PRELIMINARY OFFICIAL STATEMENT DATED MAY 31, 2019

NEW ISSUE—FULL BOOK-ENTRY | **RATING: Moody's: "Aa3"**
See "MISCELLANEOUS – Rating" herein

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

$60,000,000*
NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT
(Los Angeles County, California)
Election of 2014 General Obligation Bonds, Series D

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

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

The Norwalk-La Mirada Unified School District (Los Angeles County, California) Election of 2014 General Obligation Bonds, Series D (the "Bonds") were authorized at an election of the registered voters of the Norwalk-La Mirada Unified School District (the "District") held on November 4, 2014, at which the requisite 55% or more of the persons voting on the proposition voted to authorize the issuance and sale of $375,000,000 aggregate principal amount of general obligation bonds of the District. The Bonds are being issued to (i) finance the repair, upgrading, acquisition, construction and equipping of District sites and facilities and (ii) pay the costs of issuing the Bonds.

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

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

The Bonds will be issued as current interest bonds. Interest on the Bonds accrues from the date of delivery of the Bonds (the "Date of Delivery"), and is payable semiannually on February 1 and August 1 of each year, commencing on February 1, 2020.

Payments of principal of and interest on the Bonds will be made by the Paying Agent, Bond Registrar and Transfer Agent (the "Paying Agent") to DTC for subsequent disbursement to DTC Participants (as defined herein) who will remit such payments to the Beneficial Owners of the Bonds. U.S. Bank National Association has been appointed as agent of the Treasurer and Tax Collector of Los Angeles County to act as Paying Agent for the Bonds. See "THE BONDS – Book-Entry Only System" herein.

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

Maturity Schedules*
(See inside front cover)

*The Bonds are offered when, as and if issued, subject to the approval as to their legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, Bond Counsel and Disclosure Counsel to the District. Certain matters will be passed on for the Underwriter by Katten Muchin Rosenman LLP, New York, New York. It is anticipated that the Bonds, in book-entry form, will be available for delivery through the facilities of Cede & Co., as nominee of The Depository Trust Company, in New York, New York, on or about _______ __, 2019.**

Wells Fargo Securities

Dated: __________ ___, 2019

* Preliminary, subject to change.

MATURITY SCHEDULE

$60,000,000*
NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT
(Los Angeles County, California)
Election of 2014 General Obligation Bonds, Series D

Base CUSIP[(1)]: 669096

$_____________ Serial Bonds

Maturity (August 1)	Principal Amount	Interest Rate	Yield	CUSIP[(1)]

$_____________- ___% Term Bonds, due August 1, 20__, Yield ___%; CUSIP[(1)]: ____

* Preliminary, subject to change.
(1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. Neither the Underwriter nor the District is responsible for the selection or correctness of the CUSIP numbers set forth herein.

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

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

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

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

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

The Underwriter has provided the following information for inclusion in this Official Statement:

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

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

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this final official statement for purposes of, and as that term is defined in, SEC rule 15c2-12.

<u>NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT</u>

Board of Education

Ana Valencia, *President*
Jude Cazares, *Vice President*
Darryl Adams, *Member*
Karen Morrison, *Member*
Chris Pflanzer, *Member*
Jorge A. Tirado, *Member*
Jesse Urquidi, *Member*

District Administration

Dr. Hasmik Danielian, *Superintendent*
Estuardo Santillan, *Assistant Superintendent, Business Services*

<u>PROFESSIONAL SERVICES</u>

Bond and Disclosure Counsel

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

Municipal Advisor

Piper Jaffray & Co.
El Segundo, California

Paying Agent, Registrar and Transfer Agent

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

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$60,000,000*
NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT
(Los Angeles County, California)
Election of 2014 General Obligation Bonds, Series D

INTRODUCTION

This Official Statement, which includes the cover page, inside cover and appendices hereto, provides information in connection with the sale of the Norwalk-La Mirada Unified School District (Los Angeles County, California) Election of 2014 General Obligation Bonds, Series D (the "Bonds").

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

The District

The Norwalk-La Mirada Unified School District (the "District") was established in 1965 and is located in an approximately sixteen square mile area in Los Angeles County (the "County") approximately 10 miles southeast of the City of Los Angeles. The boundaries of the District include substantial portions of the City of Norwalk ("Norwalk") and the City of La Mirada ("La Mirada") as well as small areas lying within the cities of Santa Fe Springs and Whittier and certain unincorporated areas of Los Angeles County. The District operates 17 elementary schools, six middle schools, four high schools, two adult schools, a district office, a transportation yard and a maintenance office. The District's average daily attendance for fiscal year 2018-19 is 16,718 students and the District has a 2018-19 assessed valuation of $13,020,558,345.

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

See "TAX BASE FOR PAYMENT OF BONDS" herein for more information regarding the District's assessed valuation, and "NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT" and "DISTRICT FINANCIAL INFORMATION" herein for more information regarding the District.

Purpose of the Bonds

The Bonds are being issued to (i) finance the repair, upgrading, acquisition, construction and equipping of District sites and facilities, and (ii) pay the costs of issuing the Bonds. See "THE BONDS – Application and Investment of Bond Proceeds" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

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* Preliminary, subject to change.

Authority for Issuance of the Bonds

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

Sources of Payment for the Bonds

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

Description of the Bonds

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

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

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

Redemption.[*] The Bonds maturing on or after August 1, 20__* are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of funds, on August 1, 20__*, or on any date thereafter, as a whole or in part. The Term Bonds are subject to mandatory sinking fund redemption as further described herein. See "THE BONDS – Redemption" herein.

Payments. The Bonds will be dated as of the date of their initial issuance (the "Date of Delivery"). Interest on the Bonds accrues from the Date of Delivery, and is payable semiannually on each February 1 and August 1 (each a "Bond Payment Date"), commencing February 1, 2020. Principal of the Bonds is payable on August 1 in the amounts and years as set forth on the inside cover hereof.

[*] Preliminary, subject to change.

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

Tax Matters

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

Offering and Delivery of the Bonds

The Bonds are offered when, as and if issued, subject to approval as to their legality by Bond Counsel. It is anticipated that the Bonds in book-entry form will be available for delivery through the facilities of DTC on or about _________, 2019. *

Bond Owner's Risks

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

Continuing Disclosure

The District will covenant for the benefit of the Owners and Beneficial Owners of the Bonds to make available certain financial information and operating data relating to the District and to provide notices of the occurrence of certain listed events, in order to assist the Underwriter (as defined herein) in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the "Rule"). See "LEGAL MATTERS – Continuing Disclosure" herein. The specific nature of the information to be made available and the notices of listed events required to be provided are described in " C – FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR THE BONDS" attached hereto.

Forward Looking Statements

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "project," "budget," "intend,"

* Preliminary, subject to change.

or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information regarding the District herein.

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

Professionals Involved in the Offering

Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, is acting as Bond Counsel and Disclosure Counsel to the District with respect to the Bonds. Piper Jaffray & Co., El Segundo, California is acting as Municipal Advisor to the District with respect to the Bonds. Stradling Yocca Carlson & Rauth, a Professional Corporation and Piper Jaffray & Co. will receive compensation from the District contingent upon the sale and delivery of the Bonds. Certain matters will be passed on for the Underwriter by Katten Muchin Rosenman LLP, New York, New York.

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change.

Copies of documents referred to herein and information concerning the Bonds are available from the Norwalk-La Mirada Unified School District, 12820 Pioneer Boulevard, Norwalk, California 90650, telephone: (562) 868-0431. The District may impose a charge for copying, mailing and handling.

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

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

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

Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

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

THE BONDS

Authority for Issuance

The Bonds are issued pursuant to the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the State Government Code, commencing with Section 53506 *et seq*., as amended, Article XIIIA of the State Constitution and pursuant to a resolution adopted by the Board on April 16, 2018 (the "Resolution"). The District received authorization at an election held on November 4, 2014 by the requisite 55% or more of the votes cast by eligible voters within the District to issue $375,000,000 aggregate principal amount of general obligation bonds (the "2014 Authorization"). The Bonds are the third issuance of bonds under the 2014 Authorization. After the issuance of the Bonds, $221,750,000[*] of the 2014 Authorization will remain unissued.

Security and Sources of Payment

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

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

The rate of the annual *ad valorem* property taxes levied by the County to repay the Bonds as described above will be determined by the relationship between the assessed valuation of taxable property in the District and the amount of debt service due on the Bonds in any year. Fluctuations in the annual debt service on the Bonds and the assessed value of taxable property in the District may cause the annual tax rates to fluctuate. Economic and other factors beyond the District's control, such as general market decline in land values, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by the State of California (the "State") and local agencies and property used for qualified education, hospital, charitable or religious purposes), or the complete or

[*] Preliminary, subject to change.

partial destruction of the taxable property caused by a natural or manmade disaster, such as earthquake, flood, fire, drought or toxic contamination, could cause a reduction in the assessed value of taxable property within the District and necessitate a corresponding increase in the respective annual tax rates. For further information regarding the District's assessed valuation, tax rates, overlapping debt, and other matters concerning taxation, see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIIIA of the California Constitution" and "TAX BASE FOR PAYMENT OF BONDS" herein.

Statutory Lien

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

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

General Provisions

The Bonds will be issued in book-entry form only and will be initially issued and registered in the name of Cede & Co., as nominee for DTC. Beneficial Owners will not receive physical certificates representing their interests in the Bonds. The Bonds will be dated as of the Date of Delivery.

The Bonds will be issued as current interest bonds, such that interest thereon will accrue from the Date of Delivery, and be payable semiannually on February 1 and August 1 of each year, commencing February 1, 2020. Interest on Bonds will be computed on the basis of a 360-day year of 12, 30-day months. Each Bond will bear interest from the Bond Payment Date next preceding the date of authentication thereof unless it is authenticated as of a day during the period from the 16th day of the month next preceding any Bond Payment Date to that Bond Payment Date, inclusive, in which event it will bear interest from such Bond Payment Date, or unless it is authenticated on or before January 15, 2020, in which event it will bear interest from the Date of Delivery. The Bonds are issuable in denominations of $5,000 principal amount or any integral multiple thereof. The Bonds mature on August 1, in the years and amounts set forth on the inside cover hereof.

Payment. The principal of the Bonds will be payable in lawful money of the United States of America to the registered Owner thereof, upon the surrender thereof at the principal office of the Paying Agent. The interest on the Bonds will be payable in lawful money to the person whose name appears on the bond registration books of the Paying Agent as the registered Owner thereof as of the 15th day of the month preceding any Bond Payment Date (a "Record Date"), whether or not such day is a business day, such interest to be paid by wire transfer on such Bond Payment Date to such bank and account number as the registered Owner may have filed with the Paying Agent for that purpose. See "THE BONDS – Book-Entry Only System" herein.

Annual Debt Service

The following table shows the annual debt service requirements of the District for the Bonds, assuming no optional redemptions are made:

Year Ending (August 1)	Annual Principal Payment	Annual Interest Payment[1]	Total Annual Debt Service
Total			

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

See "NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT – District Debt Structure" herein for a complete debt service schedule of all of the District's outstanding general obligation bonded debt.

Application and Investment of Bond Proceeds

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

Building Fund. The proceeds of the Bonds, net costs of issuance, will be deposited in the fund held by the County and known as the "Norwalk-La Mirada Unified School District Election of 2014 General Obligation Bonds, Series D Building Fund" (the "Building Fund") and will be applied only for the purposes authorized by the voters at the Election and for which the Bonds are issued. Any interest earnings on moneys held in the Building Fund will be retained therein.

Debt Service Fund. Any accrued interest or premium received by the District from the sale of the Bonds will be deposited in the fund held by the County and known as the "Norwalk-La Mirada Unified School District Election of 2014 General Obligation Bonds, Series D Debt Service Fund" (the "Debt Service Fund"). The *ad valorem* property taxes levied by the County for the payment of the Bonds, when collected, will also be deposited into the Debt Service Fund. Any interest earnings on moneys held in the Debt Service Fund will be retained therein. If, after all of the Bonds have been redeemed or paid and otherwise cancelled, there are moneys remaining in the Bonds Debt Service Fund, said moneys will be transferred to the general fund of the District as provided and permitted by law.

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

Moneys in the Debt Service Fund and the Building Fund are expected to be invested through the County's pooled investment fund (the "Treasury Pool"). See "APPENDIX E - LOS ANGELES COUNTY TREASURY POOL" attached hereto.

Redemption

Optional Redemption.[*] The Bonds maturing on or before August 1, 20__* are not subject to redemption. The Bonds maturing on or after August 1, 20__* are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, in whole or in part, on any date on or after August 1, 20__*, at a redemption price equal to the principal amount of the Bonds called for redemption, together with interest accrued thereon to the date fixed for redemption, without premium.

[*] Preliminary, subject to change.

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

Redemption Date (August 1)	**Principal Amount**

(1) Maturity.

In the event that a portion of the Term Bonds maturing on August 1, 20__ is optionally redeemed prior to maturity, the remaining mandatory sinking fund payments with respect thereto shall be reduced proportionately, or as otherwise directed by the District, in integral multiples of $5,000 of principal amount, in respect of the portion of such Term Bonds optionally redeemed.

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

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

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

* Preliminary, subject to change.

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

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

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

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

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

Effect of Notice of Redemption. If notice of redemption is given as described above, and the moneys for the redemption (including the interest accrued to the applicable date of redemption) has been set aside as described in “—Defeasance” herein, the Bonds to be redeemed will become due and payable on such date of redemption.

If on such redemption date, moneys for the optional redemption of all the Bonds to be redeemed, together with interest accrued to such redemption date, shall be held in trust so as to be available therefor on such redemption date, and if a Redemption Notice thereof shall have been given as described above, then from and after such redemption date, interest on the Bonds to be redeemed will cease to accrue and become payable. All money held for the redemption of Bonds will be held in trust for the account of the Owners of the Bonds to be so redeemed.

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

Book-Entry Only System

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

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a S&P (defined herein) rating of "AA+". The DTC Rules applicable to its Participants are on file with the Securities and

Exchange Commission. More information about DTC can be found at www.dtcc.com. However, the information presented on such website is not incorporated herein by reference.

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

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

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

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

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

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

Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds or distributions to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

Discontinuation of Book-Entry Only System; Payment to Beneficial Owners

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

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

The principal of the Bonds and any premium and interest upon the redemption thereof prior to maturity will be payable in lawful money of the United States of America upon presentation and surrender of the Bonds at the principal office of the Paying Agent. Interest on the Bonds will be paid by the Paying Agent by check or draft mailed to the person whose name appears on the registration books of the Paying Agent as the registered Owner, and to that person's address appearing on the registration books as of the close of business on the Record Date. At the written request of any registered Owner of at least $1,000,000 in aggregate principal amount, interest shall be wired to a bank and account number on file with the Paying Agent as of the Record Date.

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

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

Defeasance

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

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

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

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

ESTIMATED SOURCES AND USES OF FUNDS

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

Sources of Funds	
Principal Amount of Bonds	
Net Original Issue Premium	
Total Sources	
Uses of Funds	
Building Fund	
Debt Service Fund	
Underwriter's Discount	
Costs of Issuance[1]	
Total Uses	

(1) Reflects the costs of issuance of the Bonds, including, but not limited to, the rating agency fees, demographics and filing fees, printing costs, legal fees, municipal advisory fees and the costs and fees of the Paying Agent to be paid from proceeds of the Bonds.

