
Less contributions in relation to the contractually required contribution	3,867,364	3,321,765	3,656,524	3,502,150	2,992,690	2,574,952	2,097,727	1,597,902
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 22,856,761	$ 20,568,204	$ 21,383,181	$ 21,511,978	$ 20,739,362	$ 20,468,617	$ 19,550,112	$ 17,994,392
Contributions as a percentage of covered payroll	16.92%	16.15%	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%
CalPERS								
Contractually required contribution	$ 1,458,788	$ 1,178,124	$ 1,165,676	$ 1,013,581	$ 872,179	$ 727,186	$ 612,072	$ 551,807
Less contributions in relation to the contractually required contribution	1,458,788	1,178,124	1,165,676	1,013,581	872,179	727,186	612,072	551,807
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 6,367,473	$ 5,691,420	$ 5,910,836	$ 5,611,676	$ 5,615,730	$ 5,236,074	$ 5,166,473	$ 4,687,851
Contributions as a percentage of covered payroll	22.910%	20.700%	19.721%	18.062%	15.531%	13.888%	11.847%	11.771%

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

Note 1 - Purpose of Schedules

Budgetary Comparison Schedule

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

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

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

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

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

- *Changes in Benefit Terms* – There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* – The plan rate of investment return assumption was changed from 2.18% in 2021 4.09% in 2022.

Schedule of the District's Proportionate Share of the Net OPEB Liability - MPP Program

This schedule presents information on the District's proportionate share of the net OPEB Liability – MPP Program and the plans' fiduciary net position. In the future, as data becomes available, ten years of information will be presented.

- *Changes in Benefit Terms* – There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* – The plan rate of investment return assumption was changed from 2.21% to 2.16% since the previous valuation.

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

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

- *Changes in Benefit Terms* – There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.
- *Changes of Assumptions* – There were no changes in economic assumptions for either the CalSTRS or CalPERS plans from the previous valuations.

Schedule of the District's Contributions

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

Supplementary Information
June 30, 2022

Little Lake City School District

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Passed through California Department of Education (CDE)			
Title I Grant to Local Educational Agencies - Low Income and Neglected	84.010	14329	$ 468,995
Supporting Effective Instruction State Grants	84.367	14341	124,649
English Language Acquisition State Grants - English Learner Student Program	84.365	14346	94,848
Student Support and Academic Enrichment Program	84.424	15396	45,042
Education for Homeless Children and Youth	84.196	14332	59,287
Education Stabilization Fund			
COVID-19 Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	15536	42
COVID-19 Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D	15547	1,001,809
COVID-19 Governor's Emergency Education Relief Fund Learning Loss Mitigation	84.425C	15517	100,312
COVID-19 Elementary and Secondary School Emergency Relief III (ESSER III)	84.425U	15559	1,303,741
COVID-19 American Rescue Plan-Homeless Children and Youth (ARP - Homeless I)	84.425W	15564	6,727
Subtotal			2,412,631
Passed through Whittier Union High School District SELPA			
Special Education Grants to States - Basic Local Assistance	84.027	13379	525,101
Total U.S. Department of Education			3,730,553
U.S. Department of Health and Human Services			
Passed through Los Angeles County Office of Education (LACOE)			
COVID-19 Center for Disease Control and Prevention Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	C-21837-A1:21:23	675,752
Total U.S. Department of Health and Human Services			675,752
U.S. Department of Agriculture			
Passed through CDE			
Child Nutrition Cluster			
Child Nutrition: School Programs (NSL Sec 4)	10.555	13523	171,026
Child Nutrition: School Programs (NSL Sec 11)	10.555	13524	1,636,410
Child Nutrition: Meal Supplements in National School Lunch Program	10.555	13755	97,826
Child Nutrition: SNP COVID-19 Emergency Operational Costs Reimbursement (ECR)	10.555	15637	99,018
National School Lunch Program - Commodities	10.555	13524	138,319
Subtotal			2,142,599
Child Nutrition: School Programs (School Breakfast Needy)	10.553	13526	567,471
Subtotal Child Nutrition Cluster			2,710,070
Total U.S. Department of Agriculture			2,710,070
Total Federal Financial Assistance			$ 7,116,375

ORGANIZATION

The Little Lake City School District was formed in 1871 and consists of an area comprising of approximately 4.00 square miles of the cities of Santa Fe Springs, Norwalk, and Downey. The District conducts a kindergarten through eighth grade educational program for approximately 4,283 students through seven elementary schools and two middle schools. There were no boundary changes during the year.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Hilda Zamora	President	2022
Manuel Cantu	Vice President	2024
Gina Ramirez	Clerk	2024
Janet Rock	Member	2024
Gabriel Jimenez	Member	2022

ADMINISTRATION

Dr. William Crean	Superintendent
Liz Seymour	Assistant Superintendent, Business Services
Monica Johnson	Assistant Superintendent, Educational Services
Sonya Cuellar	Assistant Superintendent, Personnel Services
Michael Montano	Director of Fiscal Services

	Final Report		As Adjusted per Audit	
	Second Period Report 219E9DE4	Annual Report 27693C4C	Second Period Report	Annual Report
Regular ADA				
Transitional kindergarten through third	1,492.69	1,606.50	1,459.65	1,483.37
Fourth through sixth	1,204.13	1,203.06	1,182.72	1,187.12
Seventh and eighth	780.32	781.07	771.17	773.90
Total Regular ADA	3,477.14	3,590.63	3,413.54	3,444.39
Extended Year Special Education				
Transitional kindergarten through third	3.48	3.48	3.48	3.48
Fourth through sixth	2.83	2.83	2.83	2.84
Seventh and eighth	1.37	1.37	1.37	1.37
Total Extended Year Special Education	7.68	7.68	7.68	7.69
Total ADA	3,484.82	3,598.31	3,421.22	3,452.08

					Traditional Calendar			Multitrack Calendar			
Grade Level	1986-1987 Minutes Requirement	2021-2022 Actual Minutes	Number of Minutes Credited Form J-13A	Total Minutes Offered	Number of Actual Days	Number of Days Credited Form J-13A	Total Days Offered	Number of Actual Days	Number of Days Credited Form J-13A	Total Days Offered	Status
Kindergarten	36,000	52,860	-	52,860	180	-	180	-	-	-	Complied
Grades 1 - 3	50,400										
Grade 1		52,860	-	52,860	180	-	180	-	-	-	Complied
Grade 2		52,860	-	52,860	180	-	180	-	-	-	Complied
Grade 3		52,860	-	52,860	180	-	180	-	-	-	Complied
Grades 4 - 8	54,000										
Grade 4		58,018	-	58,018	180	-	180	-	-	-	Complied
Grade 5		58,018	-	58,018	180	-	180	-	-	-	Complied
Grade 6		58,848	-	58,848	180	-	180	-	-	-	Complied
Grade 7		58,848	-	58,848	180	-	180	-	-	-	Complied
Grade 8		58,848	-	58,848	180	-	180	-	-	-	Complied

There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2022.

