Financial Statements
June 30, 2021

Little Lake City School District

Schedule of Findings and Questioned Costs

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Little Lake City School District (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Little Lake City School District, as of June 30, 2021, 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.

Emphasis of Matter – Change in Accounting Principle

As discussed in Notes 1 and 17 to the financial statements, Little Lake City School District has adopted the provisions of GASB Statement No. 84, Fiduciary Activities, which has resulted in a restatement of the net position and fund balance as of July 1, 2020. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 14, budgetary comparison information on page 63, schedule of changes in the District's total OPEB liability and related ratios on page 64, schedule of the District's proportionate share of the net OPEB liability – MPP program on page 65, schedule of the District's proportionate share of the net pension liability on page 66, and the schedule of District contributions on page 67, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining non-major governmental fund financial statements, the Schedule of Expenditures of Federal Awards, and the other supplementary information listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of 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 combining non-major governmental fund financial statements, the Schedule of Expenditures of Federal Awards, and the other supplementary information 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 a report dated January 18, 2022 on our consideration of Little Lake City School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Little Lake City School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Little Lake City School District's internal control over financial reporting and compliance.

Rancho Cucamonga, California
January 18, 2022

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, 2021, with comparative information for the year ended June 30, 2020. 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 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 - Most 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 - Most of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following each governmental fund financial statement.

THE DISTRICT AS A WHOLE

Net Position

The District's net position (deficit) was $(19,131,185) for the fiscal year ended June 30, 2021. Of this amount, $(40,424,730) 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	
	2021	2020 as Restated
Assets		
Current and other assets	$ 39,235,346	$ 28,352,302
Capital assets	45,068,355	47,646,207
Total assets	84,303,701	75,998,509
Deferred outflows of resources	14,348,243	15,074,615
Liabilities		
Current liabilities	12,630,004	7,521,752
Long-term liabilities	51,546,147	51,294,652
Aggregate net pension liability	51,186,262	48,430,241
Total liabilities	115,362,413	107,246,645
Deferred inflows of resources	2,420,716	3,159,774
Net Position		
Net investment in capital assets	9,331,480	10,021,098
Restricted	11,962,065	10,281,639
Unrestricted (deficit)	(40,424,730)	(39,636,032)
Total net position (deficit)	$ (19,131,185)	$ (19,333,295)

The $(40,424,730) in unrestricted net position of governmental activities represents the accumulated results of all past years' operations. Unrestricted net position (deficit) – the part of net position that can be used to finance day--to--day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, increased by 1.6 percent ($(40,424,730) compared to $(39,777,928)).

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 16. 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	
	2021	2020*
Revenues		
Program revenues		
Charges for services	$ 31,135	$ 291,899
Operating grants and contributions	15,794,328	10,111,856
General revenues		
Federal and State aid not restricted	33,978,387	35,561,520
Property taxes	13,662,529	12,195,884
Other general revenues	520,867	4,456,854
Total revenues	63,987,246	62,618,013
Expenses		
Instruction-related	44,280,217	45,522,444
Pupil services	6,403,264	6,676,868
Administration	3,604,497	4,156,446
Plant services	4,886,909	4,350,864
All other services	4,610,249	4,989,149
Total expenses	63,785,136	65,695,771
Change in net position	$ 202,110	$ (3,077,758)

*The revenues and expenses for fiscal year 2020 were not restated to show the effects of GASB Statement No. 84 for comparative purposes.

Governmental Activities

As reported in the *Statement of Activities* on page 16, the cost of all of our governmental activities this year was $63,785,136. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only $13,662,529 because the cost was paid by those who benefited from the programs ($31,135) or by other governments and organizations who subsidized certain programs with grants and contributions ($15,794,328). We paid for the remaining "public benefit" portion of our governmental activities with $33,978,387 from Federal or State unrestricted funds and $520,867 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	
	2021	2020*	2021	2020*
Instruction-related	$ 44,280,217	$ 45,522,444	$ (32,370,332)	$ (38,130,360)
Pupil services	6,403,264	6,676,868	(3,616,863)	(4,120,288)
Administration	3,604,497	4,156,446	(3,300,861)	(3,972,908)
Plant services	4,886,909	4,350,864	(4,123,462)	(4,346,952)
All other services	4,610,249	4,989,149	(4,548,155)	(4,721,508)
Total	$ 63,785,136	$ 65,695,771	$ (47,959,673)	$ (55,292,016)

*The total and net cost of services for fiscal year 2020 were not restated to show the effects of GASB Statement No. 84 for comparative purposes.

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of $27,376,051, which is an increase of $5,748,079 from last year (Table 4).

Table 4

	Balances and Activity			
Governmental Fund	June 30, 2020 as restated	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2021
General Fund	$ 12,043,390	$ 58,701,346	$ 54,272,511	$ 16,472,225
Student Activity Fund	141,896	-	-	141,896
Cafeteria Fund	331,641	2,158,561	2,145,437	344,765
Capital Facilities Fund	1,188,007	18,857	7,782	1,199,082
County School Facilities Fund	710,646	3,885	17,333	697,198
Special Reserve Fund for Capital Outlay Projects	1,460,058	560,335	12,838	2,007,555
Bond Interest and Redemption Fund	5,745,984	3,784,093	3,023,131	6,506,946
Debt Service Fund	6,350	34	-	6,384
Total	$ 21,627,972	$ 65,227,111	$ 59,479,032	$ 27,376,051

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 $4.4 million primarily due to:
  - The COVID-19 pandemic, beginning March 17, 2021 and going through the 2020-2021 school year the District asked its teachers to stay home and provide distance learning to their students. Therefore, the District experienced a savings in extra hourly, overtime and substitute costs, of approximately $0.52 million.
  - The District received approximately $3.3 million in one-time funding under the CARES Act and $0.58 in one-time funding from In-Person Instruction funding.
- The Cafeteria Fund is used to account for federal, state and local resources to the food service program. The fund balance increased by $0.01 million due to a general fund contribution of $687,513.
- 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 $0.55 million is primarily due to the District receiving $0.55 million in property tax AB 1290, $0.008 of interest. The District incurred expenditures for the playground upgrades ($0.001 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 $0.76 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 30, 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 63).

The anticipated ending balance for the General Fund was projected at $16.58 million, based on final budgetary revisions through June 30, 2021. Based on year-end totals, the ending fund balance was $15.33 million, reflecting a decrease of $1.25 million over earlier projections. The increase in grant expenditures is the main factor to the fluctuation.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2021, the District had $45,068,355 in a broad range of capital assets (net of depreciation), including land, buildings, furniture, and equipment. This amount represents a net decrease (including additions, deductions, and depreciation) of just under $2,577,852, or 5.4 percent, from last year (Table 5).