TAX BASE FOR PAYMENT OF BONDS

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

Ad Valorem Property Taxation

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

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

The valuation of secured property is established as of January 1 and is subsequently equalized in August. Property taxes on the secured roll are payable in two installments, due November 1 and February 1. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent installment, plus any additional amount determined by the tax-collecting authority of the County. After the second installment of taxes on the secured roll is delinquent, the tax-collecting authority of the County will collect a cost of $10 for preparing the delinquent tax records and giving notice of the delinquency, plus any other service fees deemed reasonably necessary by the County. Property on the secured roll with delinquent taxes is declared tax-defaulted on July 1 of the calendar year. Such property may thereafter be redeemed, until the right of redemption is terminated, by payment of the delinquent taxes and the delinquency penalty, plus a $15 redemption fee, any other service fees deemed reasonably necessary by the County, and a redemption penalty of 1.5% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is subject to sale by the tax-collecting authority of the County.

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

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

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

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

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Assessed Valuations

The following represents the 11-year history of assessed valuations in the District, as of the date the equalized assessment tax roll is established in August of each year.

ASSESSED VALUATIONS
Norwalk-La Mirada Unified School District
Fiscal Years 2008-09 through 2018-19

Fiscal Year	Local Secured[1]	Utility	Unsecured	Total
2008-09	$9,403,050,171	$2,715,838	$492,552,729	$9,898,318,738
2009-10	8,908,494,804	2,715,838	507,229,450	9,418,440,092
2010-11	8,837,664,620	2,715,838	484,679,552	9,325,060,010
2011-12	9,005,820,618	2,221,429	477,982,176	9,486,024,223
2012-13	9,263,243,142	2,221,429	454,686,904	9,720,151,475
2013-14	9,671,486,615	2,221,429	450,598,596	10,124,306,640
2014-15	10,169,245,358	2,221,429	475,535,335	10,647,002,122
2015-16	10,618,213,141	2,221,429	476,784,014	11,097,218,584
2016-17	11,130,394,190	2,221,429	523,751,508	11,656,367,127
2017-18	11,740,277,560	4,951,394	539,099,624	12,284,328,578
2018-19	12,456,537,765	4,413,504	559,607,076	13,020,558,345

Source: California Municipal Statistics, Inc.

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

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Assessed Valuation by Land Use

The following shows a per-parcel analysis of the distribution of taxable property within the District by principal use, and the fiscal year 2018-19 assessed valuation of such parcels.

ASSESSED VALUATION AND PARCELS BY LAND USE
Fiscal Year 2018-19
Norwalk-La Mirada Unified School District

Non-Residential:	2018-19 Assessed Valuation[1]	% of Total	No. of Parcels	% of Total
Commercial	$1,101,236,942	8.84%	811	2.55%
Vacant Commercial	25,265,622	0.20	122	0.38
Industrial	1,986,302,548	15.95	534	1.68
Vacant Industrial	24,024,397	0.19	79	0.25
Recreational	76,709,902	0.62	48	0.15
Government/Social/Institutional	13,538,258	0.11	250	0.79
Miscellaneous	17,609,614	0.14	160	0.50
Subtotal Non-Residential	$3,244,687,283	26.05%	2,004	6.30%
Residential:				
Single Family Residence	$7,847,418,994	63.00%	26,074	81.99%
Condominium/Townhouse	623,531,502	5.01	2,465	7.75
Mobile Home Park	5,487,048	0.04	4	0.01
2-4 Residential Units	114,023,448	0.92	290	0.91
5+ Residential Units/Apartments	600,004,709	4.82	285	0.90
Vacant Residential	21,384,781	0.17	681	2.14
Subtotal Residential	$9,211,850,482	73.95%	29,799	93.70%
Total	$12,456,537,765	100.00%	31,803	100.00%

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

Assessed Valuation by Jurisdiction

The following table shows an analysis of assessed valuation of the District by jurisdiction for fiscal year 2018-19.

ASSESSED VALUATION BY JURISDICTION
Fiscal Year 2018-19
Norwalk-La Mirada Unified School District

Jurisdiction:	Assessed Valuation in District	% of District	Assessed Valuation of Jurisdiction	% of Jurisdiction in District
City of Bellflower	$4,401,524	0.03%	$5,511,201,130	0.08%
City of Downey	100	0.00	11,764,870,372	0.00
City of La Mirada	5,548,114,930	42.61	6,690,574,916	82.92
City of Norwalk	5,589,190,432	42.93	7,708,902,736	72.50
City of Santa Fe Springs	1,768,143,882	13.58	7,851,781,183	22.52
Unincorporated Los Angeles County	110,707,477	0.85	107,666,068,683	0.10
Total District	$13,020,558,345	100.00%		
Los Angeles County	$13,020,558,345	100.00%	$1,518,401,584,349	0.86%

Source: California Municipal Statistics, Inc.

Assessed Valuation of Single Family Homes

The following table displays the per-parcel analysis of single family residences within the District, in terms of their fiscal year 2018-19 assessed valuation.

ASSESSED VALUATION OF SINGLE FAMILY HOMES
Fiscal Year 2018-19
Norwalk-La Mirada Unified School District

	No. of Parcels	2018-19 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	26,074	$7,847,418,994	$300,967	$285,624

2018-19 Assessed Valuation	No. of Parcels[1]	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $24,999	39	0.150%	0.150%	$756,554	0.010%	0.010%
25,000 - 49,999	936	3.590	3.739	38,849,144	0.495	0.505
50,000 - 74,999	1,465	5.619	9.358	91,989,692	1.172	1.677
75,000 - 99,999	1,353	5.189	14.547	116,090,081	1.479	3.156
100,000 - 124,999	750	2.876	17.423	83,963,336	1.070	4.226
125,000 - 149,999	835	3.202	20.626	114,928,789	1.465	5.691
150,000 - 174,999	977	3.747	24.373	159,218,608	2.029	7.720
175,000 - 199,999	1,137	4.361	28.734	213,969,470	2.727	10.446
200,000 - 224,999	1,492	5.722	34.456	317,464,566	4.045	14.492
225,000 - 249,999	1,800	6.903	41.359	427,980,479	5.454	19.946
250,000 - 274,999	1,575	6.041	47.400	412,943,656	5.262	25.208
275,000 - 299,999	1,521	5.833	53.233	436,904,576	5.567	30.775
300,000 - 324,999	1,387	5.319	58.553	433,342,765	5.522	36.297
325,000 - 349,999	1,197	4.591	63.143	404,277,305	5.152	41.449
350,000 - 374,999	1,234	4.733	67.876	446,776,159	5.693	47.142
375,000 - 399,999	1,204	4.618	72.494	466,654,475	5.947	53.089
400,000 - 424,999	1,085	4.161	76.655	447,690,436	5.705	58.794
425,000 - 449,999	1,187	4.552	81.207	519,170,961	6.616	65.410
450,000 - 474,999	1,055	4.046	85.254	487,699,679	6.215	71.624
475,000 - 499,999	841	3.225	88.479	409,398,618	5.217	76.841
500,000 and greater	3,004	11.521	100.000	1,817,349,645	23.159	100.000
Total	26,074	100.000%		$7,847,418,994	100.000%	

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

Appeals and Adjustments of Assessed Valuations

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

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

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

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

Assembly Bill 102. On June 27, 2017, the Governor signed into law Assembly Bill 102 ("AB 102"). AB 102 restructures the functions of the SBE and creates two new separate agencies: (i) the California Department of Tax and Fee Administration, and (ii) the Office of Tax Appeals. Under AB 102, the California Department of Tax and Fee Administration will take over programs previously in the BOE Property Tax Department, such as the Tax Area Services Section, which is responsible for maintaining all property tax-rate area maps and for maintaining special revenue district boundaries. Under AB 102, the SBE will continue to perform the duties assigned by the State Constitution related to property taxes, however, beginning January 1, 2018, the SBE will only hear appeals related to the programs that it constitutionally administers and the Office of Tax Appeals will hear appeals on all other taxes and fee matters, such as sales and use tax and other special taxes and fees. AB 102 obligates the Office of Tax Appeals to adopt regulations as necessary to carry out its duties, powers, and responsibilities. No assurances can be given as to the effect of such regulations on the appeals process or on the assessed valuation of property within the District.

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Secured Tax Charges and Delinquencies

Secured *ad valorem* property tax collections within the District are not subject to the Teeter Plan (as defined herein), and therefore subject to delinquencies. See "—Alternative Method of Tax Apportionment – 'Teeter Plan'" herein. The following table sets forth secured tax charges and delinquency rates within the District for the years 2007-08 through 2017-18:

SECURED TAX CHARGES AND DELINQUENCIES
Norwalk-La Mirada Unified School District
Fiscal Years 2007-18 to 2017-18

	Secured Tax Charge [1]	Amount Delinquent June 30	% Delinquent June 30
2007-08	$17,510,048.76	$875,024.61	5.00%
2008-09	18,059,969.30	845,988.80	4.68
2009-10	17,198,974.40	589,705.04	3.43
2010-11	17,108,994.52	410,264.29	2.40
2011-12	17,472,663.34	364,323.76	2.09
2012-13	17,991,813.25	323,255.96	1.80
2013-14	18,772,604.20	276,751.72	1.47
2014-15	19,793,177.47	285,261.56	1.44
2015-16	20,687,285.82	293,604.32	1.42
2016-17	21,694,461.36	257,882.41	1.19
2017-18	23,037,854.93	286,455.34	1.24

	Secured Tax Charge [2]	Amount Delinquent June 30	% Delinquent June 30
2007-08	$4,683,434.18	$283,437.83	6.05%
2008-09	5,731,184.71	292,562.55	5.10
2009-10	5,362,706.57	154,728.07	2.89
2010-11	5,395,613.72	104,375.10	1.93
2011-12	5,784,066.52	97,030.53	1.68
2012-13	6,401,965.71	84,564.43	1.32
2013-14	6,986,233.24	99,905.54	1.43
2014-15	7,132,886.16	65,976.38	0.92
2015-16	14,890,013.82	114,848.56	0.77
2016-17	14,891,489.03	111,290.35	0.75
2017-18	16,232,792.25	$144,813.49	0.89

(1) 1% general fund apportionment. Excludes redevelopment agency impounds. Reflects countywide delinquency rate.
(2) Debt service levy only.
Source: California Municipal Statistics, Inc.

Alternative Method of Tax Apportionment - "Teeter Plan"

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

County, such as the District. The District's receipt of property taxes is therefore subject to delinquencies.

The District participates in the California Statewide Delinquent Tax Finance Authority ("CSDTFA"). CSDTFA is a joint exercise of powers agency formed for the purpose of purchasing delinquent ad valorem property taxes of its members in accordance with Government Code Section 6516.6. The District anticipates that CSDTFA will from time to time purchase delinquent ad valorem property tax receivables from the District. For the most recent fiscal year for which CSDTFA purchased delinquencies (the 2017-18 fiscal year), such delinquencies were purchased from the District at a purchase price equal to 110% thereof. Any penalty charges collected with respect to such delinquencies will be retained by CSDTFA. CSDTFA does not currently purchase ad valorem tax receivables related to the payment of general obligation bonds of the District. Thus, the District's participation in CSDTFA's program does not ensure that the District will receive the timely payment of ad valorem property taxes levied to secure the Bonds. See also "—*Ad Valorem* Property Taxation" herein.

Tax Rates

The following table summarizes the total *ad valorem* property tax rates, as a percentage of assessed valuation, levied by all taxing entities in a typical tax rate area (a "TRA") within the District during the five-year fiscal year period from 2014-15 to 2018-19.

SUMMARY OF *AD VALOREM* PROPERTY TAX RATES (TRA 6768)
Norwalk-La Mirada Unified School District
Fiscal Years 2014-15 through 2018-19

	2014-15	2015-16	2016-17	2017-18	2018-19[1]
General	1.000000%	1.000000%	1.000000%	1.000000%	1.000000%
Norwalk-La Mirada Unified School District	.070631	.141145	.134000	.138177	.134255
Cerritos Community College District	.048092	.048285	.046976	.043705	.044462
Metropolitan Water District	.003500	.003500	.003500	.003500	.003500
Total	1.122223%	1.192930%	1.184476%	1.185382%	1.182217%

[1] 2018-19 assessed valuation of TRA 6768 is $2,231,130,529, which is 17.14% of the District's assessed valuation.
Source: California Municipal Statistics, Inc.

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Principal Taxpayers

The more property (by assessed value) which is owned by a single taxpayer within the District, the greater amount of tax collections that are exposed to weaknesses in such a taxpayer's financial situation and ability or willingness to pay property taxes. The following table lists the 20 largest local secured taxpayers in the District in terms of their fiscal year 2018-19 secured assessed valuations. Each taxpayer listed below is a name listed on the tax rolls. The District cannot make any representation as to whether individual persons, corporations or other organizations are liable for tax payments with respect to multiple properties held in various names that in aggregate may be larger than is suggested by the table below.

LARGEST LOCAL SECURED TAXPAYERS
Fiscal Year 2018-19
Norwalk-La Mirada Unified School District

	Property Owner	Primary Land Use	2018-19 Assessed Valuation	% of Total(1)
1.	Golden Springs Development Company LLC	Industrial	$315,336,135	2.53%
2.	GLC SFS II LLC	Industrial	126,646,304	1.02
3.	Duke Realty LP	Industrial	122884,905	0.99
4.	Norwalk MM LLC	Office Building	72,683,357	0.58
5.	BPP Shiraz La Mirada LP	Industrial	71,275,000	0.57
6.	Freeway Springs LLC	Industrial	52,258,361	0.42
7.	Price REIT Inc.	Shopping Center	51,329,996	0.41
8.	TLUS Sam Red SCC Owner LLC	Apartments	49,397,195	0.40
9.	USF Propco I LLC	Industrial	47,330,816	0.38
10.	Veranda Associates LP	Apartments	47,069,450	0.38
11.	Pedestal Capital II LLC	Hotel	39,327,120	0.32
12.	Levian Family Norwalk LLC	Shopping Center	36,862,026	0.30
13.	PPF Industrial Valley View LP	Industrial	36,466,925	0.29
14.	Lanting Family LLC	Industrial	36,153,900	0.29
15.	14141 Alondra LP	Industrial	35,430,926	0.28
16.	Miracle Mile Properties LP	Apartments	33,500,089	0.27
17.	Rexford Industrial Realty LP	Industrial	31,263,000	0.25
18.	14445 Alondra LLC	Industrial	30,502,354	0.24
19.	Bukewihge Properties LLC	Industrial	29,450,449	0.24
20.	Comref So Ca Industrial	Industrial	28,262,210	0.23
			$1,293,430,518	10.38%

(1) The fiscal year 2018-19 local secured assessed valuation of the District is $12,456,537,765.
Source: California Municipal Statistics, Inc.