	(Budget) 2023 [1]	2022	2021 [1]	2020 [1]
General Fund [3]				
Revenues	$ 56,160,949	$ 60,419,858	$ 58,570,828	$ 53,234,822
Expenditures	58,003,960	57,832,328	53,032,646	51,534,460
Other uses and transfers out	350,000	554,827	1,329,865	472,400
Total expenditures and other uses	58,353,960	58,387,155	54,362,511	52,006,860
Increase/(Decrease) in Fund Balance	(2,193,011)	2,032,703	4,208,317	1,227,962
Ending Fund Balance	$ 15,082,930	$ 17,275,941	$ 15,243,238	$ 11,034,921
Available Reserves [2]	$ 8,894,923	$ 11,190,932	$ 10,596,698	$ 6,719,451
Available Reserves as a Percentage of Total Outgo	15.24%	19.17%	19.49%	12.92%
Long-Term Liabilities	N/A	$ 83,942,752	$ 102,732,409	$ 99,724,893
K-12 Average Daily Attendance at P-2	3,502	3,421	4,150	4,150

The General Fund balance has increased by $6,331,020 over the past two years. The fiscal year 2022-2023 budget projects a decrease of $2,193,011 (12.6%). For a district this size, the State recommends available reserves of at least three percent of total General Fund expenditures and other uses (total outgo).

The District has incurred operating surpluses in each of the past three years, but anticipates incurring an operating deficit during the 2022-2023 fiscal year. Total long-term liabilities have decreased by $15,782,141 over the past two years.

Average daily attendance has decreased by 727 over the past two years. Growth of 79 ADA is anticipated during fiscal year 2022-2023.

[1] Financial information for 2023, 2021, and 2020 are included for analytical purposes only and has not been subjected to audit.

[2] Available reserves consist of all unassigned fund balances including all amounts reserved for economic uncertainties contained with the General Fund.

[3] General Fund amounts do not include activity related to the consolidation of the Fund 14, Deferred Maintenance Fund as required by GASB Statement No. 54.

	Student Activity Fund	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Debt Service Fund	Total Non-Major Governmental Funds
Assets						
Deposits and investments	$ 117,384	$ 624,195	$ 1,196,051	$ 287,943	$ 6,141	$ 2,231,714
Receivables	-	461,564	2,917	691	18	465,190
Prepaid expenditures	-	11,525	-	-	-	11,525
Stores inventories	-	47,039	-	-	-	47,039
Total assets	$ 117,384	$ 1,144,323	$ 1,198,968	$ 288,634	$ 6,159	$ 2,755,468
Liabilities and Fund Balances						
Liabilities						
Accounts payable	$ -	$ 136,111	$ 238,948	$ 52,638	$ -	$ 427,697
Due to other funds	-	500,000	-	-	-	500,000
Total liabilities	-	636,111	238,948	52,638	-	927,697
Fund Balances						
Nonspendable	-	58,564	-	-	-	58,564
Restricted	117,384	449,648	960,020	235,996	6,159	1,769,207
Total fund balances	117,384	508,212	960,020	235,996	6,159	1,827,771
Total liabilities and fund balances	$ 117,384	$ 1,144,323	$ 1,198,968	$ 288,634	$ 6,159	$ 2,755,468

	Student Activity Fund	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Debt Service Fund	Total Non-Major Governmental Funds
Revenues						
Federal sources	$ -	$ 2,710,070	$ -	$ -	$ -	$ 2,710,070
Other State sources	-	156,318	-	-	-	156,318
Other local sources	155,634	8,302	(14,487)	(10,091)	(225)	139,133
Total revenues	155,634	2,874,690	(14,487)	(10,091)	(225)	3,005,521
Expenditures						
Current						
Pupil services						
Food services	-	2,619,198	-	-	-	2,619,198
Administration						
All other administration	-	87,311	-	-	-	87,311
Plant services	-	4,734	-	-	-	4,734
Ancillary services	180,146	-	-	-	-	180,146
Facility acquisition and construction	-	-	224,575	451,111	-	675,686
Total expenditures	180,146	2,711,243	224,575	451,111	-	3,567,075
Net Change in Fund Balances	(24,512)	163,447	(239,062)	(461,202)	(225)	(561,554)
Fund Balance - Beginning	141,896	344,765	1,199,082	697,198	6,384	2,389,325
Fund Balance - Ending	$ 117,384	$ 508,212	$ 960,020	$ 235,996	$ 6,159	$ 1,827,771

Note 1 - Purpose of Schedules

Schedule of Expenditures of Federal Awards

Basis for Presentation
The accompanying Schedule of Expenditures of Federal Awards (the schedule) includes the federal award activity of the Little Lake City School District (the District) under programs of the federal government for the year ended June 30, 2022. The information 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). Because the schedule presents only a selected portion of the operations of the Little Lake City School District, it is not intended to and does not present the financial position or changes in net position and fund balance of Little Lake City School District.

Summary of Significant Accounting Policies
Expenditures reported in the schedule are reported on the modified accrual basis of accounting. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

Indirect Cost Rate
The District has not elected to use the ten percent de minimis cost rate.

Food Donation
Nonmonetary assistance is reported in this schedule at the fair market value of the commodities received and disbursed. At June 30, 2022, the District did not report any food commodities as inventory.

SEFA Reconciliation
The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts consists of the District’s Qualified School Construction Bonds - Interest Subsidy funds which are not required to be reported on the Schedule of Expenditures of Federal Awards.

	Federal Financial Assistance Listing Number	Amount
Total Federal Revenues reported on the financial statements		$ 7,320,440
QSCB Bond Interest Subsidy	N/A	(204,065)
Total federal financial assistance		$ 7,116,375

Local Education Agency Organization Structure

This schedule provides information about the District's boundaries and schools operated, members of the governing board, and members of the administration.

Schedule of Average Daily Attendance (ADA)

Average daily attendance (ADA) is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made to school districts. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. The District has met its target funding. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of *Education Code* Sections 46200 through 46207.

Districts must maintain their instructional minutes at the 1986-87 requirements, as required by *Education Code* Section 46201.

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Unaudited Actual Financial Report to the audited financial statements.

Schedule of Financial Trends and Analysis

This schedule discloses the District's financial trends by displaying past years' data along with current year budget information. These financial trend disclosures are used to evaluate the District's ability to continue as a going concern for a reasonable period of time.

Non-Major Governmental Funds - Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances

These are included to provide information regarding the individual funds that have been included in the Non-Major Governmental Funds column on the Governmental Funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances.

Independent Auditor's Reports
June 30, 2022

Little Lake City School District

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Governing Board
Little Lake City School District
Santa Fe Springs, California

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Little Lake City School District (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 23, 2023.