Table 5

	Governmental Activities	
	2021	2020
Land and construction in progress	$ 1,467,566	$ 1,424,094
Buildings and improvements	43,325,670	45,886,778
Equipment	275,119	335,335
Total	$ 45,068,355	$ 47,646,207

The District completed modernization projects at various schools totaling $16,653 in the 2020-2021 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 $37,924,724 in long-term obligations outstanding versus $39,277,656 last year, a decrease of 3.4 percent. Those long-term liabilities consisted of the following:

Table 6

	Governmental Activities	
	2021	2020
Long-Term Liabilities		
General obligation bonds (net of unamortized premiums)	$ 37,516,545	$ 38,747,186
Compensated absences	210,040	198,964
Early retirement liabilities	198,139	331,506
Total	$ 37,924,724	$ 39,277,656

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 $37,516,545 is significantly below the statutorily-imposed limit.

At year-end, the District has a net pension liability of $51,186,262 versus $48,430,241 last year, an increase of $2,756,021, or 5.7 percent.

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 9, 10, and 14 of the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the District Budget for the 2021-2022 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 $10,637 per ADA, this reflects a 5.07 percent cost-of-living adjustment and 71.15 Unduplicated Pupil Percentage. Due to the current ADA Hold Harmless Clause, 2020-21 Second Period Apportionment (P2 ADA) will effectively become the P2 ADA for the 2021-22 fiscal year.
    - LCFF incomes is budgeted at $44.1 million, a decrease of $2.13 million from the prior year. This included property tax revenue budgeted at $9.3 million and EPA revenue budgeted at $3.37 million.
- Federal income is budgeted at $6.7 million, an increase of $.61 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 $0.62 million for the Elementary and Secondary School Emergency Relief Fund

Other State Income is budgeted at $5.4 million. The increase is primarily due to the District receiving In-Person Instruction 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 $3.10 million. No major differences are reflected from the 2020-2021 unaudited actuals.

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

- Certificated and Classified salaries and benefits total 77 percent of total expenditures. Certificated and Classified salaries total $28.3 million, an increase of $0.50 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	1,682
Grades Four through Eight	33:1	2,219

- Salary projections include the following:
  - Negotiations for the 2021-2022 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 $14.26 million, and include health and welfare, and statutory benefits for all positions.
  - Statutory benefits include, STRS, PERS, OASDI, Medicare, SUI, and Worker's Compensation.
- $12.97 million, or 23 percent of the total General Fund operating budget is allocated for books and supplies ($1.73 million), other operating expenses and services ($10.69 million), and other outgo and uses ($0.55 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	$ 31,663,611
Receivables	7,496,585
Stores inventories	75,150
Capital assets not depreciated	1,467,566
Capital assets, net of accumulated depreciation	43,600,789
Total assets	84,303,701
Deferred Outflows of Resources	
Deferred outflows of resources related to OPEB	3,064,560
Deferred outflows of resources related to pensions	11,283,683
Total deferred outflows of resources	14,348,243
Liabilities	
Accounts payable	6,697,039
Interest payable	770,709
Unearned revenue	162,256
Current loans	5,000,000
Long-term liabilities	
Long-term liabilities other than OPEB and pensions due within one year	1,611,626
Long-term liabilities other than OPEB and pensions due in more than one year	36,313,098
Other postemployment benefits (OPEB) liabilitiy	13,621,423
Aggregate net pension liability	51,186,262
Total liabilities	115,362,413
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	273,066
Deferred inflows of resources related to pensions	2,147,650
Total deferred inflows of resources	2,420,716
Net Position	
Net investment in capital assets	9,331,480
Restricted for	
Debt service	5,742,621
Capital projects	1,896,280
Educational programs	3,877,645
Other restrictions	445,519
Unrestricted (deficit)	(40,424,730)
Total net position	$ (19,131,185)

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	$ 38,628,837	$ 4,402	$ 11,058,233	$ (27,566,202)
Instruction-related activities				
Supervision of instruction	1,834,846	-	453,360	(1,381,486)
Instructional library, media, and technology	290,087	-	87,861	(202,226)
School site administration	3,526,447	-	306,029	(3,220,418)
Pupil services				
Home-to-school transportation	1,063,479	-	-	(1,063,479)
Food services	2,291,655	18,400	1,438,016	(835,239)
All other pupil services	3,048,130	-	1,329,985	(1,718,145)
Administration				
Data processing	698,022	-	38,823	(659,199)
All other administration	2,906,475	647	264,166	(2,641,662)
Plant services	4,886,909	44	763,403	(4,123,462)
Interest on long-term liabilities	1,785,127	-	-	(1,785,127)
Other outgo	187,145	7,642	54,452	(125,051)
Depreciation (unallocated)	2,637,977	-	-	(2,637,977)
Total governmental activities	$ 63,785,136	$ 31,135	$ 15,794,328	$ (47,959,673)
General Revenues and Subventions				
Property taxes, levied for general purposes				9,609,159
Property taxes, levied for debt service				3,133,510
Taxes levied for other specific purposes				919,860
Federal and State aid not restricted to specific purposes				33,978,387
Interest and investment earnings				153,384
Miscellaneous				367,483
Subtotal, general revenues and subventions				48,161,783
Change in Net Position				202,110
Net Position - Beginning, as restated				(19,333,295)
Net Position - Ending				$ (19,131,185)

	General Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets				
Deposits and investments	$ 20,478,485	$ 6,506,946	$ 4,678,180	$ 31,663,611
Receivables	7,187,689	-	308,896	7,496,585
Due from other funds	500,000	-	-	500,000
Stores inventories	34,008	-	41,142	75,150
Total assets	$ 28,200,182	$ 6,506,946	$ 5,028,218	$ 39,735,346
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$ 6,565,701	$ -	$ 131,338	$ 6,697,039
Due to other funds	-	-	500,000	500,000
Current loans	5,000,000	-	-	5,000,000
Unearned revenue	162,256	-	-	162,256
Total liabilities	11,727,957	-	631,338	12,359,295
Fund Balances				
Nonspendable	55,026	-	41,142	96,168
Restricted	3,877,645	6,506,946	4,342,158	14,726,749
Assigned	1,942,857	-	13,580	1,956,437
Unassigned	10,596,697	-	-	10,596,697
Total fund balances	16,472,225	6,506,946	4,396,880	27,376,051
Total liabilities and fund balances	$ 28,200,182	$ 6,506,946	$ 5,028,218	$ 39,735,346

Total Fund Balance - Governmental Funds		$ 27,376,051
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	$ 81,905,910	
Accumulated depreciation is	(36,837,555)	
Net capital assets		45,068,355
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.		(770,709)
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		
Other postemployment benefits (OPEB) liability	3,064,560	
Aggregate net pension liability	11,283,683	
Total deferred outflows of resources		14,348,243
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	(273,066)	
Aggregate net pension liability	(2,147,650)	
Total deferred inflows of resources		(2,420,716)
Aggregate net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		(51,186,262)
The District's OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.		(13,621,423)