Statement of Direct and Overlapping Debt

Set forth on the following page is a direct and overlapping debt report (the "Debt Report") prepared by California Municipal Statistics, Inc. and effective as of May 1, 2019, for debt issued as of April 25, 2019. The Debt Report is included for general information purposes only. The District has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

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

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

DIRECT AND OVERLAPPING DEBT STATEMENT
Norwalk-La Mirada Unified School District

2018-19 Assessed Valuation: $13,020,558,345

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	**% Applicable**	**Debt 5/1/19**
Metropolitan Water District	0.447%	$214,784
Cerritos Community College District	27.303	85,581,797
Norwalk-La Mirada Unified School District	**100.000**	**177,428,832**[(1)]
Los Angeles County Regional Park and Open Space Assessment District	0.858	116,860
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$263,342,273
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
Los Angeles County General Fund Obligations	0.858%	$18,549,245
Los Angeles County Superintendent of Schools Certificates of Participation	0.858	50,003
Norwalk-La Mirada Unified School District Certificates of Participation	**100.000**	**2,770,165**
City of Bellflower Certificates of Participation	0.080	13,500
City of La Mirada General Fund Obligations	82.924	6,181,984
City of Norwalk General Fund Obligations	72.503	11,134,292
City of Santa Fe Springs Pension Obligation Bonds	22.519	397,235
Los Angeles County Sanitation District No. 2 Authority	3.015	260,605
Los Angeles County Sanitation District No. 18 Authority	26.705	1,290,455
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		$40,647,484
OVERLAPPING TAX INCREMENT DEBT:		
Successor Agency to La Mirada Combined Project Area	72.540%	$31,024,369
Successor Agency to Norwalk Redevelopment Agency	76.969	36,009,947
Successor Agency to Santa Fe Springs Redevelopment Agency	16.731	8,445,557
TOTAL OVERLAPPING TAX INCREMENT DEBT		$75,479,873
COMBINED TOTAL DEBT		$379,469,630[(2)]

Ratios to 2018-19 Assessed Valuation:
Direct Debt ($177,428,832) 1.36%
Total Direct and Overlapping Tax and Assessment Debt............2.02%
Combined Direct Debt ($180,198,997)....................................1.38%
Combined Total Debt 2.91%

Ratios to Redevelopment Incremental Valuation ($3,286,284,891):
Overlapping Tax Increment Debt...2.30%

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

Source: California Municipal Statistics, Inc.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

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

Article XIIIA of the California Constitution

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

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

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

Legislation Implementing Article XIIIA

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

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

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

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

Proposition 50 and Proposition 171

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

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

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

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

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

Unitary Property

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

Article XIIIB of the California Constitution

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

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

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

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

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

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

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

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

Article XIIIC and Article XIIID of the California Constitution

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

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

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

Proposition 26

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

Propositions 98 and 111

On November 8, 1988, voters of the State approved Proposition 98, a combined initiative constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act" (the "Accountability Act"). Certain provisions of the Accountability Act have, however, been modified by Proposition 111, discussed below, the provisions of which became effective on July 1, 1990. The Accountability Act changed State funding of public education below the university level and the operation of the State's appropriations limit. The Accountability Act guarantees State funding for K-12 school districts and community college districts (hereinafter referred to collectively as "K-14 school districts") at a level equal to the greater of (a) the same percentage of the State general fund revenues as the percentage appropriated to such districts in the 1986-87 fiscal year, and (b) the amount actually appropriated to such districts from the State general fund in the previous fiscal year, adjusted for increases in enrollment and changes in the cost of living. The Accountability Act permits the State Legislature to suspend this formula for a one-year period.

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

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

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

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

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

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

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

d. Recalculation of Appropriations Limit. The Article XIIIB appropriations limit for each unit of government, including the State, is to be recalculated beginning in fiscal year

1990-91. It is based on the actual limit for fiscal year 1986-87, adjusted forward to 1990-91 as if Proposition 111 had been in effect.

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

Proposition 39

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

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

Proposition 1A and Proposition 22

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

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

Jarvis vs. Connell

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

Proposition 55

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

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

Proposition 2

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

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

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

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

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

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

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

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

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

Proposition 51

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

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

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

The District makes no guarantees that it will either pursue or qualify for Proposition 51 state facilities funding.

Future Initiatives

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

DISTRICT FINANCIAL INFORMATION

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

State Funding of Education

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

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

The following table reflects the District's historical ADA and the revenue limit rates per unit of ADA for fiscal years 2006-07 through 2012-13.

AVERAGE DAILY ATTENDANCE AND REVENUE LIMIT
Norwalk-La Mirada Unified School District
Fiscal Years 2006-07 to 2012-13

Fiscal Year	Average Daily Attendance[1]	Base Revenue Limited per ADA	Deficit Revenue Limit Per ADA[2]
2006-07	21,227	$5,543.83	$5,543.83
2007-08	20,799	5,795.83	5,795.83
2008-09	20,348	6,124.83	5,644.44
2009-10	19,971	6,386.83	4,961.54
2010-11	19,541	6,379.96	5,233.93
2011-12	19,175	6,523.37	5,179.43
2012-13	18,871	6,716.83	5,235.73

(1) Reflects ADA as of the second principal reporting period ("P-2 ADA"), which ends on or before the last attendance month prior to April 15 of each school year. An attendance month is equal to each four-week period of instruction beginning on the first day of school for a particular school district. Excludes County-operated programs.
(2) Deficit revenue limit funding, when provided for in State budgetary legislation, reduced the revenue limit allocations received by school districts by applying a deficit factor to the base revenue limit for the given fiscal year, and resulted from an insufficiency of appropriated funds in the State budget to provide for State aid owed to school districts. The State's practice of deficit revenue limit funding was most recently reinstated beginning in fiscal year 2008-09, and eliminated following the implementation of the LCFF (as defined herein).
Source: Norwalk-La Mirada Unified School District.

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

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

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

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

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

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The following table shows a breakdown of the District's ADA by grade span, total enrollment, and the percentage of EL/LI student enrollment, for fiscal years 2012-13 through 2018-19.

ADA, ENROLLMENT AND EL/LI ENROLLMENT PERCENTAGE
Fiscal Years 2012-13 through 2018-19
Norwalk-La Mirada Unified School District

	Average Daily Attendance[(1)]					Enrollment[(2)]	
Fiscal Year	K-3	4-6	7-8	9-12	Total ADA	Total Enrollment	% of EL/LI Enrollment
2012-13	5,542	4,295	2,933	6,101	18,871	19,770	--
2013-14	5,560	4,194	2,919	5,874	18,547	19,370	73.55%
2014-15	5,461	4,131	2,905	5,700	18,197	18,956	72.35
2015-16	5,362	4,053	2,899	5,515	17,829	18,699	72.50
2016-17	5,267	4,068	2,879	5,397	17,611	18,373	72.40
2017-18	5,103	3,950	2,778	5,323	17,154	17,889	73.59
2018-19	4,996	3,807	2,686	5,229	16,718	17,394	74.91

(1) Except for fiscal year 2018-19, reflects ADA as of the second principal reporting period (P-2 ADA), ending on or before the last attendance month prior to April 15 of each school year. An attendance month is equal to each four-week period of instruction beginning with the first day of school for a particular school district. For fiscal year 2018-19, the ADA is as of the date of the second interim financial report. Excludes County-operated programs.

(2) Fiscal year 2012-13 enrollment as of October report submitted to the California Basic Educational Data System ("CBEDS"). Fiscal years 2013-14 through 2018-19 reflect certified enrollment as of the fall census day (the first Wednesday in October), which is reported to the California Longitudinal Pupil Achievement Data System ("CALPADS") in each school year and used to calculate each school district's unduplicated EL/LI student enrollment. Fiscal Year 2015-16 enrollment reflects preliminary CALPADS enrollment. Adjustments may be made to the certified EL/LI counts by the California Department of Education. CALPADS figures exclude preschool and adult transitional students. For purposes of calculating Supplemental and Concentration Grants, a school district's fiscal year 2013-14 percentage of unduplicated EL/LI students was expressed solely as a percentage of its total fiscal year 2013-14 total enrollment. For fiscal year 2014-15, the percentage of unduplicated EL/LI enrollment was based on the two-year average of EL/LI enrollment in fiscal years 2013-14 and 2014-15. Beginning in fiscal year 2015-16, a school district's percentage of unduplicated EL/LI students will be based on a rolling average of such district's EL/LI enrollment for the then-current fiscal year and the two immediately preceding fiscal years. Enrollment excludes County-operated programs.

Source: Norwalk-La Mirada Unified School District.

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

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

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

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

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

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

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

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

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

Other Revenue Sources

Federal and Local Sources. The federal government provides funding for several school district programs, including special education programs, programs under the Every Student Succeeds Act, and specialized programs such as Drug Free Schools, Innovative Strategies, and Vocational & Applied Technology. In addition, school districts may receive additional local revenues beyond local property tax collections, such as leases and rentals, interest earnings, interagency services, developer fees, redevelopment revenues, and other local sources.

Lease AgreementsLease 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 cancellation after a specified number of days written notice to lessees, but it is unlikely the District will cancel any of the agreements prior to the expiration date. The future minimum lease payments expected to be received under the agreements, based on 2018-19 receipts (excluding one-time payments) are as follows:

LEASE AGREEMENTS
Norwalk-La Mirada Unified School District
Fiscal Years 2018-19 through 2020-21

Fiscal Year	Lease Revenue[1]
2018-19	$1,710,643
2019-20	1,473,658
2020-21	1,473,658
Total:	$4,657,959

[1] Projected.
Source: Norwalk-La Mirada Unified School District.

Developer Fees. The District maintains a fund, separate from the general fund, for the deposit of developer fee collections levied on commercial and residential development within the District. The following table shows developer fee collections within the District for the 10 year period between 2008-09 and 2017-18 and a projected amount for 2018-19.

DEVELOPER FEES COLLECTIONS
Norwalk-La Mirada Unified School District
Fiscal Years 2008-09 through 2018-19

Fiscal Year	Developer Fees Collected
2008-09	$164,267
2009-10	147,456
2010-11	47,566
2011-12	78,496
2012-13	347,776
2013-14	307,411
2014-15	67,378
2015-16	340,774
2016-17	645,557
2017-18	160,765
2018-19(1)	150,000

(1) Projected.
Source: Norwalk-La Mirada Unified School District.

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Tax Offset and Pass-Through Revenues. The District receives tax offset revenue from the County as a part of certain redevelopment projects within the County (the "Tax Offset Revenues"). The Tax Offset Revenues received by the District are deposited directly into the general fund of the District and are offset against the State apportionment received by the District. The District also receives pass through tax increment revenue (the "Pass-Through Revenues") from the redevelopment agencies within the District's boundaries. The Pass Through Revenues are not offset against the State apportionment received by the District. The amount of Tax Offset Revenues and Pass-Through Revenues received by the District from fiscal years 2008-09 through 2017-18, and a projected amount for fiscal year 2018-19 are shown in the following table.

TAX OFFSET AND PASS-THROUGH REVENUES
Fiscal Years 2008-09 through 2018-19
Norwalk-La Mirada Unified School District

Fiscal Year	Tax Offset Revenues[1]	Pass-Through Revenues[2]
2008-09	--	$592,320
2009-10	--	387,373
2010-11	$83,803	975,865
2011-12	432,378	330,191
2012-13[3]	3,292,432	443,808
2013-14	1,728,116	302,205
2014-15	1,598,895	358,353
2015-16	2,314,299	715,612
2016-17	2,112,649	736,142
2017-18	3,016,296	1,227,281
2018-19[4]	1,064,648	660,003

(1) Tax Offset Revenues received by the District are offset against the State apportionments received by the District.
(2) Pass-Through Revenues received by the District are not offset against the State apportionments received by the District.
(3) Includes one-time receipt of revenues in the amount of $648,760 in fiscal year 2012-13, which were derived from the liquidation of assets of the prior redevelopment agencies from which the District received pass through tax increment revenues. See "- State Dissolution of Redevelopment Agencies" below.
(4) Projected.
Source: Norwalk-La Mirada Unified School District.

State Dissolution of Redevelopment Agencies

On December 30, 2011, the State Supreme Court issued its decision in the case of *California Redevelopment Association v. Matosantos* ("*Matosantos*"), finding ABx1 26, a trailer bill to the 2011-12 State budget, to be constitutional. As a result, all redevelopment agencies in the State ceased to exist as a matter of law on February 1, 2012.

ABx1 26 was modified by Assembly Bill No. 1484 (Chapter 26, Statutes of 2011-12) ("AB 1484"), which, together with ABx1 26, is referred to herein as the "Dissolution Act." The Dissolution Act provides that all rights, powers, duties and obligations of a redevelopment agency under the California Community Redevelopment Law that have not been repealed, restricted or revised pursuant to ABx1 26 will be vested in a successor agency, generally the county or city that authorized the creation of the redevelopment agency (each, a "Successor Agency"). All property tax revenues that would have been allocated to a redevelopment agency, less the corresponding county auditor-controller's cost to administer the allocation of property tax revenues, are now allocated to a corresponding Redevelopment Property Tax Trust Fund ("Trust Fund"), to be used for the payment of pass-through payments to local taxing entities, and thereafter to bonds of the former redevelopment agency and any "enforceable obligations" of the Successor Agency, as well as to pay certain administrative costs. The Dissolution Act defines "enforceable obligations" to include bonds, loans, legally required payments, judgments or settlements, legal binding and enforceable obligations, and certain other obligations.

Among the various types of enforceable obligations, the first priority for payment is tax allocation bonds issued by the former redevelopment agency; second is revenue bonds, which may have been issued by the host city, but only where the tax increment revenues were pledged for repayment and only where other pledged revenues are insufficient to make scheduled debt service payments; third is administrative costs of the Successor Agency, equal to at least $250,000 in any year, unless the oversight board reduces such amount for any fiscal year or a lesser amount is agreed to by the Successor Agency; then, fourth is tax revenues in the Trust Fund in excess of such amounts, if any, will be allocated as residual distributions to local taxing entities in the same proportions as other tax revenues. Moreover, all unencumbered cash and other assets of former redevelopment agencies will also be allocated to local taxing entities in the same proportions as tax revenues. Notwithstanding the foregoing portion of this paragraph, the order of payment is subject to modification in the event a Successor Agency timely reports to the Controller and the Department of Finance that application of the foregoing will leave the Successor Agency with amounts insufficient to make scheduled payments on enforceable obligations. If the county auditor-controller verifies that the Successor Agency will have insufficient amounts to make scheduled payments on enforceable obligations, it shall report its findings to the Controller. If the Controller agrees there are insufficient funds to pay scheduled payments on enforceable obligations, the amount of such deficiency shall be deducted from the amount remaining to be distributed to taxing agencies, as described as the fourth distribution above, then from amounts available to the Successor Agency to defray administrative costs. In addition, if a taxing agency entered into an agreement pursuant to Health and Safety Code Section 33401 for payments from a redevelopment agency under which the payments were to be subordinated to certain obligations of the redevelopment agency, such subordination provisions shall continue to be given effect.

As noted above, the Dissolution Act expressly provides for continuation of pass-through payments to local taxing entities. Per statute, 100% of contractual and statutory two percent pass-throughs, and 56.7% of statutory pass-throughs authorized under the Community Redevelopment Law Reform Act of 1993 (AB 1290, Chapter 942, Statutes of 1993) ("AB 1290"), are restricted to educational facilities without offset against revenue limit apportionments by the State. Only 43.3% of AB 1290 pass-throughs are offset against State aid so long as the District uses the moneys received for land acquisition, facility construction, reconstruction, or remodeling, or deferred maintenance as provided under Education Code Section 42238(h).

ABX1 26 states that in the future, pass-throughs shall be made in the amount "which would have been received had the redevelopment agency existed at that time," and that the County Auditor-Controller shall "determine the amount of property taxes that would have been allocated to each redevelopment agency had the redevelopment agency not been dissolved pursuant to the operation of [ABX1 26] using current assessed values and pursuant to statutory [pass-through] formulas and contractual agreements with other taxing agencies."

Successor Agencies continue to operate until all enforceable obligations have been satisfied and all remaining assets of the Successor Agency have been disposed of. AB 1484 provides that once the debt of the Successor Agency is paid off and remaining assets have been disposed of, the Successor Agency shall terminate its existence and all pass-through payment obligations shall cease.