Adoption of New Accounting Standard

As discussed in Notes 1 and 17 to the financial statements, the District has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ended June 30, 2022. Accordingly, a restatement has been made to the fund balance of the General Fund and the governmental activities net position as of July 1, 2021, to restate beginning fund balance and net position. Our opinions are not modified with respect to this matter.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the District in a separate letter dated February 23, 2023.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Eide Bailly LLP

Rancho Cucamonga, California
February 23, 2023

Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance

To the Governing Board
Little Lake City School District
Santa Fe Springs, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Little Lake City School District's (the District) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2022. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the 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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Rancho Cucamonga, California
February 23, 2023

Independent Auditor's Report on State Compliance

To the Governing Board
Little Lake City School District
Santa Fe Springs, California

Report on Compliance

Qualified and Unmodified Opinions on State Compliance

We have audited Little Lake City School District's (the District) compliance with the requirements specified in the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, applicable to the District's state program requirements identified below for the year ended June 30, 2022.

Qualified Opinion on Attendance, Independent Study, California Clean Energy Jobs Act, Unduplicated Local Control Funding Formula Pupil Counts, and Immunizations

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the laws and regulations of the state programs noted in the table below for the year ended June 30, 2022.

Unmodified Opinion on Each of the Other Programs

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the laws and regulations of the state programs noted in the table below for the year ended June 30, 2022, except as described in the accompanying Schedule of Findings and Questioned Costs.

Basis for Qualified and Unmodified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Matters Giving Rise to Qualified Opinion on Attendance, Independent Study, California Clean Energy Jobs Act, Unduplicated Local Control Funding Formula Pupil Counts, and Immunizations

As described in the accompanying schedule of findings and questioned costs, the District did not comply with the requirements regarding Attendance, Independent Study, California Clean Energy Jobs Act, Unduplicated Local Control Funding Formula Pupil Counts, and Immunizations as described in the accompanying schedule of state compliance findings and questioned costs as items 2022-001, 2022-002, 2022-003, and 2022-004.

Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances.

- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the District's internal controls over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine the District's compliance with the state laws and regulations applicable to the following items:

2021-2022 K-12 Audit Guide Procedures	Procedures Performed
Local Education Agencies Other Than Charter Schools	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	No, see below
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No, see below
GANN Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	No, see below
Middle or Early College High Schools	No, see below
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	No, see below
Comprehensive School Safety Plan	Yes
District of Choice	No, see below
School Districts, County Offices of Education, and Charter Schools	
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program	Yes
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	No, see below
Immunizations	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	No, see below
In Person Instruction Grant	Yes

2021-2022 K-12 Audit Guide Procedures	Procedures Performed
Charter Schools	
Attendance	No, see below
Mode of Instruction	No, see below
Nonclassroom-Based Instruction/Independent Study	No, see below
Determination of Funding for Nonclassroom-Based Instruction	No, see below
Annual Instructional Minutes - Classroom Based	No, see below
Charter School Facility Grant Program	No, see below

We did not perform Continuation Education procedures because the program is not offered by the District.

The District did not offer an Early Retirement Incentive Program during the current year; therefore, we did not perform procedures related to the Early Retirement Incentive Program.

We did not perform Juvenile Court Schools procedures because the program is not offered by the District.

We did not perform Middle or Early College High School procedures because the program is not offered by the District.

We did not perform Apprenticeship: Related and Supplemental Instruction procedures because the program is not offered by the District.

We did not perform District of Choice procedures because the program is not offered by the District.

The District does not offer an Independent Study - Course Based program; therefore, we did not perform any procedures related to the Independent Study - Course Based Program.

We did not perform Career Technical Education Incentive Grant procedures because the District did not receive funding for this grant.

The District does not operate any Charter Schools; therefore, we did not perform procedures for Charter School Programs.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be a material weakness and significant deficiencies.

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 on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-001 to be a material weakness.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-002, 2022-003, and 2002-004 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Rancho Cucamonga, California
February 23, 2023

Schedule of Findings and Questioned Costs
June 30, 2022

Little Lake City School District

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major program	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	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 Uniform Guidance 2 CFR 200.516(a)	No

Identification of major programs

Name of Federal Program or Cluster	Federal Financial Assistance Listing Number
Child Nutrition Cluster	10.555, 10.553
COVID-19 Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D
COVID-19 Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D
COVID-19 Governor's Emergency Education Relief Fund Learning Loss Mitigation	84.425C
COVID-19 Elementary and Secondary School Emergency Relief III (ESSER III)	84.425U
COVID-19 American Rescue Plan-Homeless Children and Youth (ARP - Homeless I)	84.425W

Dollar threshold used to distinguish between type A and type B programs	$750,000
Auditee qualified as low-risk auditee?	No

State Compliance

Internal control over state compliance programs	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	Yes
Type of auditor's report issued on compliance for programs	Qualified*

*Unmodified for all programs except for the following programs which were qualified:

Name of Program
Attendance
Independent Study
California Clean Energy Jobs Act
Unduplicated Local Control Funding Formula Pupil Counts
Immunizations

None reported.

None reported.

The following findings represent significant deficiencies, a material weakness, and instances of noncompliance including questioned costs that are required to be reported by the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. The findings have been coded as follows:

Five Digit Code	AB 3627 Finding Type
10000	Attendance
40000	State Compliance

2022-001 10000 and 40000 – Attendance and Independent Study (Material Weakness, Noncompliance)

Criteria or Specific Requirements

The Second Period and Annual Reports of Attendance submitted to the CDE should reconcile to supporting documents to ensure that ADA is reported accurately.

With respect to independent study, *California Education Code* Section 51749.6, states that a local education agency shall not be eligible to receive apportionment for independent study by pupils, unless it has provided each pupil with a written learning agreement that contains all the required elements identified in *California Education Code* Section 51749.6.

Condition

The Annual Report of Attendance erroneously double counted ADA for students in transitional kindergarten on line A-1.

The District has implemented written learning agreements for each pupil enrolled in independent study; however, the written learning agreements developed specifically for short-term independent study were missing some of the required elements identified in *California Education Code* Section 51749.6. More specifically, the short-term written agreements did not contain a detailed statement of academic and other support provided to address the needs of pupils not performing at grade level, or needed support in other areas such as English learners, individuals with exceptional needs, pupils in foster care, pupils experiencing homelessness, and pupils requiring mental health support.

As a result, the District has overclaimed 61.96 and 144.59 ADA for apportionment funding on its Second Period Report of Attendance and Annual Report of Attendance, respectively. The overclaimed ADA at Annual specific to the error in the Annual Report of Attendance was 97.95 ADA, while the remaining 46.64 overclaimed ADA on the Annual Report of Attendance was attributed to the short-term independent study contract issue.