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	$ (35,344,901)	
Unamortized premium on bonds issuance	(391,974)	
Compensated absences (vacations)	(198,139)	
Special termination benefits payable	(210,040)	
In addition, capital appreciation general obligation bonds were issued. The accretion of interest to date on the general obligation bonds is	(1,779,670)	
Total long-term liabilities		(37,924,724)
Total net position - governmental activities		$ (19,131,185)

	General Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues				
Local Control Funding Formula	$ 42,101,730	$ -	$ -	$ 42,101,730
Federal sources	5,398,009	614,271	1,346,389	7,358,669
Other State sources	7,728,468	19,600	104,405	7,852,473
Other local sources	3,473,139	3,150,222	51,013	6,674,374
Total revenues	58,701,346	3,784,093	1,501,807	63,987,246
Expenditures				
Current				
Instruction	35,651,405	-	-	35,651,405
Instruction-related activities				
Supervision of instruction	1,649,838	-	-	1,649,838
Instructional library, media, and technology	274,457	-	-	274,457
School site administration	3,201,561	-	-	3,201,561
Pupil services				
Home-to-school transportation	1,063,479	-	-	1,063,479
Food services	117,214	-	2,071,374	2,188,588
All other pupil services	2,783,450	-	-	2,783,450
Administration				
Data processing	654,381	-	-	654,381
All other administration	2,677,743	-	69,383	2,747,126
Plant services	4,729,133	-	4,680	4,733,813
Other outgo	187,145	-	-	187,145
Facility acquisition and construction	23,490	-	37,953	61,443
Debt service				
Principal	-	1,455,000	-	1,455,000
Interest and other	19,350	1,568,131	-	1,587,481
Total expenditures	53,032,646	3,023,131	2,183,390	58,239,167
Excess (Deficiency) of Revenues Over Expenditures	5,668,700	760,962	(681,583)	5,748,079
Other Financing Sources (Uses)				
Transfers in	-	-	1,239,865	1,239,865
Transfers out	(1,239,865)	-	-	(1,239,865)
Net Financing Sources (Uses)	(1,239,865)	-	1,239,865	-
Net Change in Fund Balances	4,428,835	760,962	558,282	5,748,079
Fund Balance - Beginning, as restated	12,043,390	5,745,984	3,838,598	21,627,972
Fund Balance - Ending	$ 16,472,225	$ 6,506,946	$ 4,396,880	$ 27,376,051

Total Net Change in Fund Balances - Governmental Funds		$ 5,748,079
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities.		
This is the amount by which depreciation exceeds capital outlays in the period.		
Depreciation expense	$ (2,637,977)	
Capital outlays	60,125	
Net expense adjustment		(2,577,852)
The District issued capital appreciation general obligations bonds. The accretion of interest on the general obligation bonds during the current fiscal year was		(244,989)
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 paid were more than incentives earned by $121,466 and vacation used was more than amount earned by $825.		122,291
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.		(3,331,497)

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.	$ (1,302,198)
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 amortization	20,630
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	1,455,000
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.	26,713
Change in net position of governmental activities	$ (83,823)

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 $1,138,987.

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.).

- **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).

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 obligations.

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*. 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 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.

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.

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, capital 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 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 and for OPEB related items.

Pensions

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

Current Loans

Current loans consist of amounts outstanding at year end for Tax Revenue and Anticipation Notes. The notes were issued as short-term liabilities to provide cash flow needs. This liability is offset with cash deposits in the County Treasurer, which have been set aside to repay the notes.

Fund Balances - Governmental Funds

As of June 30, 2021, 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 $11,962,065 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

As of July 1, 2020, the District adopted GASB Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement will enhance consistency and comparability by establishing specific criteria for identifying activities that should be reported as fiduciary activities. Greater consistency and comparability enhance the value provided by the information reported in financial statements for assessing government accountability and stewardship. The impact to the District resulted in a reclassification of the District's student body activities from fiduciary to governmental. The effect of the implementation of this standard on beginning fund balance and net position is disclosed in Note 17.

Note 2 - Deposits and Investments

Summary of Deposits and Investments

Deposits and investments as of June 30, 2021, are classified in the accompanying financial statements as follows:

Governmental funds	$ 31,663,611

Deposits and investments as of June 30, 2021, consist of the following:

Cash on hand and in banks	$ 146,378
Cash in revolving	21,018
Investments	31,496,215
Total deposits and investments	$ 31,663,611

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 $31,496,215 with the Los Angeles County Investment Pool with an average weighted maturity of 1,046 days.

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 investment in the Los Angeles County Investment Pool is not required to be rated, nor has it been rated as of June 30, 2021.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2021, the District's bank balance was fully insured.

Note 3 - Receivables

Receivables at June 30, 2021, consisted of intergovernmental grants, entitlements, interest and other local sources. All receivables are considered collectible in full.

	General Fund	Non-Major Governmental Funds	Total
Federal Government			
Categorical aid	$ 723,165	$ 276,203	$ 999,368
State Government			
LCFF apportionment	4,994,165	-	4,994,165
Categorical aid	473,301	23,005	496,306
Lottery	562,664	-	562,664
Other State	286,975	-	286,975
Local Government			
Interest	24,849	7,560	32,409
Other local sources	122,570	2,128	124,698
Total	$ 7,187,689	$ 308,896	$ 7,496,585

Note 4 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2021, was as follows:

	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021
Governmental Activities				
Capital assets not being depreciated				
Land	$ 1,308,712	$ -	$ -	$ 1,308,712
Construction in progress	115,382	51,254	(7,782)	158,854
Total capital assets not being depreciated	1,424,094	51,254	(7,782)	1,467,566
Capital assets being depreciated				
Land improvements	6,575,809	-	-	6,575,809
Buildings and improvements	70,849,612	10,189	-	70,859,801
Furniture and equipment	2,996,270	6,464	-	3,002,734
Total capital assets being depreciated	80,421,691	16,653	-	80,438,344
Total capital assets	81,845,785	67,907	(7,782)	81,905,910
Accumulated depreciation				
Land improvements	(2,695,978)	(254,361)	-	(2,950,339)
Buildings and improvements	(28,842,665)	(2,316,936)	-	(31,159,601)
Furniture and equipment	(2,660,935)	(66,680)	-	(2,727,615)
Total accumulated depreciation	(34,199,578)	(2,637,977)	-	(36,837,555)
Governmental activities capital assets, net	$ 47,646,207	$ (2,570,070)	$ (7,782)	$ 45,068,355

Depreciation expense was unallocated as follows:

Governmental Activities	
Unallocated	$ 2,637,977

Note 5 - 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, 2021, 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 a temporary loan to cover operating costs.