The District can make no representations as to the extent to which its revenue limit apportionments from the State may be offset by the future receipt of residual distributions or from unencumbered cash and assets of former redevelopment agencies any other surplus property tax revenues pursuant to the Dissolution Act.

Budget Process

State Budgeting Requirements. The District is required by provisions of the State Education Code to maintain a balanced budget each year, in which the sum of expenditures and the ending fund balance cannot exceed the sum of revenues and the carry-over fund balance from the previous year. The State Department of Education imposes a uniform budgeting and accounting format for school districts. The budget process for school districts was substantially amended by Assembly Bill 1200 ("AB 1200"), which became State law on October 14, 1991. Portions of AB 1200 are summarized below. Subsequent legislation has made certain amendments to the budgeting process, including Senate Bill 97, effective as of September 26, 2013 (requiring budgets to include sufficient funds to implement LCAPs), Senate Bill 858, effective as of June 20, 2014 (requiring ending fund balances to exceed the minimum recommended reserve for economic uncertainties), and Assembly Bill 2585, effective as of September 9, 2014 (eliminating the dual budget cycle option for school districts).

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

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

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

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

The District has never had an adopted budget disapproved by the County superintendent of schools and has not received a "qualified" or "negative" certification of an Interim Financial Report pursuant to AB 1200, since its self-qualified its First Interim Report in fiscal year 2014-15.

General Fund Budgeting. The table on the following page summarizes the District's general fund adopted budgets for fiscal years 2014-15 through 2018-19, audited ending results for fiscal years 2014-15 through 2017-18, and projected ending results for fiscal year 2018-19.

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GENERAL FUND BUDGETS AND ACTUAL RESULTS
Norwalk-La Mirada Unified School District
Fiscal Years 2014-15 through 2018-19

	Fiscal Year 2014-15		Fiscal Year 2015-16		Fiscal Year 2016-17		Fiscal Year 2017-18		Fiscal Year 2018-19	
	Budgeted[1]	Audited[1]	Budgeted[1]	Audited[1]	Budgeted[1]	Audited[1]	Budgeted[1]	Audited[1]	Budgeted[3]	Projected[3]
REVENUES:										
LCFF/Revenue Limit Sources	$145,834,320	$145,974,158	$164,345,702	$164,223,972	$170,616,703	$170,664,479	$173,573,632	$173,519,803	$181,208,504	$183,160,050
Federal Revenue	10,291,033	10,269,470	11,583,476	11,373,730	11,774,896	12,043,044	11,970,054	11,092,584	10,575,604	11,516,212
Other State Revenue	18,264,695	23,803,562	17,481,023	36,540,465	21,130,639	30,095,735	19,632,658	29,508,959	34,422,440	32,723,511
Other Local Revenue	2,412,423	3,139,749	2,490,350	3,222,638	1,576,161	2,103,780	1,578,641	2,807,954	1,654,639	2,206,997
TOTAL REVENUES[2]	176,802,471	183,186,939	195,900,551	215,360,805	205,098,399	214,907,038	206,754,985	216,929,300	227,861,187	229,606,770
EXPENDITURES:										
Certificated Salaries	82,451,761	83,072,866	88,436,930	90,606,588	94,066,206	97,221,065	98,520,185	96,961,027	97,936,681	100,928,576
Classified Salaries	33,168,600	31,857,749	34,620,794	34,737,960	37,678,485	38,366,763	38,376,990	37,473,809	38,507,565	37,812,354
Employee Benefits	35,376,251	38,612,234	37,109,395	43,263,554	42,149,913	50,689,859	47,132,616	54,747,465	57,907,278	60,840,856
Books & Supplies	5,402,304	7,551,260	8,827,522	7,953,691	7,503,140	7,725,304	9,794,833	9,272,334	9,433,334	10,397,180
Services & Other Operating Expenditures	14,302,006	14,754,228	15,609,097	17,160,111	17,969,933	17,396,371	17,158,670	17,094,110	16,973,426	17,334,241
Other Outgo[4]	2,397,244	3,075,110	3,304,691	2,661,743	2,892,728	2,935,525	732,443	629,641	521,860	759,742
Capital outlay	52,982	879,268	2,332,887	1,257,925	898,347	1,562,321	4,065,298	3,256,057	2,329,839	3,309,220
Debt Service - Principal	118,782	90,623	78,471	119,797	108,731	22,405	20,443	23,660	--	--
Debt Service - Interest	1,216	8,593	10,470	4,397	6,281	2,581	4,542	1,325	--	--
TOTAL EXPENDITURES[2]	173,271,146	179,901,931	190,330,257	197,765,766	203,273,764	215,922,194	215,806,020	219,459,428	223,609,983	231,382,169
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	3,531,325	3,285,008	5,570,294	17,595,039	1,824,635	(1,015,156)	(9,051,035)	(2,530,128)	4,251,204	(1,775,399)
OTHER FINANCING SOURCES (USES)										
Operating Transfers In	1,050,000	300,000	900,000	200,000	955,915	80,000	823,056	80,000	866,138	796,138
Other Sources	--	--	--	71,051	--	--	--	--	--	--
Operating Transfers Out	(4,818,582)	(3,564,747)	(3,968,096)	(299,043)	(1,152,604)	(499,043)	(1,648,203)	(1,199,043)	(2,961,244)	(2,961,244)
TOTAL OTHER FINANCING SOURCES (USES)	(3,768,582)	(3,264,747)	(3,068,096)	(27,992)	(196,689)	(419,043)	(825,147)	(1,119,043)	(2,095,106)	(2,165,106)
EXCESS (DEFICIENCY) OF REVENUES & OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES & OTHER USES	(237,257)	20,261	2,502,198	17,567,047	1,627,946	(1,434,199)	(9,876,182)	(3,649,171)	2,156,098	(3,940,505)
FUND BALANCE, JULY 1	30,410,651	30,410,651	30,430,912	30,430,912	47,997,959	47,997,959	46,563,760	46,563,760	37,003,773[5]	37,003,773[5]
FUND BALANCE, JUNE 30	$30,173,394	$30,430,912	$32,933,110	$47,997,959	$49,625,905	$46,563,760	$36,687,578	$42,914,589	$39,159,871	$33,063,268

(1) From the District's Comprehensive Audited Financial Statements for fiscal years 2014-15 through 2017-18, respectively.
(2) For fiscal years 2013-14 through 2016-17 on behalf payments of $4,669,939, $5,803,183, $7,523,761 and $8,624,595 are included in the actual revenues and expenditures, but have not been included in the budgeted amounts. In addition, due to the consolidation of Fund 20, Special Reserve Fund for Postemployment Benefits for reporting purposes into the general fund, additional revenues and expenditures pertaining to this fund is included in the Actual revenues and expenditures, however is not included in the original general fund budget.
(3) From the District's Second Interim Financial Report approved by the Board on March 11, 2019.
(4) The categories "Other Outgo (excluding Transfers of Indirect Costs)" and "Other Outgo- Transfers of Indirect Costs" have been combined for comparison purposes.
(5) Excludes $5,910,816, which represents the ending balance of Fund 20, Special Reserve Fund for Post-Employment Benefits, which fund was included in the fund balances for fiscal years 2014-15 through 2017-18 in the District's audited financial statements for such years to conform to GASB Statement No. 54.

Source: Norwalk-La Mirada Unified School District.

Accounting Practices

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

Comparative Financial Statements

The District's audited financial statements for the year ended June 30, 2018, are attached for reference as APPENDIX B hereto. Audited financial statements for the District for the fiscal year ended June 30, 2018, and prior fiscal years are on file with the District and available for public inspection at the Norwalk-La Mirada Unified School District, 12820 Pioneer Boulevard, Norwalk, California 90650, telephone: (562) 868-0431.

The table on the following page reflects the District's audited general fund revenues, expenditures and fund balances for fiscal years 2013-14 through 2017-18.

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GENERAL FUND REVENUES, EXPENDITURES AND FUND BALANCES
Fiscal Years 2013-14 through 2017-18
Norwalk-La Mirada Unified School District
(Revised Reporting Format)

	Audited Fiscal Year 2013-14	Audited Fiscal Year 2014-15	Audited Fiscal Year 2015-16	Audited Fiscal Year 2016-17	Audited Fiscal Year 2017-18
REVENUES:					
Local Control Funding Formula Sources:	$132,160,839	$145,974,158	$164,223,972	$170,664,479	$173,519,803
Federal Revenue	10,714,242	10,269,470	11,373,730	12,043,044	11,092,584
Other State Revenue	26,978,135	23,803,562	36,540,465	30,095,735	29,508,959
Other Local Revenue	3,306,962	3,139,749	3,222,638	2,103,780	2,807,954
TOTAL REVENUES	173,160,178	183,186,939	215,360,805	214,907,038	216,929,300
EXPENDITURES:					
Instruction	114,123,842	111,156,310	120,375,239	128,170,530	132,321,364
Instruction Related Activities					
Supervision of instruction	7,293,243	9,425,926	12,051,958	14,829,699	12,824,557
Instructional library, media and technology	676,498	787,982	1,153,789	1,917,202	2,256,452
School site administration	11,180,137	11,256,580	11,848,620	12,685,869	13,209,828
Pupil Service					
Home-to-school transportation	5,129,512	5,013,100	5,624,561	5,596,592	6,111,257
Food Services	12,570	14,525	8,293	45,566	7,049
All other Pupil Services	7,201,893	8,488,886	10,539,714	12,438,024	13,266,007
Administration					
Data Processing	2,357,391	2,362,633	2,691,314	2,897,737	2,946,680
All other Administration	7,751,351	6,224,015	8,059,588	8,800,937	8,082,690
Plant Service	18,869,639	19,705,226	20,485,500	22,010,050	22,906,313
Facility acquisition and construction	395,454	679,039	522,029	1,945,175	3,084,832
Ancillary Services	986,863	968,087	999,804	1,065,569	1,123,893
Community Services	82,811	24,826	--	--	--
Other Outgo	3,568,129	3,695,580	3,281,163	3,494,258	1,293,521
Enterprise Services	--	--	--	--	--
Debt Service					
Principal	118,736	90,623	119,797	22,405	23,660
Interest	1,216	8,593	4,397	2,581	1,325
TOTAL EXPENDITURES	179,749,285	179,901,931	197,765,766	215,922,194	219,459,428
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,589,107)	3,285,008	17,595,039	(1,015,156)	(2,530,128)
OTHER FINANCING SOURCES (USES)					
Transfers In	300,000	300,000	200,000	80,000	80,000
Other sources/proceeds from issuance of debt	284,649	--	--	--	--
Other sources/proceeds from capital lease	--	--	71,051	--	--
Transfers Out	(3,734,634)	(3,564,747)	(299,043)	(499,043)	(1,199,043)
TOTAL OTHER FINANCING SOURCES (USES)	(3,149,985)	(3,264,747)	(27,992)	(419,043)	(1,119,043)
Net Change in Fund Balances	(9,739,092)	20,261	17,567,047	(1,434,199)	(3,649,171)
FUND BALANCE, JULY 1[(1)]	40,149,743	30,410,651	30,430,912	47,997,959	46,563,760
FUND BALANCE, JUNE 30	$30,410,651	$30,430,912	$47,997,959	$46,563,760	$42,914,589

Source: Norwalk-La Mirada Unified School District.

State Budget

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

2018-19 Budget. On June 27, 2018, the Governor signed into law the State budget for fiscal year 2018-19 (the "2018-19 Budget"). The following information is drawn from the LAO's review of the 2018-19 Budget.

To protect against potential future economic recessions, the 2018-19 Budget fully funds the BSA with a total deposit of over \$4.4 billion, including a \$2.6 billion optional deposit in addition to the Constitutionally-required deposit, and adds two additional reserves to State law: the Safety Net Reserve Fund, intended to save money specifically for future expenditures of the CalWORKs and Medi-Cal programs; and the Budget Deficit Savings Account ("BDSA"), which for 2018-19 will temporarily hold the \$2.6 billion optional BSA deposit until May 2019. In May 2019, the optional BSA deposit amount will be adjusted as necessary to reflect updated estimates of revenues, at which point it will be transferred to the BSA. The projected ending balance in the BSA at the end of the 2018-19 fiscal year is expected to equal the BSA's current constitutional maximum of 10 percent of the estimated general fund revenues for fiscal year 2018-19.

For fiscal year 2017-18, the 2018-19 Budget projects total general fund revenues and transfers of \$129.8 billion and total expenditures of \$127.0 billion. The State is projected to end the 2017-18 fiscal year with total available general fund reserves of \$16.7 billion, including \$7.3 billion in the traditional general fund reserve and \$9.4 billion in the BSA. For fiscal year 2018-19, the 2018-19 Budget projects total general fund revenues of \$133.3 billion and authorizes expenditures of \$138.7 billion. The State is projected to end the 2018-19 fiscal year with total available general fund reserves of \$15.9 billion, including \$2.0 billion in the traditional general fund reserve, \$13.8 billion in the BSA and \$200 million in the Safety Net Reserve Fund. See also "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 2" herein.

With respect to education funding, the 2018-19 Budget revises the Proposition 98 minimum funding guarantees for both fiscal years 2016-17 and 2017-18, as a result of higher general fund revenues. The 2018-19 Budget sets the Proposition 98 minimum funding guarantee for fiscal year 2016-17 at \$71.6 billion, an increase of \$252 million from the prior year. The 2018-19 Budget revises the minimum funding guarantee for fiscal year 2017-18 at \$75.6 billion, reflecting an increase of \$1.1 billion from the prior year. As part of the 2017-18 increase, the State is making an additional maintenance factor payment of \$789 million, on top of a previous \$536 million payment. After making the approximately \$1.3 billion total payment, the State will have eliminated all remaining maintenance factor for the first time since 2005-06. In both 2016-17 and 2017-18, the State is spending at the calculated minimum guarantee.

For fiscal year 2018-19, the 2018-19 Budget sets the minimum funding guarantee at \$78.4 billion, reflecting an increase of \$2.8 billion (or 3.7%) from the revised prior-year level. Fiscal year 2018-19 is projected to be a "Test 2" year, with the increase in the minimum funding guarantee attributable to a 3.67% increase in per capita personal income. With respect to K-12 education, the 2018-19 Budget sets Proposition 98 funding at \$67.9 billion, including \$47.5 billion from the State general fund, reflecting an increase of $1.3 billion (or 2.7%) from the prior year. Per-pupil spending increases by $579 (or 5.2%) from the prior year, up to $11,640.

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

- *Local Control Funding Formula* – An increase of $3.7 billion in Proposition 98 funding to fully implement the LCFF, reaching the target funding targets and funding the statutory 2.71% COLA to the adjusted Base Grants for the prior year. Additionally, the 2018-19 Budget provides nearly an extra 1 percentage point increase in the LCFF rates. The adjusted Base Grants for fiscal year 2018-19 are as follows: $8,235 for grades K-3, $7,571 for grades 4-6, $7,796 for grades 7-8 and $9,269 for grades 9-12.

- *Low-Performing Students Block Grant* – $300 million in one-time Proposition 98 funding to provide resources to local education agencies to help certain low-performing students, with funding allocated to local education agencies based on the count of students who did not meet statewide standards in spring 2018 on assessments of reading and math and who are not foster youth, low-income students, English learners, or students with disabilities.

- *State System of Support* – An increase of $54 million in Proposition 98 funding for county offices of education to provide technical assistance to low-performing local educational agencies.