The calculated penalty at P2 by grade span is as follows:

Grade Span	Unallowable ADA	Derived Value of ADA by Grade Span	Penalty
TK-3	31.40	$ 10,963.65	$ 344,258.61
4-6	21.41	10,080.17	215,816.44
7-8	9.15	10,378.35	10,387.50
Total	61.96		$ 570,462.55

Questioned Costs

The questioned costs associated with this condition resulted in a potential decrease of $570,462.55 in Local Control Funding Formula. The estimated penalty was calculated using the CDE's LCFF Derived Value of ADA by Grade Span. However, there will be no fiscal impact since the District was funded on ADA from 2019-2020. Additionally, California *Education Code* Section 42238.023 authorizes the California Department of Education to adjust the 2021-2022 reported ADA for school districts if the 2019-2020 ADA to enrollment ratio exceeds the 2021-2022 ADA to enrollment ratio. The effect of this regulation nullifies the questioned costs component of the condition identified.

Context

The condition was identified as a result of our audit of the Second Period and Annual Reports of Attendance, and Independent Study programs as required by the State Audit Guide. Through our review of district records supporting the ADA claimed, we noted the issues discussed above.

Effect

As noted above, the effect of the conditions identified was overclaimed ADA of 61.96 and 144.59 at the Second Period and Annual Reports of Attendance, respectively. This resulted in a calculated penalty of $570,462.55, but has been negated by the District being funded on prior year ADA. Thus, there is no effect on current year funding.

Cause

The error in the transitional kindergarten ADA reported at Annual was the result of a formula error in the worksheet used to summarize ADA.

The error in the short-term independent study contracts was a result of an oversight of the requirements as the requirements were new in the current year.

Repeat Finding

No.

Recommendation

The District should ensure the Second Period and Annual Reports of Attendance are revised to account for the errors. In addition, the District should review their short-term independent study contracts each year and monitor changes to ensure inclusion of all required elements.

Corrective Action Plan and Views of Responsible Officials

The Assistant Superintendent, Educational Services will review and modify short-term independent study contracts to meet all compliance requirements.

2022-002 40000 – California Clean Energy Jobs Act (Significant Deficiency, Noncompliance)

Criteria or Specific Requirements

Public Resources Code, Section 26240(b) states that as a condition of receiving funds from the Clean Energy Job Creation Fund, an entity must submit a final project completion report to the California Energy Commission within 12 to 15 months of a given project's completion date.

Condition

The District completed a clean energy project in August 2018, which required the submission of a final project completion report to the California Energy Commission by November 2019 at the latest. Through review of the final project completion report, the final report was submitted November 2022.

Questioned Costs

There were no questioned costs identified.

Context

The condition was identified as a result of inquiry with the District's Business Services personnel and through review of supporting documents.

Effect

Due to the untimely submission of the final project completion reports, the District has not met the report submission requirements of Public Resources Code, Section 26240(b).

Cause

It appears the cause was a result of insufficient monitoring of deadlines for submitting the report.

Repeat Finding

No.

Recommendation

It is recommended that the District monitor timelines to submit the final project completion reports to the California Energy Commission to ensure that reports are submitted timely.

Corrective Action Plan and Views of Responsible Officials

The Assistant Superintendent, Business Services and Director of Fiscal Services will ensure that funds received with reporting requirements will be filed by the appropriate deadlines.

2022-003 **40000 – Unduplicated Local Control Funding Formula Pupil Counts (Significant Deficiency, Noncompliance)**

Criteria or Specific Requirements

California Education Code Section 42238.02(b)(4) states that the school districts should revise their submitted data on English learner, foster youth, and free or reduced-price meal eligible pupil counts to ensure the accuracy of data reflected in the California Longitudinal Pupil Achievement Data System (CALPADS).

Condition

The Unduplicated Local Control Funding Formula Pupil Counts submitted to the California Department of Education (CDE) was inaccurate. It appears that the District inaccurately reported eligibility status for one student for Free or Reduced-Price Meals (FRPM) designation on CALPADS Form 1.18 – FRPM/English Learner/Foster Youth – Student List.

Questioned Costs

The questioned costs associated with this condition resulted in a net decrease of $3,032 in Local Control Funding Formula. The estimated penalty was calculated using the CDE’s Audit Penalty Calculator.

Context

The condition, related to FRPM status, was identified when we requested supporting documents for the sample of students' FRPM status. The students were selected from the pupils in the FRPM category on the CALPADS Form 1.18. One of 49 students tested was categorized as Free/Reduced; however, there was no alternative income form on file for this student. The auditor inquired further with the District, who in turn reviewed their process and compared their FRPM data with their CalPADS data and determined the instance to be isolated. The auditor expanded the sample and tested additional 26 students. Our expanded testing did not identify anymore exceptions. Thus, it was determined that the District overreported its FRPM count by 1.

Effect

As a result of our testing, it appears that the District erroneously reported one student on their CalPADS Form 1.18. The results of our testing have been documented as follows:

Certified Total Enrollment Count	Certified Total Unduplicated Count	Adjustment to Total Enrollment Count	Adjustment Based on Eligibility for EL	Adjustment Based on Eligibility for FRPM	Adjusted Total Enrollment	Adjusted Total Unduplicated Pupil Count
3,805	2,403	0	0	(1)	3,805	2,402

Cause

The condition identified, related to FRPM, has materialized most likely due to human input error as no other errors were noted.

Repeat Finding

No.

Recommendation

The District should emphasize the importance of completing the Form 1.18 accurately, which would include ensuring that all changes are accurately and timely updated based on new eligibility documentation received.

Corrective Action Plan and Views of Responsible Officials

The Assistant Superintendent, Educational Services and Supervisor of Data will review all supporting documents for completeness and accuracy prior to certification of data.

2022-004 40000 – Immunizations (Significant Deficiency, Noncompliance)

Criteria or Specific Requirements

As required by Title 17, California Code of Regulations Section 6025, kindergarten and transitional kindergarten students are required to have two doses of the varicella and measles vaccines, or a current medical exemption from varicella and measles immunization on file, prior to admission to school.

Condition

Two out of 14 student tested at Lake View Elementary School did not have both doses of the varicella and measles vaccine prior to admission to school. One of the two students had no evidence of receiving either the first or second dose. The second student had no evidence of receiving the second dose. Both students were included in attendance and thus generated apportionment for ADA reporting at P2.

Questioned Costs

The questioned costs associated with this condition resulted in 1.64 ADA overclaimed at P2 for apportionment, which equates to $17,980,39 in Local Control Funding Formula, using the District's derived value of ADA from CDE. However, there will be no fiscal impact since the District was funded on ADA from 2019-2020.

Context

Lake View Elementary School was listed on the "K-ConditionalGr10%" worksheet as a school that reported combined conditional admission and overdue rates greater than 10% in kindergarten. As a result, the auditor selected a sample of kindergarten, transitional kindergarten, and first grade students to verify if students had the required vaccine. As a result of our testing, the two exceptions were identified.