Interfund Transfers

Interfund transfers for the year ended June 30, 2021, consisted of the following:

The General Fund transferred to the Cafeteria Non-Major governmental Fund for operating contributions.	$ 687,513
The General Fund transferred to the Special Reserve Non-Major Governmental Fund for Capital Outlay Projects to set aside community redevelopment funds for future capital outlay projects.	552,352
Total	$ 1,239,865

Note 6 - Accounts Payable

Accounts payable at June 30, 2021, consisted of the following:

	General Fund	Non-Major Governmental Funds	Total
LCFF apportionment	$ 614,105	$ -	$ 614,105
Salaries and benefits	4,873,534	72,146	4,945,680
Supplies	261,630	34,022	295,652
Services	618,626	25,170	643,796
Due to other LEAs	4,002	-	4,002
Vendor payables	193,804	-	193,804
Total	$ 6,565,701	$ 131,338	$ 6,697,039

Note 7 - Unearned Revenue

Unearned revenue at June 30, 2021, consisted of the following:

	General Fund
Federal financial assistance	$ 162,256

Note 8 - 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 mature on December 30, 2021, and yield 2.00 percent 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, 2020	Additions	Payments	Outstanding June 30, 2021
March 31, 2021	2.00%	12/30/2021	$ -	$ 5,000,000	$ -	$ 5,000,000

Note 9 - 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, 2020	Additions	Deductions	Balance June 30, 2021	Due in One Year
Long-Term Liabilities					
General obligation bonds	$ 38,334,582	$ 244,989	$ (1,455,000)	$ 37,124,571	$ 1,540,000
Unamortized debt premiums	412,604	-	(20,630)	391,974	-
Early retirement liabilities	331,506	-	(121,466)	210,040	71,626
Compensated absences	198,964	-	(825)	198,139	-
Total	$ 39,277,656	$ 244,989	$ (1,597,921)	$ 37,924,724	$ 1,611,626

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.

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, 2020	Interest Accreted/ Issued	Redeemed	Bonds Outstanding June 30, 2021
5/20/2010	7/1/2029	6.03-6.23%	$ 999,901	$ 2,534,582	$ 244,989	$ -	$ 2,779,571
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	3,150,000	-	(340,000)	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	4,935,000	-	(390,000)	4,545,000
4/28/2014	7/1/2025	3.13-3.44%	5,785,000	3,590,000	-	(550,000)	3,040,000
7/2/2015	7/1/2040	2.00-5.00%	12,000,000	11,645,000	-	(175,000)	11,470,000
				$ 38,334,582	$ 244,989	$ (1,455,000)	$ 37,124,571

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 percent to 6.23 percent. 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, 2021, the principal balance outstanding was $2,779,571.

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 percent. The bonds are subject to mandatory sinking fund deposit requirement as follows:

Fiscal Year	Amount
2022	$ 580,000
2023	635,000
2024	680,000
2025	735,000
2026	2,390,000
Total	$ 5,020,000

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, 2021, was $2,980,000. 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, 2021, 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 percent to 4.50 percent. 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, 2021, the principal balance outstanding was $2,810,000.

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 percent to 5.00 percent. 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, 2021, the principal balance outstanding was $4,480,000.

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 percent to 3.44 percent. 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, 2021, the principal balance outstanding was $4,545,000.

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 percent to 3.44 percent. 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, 2021, the principal balance outstanding was $3,040,000.

2012 General Obligation Bonds, Series A

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 percent. Proceeds from the sale of bonds will be used to finance the renovation, acquisition, and construction of District buildings and facilities. At June 30, 2021, the principal outstanding (including accretion) was $11,470,000. Unamortized premium received on issuance was $391,974.

Debt Service Requirements to Maturity

The bonds mature through 2045 as follows:

Fiscal Year	Principal	Accreted Interest	Interest to Maturity	Total
2022	$ 1,540,000	$ -	$ 1,517,287	$ 3,057,287
2023	1,620,000	-	1,459,538	3,079,538
2024	1,715,000	-	1,392,023	3,107,023
2025	1,795,000	-	1,326,029	3,121,029
2026	1,885,000	-	1,255,899	3,140,899
2027-2031	16,699,571	2,520,429	3,335,939	22,555,939
2032-2036	4,210,000	-	2,141,309	6,351,309
2037-2041	6,290,000		1,054,050	7,344,050
2042-2045	1,370,000	-	106,500	1,476,500
Total	$ 37,124,571	$ 2,520,429	$ 13,588,574	$ 53,233,574

Early Retirement Incentives

During 2010-2011 fiscal year, the District offered 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 18 employees retired under this retirement incentive programs, entitled to receive future benefits. As of June 30, 2021, the remaining balance of the combined obligations associated with the District's supplemental retirement plans was $210,040.

The following represents future obligations:

	Future Payments
2022	$ 71,626
2023	62,707
2024	40,228
2025	19,771
2026	13,000
Thereafter	2,708
Total	$ 210,040

Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2021, amounted to $198,139.

Note 10 - Other Postemployment Benefit (OPEB) Liability

For the fiscal year ended June 30, 2021, 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	$ 13,327,261	$ 3,064,560	$ 273,066	$ 1,274,780
Medicare Premium Payment (MPP) Program	294,162	-	-	27,418
Total	$ 13,621,423	$ 3,064,560	$ 273,066	$ 1,302,198

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, 2021, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	88
Active employees	308
Total	396

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, 2021, the District paid $285,933 in benefits.

Total OPEB Liability of the District

The District's total OPEB liability of $13,327,261 was measured as of June 30, 2021, and the total OPEB liability was determined by an actuarial valuation as of June 30, 2021.

Actuarial Assumptions

The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.18	percent
Salary increases	2.75	percent, average, including inflation
Discount rate	2.18	percent
Healthcare cost trend rates	6.75	percent for 2021

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

Mortality rates were based on the 2021 CalSTRS Mortality Table for certificated employees and the 2017 CalPERS Active Mortality for Miscellaneous Employees Table for classified employees.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actual experience study for the period July 1, 2020 to June 30, 2021.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance, June 30, 2020	$ 11,750,252
Service cost	577,873
Interest	324,150
Differences between expected and actual experience	17,170
Changes of assumptions or other inputs	943,749
Benefit payments	(285,933)
Net change in total OPEB liability	1,577,009
Balance, June 30, 2021	$ 13,327,261

No changes of benefit terms were noted.

Changes of assumptions and other inputs reflect a change in the discount rate from 2.66 percent in 2020 to 2.18 percent in 2021.