- *California Collaborative for Educational Excellence* – $12 million in ongoing Proposition 98 funding for the California Collaborative for Educational Excellence (the "Collaborative") to assist county offices of education and regional lead agencies. Additionally, the 2018-19 Budget re-appropriates $5.6 million from prior-year one-time Proposition 98 appropriations for use by the Collaborative for additional statewide trainings and technical assistance.

- *Special Education Local Plan Area (SELPA) Technical Assistance* – $10 million in Proposition 98 funding for up to ten SELPAs to assist county offices of education in providing technical assistance to school districts identified for differentiated assistance within the Statewide system of support.

- *Career Technical Education (CTE)* – $164 million in ongoing Proposition 98 funding to create a new K-12 CTE program funded through the Strong Workforce Program, which is administrated by California Community College Chancellor's Office, in consultation with the State Department of Education, as well as $150 million in ongoing Proposition 98 funding to make permanent the State's Career Technical Education Incentive Grant Program.

- *One-Time Discretionary Funding* – An increase of $1.1 billion in one-time Proposition 98 funding for school districts, charter schools and county offices of education to use at local discretion. Similar to features included in prior State budgets, these funds would offset any applicable mandate reimbursement claims for these entities.

- *Special Education, Bilingual, and STEM Teachers* – $75 million in one-time Proposition 98 funding to start new or expand existing teacher residency programs with $50 million earmarked for special education teachers and $25 million earmarked for bilingual and STEM teachers; and $50 million in one-time Proposition 98 funding to provide one-time competitive grants to local educational agencies to fund new or existing local efforts to recruit and retain special education teachers.

- *Classified School Employee Summer Assistance Program* – $50 million one-time Proposition 98 funding to provide state matching funds to classified school employees that elect to have a portion of their monthly paychecks withheld during the 2019-20 school year, supplemented by State funding, and paid during the summer recess period.

- *Classified School Employee Professional Development Block Grant Program* – $50 million one-time Proposition 98 funding for professional development opportunities for classified staff, with a priority on professional development for the implementation of school safety plans.

- *Federal Funds for Academic Enrichment* – $165 million one-time federal ESSA Title IV funding for academic enrichment, with $121 million of such funds distributed to local education agencies based on their share of existing Title I funding, and the remainder distributed competitively.

- *Charter School Facility Grant Program* – $21 million one-time and $25 million ongoing Proposition 98 funding to reflect increases in programmatic costs.

- *Kids Code After School Program* – $15 million one-time Proposition 98 funding to fund the inclusion of computer coding in after-school curriculum.

- *Fiscal Crisis and Management Assistance Team (FCMAT)* – $972,000 Proposition 98 funding to allow FCMAT provide additional assistance for fiscally distressed school districts and provide additional training for county offices of education regarding fiscal oversight of school districts.

- *Kindergarten Facilities* – $100 million one-time non-Proposition 98 funding to help school districts cover facility costs associated with converting their part-day kindergarten programs into full-day programs.

- *Proposition 51* – a total allocation of $594 million in Proposition 51 bond funds for K-12 school facility projects.

For additional information regarding the 2018-19 Budget, see the State Department of Finance website at www.dof.ca.gov and the LAO's website at www.lao.ca.gov. However, the information presented on such websites is not incorporated herein by reference.

Proposed 2019-20 Budget. On January 10, 2019, the Governor released his proposed State budget for fiscal year 2019-20 (the "Proposed 2019-20 Budget"). The following information is drawn from the State Department of Finance's summary, and the LAO's review of, the Proposed 2019-20 Budget.

For fiscal year 2018-19, the Proposed 2019-20 Budget projects total general fund revenues and transfers of $136.9 billion and total expenditures of $144.1 billion. The State is projected to end the 2018-19 fiscal year with total available general fund reserves of $18.3 billion, including $3.9 billion in the traditional general fund reserve, $13.5 billion in the BSA and $900 million in the Safety Net Reserve Fund. For fiscal year 2019-20, the Proposed 2019-20 Budget projects total general fund revenues and transfers of $142.6 billion and authorizes expenditures of $144.2 billion. The State is projected to end the 2019-20 fiscal year with total available general fund reserves of $18.5 billion, including $2.3 billion in the traditional general fund reserve, $15.3 billion in the BSA and $900 million in the Safety Net Reserve Fund. The Governor notes that additional deposits to the BSA are premised on a recent opinion by the

California Office of Legislative Counsel which concluded that supplemental payments to the BSA made in prior fiscal years do not count towards calculating its constitutional maximum of 10% Under the Governor's new estimates, mandatory deposits to the BSA represent only 8.1% of State general fund taxes. See also "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 2" herein.

With respect to education funding, the Proposed 2019-20 Budget revises the Proposition 98 minimum funding guarantees for both fiscal years 2017-18 and 2018-19, as a result of lower-than-anticipated ADA and a year-to-year decline in State general fund revenue growth. The Proposed 2019-20 Budget sets the Proposition 98 minimum funding guarantee for fiscal year 2017-18 at $75.5 billion, a decrease of $120.1 million from the prior year. The Proposed 2019-20 Budget revises the minimum funding guarantee for fiscal year 2018-19 at $77.9 billion, reflecting a decrease of $525.7 million from the prior year. Notwithstanding these decreases, the Proposed 2019-20 Budget maintains level funding for K-14 education in these years by maintaining a $44 million overappropriation to the fiscal year 2017-18 minimum guarantee and using settle-up payments to offset otherwise unfunded obligations in fiscal year 2018-19.

For fiscal year 2019-20, the Proposed 2019-20 Budget sets the minimum funding guarantee at $80.7 billion, reflecting an increase of $2.8 billion (or 3.6%) from the revised prior-year level. Fiscal year 2019-20 is projected to be a "Test 3" year. With respect to K-12 education, ongoing per-pupil spending is set at $12,003, reflecting an increase of $435 from the prior year.

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

- *Local Control Funding Formula* – An increase of $2 billion in Proposition 98 funding for the LCFF, reflecting a 3.46% COLA, and bringing total LFCC funding to $63 billion.

- *Categorical Programs* – An increase of $187 million in Proposition 98 funding to support a 3.46% COLA for categorical programs that remain outside the LCFF.

- *Pension Costs* – A $3 billion, one-time payment from non-Proposition 98 funds to CalSTRS, to reduce long-term liabilities for K-14 school districts. Of this amount, $700 million would be provided to buy down employer contribution rates in fiscal years 2019-20 and 2020-21. The remaining $2.3 billion would be paid towards employers' long-term unfunded liability.

- *State System of Support* – An increase of $20.2 million in Proposition 98 funding for county offices of education to provide technical assistance to low-performing local educational agencies.

- *Special Education* – $577 million in Proposition 98 funding (of which $186 million is one-time) to school districts based on their unduplicated counts of low-income, English learner and disabled students. These funds may be used for either (i) special education services for students with disabilities, or (ii) early intervention programs for students are not yet receiving special education services.

- *Preschool* – $125 million in non-Proposition 98, ongoing funding to provide 10,000 full-day preschool slots for children from low income families. The Proposed 2019-20 Budget also provides for an increase of $26.8 million in Proposition 98 funding to reflect the full-year cost of full-day preschool slots implemented during the prior fiscal year.

- *Early Education* – An increase of $750 million in one-time non-Proposition 98 funding to create more full-day Kindergarten programs. The funds are primarily intended for constructing new or retrofitting existing school facilities needed to operate longer-day programs. The Proposed 2019-20 Budget also includes $500 million for improvements to early education (including $245 million for facilities, $245 million for the child care workforce, and $10 million to improve access and quality).

- *County Offices of Education* – An increase of $9 million in Proposition 98 funding for county offices of education, reflecting a 3.46% COLA and ADA changes applicable to the LCFF.

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

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

May Revision. On May 9, 2019, the Governor released his May revision (the "May Revision") to the Proposed 2019-20 Budget. The following information is drawn from the State Department of Finance's summary, and the LAO's review of, the May Revision.

For fiscal year 2018-19, the May Revision projects total general fund revenues and transfers of $138 billion and total expenditures of $143.2 billion. The State is projected to end the 2018-19 fiscal year with total available general fund reserves of $ 20.1 billion, including $4.8 billion in the traditional general fund reserve, $14.4 billion in the BSA and $900 million in the Safety Net Reserve Fund. For fiscal year 2019-20, the May Revision projects total general fund revenues and transfers of $143.8 billion and authorizes expenditures of $147 billion. The State is projected to end the 2019-20 fiscal year with total available general fund reserves of $19.5 billion, including $1.6 billion in the traditional general fund reserve, $16.5 billion in the BSA and $900 million in the Safety Net Reserve Fund. As further described herein, the May Revision also calculates that, for the first time, the State will be obligated to make a deposit into the PSSSA, the Proposition 39 reserve established by Proposition 2. See also "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 2" herein.

With respect to education funding, the May Revision makes additional revisions to Proposition 98 funding levels for fiscal years 2017-18 and 2018-19. Specifically, the May Revision sets the minimum funding guarantee for fiscal year 2017-18 at $75.6 billion (including $53 billion from the State general fund), an increase of $78.4 million from the level set by the Proposed 2019-20 Budget. For fiscal year 2018-19, the May Revision sets the minimum funding guarantee at $78.1 billion (including $54.4 billion from the State general fund), an increase of $279 million from the Proposed 2019-20 Budget. These increases in funding are primarily attributable to stronger growth in State general fund revenues relative to the administration's January estimates, as well as a slight upward revision in student attendance estimates.

For fiscal year 2019-20, the May Revision sets the minimum funding guarantee at $81.1 billion (including $55.9 billion from the State general fund), an increase of $389 million from the Proposed 2019-20 Budget. Fiscal year 2019-20 is now projected to be a "Test 1" year. Although total Proposition 98 funding increases during fiscal years 2017-18 through 2019-20, the State general fund share of education funding also increases by approximately $1.1 billion, due to a decrease in projected property tax revenues over this period.

Other significant adjustments, or additional proposals, with respect to K-12 education funding include the following:

- *Local Control Funding Formula* – An increase of $70 million Proposition 98 funding in fiscal year 2018-19, as well as a decrease of $63.9 million to the funding level for fiscal year 2019-20, each relative to the Proposed 2019-20 Budget. These changes reflect adjustments to ADA and the fiscal year 2019-20 COLA that affect the LCFF calculation.

- *Proposition 98 Reserve Deposit* – The May Revision projects that a deposit to the PSSSA of $389.3 million will be required during fiscal year 2019-20 in order to comply with Proposition 2. The amount of the deposit reflects the difference between the projected "Test 1" funding level in 2019-20, and the prior year's funding level, as adjusted for growth and inflation. The amount proposed to be deposited into the PSSSA is below the threshold required to trigger certain maximum local reserve levels created by State legislation approved in 2014 (as amended in 2017). See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 2 – SB 858; SB 751."

- *Categorical Programs* – A decrease of $7.4 million in Proposition 98 funding for selected categorical programs relative to the amount set in the Proposed 2019-20 Budget, reflecting a change in the COLA from 3.46% to 3.26%. The May Revision also provides an increase of $7.6 million in Proposition 98 funding for selected categorical programs, based on updated ADA estimates.

- *Pension Costs* – An increase of $150 million to the one-time, non-Proposition 98 funding provided in the Proposed 2019-20 Budget to reduce long-term STRS liabilities for K-14 school districts. As a result, employer contribution rates for fiscal year 2019-20 would be effectively reduced to 16.7%.

- *Workforce Development* - $89.8 million in one-time, non-Proposition 98 funding to provide for a teacher loan forgiveness program for newly credentialed teachers to work in high-need subject matter areas such as special education and STEM (Science, Technology, Engineering and Math). The May Revision also includes $44.8 million in one-time, non-Proposition 98 funding to provide training and resources for classroom educators, and $13.9 million in ongoing federal funding for professional learning opportunities for public K-12 administrators.

- *Special Education* – A total of $696.2 million in ongoing Proposition 98 funding for special education. This reflects a $119.2 million increase from the amount set in the Proposed 2019-20 Budget, and would be a 21% increase from the prior year.

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

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

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

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

Introduction

The District was established in 1965 and is located in an approximately 16 square mile area in Los Angeles County approximately 10 miles southeast of the City of Los Angeles. The boundaries of the District include substantial portions of the City of Norwalk ("Norwalk") and the City of La Mirada ("La Mirada") as well as small areas lying within the cities of Santa Fe Springs and Whittier and certain unincorporated areas of Los Angeles County. The District operates 17 elementary schools, six middle schools, four high schools, two adult schools, a district office, a transportation yard, and a maintenance office. The District's average daily attendance for fiscal year 2018-19 is 16,718 students and the District has a 2018-19 assessed valuation of $13,020,558,345.

Unless otherwise indicated, the following financial, statistical and demographic data has been provided by the District. Additional information concerning the District and copies of subsequent audited financial reports of the District may be obtained by contacting: Norwalk-La Mirada Unified School District, 12820 Pioneer Boulevard, Norwalk, California 90650, telephone: (562) 868-0431, attention: Superintendent.

Administration

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

BOARD OF EDUCATION
Norwalk-La Mirada Unified School District

Name	Office	Term Expires
Ana Valencia	President	November 2022
Jude Cazares	Vice President	November 2022
Darryl R. Adams	Member	November 2022
Karen Morrison	Member	November 2020
Chris Pflanzer	Member	November 2020
Jorge A. Tirado	Member	November 2022
Jesse Urquidi	Member	November 2020

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

Dr. Hasmik Danielian, Superintendent. Dr. Danielian joined the District in July 2015 as Superintendent. Prior to that time she was Superintendent of Brawley Unified School District, Assistant Superintendent at Hacienda La Puente Unified School District, and Principal of Glendale High School, where she began her career in education. Her educational background includes a Bachelors of English and Literature from the National University of Iran, a Master's Degree in Bilingual Education and a teaching credential from the University of La Verne, a second Master's degree from Point Loma Nazarene University and a Doctorate in Educational Leadership from the University of Southern California.

Estuardo Santillan, Assistant Superintendent for Business Services. Mr. Santillan joined the District in 2011 as the Assistant Superintendent for Business Services. Prior thereto he worked for 8 years as Business Manager at the Perris Union High School District and 10 years as the Business Manager and Interim Assistant Superintendent at the Moreno Valley Unified School District. His educational background includes a Bachelor's of Science in Business Management and Master in Business Administration from University of Phoenix. In 2018, Mr. Santillan was named Classified Administrator of the Year for the District.

Enrollment Trends

On average throughout the District, the regular education pupil-teacher ratio is approximately 26:1 for grades K-3, 31:1 in grades 4-5, 30:1 in grades 6-8 and 28.8:1 in grades 9-12. District enrollment decreased by 19.14% between 2008-09 and 2018-19. The following table shows an 11-year enrollment history for the District.

HISTORICAL ENROLLMENT
Norwalk-La Mirada Unified School District
Fiscal Years 2008-09 through 2017-18

Fiscal Year	Enrollment[1]	% Change
2008-09	21,512	---
2009-10[2]	21,059	(2.11)%
2010-11[2]	20,554	(2.40)
2011-12	20,221	(1.62)
2012-13	19,770	(2.23)
2013-14	19,370	(2.02)
2014-15	18,956	(2.14)
2015-16	18,699	(1.36)
2016-17	18,373	(1.74)
2017-18	17,889	(2.63)
2018-19	17,394	(2.77)

(1) Fiscal years 2008-09 through 2012-13 enrollment as of October report submitted to the California Basic Educational Data System ("CBEDS"). Fiscal years 2013-14 through 2018-19 reflect certified enrollment as of the fall census day (the first Wednesday in October), which is reported to the California Longitudinal Pupil Achievement Data System ("CALPADS") in each school year and used to calculate each school district's unduplicated EL/LI student enrollment. Enrollment excludes County-operated programs.
(2) New State and District reporting systems implemented in 2009-10 and 2010-11 resulted in variances from reported CBED figures to the Department of Education.
Source: Norwalk-La Mirada Unified School District.