Effect

The District has not fully complied with Title 17, California Code of Regulations Section 6025, resulting in two students who did not have the required vaccines, as indicated above. The effect is 1.64 in ADA overclaimed and $17,980.39 in Local Control Funding Formula, which has been negated by the District being funded on prior year ADA. Thus, there is no effect on current year funding.

Cause

The condition identified appears to be the result of the District not tracking students who are not fully vaccinated and reporting them to attendance to ensure such students are excluded from apportionment calculations.

Repeat Finding

No.

Recommendation

The District should establish a procedure to track student vaccination status and ensure pupils not meeting the vaccination requirements are excluded from apportionment reported.

Corrective Action Plan and Views of Responsible Officials

The Assistant Superintendent, Educational Services and Supervisor of Data will work with site personnel on identifying students who do not meet the vaccination requirements as vaccination records are submitted.

Except as specified in previous sections of this report, summarized below is the current status of all audit findings reported in the prior year's Schedule of Findings and Questioned Costs.

State Compliance Findings

2021-001 61000 – Classroom Teacher Salaries

Criteria or Specific Requirements

California *Education Code* Section 41372 requires that the payment of classroom teacher salaries and benefits meet or exceed 60% (for elementary districts) of total expenditures of the District.

Condition

The District spent 59.55% of their current expenditures of education ($47,780,144) on classroom teacher salaries and benefits, failing to meet the 60% requirement.

Questioned Costs

The deficiency was calculated to be $215,011.

Context

The condition identified resulted from our review of the District's form CEA during state compliance testing.

Effect

As a result of our testing, the District was not compliant with *Education Code* Section 41372 due to being deficient in the amount of $215,011.

Cause

The District's contracted instructional services for various functions and other federal and state categorical aid in which funds were granted for expenditures in a program not incurring any teacher salary expenditures or requiring disbursement of the funds without regard to the requirements of *Education Code* Section 41372 were removed from the calculation in the form CEA.

Recommendation

We recommend the District evaluate its expenditures and develop a plan to ensure compliance with the noted requirement above.

Current Status

Implemented.

EideBailly
CPAs & BUSINESS ADVISORS

Management
Little Lake City School District
Santa Fe Springs, California

In planning and performing our audit of the financial statements of Little Lake City School District (the District) for the year ended June 30, 2022, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we noted matters that are opportunities for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated February 23, 2023, on the government-wide financial statements of the District.

Associated Student Body (ASB)

Lakeside Middle School

Observations

1. Cash receipts are not always deposited timely. We noted two instances where monies collected were held for 23 and 107 days, respectively prior to being deposited to the bank.
2. Bank reconciliations are not being prepared properly, resulting in large "unreconciled" discrepancies.

Recommendations

1. Monies collected should be deposited in a timely manner, which is often determined to be weekly. When high volumes of collections occur, it may be necessary to make deposits more frequently. Maintaining cash collections on site for long periods of time increases the risk of loss or theft.
2. Bank reconciliations should be reviewed by personnel with the skill and knowledge to understand the bank reconciliation process. This ensures the proper completion of the bank reconciliation, as well as assists in identifying other potential errors or omissions that may require further investigation.

We will review the status of the current year comments during our next audit engagement.

Eide Bailly LLP

Rancho Cucamonga, California
February 23, 2023

APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR THE BONDS

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Little Lake City School District (the "District") in connection with the issuance of $25,000,000 of the District's Election of 2022 General Obligation Bonds, Series A (the "Bonds"). The Bonds are being issued pursuant to the resolution of the District dated January 24, 2023 (the "Resolution"). The District covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

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

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

"Beneficial Owner" means any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Dissemination Agent" means initially Keygent LLC, or any successor Dissemination Agent designated in writing by the District (which may be the District) and which has filed with the District a written acceptance of such designation.

"Financial Obligation" means: (a) a debt obligation; (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b). The term "Financial Obligation" does not include municipal securities as to which a final official statement has been provided to the Repository consistent with the Rule.

"Holders" means the registered owners of the Bonds.

"Listed Events" means any of the events listed in Section 5(a) or 5(b) of this Disclosure Certificate.

"Official Statement" means that certain official statement, dated March 29, 2023, relating to the offering and sale of the Bonds.

"Participating Underwriter" means Stifel, Nicolaus & Company, Incorporated, or any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Repository" means, the Municipal Securities Rulemaking Board, which can be found at http://emma.msrb.org/, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

"Rule" 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.

"State" means the State of California.

SECTION 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the District's fiscal year (presently ending June 30), commencing with the report for the 2021-22 Fiscal Year, provide to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; *provided* that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

(b) Not later than thirty (30) days (nor more than sixty (60) days) prior to said date the Dissemination Agent shall give notice to the District that the Annual Report shall be required to be filed in accordance with the terms of this Disclosure Certificate. Not later than fifteen (15) Business Days prior to said date, the District shall provide the Annual Report in a format suitable for reporting to the Repository to the Dissemination Agent (if other than the District). If the District is unable to provide to the Repository an Annual Report by the date required in subsection (a), the District in a timely manner shall send a notice to the Repository in substantially the form attached as Exhibit A with a copy to the Dissemination Agent. The Dissemination Agent shall not be required to file a Notice to Repository of Failure to File an Annual Report.

(c) The Dissemination Agent shall file a report with the District stating it has filed the Annual Report in accordance with its obligations hereunder, stating the date it was provided to the Repository.

SECTION 4. Content and Form of Annual Reports. (a) The District's Annual Report shall contain or include by reference the following:

1. The audited financial statements of the District for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

2. Material financial information and operating data with respect to the District of the type included in the Official Statement in the following categories (to the extent not included in the District's audited financial statements):

(i) State funding received by the District for the last completed fiscal year;

(ii) average daily attendance of the District for the last completed fiscal year;

(iii) outstanding District indebtedness;

(iv) summary financial information on revenues, expenditures and fund balances for the District's general fund reflecting adopted budget for the current fiscal year;

(v) assessed valuation of taxable property within the District for the current fiscal year;

(vi) secured *ad valorem* property tax levy collections and delinquencies within the District for the last completed fiscal year, except and to the extent the Teeter Plan, if adopted by Los Angeles County, applies to both the 1% general purpose *ad valorem* property tax levy and to the tax levy for general obligation bonds of the District; and

(vii) top 10 taxpayers within the District for the current fiscal year.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which have been submitted to the Repository or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The District shall clearly identify each such other document so included by reference.

(b) The Annual Report shall be filed in an electronic format, and accompanied by identifying information, prescribed by the Municipal Securities Rulemaking Board.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5(a), the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not in excess of 10 business days after the occurrence of the event:

1. principal and interest payment delinquencies.

2. tender offers.

3. defeasances.

4. rating changes.

5. adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, or Notices of Proposed Issue (IRS Form 5701-TEB).

6. unscheduled draws on the debt service reserves reflecting financial difficulties.

7. unscheduled draws on credit enhancement reflecting financial difficulties.

8. substitution of the credit or liquidity providers or their failure to perform.

9. bankruptcy, insolvency, receivership or similar event (within the meaning of the Rule) of the District. For the purposes of the event identified in this Section 5(a)(9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but

subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

10. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the District, any of which reflect financial difficulties.

(b) Pursuant to the provisions of this Section 5(b), the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

1. non-payment related defaults.

2. modifications to rights of Bondholders.

3. optional, contingent or unscheduled bond calls.

4. unless described under Section 5(a)(5) above material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.

5. release, substitution or sale of property securing repayment of the Bonds.

6. the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms.

7. appointment of a successor or additional trustee or paying agent with respect to the Bonds or the change of name of such a trustee or paying agent.

8. incurrence of a Financial Obligation of the District, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a Financial Obligation of the District, any of which affect bondholders.

(c) Whenever the District obtains knowledge of the occurrence of a Listed Event under Section 5(b) hereof, the District shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the District determines that knowledge of the occurrence of a Listed Event under Section 5(b) hereof would be material under applicable federal securities laws, the District shall (i) file a notice of such occurrence with the Repository in a timely manner not in excess of 10 business days after the occurrence of the event or (ii) provide notice of such reportable event to the Dissemination Agent in format suitable for filing with the Repository in a timely manner not in excess of 10 business days after the occurrence of the event. The Dissemination Agent shall have no duty to independently prepare or file any report of Listed Events. The Dissemination Agent may conclusively rely on the District's determination of materiality pursuant to Section 5(c).

SECTION 6. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(a) or Section 5(b), as applicable.

SECTION 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent (or substitute Dissemination Agent) to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign upon fifteen (15) days written notice to the District. Upon such resignation, the District shall act as its own Dissemination Agent until it appoints a successor. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate and shall not be responsible to verify the accuracy, completeness or materiality of any continuing disclosure information provided by the District. The District shall compensate the Dissemination Agent for its fees and expenses hereunder as agreed by the parties. Any entity succeeding to all or substantially all of the Dissemination Agent's corporate trust business shall be the successor Dissemination Agent without the execution or filing of any paper or further act.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, 5(a) or 5(b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances;

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds; and

(d) No duties of the Dissemination Agent hereunder shall be amended without its written consent thereto.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(b), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate. The Dissemination Agent acts hereunder solely for the benefit of the District; this Disclosure Certificate shall confer no duties on the Dissemination Agent to the Participating Underwriter, the Holders and the Beneficial Owners. The District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. The Dissemination Agent shall have no liability for the failure to report any event or any financial information as to which the District has not provided an information report in format suitable for filing with the Repository. The Dissemination Agent shall not be required to monitor or enforce the District's duty to comply with its continuing disclosure requirements hereunder.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated: April 20, 2023

LITTLE LAKE CITY SCHOOL DISTRICT

By: ____

Authorized Officer

EXHIBIT A

NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT

Name of District: LITTLE LAKE CITY SCHOOL DISTRICT

Name of Bond Issue: Election of 2022 General Obligation Bonds, Series A

Date of Issuance: April 20, 2023

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate relating to the Bonds. The District anticipates that the Annual Report will be filed by _____________.

Dated:_______________________

LITTLE LAKE CITY SCHOOL DISTRICT

By ____[form only; no signature required]_____

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APPENDIX D

GENERAL ECONOMIC AND DEMOGRAPHIC INFORMATION FOR THE CITY OF SANTA FE SPRINGS, CITY OF NORWALK AND LOS ANGELES COUNTY

The following material is descriptive of Los Angeles County (the "County"), the City of Norwalk ("Norwalk") and the City of Santa Fe Springs ("Santa Fe Springs," and together with Norwalk, the "Cities"). This material has been prepared by or excerpted from the sources as noted herein and has not been reviewed for accuracy by the School District, its Municipal Advisor or the Underwriter.

General

City of Norwalk. Founded in 1888, Norwalk was incorporated as a city on May 15, 1957. It is located 17 miles southeast of downtown Los Angeles and is hub of four freeways, the Green Line light rail connecting Norwalk with the cities of Los Angeles, South Gate, Lynwood, Hawthorne, El Segundo and Manhattan Beach and the Norwalk/Santa Fe Springs Metrolink Station. The City operates as a general law city under the council-manager form of government. The five City Council members are elected to four-year terms, act as the city's chief policy-making body and appoint the Mayor.

City of Santa Fe Springs. Santa Fe Springs was incorporated as a city on May 15, 1957. The City borders Norwalk to the northeast and is located 17 miles southeast of downtown Los Angeles. The City is 8.7 square miles, with approximately 63% of the total acreage being manufacturing, 9.5% residential and 2.8% commercial. The City operates as a general law city under the council-manager form of government. The five City Council members are elected to four-year terms, act as the city's chief policy-making body and appoint the Mayor.

Four freeways run directly through or immediately past Norwalk and Santa Fe Springs. The Santa Ana Freeway (I-5) bisects both Norwalk and runs east of Santa Fe Springs. The San Gabriel River Freeway (I-605) intersects with I-5 in northern Norwalk. The Century Freeway (I-105) begins in Norwalk and runs west towards Los Angeles International Airport, and the Artesia Freeway (SR 91) runs just south of both Norwalk and Santa Fe Springs. The Green Line light rail also starts in Norwalk, and connects Norwalk with the cities of Los Angeles, South Gate, Lynwood, Hawthorne, El Segundo and Manhattan Beach. Norwalk also hosts the heavily-used Norwalk/Santa Fe Springs Metrolink Station.

Los Angeles County. With 4,061 square miles, the County borders 70 miles of coast on the Pacific Ocean. The County is bordered on the east and the south by Orange and San Bernardino Counties, on the north by Kern County and on the west by Ventura County and the Pacific Ocean. The topography of the County encompasses mountain ranges, deep valleys, forests, islands, lakes, rivers and desert. In between the large desert portions of the County, which make up around 40% of its land area, and the heavily urbanized central and southern portions sit the San Gabriel Mountains containing Angeles National Forest. The County is home to 88 incorporated cities and many unincorporated areas, along with two offshore islands. It is the most populous county in the United States.

The County was incorporated on February 18, 1850 and is one of the original counties of the State of California. The County seat is Los Angeles, which is the largest city in the State. The County is governed by a five-member Board of Supervisors, each of whom is elected by the voters, along with an Assessor, District Attorney and Sheriff. Each Supervisor represents over two million people.

Population

The following table shows ten year historical population figures for the Cities, the County and the State of California from 2013 through 2022.