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 (1.18%)	$ 15,362,349
Current discount rate (2.18%)	13,327,261
1% increase (3.18%)	11,654,542

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 (5.75%)	$ 11,189,563
Current healthcare cost trend rate (6.75%)	13,327,261
1% increase (7.75%)	16,091,385

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

For the year ended June 30,2021, the District recognized OPEB expense of $1,274,780. At June 30, 2021, 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	$ 15,577	$ 273,066
Changes of assumptions	3,048,983	-
Total	$ 3,064,560	$ 273,066

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	$ 372,757
2023	372,757
2024	372,757
2025	372,757
2026	372,757
Thereafter	927,709
Total	$ 2,791,494

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, 2019 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, 2021, the District reported a liability of $294,162 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019. 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, 2020 and June 30, 2019, respectively, was 0.0694 percent, and 0.0716 percent, resulting in a net decrease in the proportionate share of 0.0022 percent.

For the year ended June 30, 2021, the District recognized OPEB expense of $27,418.

Actuarial Methods and Assumptions

The June 30, 2020 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2019, and rolling forward the total OPEB liability to June 30, 2020, using the assumptions listed in the following table:

Measurement Date	June 30, 2020	June 30, 2019
Valuation Date	June 30, 2019	June 30, 2018
Experience Study	June 30, 2014 through June 30, 2018	June 30, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	2.21%	3.50%
Medicare Part A Premium Cost Trend Rate	4.50%	3.70%
Medicare Part B Premium Cost Trend Rate	5.40%	4.10%

For the valuation as of June 30, 2019, CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among our members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP 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 294 or an average of 0.18 percent of the potentially eligible population (159,339).

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, 2020, 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 2.21 percent. 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 2.21 percent, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2020, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate decreased 1.29 percent from 3.50 percent as of June 30, 2019.

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 (1.21%)	$ 325,278
Current discount rate (2.21%)	294,162
1% increase (3.21%)	267,685

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 Rate	Net OPEB Liability
1% decrease (3.50% Part A and 4.40% Part B)	$ 266,727
Current Medicare costs trend rate (4.50% Part A and 5.40% Part B)	294,162
1% increase (5.50% Part A and 6.40% Part B)	325,745

Note 11 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total
Nonspendable				
Revolving cash	$ 21,018	$ -	$ -	$ 21,018
Stores inventories	34,008	-	41,142	75,150
Total nonspendable	55,026	-	41,142	96,168
Restricted				
Legally restricted programs	3,877,645	-	-	3,877,645
Student activity	-	-	141,896	141,896
Food service	-	-	303,623	303,623
Capital projects	-	-	3,890,255	3,890,255
Debt services	-	6,506,946	6,384	6,513,330
Total restricted	3,877,645	6,506,946	4,342,158	14,726,749
Assigned				
Capital projects	-	-	13,580	13,580
Site donation carryover	60,125	-	-	60,125
S&C carryover	743,745	-	-	743,745
projects	1,138,987	-	-	1,138,987
Total assigned	1,942,857	-	13,580	1,956,437
Unassigned	10,596,697	-	-	10,596,697
Total	$ 16,472,225	$ 6,506,946	$ 4,396,880	$ 27,376,051

Note 12 - Lease Revenues

Lease agreements have been entered into with various lessees for terms that exceed one year. None of the agreements contain purchase options. All of the agreements contain a termination clause providing for cancellation after a specified number of days written notice to lessees, but is unlikely that the District will cancel any of the agreements prior to their expiration date. The future minimum lease payments expected to be received under these agreements are as follows:

Year Ending June 30,	Lease Revenue
2022	$ 344,265
2023	344,265
2024	344,265
2025	330,808
2026	345,894
Thereafter	25,535,221
Total	$ 27,244,718

Note 13 - 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, 2021, 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 2020, 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, 2021, 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	$ 38,604,989	$ 9,173,528	$ 1,855,163	$ 5,442,142
CalPERS	12,581,273	2,110,155	292,487	2,389,244
Total	$ 51,186,262	$ 11,283,683	$ 2,147,650	$ 7,831,386

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, 2019, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

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

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

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

The STRP provisions and benefits in effect at June 30, 2021, are summarized as follows:

	STRP Defined Benefit Program	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	16.15%	16.15%
Required state contribution rate	10.328%	10.328%

Contributions

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2021, are presented above and the District's total contributions were $3,321,765.

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

At June 30, 2021, 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	$ 38,604,989
State's proportionate share of the net pension liability	19,900,876
Total	$ 58,505,865

The net pension liability was measured as of June 30, 2020. 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, 2020 and June 30, 2019, respectively was 0.0398 percent and 0.0405 percent, resulting in a net decrease in the proportionate share of 0.0007 percent.

For the year ended June 30, 2021, the District recognized pension expense of $5,442,142. In addition, the District recognized pension expense and revenue of $2,787,917 for support provided by the State. At June 30, 2021, 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	$ 3,321,765	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	1,102,077	766,436
Differences between projected and actual earnings on pension plan investments	917,033	-
Differences between expected and actual experience in the measurement of the total pension liability	68,120	1,088,727
Changes of assumptions	3,764,533	-
Total	$ 9,173,528	$ 1,855,163

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
2022	$ (559,568)
2023	312,450
2024	623,372
2025	540,779
Total	$ 917,033

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
2022	$ 1,244,860
2023	1,025,678
2024	1,135,622
2025	(90,626)
2026	(125,826)
Thereafter	(110,141)
Total	$ 3,079,567

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, 2019, and rolling forward the total pension liability to June 30, 2020. The financial reporting actuarial valuation as of June 30, 2019, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2019
Measurement date	June 30, 2020
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 percent 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 (Pension Consulting Alliance-PCA) 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 future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2020, 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 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 percent) and assuming that contributions, benefit payments and administrative expense occurred midyear. Based on these assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	$ 58,326,760
Current discount rate (7.10%)	38,604,989
1% increase (8.10%)	22,321,889

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, 2019 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, 2021, 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	20.70%	20.70%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2021, are presented above and the total District contributions were $1,178,124.

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

As of June 30, 2021, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $12,581,273. The net pension liability was measured as of June 30, 2020. 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, 2020 and June 30, 2019, respectively was 0.0410 percent and 0.0407 percent, resulting in a net increase in the proportionate share of 0.0003 percent.