Labor Relations

The District currently employs 991 full-time certificated employees and 725 full-time classified employees. In addition, the District employed 844 part-time faculty and staff. District employees, except management and some part-time employees, are represented by the two bargaining units as noted below:

BARGAINING UNITS
Norwalk-La Mirada Unified School District

Name of Bargaining Unit	Number of Employees Represented	Current Contract Expiration Date
Teachers' Association of Norwalk-La Mirada Area (TANLA)	1,003	June 30, 2019
California Schools Employee Association (CSEA)	1,100	June 30, 2019

Source: Norwalk-La Mirada Unified School District.

Retirement Programs

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

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

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

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

MEMBER CONTRIBUTION RATES
STRS (Defined Benefit Program)

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

Source: AB 1469.

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

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

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

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

Source: AB 1469.

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

The District's contribution to STRS was $6,676,478 in fiscal year 2010-11, $6,720,757 in fiscal year 2011-12, $6,674,151 in fiscal year 2012-13 and $6,700,352 in fiscal year 2013-14, $7,550,228 in fiscal year 2014-15, $10,004,996 in fiscal year 2015-16, $12,399,763 in fiscal year 2016-17, and $$14,858,075 in fiscal year 2017-18. The District currently projects that its contribution for fiscal year 2018-19 will be $17,467,593.

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

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

PERS. Classified employees working four or more hours per day are members of the Public Employees' Retirement System ("PERS"). PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the State statutes, as legislatively amended from time to time. PERS operates a number of retirement plans including the Public Employees Retirement Fund ("PERF"). PERF is a multiple-employer defined benefit retirement plan. In addition to the State, employer participants at June 30, 2017 included 1,624 public agencies and 1,366 K-14 school districts and charter schools. PERS acts as the common investment and administrative agent for the member agencies. The State and K-14 school districts (for "classified employees," which generally consist of school employees other than teachers) are required by law to participate in PERF. Employees participating in PERF generally become fully vested in their retirement benefits earned to date after five years of credited service. One of the plans operated by PERS is for K-14 school districts throughout the State (the "Schools Pool").

Contributions by employers to the Schools Pool are based upon an actuarial rate determined annually and contributions by plan members vary based upon their date of hire. The District is currently required to contribute to PERS at an actuarially determined rate, which is 18.062% of eligible salary expenditures or fiscal year 2018-19, and will be 20.733% of eligible salary expenditures in fiscal year 2019-20. Participants enrolled in PERS prior to January 1, 2013 contribute at a rate established by statute, which is 7% of their respective salaries in fiscal year 2017-18 and fiscal year 2018-19, while participants enrolled after January 1, 2013 contribute at an actuarially determined rate, which is 7% in fiscal year 2018-19 and will be 7% in fiscal year 2019-20. See "—California Public Employees' Pension Reform Act of 2013" herein.

The District's contributions to PERS was $3,149,808 in fiscal year 2010-11, $3,294,860 in fiscal year 2011-12, $3,546,346 in fiscal year 2012-13 and $3,638,281 in fiscal year 2013-14, $3,789,970 in fiscal year 2014-15, $4,205,453 in fiscal year 2015-16, $5,426,620 in fiscal year 2016-17, and $6,144,550 in fiscal year 2017-18. The District currently projects that its contribution for fiscal year 2018-19 will be $7,554,456 in fiscal year 2018-19.

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

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

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

STRS

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

PERS

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

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(1) Amounts may not add due to rounding.

(2) Reflects market value of assets, including the assets allocated to the SBPA reserve. Since the benefits provided through the SBPA are not a part of the projected benefits included in the actuarial valuations summarized above, the SBPA reserve is subtracted from the STRS Defined Benefit Program assets to arrive at the value of assets available to support benefits included in the respective actuarial valuations.

(3) Reflects actuarial value of assets.

(4) Effective for the June 30, 2014 actuarial valuation, PERS no longer uses an actuarial value of assets.

(5) On April 16, 2019, the PERS Board (defined below) approved the K-14 school district contribution rate for fiscal year 2019-20 and released certain actuarial information to be incorporated into the June 30, 2018 actuarial valuation to be released in summer 2019.

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

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

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

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

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

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

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

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

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

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

On April 16, 2019, the PERS Board established the employer contribution rates for 2019-20 and released certain information from the Schools Pool Actuarial Valuation as of June 30, 2018, ahead of its summer of 2019 release date. Based on the changes in the discount rate, inflation rate, payroll growth rate and demographic assumptions, along with the expected reductions in normal cost due to the continuing transition of active members from those employees hired prior to the Implementation Date (defined below), to those hired after such date, the projected contribution rate for 2020-21 is projected to be 23.6%, with annual increases thereafter, resulting in a projected 26.5% employer contribution rate for fiscal year 2025-26.

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

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

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

For fiscal year ending June 30, 2018, the District's proportionate share of the net STRS pension liability was reported as \$170,562,493. As of such date, the District's proportionate share of the net PERS pension liability was reported as \$73,407,676. For additional information, see "APPENDIX B – THE DISTRICT'S 2017-18 AUDITED FINANCIAL STATEMENTS – Note 13" herein.

Alternative Retirement Program

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (STRS or PERS) must be covered by social security or an alternative plan. The District has elected to use PARS to act as their administrators and U.S. Bank to act as trustee and investment manager for the District's alternative plan. The plan is a defined benefit plan and the District contributes the full amount for members hired prior to the Implementation Date and half the amount for members hired on or after the Implementation Date. The District contributes 5.0 percent for members hired prior to the Implementation Date and 2.5% for members hired on or after the Implementation Date of an employee's gross earnings. The District contributed \$298,061 in the 2017-18 fiscal year and currently projects a contribution of \$336,966 in fiscal year 2018-19.

Other Post-Employment Benefits

Benefits Plan. The Postemployment Benefits Plan (the "Plan") is a single-employer defined benefit healthcare plan administered by the District. The Plan provides medical insurance benefits to eligible retirees and their spouses (the "Benefits"). In addition, the District has entered into an agreement with the former superintendent whereby the District will provide fully paid medical and dental benefits for the lifetime of the superintendent. The Plan currently consists of 81 retirees and beneficiaries currently receiving Benefits, 0 terminated Plan members entitled to but not yet receiving benefits and 1,833 active Plan members.

Funding Policy. The contribution requirements of plan members and the District are established and may be amended by the District, the Teacher's Association of the Norwalk-La Mirada Area (TANLA), the local California Schools Employees Association (CSEA), and unrepresented groups. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund Benefits as determined annually through the agreements between the District, TANLA, CSEA and the unrepresented groups. Expenditures for the Benefits are recognized on a pay-as-you-go basis covering the cost of premiums paid for current retirees.

For fiscal year 2014-15, the District contributed $633,498 for such expenditures, all of which was used to pay current premiums (approximately 78% of the total premiums). Plan members receiving benefits contributed $181,844 in fiscal year 2014-15 (or approximately 22% of total premiums). For fiscal year 2015-16, the District contributed $629,324 for such expenditures, all of which was used to pay current premiums (approximately 79% of the total premiums). Plan members receiving benefits contributed $165,013 in fiscal year 2015-16 (or approximately 21% of total premiums). For fiscal year 2016-17, the District contributed $725,492 for such expenditures, all of which was used to pay current premiums (approximately 85% of the total premiums). Plan members receiving benefits contributed $195,883 in fiscal year 2016-17 (or approximately 15% of total premiums). For fiscal year 2017-18, the District contributed $756,530 for such expenditures, all of which was used to pay current premiums (approximately 86% of the total premiums). Plan members receiving benefits contributed $123,555 in fiscal year 2017-18 (or approximately 14% of total premiums).

For fiscal year 2018-19, the District currently projects that it will contribute $782,041 for such expenditures, all of which is expected to be used to pay current premiums (approximately 81% of the projected total premiums). Plan members receiving benefits are projected to contribute a projected $183,403 in fiscal year 2018-19 (or approximately 19% of total estimated premiums).

In addition, the District currently has deposited $5,910,816 in an internal service fund to begin funding its unfunded actuarial accrued liability (discussed herein) with respect to the Benefits. This fund, however, has not been irrevocably pledged to the payment of the Benefits, and may be accessed for other purposes upon Board agreement with the various employee unions. The District currently projects a contribution of $686,611 into the internal service fund in fiscal year 2018-19. The District reimburses the general fund each year from the internal service fund for its annual OPEB contributions.

Accrued Liability. The District has implemented *Governmental Accounting Standards Board Statement #74, Financial Reporting for Postemployment Benefit Plans Other Than Pensions* ("GASB 74") and *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75"), pursuant to which the District has commissioned and received an actuarial study of its liability with respect to the Benefits. The new GASB statements No. 74 and No. 75 (discussed below) require biennial actuarial valuations for all plans. The actuarial study, dated as of June 4, 2018 (the "Study"), concluded that, as of June 30, 2017, the Total OPEB Liability (the "TOL") with respect to such benefits, was $24,687,293. Because the District does not maintain a qualifying irrevocable trust, the District's Net OPEB Liability (the "NOL") is equal to the TOL. The TOL is the amount of the actuarial present value of projected benefits payments attributable to employees' past service based on the actuarial cost method used. The FNP are the net assets (liability) of the qualifying irrevocable trust or equivalent arrangement. The NOL is TOL minus the FNP.

See "NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT – District Debt Structure – Long-Term Debt" and "APPENDIX B – THE DISTRICT'S 2017-18 AUDITED FINANCIAL STATEMENTS – Note 9" herein.

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

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

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

GASB No. 74 has an effective date for plan fiscal years beginning after June 15, 2016 and GASB Statement No. 75 will be effective for employer fiscal years beginning after June 15, 2017. The District first recognized GASB No. 74 and GASB No. 75 in their financial statements for fiscal year 2017-18. The full extent of the effect of the new standards on the District is not known at this time. See also

"APPENDIX B – THE DISTRICT'S 2016-17 AUDITED FINANCIAL STATEMENTS – Note 1" herein.

Medicare Premium Payment Program

The District participates in the Medicare Premium Payment ("MPP") Program, a cost-sharing multiple-employer other postemployment benefit plan. STRS administers the MPP Program through the Teachers' Health Benefit Fund (the "THBF"). The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the State Teachers Retirement Plan Defined Benefit Program ("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 MPP Program is now closed to new entrants.

The MPP Program is funded on a pay-as-you-go basis from a portion of the monthly District benefit payments. Benefit payments that would otherwise be credited to the DB Program each month are instead credited to the MPP Program to fund monthly program and administrative costs.

An actuarial study, with measurement and valuation dates of June 30, 2016, has been prepared pursuant to GASB Statements No. 74 and No. 75 with respect to the liability of the MPP Program. At June 30, 2018, the District reported a liability of $1,404,744 for its proportionate share of the net OPEB liability for the MPP Program. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions relative to the projected contributions of all participating school districts, actuarially determined.

For the year ended June 30, 2018, the District recognized an MPP Program expense of ($109,240). For additional information, see "APPENDIX B – THE DISTRICT'S 2017-18 AUDITED FINANCIAL STATEMENTS – Note 9" herein.

Risk Management

Employee Medical Benefits. The District has contracted with the Alliance of Schools for Cooperative Insurance Programs (ASCIP) public entity risk pool to provide employee dental benefits. The District also purchases medical, vision, and life insurance from various vendors for health care coverage. The District is not self-funded for employee medical benefits but has chosen to report the costs of health and welfare payments for all employees plus retirees in the internal service fund (the "Internal Service Fund").

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. To mitigate this potential loss, the District has established an Internal Service Fund to account for and finance its uninsured risks of loss for property and liability coverage. Under this program, the Internal Service Fund provides coverage for up to a maximum of $50,000 for each general liability claim and $25,000 for each property damage claim. During fiscal year ending June 30, 2018, the District participated in the ASCIP public entity risk pool for property and liability insurance coverage in excess of self-insured limits. Settled claims have not exceeded the insured coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year. In addition, the District purchases commercial insurance for property and liability claims in excess of coverage provided by the Internal Service Fund and for all other risks of loss.

Worker' Compensation and Property and Liability. Since 1985, the District has self-insured itself for workers' compensation coverage, retaining the risk of loss. The District has established an

Internal Service Fund to account for and finance its uninsured risks of loss for workers' compensation coverage. Under this program, the Internal Service Fund provides coverage for up to a maximum of $500,000 for each workers' compensation claim. The District purchases commercial insurance for workers' compensation claims in excess of coverage provided by the Fund from the Schools Excess Liability Fund (SELF) JPA.

Funding of the Internal Service Fund is based on estimates of the amounts needed to pay prior and current year claims. Workers' Compensation claims are charged to the respective funds which generate the liability and the Property and Liability claims are paid by the general fund.

District Debt Structure

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

Governmental Activities	**Balance July 1, 2017**	**Additions**	**Deductions**	**Balance June 30, 2018**
General Obligation Bonds	$200,604,801	$79,018,930	$16,545,000	$263,078,731
Premium on issuance	4,474,194	5,583,377	834,766	9,222,805
2005 Certificates of Participation (Qualified Academy Zone Bonds)	2,770,165	--	--	2,770,165
Capital leases	170,660	--	44,660	126,000
Compensated absences	2,669,413	183,470	--	2,852,883
Claims liability(1)	17,343,000	(3,563,043)	2,626,996	11,152,961
SELF workers' compensation assessment	267,397	--	45,044	222,353
Net other postemployment benefits (OPEB) liability	24,038,059	2,805,571	835,959	26,007,671
Total	$252,337,689	$84,028,305	$20,932,425	$315,433,569
Business-Type Activities				
Net other postemployment benefits (OPEB) liability	$74,750	$12,095	$2,479	$84,366

(1) Reflects liabilities associated with certain workers' compensation claims, including an amount for claims that have been incurred but not reported ("IBNR")
Source: Norwalk-La Mirada Unified School District.

General Obligation Bonds. The District received authorization at an election held on November 5, 2002 (the "2002 Authorization"), at which the requisite 55% or more of the persons voting on the proposition voted to authorize the issuance and sale of $165,000,000 principal amount of general obligation bonds of the District. In June 2003, the District issued $60,000,000.00 of its General Obligation Bonds, Election of 2002, Series 2003A (the "2002 Series A Bonds"). In May 2005, the District issued $44,995,644.45 of its General Obligation Bonds, Election of 2002, Series 2005B (the "2002 Series B Bonds") and $57,105,000.00 of its 2005 General Obligation Refunding Bonds (the "2005 Refunding Bonds"), the proceeds of which were used to advance refund a portion of the Series A Bonds. In December 2007, the District issued $29,200,602.20 of its General Obligation Bonds, Election of 2002, Series 2007C (the "2002 Series C Bonds"). In July 2009, the District issued $9,410,103.00 of its Election of 2002 General Obligation Bonds, Series 2009D (the "2002 Series D Bonds") and $13,580,500.00 of its 2009 General Obligation Refunding Bonds (the "2009 Refunding Bonds"), the proceeds of which were used to advance refund portions of the Series B Bonds and 2002 Series C Bonds. In October 2009, the District issued $21,392,349.40 of its Election of 2002 General Obligation Bonds, Series 2009E (the "2002 Series E Bonds"). In January 2013, the District issued $11,630,000 of its 2013 General Obligation Refunding Bonds, Series A (the "2013 Refunding Bonds"), the proceeds of which were used to advance refund a portion of the 2005 Refunding Bonds. In May 2014, the District issued $15,115,000 of its 2014 General Obligation Refunding Bonds (the "2014 Refunding Bonds"), the proceeds of which were used to advance refund a portion of the 2005 Refunding Bonds. In December 2015, the District issued $7,855,000 of its 2015 General Obligation Refunding Bonds (the "2015 Refunding Bonds"), the proceeds of which were used to advance refund a portion of the 2002 Series C Bonds. In August, 2017, the District issued $1,460,000 of its 2017 General Obligation Refunding Bonds (the "2017 Refunding Bonds"), the proceeds of which were used to advance refund a portion of the District's 2009 Refunding Bonds. There is no remaining unissued 2002 Authorization.