POPULATION ESTIMATES
City of Norwalk, City of Santa Fe Springs, Los Angeles County and State of California
2013 through 2022

Year[1]	City of Norwalk	City of Santa Fe Springs	Los Angeles County	State of California
2013	106,813	17,054	10,025,721	38,269,864
2014	107,014	17,562	10,078,942	38,556,731
2015	107,157	17,787	10,124,800	38,865,532
2016	107,062	18,265	10,150,386	39,103,587
2017	106,844	18,240	10,181,162	39,352,398
2018	106,815	18,350	10,192,593	39,519,535
2019	106,369	18,331	10,163,139	39,605,361
2020	103,416	18,690	10,014,009	39,538,223
2021	102,356	18,568	9,931,338	39,303,157
2022	101,645	18,763	9,861,224	39,185,605

[1] As of January 1.
[2] U.S. Department of Commerce, Bureau of the Census, for April 1.
Source: California Department of Finance.

Personal Income

The following table summarizes per capita personal income for the County, the State of California and the United States from 2012 to 2021.

PER CAPITA PERSONAL INCOME
2012 through 2021
Los Angeles County, State of California, and United States

Year	Los Angeles County	State of California	United States
2012	$48,502	$48,121	$44,548
2013	48,011	48,502	44,798
2014	50,789	51,266	46,887
2015	53,870	54,546	48,725
2016	55,568	56,560	49,613
2017	57,325	58,804	51,550
2018	59,617	61,508	53,786
2019	63,252	64,919	56,250
2020	68,541	70,647	59,765
2021	74,141	76,614	64,143

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Employment

The following table summarizes the labor force, employment and unemployment figures for the years 2017 through 2021 for the Cities, the County and the State of California.

CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT RATE
City of Santa Fe Springs, City of Norwalk, Los Angeles County and the State of California
2017 through 2021

Year	Area	Labor Force	Employment	Unemployment	Unemployment Rate (%)
2017	City of Norwalk	50,700	48,200	2,500	5.0
	City of Santa Fe Springs	8,300	8,100	300	3.1
	Los Angeles County	5,109,800	4,864,100	245,700	4.8
	State of California	19,185,400	18,258,100	927,300	4.8
2018	City of Norwalk	50,500	48,200	2,300	4.6
	City of Santa Fe Springs	8,200	8,000	200	2.7
	Los Angeles County	5,121,300	4,885,300	235,900	4.6
	State of California	19,289,500	18,468,100	821,400	4.3
2019	City of Norwalk	50,700	48,400	2,200	4.4
	City of Santa Fe Springs	8,500	8,300	200	2.6
	Los Angeles County	5,153,100	4,926,100	227,000	4.4
	State of California	19,409,400	18,612,600	796,800	4.1
2020	City of Norwalk	49,100	42,700	6,400	13.1
	City of Santa Fe Springs	7,900	7,400	500	6.8
	Los Angeles County	4,968,900	4,355,900	613,000	12.3
	State of California	18,931,100	16,996,700	1,934,500	10.2
2021	City of Norwalk	49,400	44,600	4,800	9.7
	City of Santa Fe Springs	8,100	7,700	400	4.8
	Los Angeles County	4,994,100	4,548,900	445,200	8.9
	State of California	18,923,200	17,541,900	1,381,200	7.3

Note: Data is based on annual averages, unless otherwise specified, and is not seasonally adjusted.
Source: U.S. Department of Labor – Bureau of Labor Statistics, California Employment Development Department. March 2021.

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Industry

The County is included in the Los Angeles-Long Beach-Glendale Metropolitan Division (the "Metropolitan Division"). The distribution of employment in the Metropolitan Division is presented in the following table for the last five years. These figures are multi county-wide statistics and may not necessarily accurately reflect employment trends in the County.

INDUSTRY EMPLOYMENT & LABOR FORCE ANNUAL AVERAGES
2017 through 2021
Los Angeles-Long Beach-Glendale Metropolitan Division

	2017	2018	2019	2020	2021
Total Farm	14,500	14,500	15,400	14,100	13,900
Mining, Logging and Construction	98,400	106,400	108,400	106,200	110,500
Manufacturing	98,000	99,800	100,600	95,100	94,800
Wholesale Trade	63,100	66,100	67,700	65,600	67,000
Retail Trade	180,900	181,200	180,700	168,800	177,600
Transportation, Warehousing and Utilities	119,900	132,100	146,600	172,500	198,600
Information	11,600	11,400	11,500	9,400	9,600
Financial Activities	44,700	44,600	45,000	44,100	44,900
Professional and Business Services	147,300	152,000	158,700	155,400	167,300
Education and Health Services	226,700	239,500	250,300	248,700	253,300
Leisure and Hospitality	166,300	170,600	175,900	141,300	158,900
Other Services	45,400	45,800	46,200	40,200	43,000
Government	251,000	257,200	261,200	248,000	243,600
Total All Industries	1,467,800	1,521,100	1,568,100	1,509,300	1,583,000

Source: State of California, Employment Development Department, Labor Market Information Division, Annual Average Labor Force and Industry Employment, March 2021 Benchmark.

Largest Employers

The following tables list the ten largest employers in the Cities and the County.

LARGEST EMPLOYERS
City of Norwalk
2021

Employer Name	Employees
County of Los Angeles	2,280
Metropolitan State Hospital	1,601
Cerritos College	1,364
Norwalk-La Mirada School District	1,237
Freeway Insurance Svc	516
Target	482
City of Norwalk	423
Little Lake City School District(1)	361
Costco Wholesale	336
Coast Plaza Hospita	313

(1) For updated information regarding the School District's employees, see "LITTLE LAKE CITY SCHOOL DISTRICT – Labor Relations" in the front part of this Official Statement.
Source: City of Norwalk Annual Comprehensive Financial Report' For Year Ended June 30, 2021.

LARGEST EMPLOYERS
City of Santa Fe Springs
2021

Employer Name	Employees
Fashtion Nova, Inc.	1,013
McMaster Carr Supply Company	702
FedeEx Ground Package System, Inc.	470
Trojan Battery Company LLC	396
Southern Wine and Spirits	385
7-Eleven Distribution Company	356
Wal-Mart	352
SE Pipe Line Construction	331
L. A. Specialty Produce Company	318
Shaw Diversified Services, Inc.	317

Source: City of Santa Fe Springs Annual Comprehensive Financial Report' For Year Ended June 30, 2021.