For the year ended June 30, 2021, the District recognized pension expense of $2,389,244. At June 30, 2021, 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	$ 1,178,124	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	-	292,487
Differences between projected and actual earnings on pension plan investments	261,902	-
Differences between expected and actual experience in the measurement of the total pension liability	623,993	-
Changes of assumptions	46,136	-
Total	$ 2,110,155	$ 292,487

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
2022	$ (98,009)
2023	87,421
2024	151,951
2025	120,539
Total	$ 261,902

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
2022	$ 306,954
2023	87,417
2024	(14,182)
2025	(2,547)
Total	$ 377,642

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, 2019, and rolling forward the total pension liability to June 30, 2020. The financial reporting actuarial valuation as of June 30, 2019, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2019
Measurement date	June 30, 2020
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and service

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

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

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

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.15%)	$ 18,087,875
Current discount rate (7.15%)	12,581,273
1% increase (8.15%)	8,011,071

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 $2,252,189 (10.328 percent 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. On behalf payments have been included in the calculation of available reserves, and have been included in the budgeted amounts reported in the General Fund - Budgetary Comparison Schedule.

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, 2021.

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, 2021, the District made payments of $354,125, and $383,756 to WASIA and ASCIP, respectively, for the services noted above.

Note 17 - Restatement of Prior year Net Position and Fund Balance

As of July 1, 2020, the Little Lake School District adopted GASB Statement 84, *Fiduciary Activities* (GASB 84). As a result of the implementation of GASB 84, the District has reclassified its associated student body activity previously report as fiduciary funds to a governmental fund – Student Activity Fund. The following table describes the effects of the implementation on beginning fund balance/net position.

	Non-Major Governmental Funds	Total Governmental Funds
Beginning Fund Balance previously reported at June 30, 2020	$ 3,696,702	$ 21,486,076
Reclassification of student activity funds from agency funds to a special revenue fund	141,896	141,896
Fund Balance - Beginning as Restated July 1, 2020	$ 3,838,598	$ 21,627,972

Government-Wide Financial Statements	
Beginning Government-Wide Net Position (Deficit) previously reported at June 30, 2020	$ (19,475,191)
Reclassification of student activity funds from agency funds to a special revenue fund	141,896
Net Position (Deficit) - Beginning as Restated July 1, 2020	$ (19,333,295)

Note 18 - Subsequent Events

On November 18, 2021, the District issued the 2021 General Obligation Refunding Bonds, Series A and B in the aggregate amount of $7,370,000. The Series A and B refunding bonds were issued as current interest bonds. The bonds were issued at an aggregate price of $7,381,451 (representing the principal amount of $7,370,000 plus an original issue premium of $240,321 less cost of issuance of $228,870). The refunding bonds Series A and Series B have final maturities to occur on July 1, 2027 and July 1, 2043, respectively, with interest rates ranging from 0.40 to 4.00 percent. Proceeds from the sale of bonds will be used to fully refund all outstanding balances of 2011 General Obligation Refunding Bonds, and 2012 General Obligation Bonds, Series A.

Required Supplementary Information
June 30, 2021

Little Lake City School District

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	Budgeted Amounts			Variances - Positive (Negative)
	Original	Final	Actual	Final to Actual
Revenues				
Local Control Funding Formula	$ 38,637,140	$ 41,956,547	$ 42,101,730	$ 145,183
Federal sources	2,123,407	5,406,961	5,398,009	(8,952)
Other State sources	3,962,479	8,745,562	7,728,468	(1,017,094)
Other local sources	3,440,750	3,204,975	3,473,139	268,164
Total revenues [1]	48,163,776	59,314,045	58,701,346	(612,699)
Expenditures				
Current				
Certificated salaries	21,160,256	20,966,238	21,582,065	(615,827)
Classified salaries	6,446,161	5,721,665	6,182,286	(460,621)
Employee benefits	12,298,828	14,103,944	13,585,755	518,189
Books and supplies	1,090,393	4,237,025	4,206,527	30,498
Services and operating expenditures	8,467,230	7,612,781	7,334,761	278,020
Other outgo	5,298	61,095	98,412	(37,317)
Capital outlay	-	30,690	23,490	7,200
Debt service				
Debt service - interest and other	-	-	19,350	(19,350)
Total expenditures [1]	49,468,166	52,733,438	53,032,646	(299,208)
Excess (Deficiency) of Revenues Over Expenditures	(1,304,390)	6,580,607	5,668,700	(911,907)
Other Financing Uses				
Transfers out	(390,000)	(1,037,513)	(1,239,865)	(202,352)
Net Change in Fund Balances	(1,694,390)	5,543,094	4,428,835	(1,114,259)
Fund Balance - Beginning	12,043,390	12,043,390	12,043,390	-
Fund Balance - Ending	$ 10,349,000	$ 17,586,484	$ 16,472,225	$ (1,114,259)

[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.

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

[1] The District's OPEB Plan is administered through a trust, however, 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,	2021	2020	2019	2018
Proportion of the net OPEB liability	0.0694%	0.0716%	0.0712%	0.0712%
Proportionate share of the net OPEB liability	$ 294,162	$ 266,744	$ (272,612)	$ (299,483)
Covered payroll	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]
Plan fiduciary net position as a percentage of the total OPEB liability	-0.71%	-0.81%	-0.40%	0.01%
Measurement Date	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.

	2021	2020	2019	2018	2017	2016	2015
CalSTRS							
Proportion of the net pension liability	0.0398%	0.0405%	0.0397%	0.0393%	0.0387%	0.0391%	0.0363%
Proportionate share of the net pension liability	$ 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	19,900,876	19,951,245	20,879,898	21,511,955	17,826,847	13,925,577	12,800,230
Total	$ 58,505,865	$ 56,521,004	$ 57,348,357	$ 57,874,805	$ 49,141,454	$ 40,255,406	$ 33,998,167
Covered payroll	$ 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	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	72%	73%	71%	69%	70%	74%	77%
Measurement Date	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	0.0410%	0.0407%	0.0412%	0.0415%	0.0429%	0.0441%	0.0459%
Proportionate share of the net pension liability	$ 12,581,273	$ 11,860,482	$ 10,979,257	$ 9,913,380	$ 8,478,004	$ 6,500,945	$ 5,215,309
Covered payroll	$ 5,910,836	$ 5,611,676	$ 5,615,730	$ 5,236,074	$ 5,165,165	$ 4,687,851	4,822,645
Proportionate share of the net pension liability as a percentage of its covered payroll	212.85%	211.35%	195.51%	189.33%	164.14%	138.68%	108.14%
Plan fiduciary net position as a percentage of the total pension liability	70%	70%	71%	72%	74%	79%	83%
Measurement Date	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.

	2021	2020	2019	2018	2017	2016	2015
CalSTRS							
Contractually required contribution	$ 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	3,321,765	3,656,524	3,502,150	2,992,690	2,574,952	2,097,727	1,597,902
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 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	16.15%	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%
CalPERS							
Contractually required contribution	$ 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	1,178,124	1,165,676	1,013,581	872,179	727,186	612,072	551,807
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 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	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(s)

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.