Pursuant to the 2014 Authorization, the voters of the District authorized the issuance of not-to-exceed $375,000,000 of general obligation bonds. In December 2015, the District issued $24,000,000 of its Election of 2014 General Obligation Bonds, Series A (the "Series A Bonds"). In August 2017, the District issued $59,000,000 of its Election of 2014 General Obligation Bonds, Series B (the "Series B Bonds"). In June 2018, the District issued $10,250,000 of its Election of 2014 General Obligation Bonds, Series C (the "Series C Bonds"). The Bonds represent the fourth series of bonds issued under the 2014 Authorization. After the issuance of the Bonds, $221,750,000* of the 2014 Authorization will remain.

The following table shows the total debt service with respect to the District's outstanding general obligation bonded debt, including the Bonds (and assuming no optional redemptions).

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* Preliminary, subject to change.

ANNUAL GENERAL OBLIGATION BOND DEBT SERVICE
Norwalk-La Mirada Unified School District

Year Ending August 1	2002 Series B Bonds	2002 Series C Bonds	2002 Series D Bonds	2009 Refunding Bonds	2002 Series E Bonds	2013 Refunding Bonds	2014 Refunding Bonds	Series A Bonds	2015 Refunding Bonds	Series B Bonds	2017 Refunding Bonds	Series C Bonds	The Bonds	Total Annual Debt Service
2019	$935,000.00	--	--	$1,837,050.00	--	$3,333,200.00	$4,121,706.00	$205,343.76	$802,850.00	$8,481,800.00	$57,800.00	$500,092.50		
2020	8,460,000.00	--	--	1,146,500.00	--	--	--	205,343.76	1,305,250.00	5,990,600.00	762,800.00	1,278,100.00		
2021	8,895,000.00	--	--	1,144,500.00	--	--	--	205,343.76	1,392,250.00	2,021,600.00	769,600.00	417,100.00		
2022	9,355,000.00	--	$2,000,000.00	--	$818,125.00	--	--	220,343.76	1,482,500.00	2,021,600.00	--	417,100.00		
2023	9,840,000.00	--	2,000,000.00	--	818,125.00	--	--	230,043.76	1,575,500.00	2,021,600.00	--	417,100.00		
2024	10,350,000.00	--	2,000,000.00	--	818,125.00	--	--	239,293.76	1,670,750.00	2,156,600.00	--	477,100.00		
2025	10,885,000.00	--	500,000.00	--	2,438,125.00	--	--	248,243.76	687,750.00	2,241,200.00	--	480,300.00		
2026	11,455,000.00	--	500,000.00	--	3,269,025.00	--	--	256,893.76	--	2,334,950.00	--	482,700.00		
2027	12,050,000.00	--	500,000.00	--	3,414,325.00	--	--	270,243.76	--	2,428,450.00	--	499,900.00		
2028	12,675,000.00	--	500,000.00	--	4,033,950.00	--	--	281,743.76	--	2,521,450.00	--	506,300.00		
2029	13,335,000.00	--	--	--	4,525,950.00	--	--	287,493.76	--	2,623,700.00	--	611,300.00		
2030	--	$13,555,000.00	--	--	6,280,000.00	--	--	299,643.76	--	2,729,450.00	--	640,800.00		
2031	--	14,260,000.00	8,000,000.00	--	--	--	--	311,343.76	--	2,838,200.00	--	663,300.00		
2032	--	15,005,000.00	8,000,000.00	--	--	--	--	327,437.50	--	2,949,450.00	--	649,050.00		
2033	--	--	17,275,000.00	--	2,858,367.60	--	--	342,725.00	--	3,070,400.00	--	680,500.00		
2034	--	--	2,500,000.00[(1)]	--	13,518,441.60	--	--	357,362.50	--	3,191,700.00	--	664,250.00		
2035	--	--	--	--	13,519,290.15	--	--	366,350.00	--	3,321,387.50	--	653,687.50		
2036	--	--	--	--	13,518,849.10	--	--	379,350.00	--	3,453,575.00	--	642,437.50		
2037	--	--	--	--	13,520,903.00	--	--	398,350.00	--	3,591,175.00	--	631,300.00		
2038	--	--	--	--	13,520,000.00	--	--	410,850.00	--	3,738,000.00	--	624,800.00		
2039	--	--	--	--	--	--	--	432,100.00	--	3,883,600.00	--	841,200.00		
2040	--	--	--	--	--	--	--	446,600.00	--	4,039,800.00	--	822,700.00		
2041	--	--	--	--	--	--	--	464,600.00	--	4,200,800.00	--	798,700.00		
2042	--	--	--	--	--	--	--	484,600.00	--	4,371,000.00	--	769,450.00		
2043	--	--	--	--	--	--	--	503,200.00	--	4,544,600.00	--	795,200.00		
2044	--	--	--	--	--	--	--	525,400.00	--	4,725,100.00	--	788,200.00		
2045	--	--	--	--	--	--	--	546,000.00	--	4,912,600.00	--	821,600.00		
2046	--	--	--	--	--	--	--	--	--	5,254,200.00	--	877,600.00		
2047	--	--	--	--	--	--	--	--	--	5,465,200.00	--	915,200.00		
Total	$108,235,000.00	$42,820,000.00	$43,775,000.00	$4,128,050.00	$96,871,601.45	$3,333,200.00	$4,121,706.00	$9,246,243.88	$8,916,850.00	$105,123,787.50	$1,590,200.00	$19,367,067.50		

(1) February 1 maturity.

Qualified Zone Academy Bond. In December 2005, the District executed and delivered $2,770,164.90 of its 2005 Certificates of Participation (QZAB Program) (the "2005 QZAB") to fund certain capital improvements in accordance with the District's Qualified Zone Academy Bond Program Application dated March 30, 2005. The 2005 QZAB matures on December 29, 2020. The payment of principal of the 2005 QZAB is secured by an initial lease payment of $600,000, made by the District on the date of issuance, and annual lease payments of $95,722. The obligation to make lease payments pursuant to the lease purchase agreement is a qualified zone academy bond eligible for the tax credit set forth in Sections 54A and 54E of the Internal Revenue Code of 1986, as amended. Lease payments made with respect to the 2005 QZAB are invested pursuant to an investment agreement with Bank of America, N.A., expected to produce a value at maturity of the 2005 QZAB sufficient to pay the principal thereof. The schedule of remaining lease payments follows:

Lease Payment Date (December 29)	Total
2019	$95,722.00
2020	95,722.00
Total:	$191,444.00

Capital Leases. The District has entered into agreements to lease equipment. Such agreements are, in substance, purchases (capital leases) and are reported as capital lease obligations. The District's liability on lease agreements with options to purchase is summarized below:

Balance, July 1, 2017	$171,985
Payments	(45,985)
Balance, June 30, 2018	$126,000

Future payments on capital leases are as follows:

Year Ending (June 30)	Total Payments
2019	$21,000
2020	21,000
2021	21,000
2022	21,000
2023-2024	42,000
Total	$126,000

Claims Liability. Liabilities associated with workers' compensation claims are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are based upon estimated ultimate cost of settling the claims, considering recent claim settlement trends including the frequency and amounts of payouts and other economic and social factors. The liability for workers' compensation claims is reported in the internal service fund. The outstanding claims liability at June 30, 2018 amounted to $11,152,961.

Workers' Compensation Assessment. The District was a member of School Excess Liability Fund (SELF), a cost sharing Joint Powers Authority (JPA) for the purpose of providing the District excess workers' compensation insurance. The SELF board of directors declared an entity assessment to the member districts. At June 30, 2018, the District's outstanding obligation to their pro-rata share of equity assessed was $222,353.

TAX MATTERS

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, interest on the Bonds is excluded from gross income for federal income tax purposes, and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest on the Bonds is exempt from State personal income tax.

The excess of the stated redemption price at maturity of a Bond over the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bond Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by the Bond Owner will increase the Bond Owner's basis in the applicable Bond. In the opinion of Bond Counsel, the amount of original issue discount that accrues to the owner of the Bond is excluded from gross income of such owner for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. In the opinion of Bond Counsel, the amount of original issue discount that accrues to the Bond Owner of the Bonds is exempt from State personal income tax.

Bond Counsel's opinion as to the exclusion from gross income for federal income tax purposes of interest (and original issue discount) on the Bonds is based upon certain representations of fact and certifications made by the District and others and is subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Bonds to assure that interest (and original issue discount) on the Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause the interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to comply with all such requirements.

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

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

SUBSEQUENT TO THE ISSUANCE OF THE BONDS THERE MIGHT BE FEDERAL, STATE, OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY CHANGES TO

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

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

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

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

LIMITATION ON REMEDIES; BANKRUPTCY

General

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

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

Statutory Lien

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

Special Revenues

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

Possession of Tax Revenues; Remedies

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

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

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

LEGAL MATTERS

Legality for Investment in California

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

Continuing Disclosure

Current Undertaking. In connection with the issuance of the Bonds, the District has covenanted for the benefit of Owners and Beneficial Owners of the Bonds to provide certain financial information and operating data relating to the District (the "Annual Reports") by not later than nine months following the end of the District's fiscal year (which currently ends June 30), commencing with the report for the 2018-19 Fiscal Year, and to provide notices of the occurrence of certain listed events. The Annual Reports and notices of listed events will be filed by the District in accordance with the requirements of the Rule. The specific nature of the information to be contained in the Annual Reports or the notices of listed events is included in "APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR THE BONDS" attached hereto. These covenants have been made in order to assist the Underwriter in complying with the Rule.

Prior Undertakings. Within the past five years, the District has failed to file certain notices of listed events in a timely manner, as required by its then-existing continuing disclosure obligations. Such required notices have since been filed.

Absence of Material Litigation

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

Information Reporting Requirements

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

Legal Opinion

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

MISCELLANEOUS

Rating

The Bonds have been assigned a rating of "Aa3" by Moody's. The rating reflects only the views of the rating agency, and any explanation of the significance of such rating should be obtained from the rating agency at the following address: Moody's, 7 World Trade Center at 250 Greenwich, New York, NY 10007. Generally, rating agencies base their ratings on information and materials furnished to them (which may include information and material from the District which is not included in this Official Statement) and on investigations, studies and assumptions by the rating agencies. There is no assurance that the rating will be retained for any given period of time or that the same will not be revised downward or withdrawn entirely by the rating agency if, in the judgment of the rating agency, circumstances so warrant. The District undertakes no responsibility to oppose any such revision or withdrawal. Any such downward revision or withdrawal of the ratings obtained may have an adverse effect on the market price of the Bonds.

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

Financial Statements

The District's audited financial statements with supplemental information for the year ended June 30, 2018, the independent auditor's report of the District, and the related statements of activities and of cash flows for the year then ended, and the report of Vavrinek Trine, Day & Co., LLP (the "Auditor") dated December 17, 2018, are attached to this Official Statement as APPENDIX B. In connection with the inclusion of the financial statements and the report of the Auditor thereon in APPENDIX B to this Official Statement, the District did not request the Auditor to, and the Auditor has not undertaken to, update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by the Auditor with respect to any event subsequent to the date of its report.

Underwriting

The Bonds are being purchased by Wells Fargo Bank, National Association (the "Underwriter"). The Underwriter has agreed, pursuant to a purchase contract by and between the District and the Underwriter (the "Purchase Contract"), to purchase all of the Bonds for a purchase price of $_____________ (which is equal to the principal amount of the Bonds of $__________, plus net original issue premium of $_____________ and less Underwriter's discount of $_____________).

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

The Underwriter has provided the following for inclusion in this Official Statement. The District does not guarantee the accuracy or completeness of the following information, and the inclusion thereof should not be construed as a representation of the District.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Products Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

Wells Fargo Bank, National Association, acting through its Municipal Products Group ("WFBNA"), the sole underwriter of the Bonds, has entered into an agreement (the "WFA Distribution Agreement") with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name "Wells Fargo Advisors") ("WFA"), for the distribution of certain municipal securities offerings, including the Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Bonds with WFA. WFBNA has also entered into an agreement (the "WFSLLC Distribution Agreement") with its affiliate Wells Fargo Securities, LLC ("WFSLLC"), for the distribution of municipal securities offerings, including the Bonds. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

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Additional Information

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

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

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

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

By: ____

Dr. Hasmik Danielian
Superintendent

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APPENDIX A

FORM OF OPINION OF BOND COUNSEL FOR THE BONDS

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

__________________, 2019

Board of Education
Norwalk-La Mirada Unified School District

Members of the Board of Education:

We have examined a certified copy of the record of the proceedings relative to the issuance and sale of $_____________ Norwalk-La Mirada Unified School District (Los Angeles County, California) Election of 2014 General Obligation Bonds, Series D (the "Bonds"). As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

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

1. Such proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, a greater than fifty-five percent vote of the qualified electors of the Norwalk-La Mirada Unified School District (the "District") voting at an election held on November 4, 2014, and a resolution of the Board of Education of the District adopted on April 16, 2018 (the "Resolution").

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

3. Under existing statutes, regulations, rulings and judicial decisions, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals.

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

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

to such excludable income. The amount of original issue discount deemed received by a Bondowner will increase the Bondowner's basis in the applicable Bond. Original issue discount that accrues to the Bondowner is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, and is exempt from State of California personal income tax.

4. The amount by which a Bondowner's original basis for determining gain or loss on sale or exchange of the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium, which must be amortized under Section 171 of the Internal Revenue Code of 1986, as amended (the "Code"); such amortizable Bond premium reduces the Bondowner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bondowner realizing a taxable gain when a Bond is sold by the Bondowner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Bondowner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Bond premium.

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

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

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

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

Respectfully submitted,

APPENDIX B

THE DISTRICT'S 2017-18 AUDITED FINANCIAL STATEMENTS

NORWALK-LA MIRADA
UNIFIED SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

JUNE 30, 2018

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Governing Board
Norwalk-La Mirada Unified School District
Norwalk, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Norwalk-La Mirada Unified School District (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and the *2017-2018 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting,* issued by the California Education Audit Appeals Panel as regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District'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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Norwalk-La Mirada Unified School District, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter - Change in Accounting Principles

As discussed in Note 1 and Note 16 to the financial statements, in 2018, the District adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is 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 5 through 16, budgetary comparison schedule on page 81, schedule of changes in the District's total OPEB liability and related ratios on page 82 schedule of the District's proportionate share of the net OPEB liability - MPP program on page 83, schedule of the District's proportionate share of the net pension liability on page 84, and the schedule of District contributions on page 85, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2018, on our consideration of the Norwalk-La Mirada Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Norwalk-La Mirada Unified 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 Norwalk-La Mirada Unified School District's internal control over financial reporting and compliance.