MAJOR NON-GOVERNMENTAL EMPLOYERS
Los Angeles County
2021

Employer	Employees
Kaiser Permanente	40,876
University of Southern California	22,465
Target Corp.	20,000[(1)]
Northrop Grumman Corp.	18,000[(1)]
Cedars-Sinai	16,309
Amazon	16,200[(1)]
Allied Universal	15,326
Providence	14,935
Ralphs/Food 4 Less - Kroger Co.	14,585
Walt Disney Co.	12,200[(1)]
Boeing Co.	12,005[(1)]
UPS	11,643[(1)]
Home Depot	11,200[(1)]
NBCUniversal	11,000[(1)]
AT&T	10,500[(1)]
Albertsons Cos.	9,700[(1)]
California Institute of Technology	8,988
Edison International	7,672
ABM Industries Inc.	7,400[(1)]
City of Hope	7,143
Wells Fargo & Co.	7,075[(1)]
FedEx Corp.	6,750[(1)]
Children's Hospital Los Angeles	6,405
Raytheon Intelligence & Space	6,133
Dignity Health	6,118

[(1)] Business Journal estimate.
Source: Los Angeles Business Journal, Weekly Lists, originally published October 11, 2021.

LARGEST PUBLIC SECTOR EMPLOYEES
Los Angeles County
2021

Employer	Employees
Los Angeles County	111,800
Los Angeles Unified School District	75,676
Federal Executive Board[1]	50,000
University of California, Los Angeles	46,130
City of Los Angeles[2]	32,500
State of California[3]	29,100
Long Beach Unified School District	11,267
Los Angeles County Metropolitan Transportation Authority	9,115
Los Angeles Department of Water and Power	8,770
Los Angeles Community College District	6,623
City of Long Beach	4,700
Cal State Northridge	3,933
Los Angeles World Airports	3,050
Pomona Unified School District	2,840
Cal Poly Pomona	2,675
Cal State Los Angeles	2,644
Cal State Long Beach	2,615
Montebello Unified School District	2,320
Mt. San Antonio Community College District	2,021
Compton Unified School District	1,992
City of Glendale	1,980
City of Santa Monica	1,900
William S. Hart Union High School District	1,900
City of Pasadena	1,795
Santa Monica Community College District	1,768

[1] Excludes law enforcement and judiciary employees.
[2] Excludes proprietary departments (LADWP, LAWA, Port of L.A.).
[3] Excludes education employees.
Source: Los Angeles Business Journal, Weekly Lists, originally published October 11, 2021.

Commercial Activity

Summaries of annual taxable sales for the Cities and the County from 2016 through 2020 are shown in the following tables.

TAXABLE TRANSACTIONS
City of Norwalk
2017 through 2021
(Dollars in Thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Taxable Transactions
2017	1,068	$805,500	1,649	$956,158
2018	1,082	832,568	1,693	1,027,022
2019	1,128	843,631	1,809	1,068,110
2020	1,292	759,760	2,073	936,831
2021	1,210	962,988	1,949	1,127,163

Source: Taxable Sales in California, California Department of Tax and Fee Administration.

TAXABLE TRANSACTIONS
City of Santa Fe Springs
2017 through 2021
(Dollars in Thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Taxable Transactions
2017	2,675	$600,690	4,684	$2,195,003
2018	2,669	610,166	4,812	2,341,337
2019	2,706	617,357	4,989	2,493,956
2020	2,874	634,269	5,303	2,416,963
2021	2,539	710,704	4,801	2,736,014

Source: Taxable Sales in California, California Department of Tax and Fee Administration.

ANNUAL TAXABLE SALES
2017 through 2021
Los Angeles County
(Dollars in Thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Taxable Transactions
2017	197,452	$114,298,560	313,226	$160,280,130
2018	200,603	119,145,054	328,047	166,023,796
2019	206,732	122,444,678	342,359	172,313,603
2020	226,643	113,415,974	376,990	157,737,984
2021	208,412	138,932,925	349,061	192,273,178

Source: Taxable Sales in California, California Department of Tax and Fee Administration.

Construction Activity

The annual building permit valuations and number of permits for new dwelling units issued from 2017 through 2021 for the Cities and the County are shown in the following tables.

BUILDING PERMITS AND VALUATIONS
2017 through 2021
City of Norwalk
(Dollars in Thousands)

	2017	2018	2019	2020	2021
Valuation					
Residential	$18,042	$11,665	$13,641	$20,427	$11,015
Non-Residential	5,110	28,063	11,328	12,315	763
Total	$23,152	$39,728	$24,969	$32,742	$11,778
Units					
Single Family	9	5	6	20	1
Multiple Family	35	6	0	78	62
Total	44	11	6	98	63

Note: Totals may not add to sum because of rounding.
Source: Construction Industry Research Board.

BUILDING PERMITS AND VALUATIONS
2017 through 2021
City of Santa Fe Springs
(Dollars in Thousands)

	2017	2018	2019	2020	2021
Valuation					
Residential	$7,407	$4,165	$3,627	$18,344	$1,002
Non-Residential	44,742	24,354	30,666	16,377	3,608
Total	$52,149	$28,519	$34,293	$34,721	$4,610
Units					
Single Family	15	1	1	1	2
Multiple Family	0	0	0	129	0
Total	15	1	1	139	2

Note: Totals may not add to sum because of rounding.
Source: Construction Industry Research Board.

APPENDIX E

LOS ANGELES COUNTY TREASURY POOL

The following information concerning the Los Angeles County (the "County") Treasury Pool (the "Treasury Pool") has been provided by the Treasurer-Tax Collector (the "Treasurer"), and has not been confirmed or verified by the District, the Municipal Advisor or the Underwriter. None of the District, the Municipal Advisor nor the Underwriter have made an independent investigation of the investments in the Treasury Pool nor any 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 may change the 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 makes 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 is correct as of any time subsequent to its date. Further information may be obtained from the Treasurer at the following website: https://ttc.lacounty.gov/. *However, the information presented on such website is not incorporated into this Official Statement by any reference.*

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THE LOS ANGELES COUNTY POOLED SURPLUS INVESTMENTS

The Treasurer and Tax Collector (the Treasurer) of Los Angeles County has the delegated authority to invest funds on deposit in the County Treasury (Treasury Pool). As of January 31, 2023, 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	$22.382
Schools and Community Colleges	24.820
Discretionary Participants	3.682
Total	$50.884

The Treasury Pool participation composition is as follows:

Non-discretionary Participants	92.77%
Discretionary Participants:	
Independent Public Agencies	7.07%
County Bond Proceeds and Repayment Funds	0.16%
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 1, 2022, 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 February 28, 2023, the January 31, 2023 book value of the Treasury Pool was approximately $50.884 billion, and the corresponding market value was approximately $48.343 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 January 31, 2023:

Type of Investment	**% of Pool**
Certificates of Deposit	3.05
U.S. Government and Agency Obligations	69.84
Bank Acceptances	0.00
Commercial Paper	27.03
Municipal Obligations	0.06
Corporate Notes & Deposit Notes	0.02
Repurchase Agreements	0.00
Asset Backed Instruments	0.00
Other	0.00
	100.00

The Treasury Pool is highly liquid. As of January 31, 2023, approximately 34.31% of the investments mature within 60 days, with an average of 813 days to maturity for the entire portfolio.