At June 30, 2021, the District major fund exceeded the budgeted amount in total as follows:

	Expenditures and Other Uses		
Funds	Budget	Actual	Excess
General Fund	$ 53,770,951	$ 54,272,511	$ 501,560

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 2.66 percent to 2.18 percent since the previous valuation.

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 3.50 percent to 2.21 percent 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 District Contributions

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

Supplementary Information
June 30, 2021

Little Lake City School District

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA 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	$ 292,079
Supporting Effective Instruction State Grants	84.367	14341	108,091
English Language Acquisition State Grants - English Learner Student Program	84.365	14346	71,158
Student Support and Academic Enrichment Program	84.424	15396	33,401
Education for Homeless Children and Youth	84.196	14332	48,413
Education Stabilization Fund			
COVID-19 Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425C	15536	477,067
COVID-19 Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425C	15547	186,018
COVID-19 Governor's Emergency Education Relief Fund Learning Loss Mitigation	84.425D	15517	65,021
COVID-19 Child Nutrition: COVID CARES Act Supplemental Meal Reimbursement	84.425C	15535	91,754
Subtotal			819,860
Passed through Whittier Union High School District SELPA			
Special Education Grants to States - Basic Local Assistance	84.027	13379	685,436
Total U.S. Department of Education			2,058,438
U.S. Department Of Treasury			
Passed through California Department of Education:			
COVID-19 Coronavirus Relief Fund - Learning Loss Mitigation	21.019	25516	3,431,325
Total U.S. Department of Treasury			3,431,325
U.S. Department of Agriculture			
Passed through CDE			
Child Nutrition Cluster			
National School Lunch Program	10.555	13524	713,071
National School Lunch Program - Commodities	10.555	13524	98,803
Subtotal			811,874
Especially Needy Breakfast Program	10.553	13526	442,761
Subtotal Child Nutrition Cluster			1,254,635
Total U.S. Department of Agriculture			1,254,635
Total Federal Financial Assistance			$ 6,744,398

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
Gabriel Jimenez	President	2022
Hilda Zamora	Vice President	2022
Janet Rock	Clerk	2024
Manuel Cantu	Member	2024
Gina Ramirez	Member	2024

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

Grade Level	Number of Actual Days: Traditional Calendar	Number of Actual Days: Multitrack Calendar	Number of Days Credited Form J-13A	Total Days Offered	Status
Kindergarten	180	N/A	-	180	Complied
Grades 1 - 3					
Grade 1	180	N/A	-	180	Complied
Grade 2	180	N/A	-	180	Complied
Grade 3	180	N/A	-	180	Complied
Grades 4 - 8					
Grade 4	180	N/A	-	180	Complied
Grade 5	180	N/A	-	180	Complied
Grade 6	180	N/A	-	180	Complied
Grade 7	180	N/A	-	180	Complied
Grade 8	180	N/A	-	180	Complied

There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2021.

	(Budget) 2022 [1]	2021	2020	2019
General Fund [3]				
Revenues	$ 59,484,123	$ 58,570,828	$ 53,234,822	$ 55,555,994
Expenditures	55,014,678	53,032,646	51,534,460	53,475,680
Other uses and transfers out	512,058	1,239,865	472,400	342,130
Total Expenditures and Other Uses	55,526,736	54,272,511	52,006,860	53,817,810
Increase/(Decrease) in Fund Balance	3,957,387	4,298,317	1,227,962	1,738,184
Ending Fund Balance	$ 19,290,625	$ 15,333,238	$ 11,034,921	$ 9,806,959
Available Reserves [2]	$ 11,856,424	$ 10,596,698	$ 6,719,451	$ 6,499,461
Available Reserves as a Percentage of Total Outgo	21.35%	19.52%	12.92%	12.45%
Long-Term Liabilities	N/A	$ 102,732,409	$ 99,724,893	$ 97,039,747
K-12 Average Daily Attendance at P-2	3,800	4,150	4,150	4,145

The General Fund balance has increased by $5,526,279 over the past two years. The fiscal year 2021-2022 budget projects an increase of $3,957,387 (25.8 percent). For a district this size, the State recommends available reserves of at least three percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in each of the past three years and anticipates incurring an operating surplus during the 2021-2022 fiscal year. Total long-term obligations have increased by $5,692,662 over the past two years.

Average daily attendance has increased by 5 over the past two years. A decline of 350 ADA is anticipated during fiscal year 2021-2022.

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[1] Budget 2022 is included for analytical purposes only and has not been subjected to audit.
[2] Available reserves consist of all unassigned fund balances including all amounts reserved for economic uncertainties contained 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	Special Reserve Fund for Capital Outlay Projects	Debt Service Fund	Non-Major Governmental Funds
Assets							
Deposits and investments	$ 141,896	$ 609,527	$ 1,202,425	$ 713,009	$ 2,004,952	$ 6,371	$ 4,678,180
Receivables	-	301,718	2,548	1,522	3,095	13	308,896
Stores inventories	-	41,142	-	-	-	-	41,142
Total assets	$ 141,896	$ 952,387	$ 1,204,973	$ 714,531	$ 2,008,047	$ 6,384	$ 5,028,218
Liabilities and Fund Balances							
Liabilities							
Accounts payable	$ -	$ 107,622	$ 5,891	$ 17,333	$ 492	$ -	$ 131,338
Due to other funds	-	500,000	-	-	-	-	500,000
Total liabilities	-	607,622	5,891	17,333	492	-	631,338
Fund Balances							
Nonspendable	-	41,142	-	-	-	-	41,142
Restricted	141,896	303,623	1,199,082	697,198	1,993,975	6,384	4,342,158
Assigned	-	-	-	-	13,580	-	13,580
Total fund balances	141,896	344,765	1,199,082	697,198	2,007,555	6,384	4,396,880
Total liabilities and fund balances	$ 141,896	$ 952,387	$ 1,204,973	$ 714,531	$ 2,008,047	$ 6,384	$ 5,028,218

See Notes to Supplementary Information

	Student Activity Fund	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Debt Service Fund	Non-Major Governmental Funds
Revenues							
Federal sources	$ -	$ 1,346,389	$ -	$ -	$ -	$ -	$ 1,346,389
Other State sources	-	104,405	-	-	-	-	104,405
Other local sources	-	20,254	18,857	3,885	7,983	34	51,013
Total revenues	-	1,471,048	18,857	3,885	7,983	34	1,501,807
Expenditures							
Current							
Pupil services							
Food services	-	2,071,374	-	-	-	-	2,071,374
Administration							
All other administration	-	69,383	-	-	-	-	69,383
Plant services	-	4,680	-	-	-	-	4,680
Facility acquisition and construction	-	-	7,782	17,333	12,838	-	37,953
Total expenditures	-	2,145,437	7,782	17,333	12,838	-	2,183,390
Excess (Deficiency) of Revenues Over Expenditures	-	(674,389)	11,075	(13,448)	(4,855)	34	(681,583)
Other Financing Sources							
Transfers in	-	687,513	-	-	552,352	-	1,239,865
Net Change in Fund Balances	-	13,124	11,075	(13,448)	547,497	34	558,282
Fund Balance - Beginning, as restated	141,896	331,641	1,188,007	710,646	1,460,058	6,350	3,838,598
Fund Balance - Ending	$ 141,896	$ 344,765	$ 1,199,082	$ 697,198	$ 2,007,555	$ 6,384	$ 4,396,880

See Notes to Supplementary Information

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, 2021. 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, 2021, 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.

	CFDA Number	Amount
Total Federal Revenues reported on the financial statements		$ 7,358,669
QSCB Bond Interest Subsidy	N/A	(614,271)
Total Federal Financial Assistance		$ 6,744,398

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 Instructional Time

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* Section 43504.

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Unaudited Actual Financial Report to the audited financial statements.

Schedule of Financial Trends and Analysis

This schedule discloses the District's financial trends by displaying past years' data along with current year budget information. These financial trend disclosures are used to evaluate the District's ability to continue as a going concern for a reasonable period of time.

Non-Major Governmental Funds - Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances

The Non-Major Governmental Funds Combining Balance Sheet and Combining Statement of Revenues, Expenditures and Changes in Fund Balances is included to provide information regarding the individual funds that have been included in the Non-Major Governmental Funds column on the Governmental Funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances.

Independent Auditor's Reports
June 30, 2021

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 Board of Directors
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, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Little Lake City School District's basic financial statements and have issued our report thereon dated January 18, 2022.

Emphasis of Matter – Change in Accounting Principles
As discussed in Notes 1 and 17 to the financial statements, Little Lake City School District has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities,* which has resulted in a restatement of the net position and fund balances as of July 1, 2020. Our opinions are not modified with respect to this matter.

Internal Control over Financial Reporting
In planning and performing our audit of the financial statements, we considered Little Lake City School 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 Little Lake City School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Little Lake City School District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Little Lake City School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Eide Bailly LLP

Rancho Cucamonga, California
January 18, 2022

CPAs & BUSINESS ADVISORS

Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance

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

Report on Compliance for Each Major Federal Program
We have audited Little Lake City School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Little Lake City School District's major federal programs for the year ended June 30, 2021. Little Lake City School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility
Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility
Our responsibility is to express an opinion on compliance for each of Little Lake City School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Little Lake City School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Little Lake City School District's compliance.

Opinion on Each of the Major Federal Programs
In our opinion, Little Lake City School District's complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of Little Lake City School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Little Lake City School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Little Lake City School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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
January 18, 2022

CPAs & BUSINESS ADVISORS

Independent Auditor's Report on State Compliance

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

Report on State Compliance

We have audited Little Lake City School District's (the District) compliance with the types of compliance requirements described in the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting,* applicable to the state laws and regulations listed in the table below for the year ended June 30, 2021.

Management's Responsibility

Management is responsible for compliance with the state laws and regulations as identified in the table below.

Auditor's Responsibility

Our responsibility is to express an opinion on the District's compliance with state laws and regulations based on our audit of the types of compliance requirements referred to below. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements listed below has occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on state compliance. However, our audit does not provide a legal determination of the District's compliance.

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Compliance Requirements Tested

In connection with the audit referred to above, we selected and tested transactions and records to determine the District's compliance with laws and regulations applicable to the following items:

	Procedures Performed
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS	
Attendance and Distance Learning	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
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
K-3 Grade Span Adjustment	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	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Independent Study - Course Based	No, see below
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
Charter School Facility Grant Program	No, see below

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 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.

We did not perform procedures related to California Clean Energy Jobs Act because the District did not have any expenditures during the current year. In addition, the District has not yet filed its final report.

The District does not offer an Independent Study - Course Based program; therefore, we did not perform any procedures related to the Independent Study - Course Based Program.

The District does not operate any Charter Schools; therefore, we did not perform procedures for Charter School Programs.

Basis for Qualified Opinion on Classroom Teacher Salaries
As described in the accompanying *Schedule of State Compliance Findings and Questioned Costs,* Little Lake City School District did not comply with the requirements regarding Classroom Teacher Salaries, as identified in finding 2021-001. Compliance with such requirements is necessary, in our opinion, for Little Lake City School District to comply with the requirements referred to as above.

Qualified Opinion on Classroom Teacher Salaries
In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Little Lake City School District complied, in all material respects, with the compliance requirement referred to above for the year ended June 30, 2021.

Little Lake City School District's response to the noncompliance finding identified in our audit is described in the accompanying *Schedule of State Compliance Finding Questioned Costs*. Little Lake City School District's Binder was not subjected to audit procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Unmodified Opinion on Each of the Other Programs
In our opinion, Little Lake City School District complied, in all material respects with the laws and regulations of the state programs referred to above for the year ended June 30, 2021, except as described in the accompanying *Schedule of State Compliance Findings and Questioned Costs.*

The purpose of this report on state compliance is solely to describe the results of our testing based on the requirements of the *2020-2021 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
January 18, 2022

Schedule of Findings and Questioned Costs
June 30, 2021

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/ Federal CFDA Number
Corona Virus Relief Fund	21.019
Education Stabilization Fund	84.425C & 84.425D

Dollar threshold used to distinguish between type A and type B programs	$ 750,000
Auditee qualified as low-risk auditee?	No

State Compliance

Type of auditor's report issued on compliance for programs	Unmodified*

*Unmodified for all programs except for the following program which was qualified:

Name of Program
Classroom Teacher Salaries

None reported.

None reported.

The following finding represents an instance of noncompliance relating to compliance with state laws and regulations. The finding has been coded as follows:

Five Digit Code	AB 3627 Finding Type
61000	**Classroom Teacher Salaries**

2021-001 61000

Criteria or Specific Requirements

California *Education Code* Section 41372 requires that the payment of classroom teacher salaries and benefits meet or exceed 60 percent (for elementary districts) of total expenditures of the District.

Condition

The District spent 59.55 percent of their current expenditures of education ($47,780,144) on classroom teacher salaries and benefits, failing to meet the 60 percent 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 EC Section 41372 were removed from the calculation in the form CEA.

Repeat Finding

No.

Recommendation

We recommend the District evaluate its expenditures and develop a plan to ensure compliance with the noted requirement above.

Corrective Action Plan and View of Responsible Officials

The District's inability to meet this requirement is due to the substantial amount of Categorical funding received related to COVID-19 being spent on supplies and services. The District has continually met this requirement in prior years and will monitor expenses to ensure they are within compliance in future years.

There were no audit findings reported in the prior year’s Schedule of Findings and Questioned Costs.