VAVRINEK, TRINE, DAY + CO. LLP

Rancho Cucamonga, California
December 17, 2018

EVERY STUDENT. FUTURE READY.
OUR PROMISE!

12820 PIONEER BOULEVARD, NORWALK, CALIFORNIA 90650-2894
PHONE (562) 210-2000 • FAX (562) 868-7077

This section of Norwalk-La Mirada Unified School District's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2018, with comparative information for the year ending June 30, 2017. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

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

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

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

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

The Primary unit of the government is the Norwalk-La Mirada Unified 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 and liabilities of the District using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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

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

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

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

Business - Type Activities - The District charges fees to help it cover the costs of certain services it provides. The District's child care program is included here.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

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

Proprietary funds **-** When the District charges users for the services it provides, whether to outside customers or to other departments within the District, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the *Statement of Net Position* and the *Statement of Revenues, Expenses, and Changes in Fund Net Position.* In fact, the District's enterprise funds are the same as the business-type activities we report in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds. We use internal service funds (the other component of proprietary funds) to report activities that provide supplies and services for the District's other programs and activities, such as the District's Self-Insurance Fund. The internal service funds are reported with governmental activities in the government-wide financial statements.

THE DISTRICT AS A TRUSTEE

Reporting the District's Fiduciary Responsibilities

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

THE DISTRICT AS A WHOLE

Net Position

The District's net position was $(17,302,716) for the fiscal year ended June 30, 2018. Of this amount, $(227,113,892) was unrestricted. 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 that 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 activities.

Table 1

	Governmental Activities		Business-Type Activities		School District Activities	
	2018	2017, as restated	2018	2017, as restated	2018	2017, as restated
ASSETS						
Current and other assets	$ 195,434,242	$ 142,778,622	$ 550,278	$ 426,863	$ 195,984,520	$ 143,205,485
Capital assets	310,233,392	291,517,355	-	-	310,233,392	291,517,355
Total Assets	**505,667,634**	**434,295,977**	**550,278**	**426,863**	**506,217,912**	**434,722,840**
Deferred Outflows of Resources	**75,441,751**	**44,680,609**	**173,674**	**142,518**	**75,615,425**	**44,823,127**
LIABILITIES						
Current liabilities	29,325,405	22,863,847	54,842	50,050	29,380,247	22,913,897
Long-term obligations	315,433,569	252,337,689	84,366	74,750	315,517,935	252,412,439
Aggregate net pension liability	243,441,209	205,042,598	528,960	449,702	243,970,169	205,492,300
Total Liabilities	**588,200,183**	**480,244,134**	**668,168**	**574,502**	**588,868,351**	**480,818,636**
Deferred Inflows of Resources	**10,211,918**	**8,320,453**	**50,569**	**22,112**	**10,262,487**	**8,342,565**
NET POSITION						
Net investment in capital assets	161,913,786	156,293,584	-	-	161,913,786	156,293,584
Restricted	47,897,390	40,344,558	-	-	47,897,390	40,344,558
Unrestricted (deficit)	(227,113,892)	(206,226,143)	5,215	(27,233)	(227,108,677)	(206,253,376)
Total Net Position (deficit)	**$ (17,302,716)**	**$ (9,588,001)**	**$ 5,215**	**$ (27,233)**	**$ (17,297,501)**	**$ (9,615,234)**

The $(227,113,892) in unrestricted net position represents the accumulated results of all past years' operations. This unrestricted net position now includes the long-term liabilities from pension benefits as required under GASB 67/68, impacting the overall net position. Unrestricted net position - 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 $20,855,301 ($(227,108,677) compared to $(206,253,376)).

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 18. 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		Business-Type Activities		School District Activities	
	2018	2017	2018	2017	2018	2017
Revenues						
Program revenues:						
Charges for services	$ 1,620,109	$ 1,569,310	$ 942,262	$ 957,134	$ 2,562,371	$ 2,526,444
Operating grants and contributions	50,597,635	50,002,838	-	-	50,597,635	50,002,838
General revenues:						
Federal and State aid not restricted	145,230,557	147,466,324	-	-	145,230,557	147,466,324
Property taxes	52,930,468	47,221,594	-	-	52,930,468	47,221,594
Other general revenues	20,100,936	12,795,932	8,449	4,502	20,109,385	12,800,434
Total Revenues	**270,479,705**	**259,055,998**	**950,711**	**961,636**	**271,430,416**	**260,017,634**
Expenses						
Instruction-related	180,056,419	176,034,072	-	-	180,056,419	176,034,072
Pupil services	31,866,401	30,125,654	-	-	31,866,401	30,125,654
Administration	12,016,984	12,498,228	-	-	12,016,984	12,498,228
Plant services	30,440,305	24,698,805	-	-	30,440,305	24,698,805
All other services	23,894,311	22,953,890	838,263	706,791	24,732,574	23,660,681
Total Expenses	**278,274,420**	**266,310,649**	**838,263**	**706,791**	**279,112,683**	**267,017,440**
Transfers	80,000	80,000	(80,000)	(80,000)	-	-
Change in Net Position	**$ (7,714,715)**	**$ (7,174,651)**	**$ 32,448**	**$ 174,845**	**$ (7,682,267)**	**$ (6,999,806)**

Governmental Activities

As reported in the *Statement of Activities* on page 18, the cost of all of our governmental activities this year was $278,274,420, an increase of $11,963,771 or 4.5 percent over the prior year. However, the amount that our taxpayers ultimately financed for these activities through local taxes is only a small portion equating to 19.0 percent of overall expenditures and the vast majority of expenditures were paid by those who benefited from the programs ($1,620,109) or by other governments and organizations who subsidized certain programs with grants and contributions ($50,597,635). We paid for the remaining "public benefit" portion of our governmental activities with $165,331,493 from Federal and State unrestricted funds and from other revenue sources, such as interest and general entitlements.

In Table 3, we have presented the cost and net cost of each of the District's largest functions: regular program instruction, including special instruction programs and other instruction-related programs, 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	
	2018	2017	2018	2017
Instruction-related	$ 180,056,419	$ 176,034,072	$ 143,492,642	$ 139,890,668
Pupil services	31,866,401	30,125,654	18,895,689	17,441,300
Administration	12,016,984	12,498,228	10,546,522	11,196,938
Plant services	30,440,305	24,698,805	29,624,082	23,655,089
All other services	23,894,311	22,953,890	23,497,741	22,554,506
Total	**$ 278,274,420**	**$ 266,310,649**	**$ 226,056,676**	**$ 214,738,501**

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of $141,132,078, which is an increase of $46,635,270 from last year. An itemized chart is provided below labeled as Table 4.

Table 4

	Balances and Activity			
	July 1, 2017	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2018
General Fund	$ 46,563,760	$ 217,009,300	$ 220,658,471	$ 42,914,589
Building Fund	9,746,919	70,143,324	23,756,942	56,133,301
Bond Interest and Redemption Fund	16,683,657	24,551,703	19,545,112	21,690,248
Adult Education Fund	1,781,217	4,980,937	4,437,497	2,324,657
Child Development Fund	159,501	13,476,515	13,545,827	90,189
Cafeteria Fund	6,832,165	11,520,664	12,125,948	6,226,881
Deferred Maintenance Fund	329,662	799,909	685,218	444,353
Capital Facilities Fund	1,091,254	175,352	887,992	378,614
Special Reserve Fund for Capital Outlay Projects	11,308,673	3,456,018	3,835,445	10,929,246
Total	**$ 94,496,808**	**$ 346,113,722**	**$ 299,478,452**	**$ 141,132,078**

The primary reasons for these increases are:

- The Building Fund increased $46.4 million from $9.7 million to $56.1 million, due to the sale of Series B and C general obligation bonds from Measure G to continue the construction and modernization projects in Phase 1A and begin planning of Phase 1B projects.
- The General Fund is inclusive of the Special Reserve Fund for Postemployment Benefits (Fund 20) in accordance with GASB 54 Fund Balance Regulations, and decreased from $46.6 million to $42.9 million or $(3.65) million for both unrestricted and restricted sources.
  - The unrestricted General Fund decreased $1.08 million, as a result of negotiations between both employee associations for an on-going 1.56 percent salary increase, higher pension contributions, and increases in expenditures for Local Control Accountability Plan services; which were offset by one-time state funds of $147/ADA.
  - The restricted General Fund decreased by $2.57 million due to the use of one-time grants received from the state, which provide funds to support specific legislation; such as, the Clean Energy Jobs Grant ($1.65 million), Educator Effectiveness Grant ($0.68 million) and College Readiness Block Grant ($0.41 million).
- The Bond Interest and Redemption Fund is used for the repayment of bonds issued under Measure S and Measure G, and was increased by $5.01 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 May 7, 2018. (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 81, and a summary of the major budgetary changes are provided below.)

- Budgetary revenue changes were $10.39 million higher than original anticipated, inclusive of transfers in; and expenditures were higher by $5.09 million, inclusive of transfers out, from the Adopted Budget. In total, final budgetary revisions for the 2017-2018 fiscal year projected a decrease in the estimated fund balance of $4.58 million; and final actuals were $3.65 million.

  Noteworthy budget revisions to revenues are outlined below:

  - Local Control Funding Formula, also known as LCFF, was left relatively unchanged from the original budget to final projections with a total budgetary change of 0.15 percent or $0.27 million.
  - Budgeted Federal revenues decreased 2.22 percent or $0.27 million. Significant changes included spending down Title I, and II program carryovers of $0.96 million, and $0.70 million received for one-time E-rate reimbursements.

- State revenues were revised from $19.63 million to $29.54 million, an increase of $9.91 million, primarily due to the inclusion of the STRS On-Behalf payment of $8.18 million per GASB regulations. Additional significant program changes are as follows:
    - One-time Discretionary funding of $2.59 million or $149/ADA.
    - California Clean Energy Jobs grant funding of $1.18 million to further implement the district's approved five-year plan to improve energy efficiency district-wide.
    - Career Technical Education Equipment and Supplies grant funding was lowered by $2.16 for deferred projects occurring in 2018-19.
- Local revenue revisions were $0.44 million, increasing the original budget figures from $1.58 million to $2.02 million at final for the following:
    - Interest income from the County Treasurer of $0.14 million due to higher rates
    - Donations made to various K-8 schools increased by $0.12 million
    - New grant funding from the Los Angeles Universal Preschool of $0.16 million

Noteworthy budget revisions to expenditures are outlined below:

- Certificated and Classified salaries and benefits were $5.87 million higher than the Adopted Budget primarily due to increases to cover a negotiated cost-of-living increase of 1.56 percent, effective July 1, 2017, increases in the STRS and PERS benefit rates, and new positions and vacancies being filled.
- Books and supply budgets were $0.10 million lower, or 1.03 percent from the original budget of $9.79 million due to site Lottery fund carryovers.
- Services and operating expenditures and capital outlay budgets were revised from $21.22 million to $20.48 million or -3.5 percent, and reflects decreases from various restricted program funds.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2018, the District had $310,233,392 in a broad range of capital assets (net of depreciation), including land, buildings, and furniture and equipment. This amount represents a net increase (including additions, deductions, and depreciation) of $18,716,037, or 6.4 percent, from last year (Table 5).

Table 5

	Governmental Activities	
	2018	2017
Land and construction in progress	$ 43,646,848	$ 22,799,033
Buildings and improvements	260,319,081	262,182,163
Furniture and equipment	6,267,463	6,536,159
Total	**$ 310,233,392**	**$ 291,517,355**

Capital assets represent one of the largest investments for the District. Modernization and construction projects continue to progress and a more detailed explanation is outlined in Note 5.

Significant increases to capital assets included the land improvement projects at Benton and Corvallis Middle schools for new fields, track surfaces, landscaping and various other upgrades.

Long-Term Obligations

At the end of this year, the District had $315,517,935 in long-term obligations outstanding versus $252,412,439 last year, an increase of 25.0 percent. Those obligations consisted of:

Table 6

	Governmental Activities		Business-Type Activities		Total	
	2018	2017, as restated	2018	2017, as restated	2018	2017, as restated
General obligation bonds - net (financed with property taxes)	$ 272,301,536	$ 205,078,995	$ -	$ -	$ 272,301,536	$ 205,078,995
Certificates of participation	2,770,165	2,770,165	-	-	2,770,165	2,770,165
Capital lease	126,000	170,660	-	-	126,000	170,660
Compensated absences	2,852,883	2,669,413	-	-	2,852,883	2,669,413
Claims liability	11,152,961	17,343,000	-	-	11,152,961	17,343,000
SELF workers' compensation assessment	222,353	267,397	-	-	222,353	267,397
Net other postemployment benefits (OPEB) liability	26,007,671	24,038,059	84,366	74,750	26,092,037	24,112,809
Total	**$ 315,433,569**	**$ 252,337,689**	**$ 84,366**	**$ 74,750**	**$ 315,517,935**	**$ 252,412,439**

The District's general obligation bond rating is Aa3 assigned by Moody's Investors Service. 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 issued Series B and Series C, totaling $59 million and $10.25 million respectively.

Other long-term obligations are inclusive of compensated absences payable, workers' compensation claims liability and assessment, and postemployment health benefits. Claim liabilities were lower due to updated actuaries for workers' compensation. We present more detailed information regarding our long-term obligations in Note 9 of the financial statements.

Net Pension Liability (NPL)

At year-end, the District had a pension liability of $243,441,209 in the governmental activities and $528,960 in the business-type activities versus $205,042,598 and $449,702 in the previous year. This represents increases of $38,398,611, or 18.7 percent, and $79,258, or 17.6 percent, for the governmental activities and business-type activities, respectively.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the District Budget for the 2018-2019 year, the governing board and management used the following criteria:

The District's projected budgeted income for the total General Fund is $228.73 million. Unrestricted totals are $163.18 million or 71.3 percent of all General Fund revenues, and restricted revenues are budgeted at $65.55 million or 28.7 percent of total revenues. The key assumptions in our revenue forecast are:

1. LCFF revenue sources are budgeted at $10,547/ADA, an increase of $692 per ADA from 2017-2018 estimated funding levels. LCFF funding includes a 3.00 percent cost-of-living adjustment, which is used to increase the base grants annually. It is important to note that the COLA affects only the calculation of the LCFF Target, and does not describe the net increase in funding for each district. Projected Second Period Apportionment (P2 ADA) is calculated at 17,122 excluding non-public school and County Operated Programs. Enrollment projections indicate a decline in student population, in addition to changes to the "unduplicated pupil counts" that directly effects LCFF funding. Under the funding provision for LCFF, the District is eligible to claim the higher totals between current and prior year ADA; consequently, budget projections for 2018-2019 are based using 2017-2018 generated ADA.
    a. LCFF income is projected at $181.21 million (inclusive of EPA funding and property taxes), representing 79.2 percent of all revenue sources. This represents an increase over prior year estimated actuals. The increase is a result of Governor's Proposal to fully fund LCFF in 2018-2019, two year earlier than originally planned, resulting in an estimated "Gap" funding of 100 percent, or $11.3 million. LCFF COLA and GAP funding is partially offset by declining enrollment of an estimated 330 students, or roughly $3.8 million.
        i. Property tax revenues have been increasing in recent years due to stronger assessed valuations and the shift of community redevelopment property tax funds from cities to districts. Revenues are estimated $30.92 million, or 13.52 percent of total budgeted revenues.
        ii. Education Protection Account funding was also established to collect and disburse the temporary taxes generated under Proposition 30, which was extended under Proposition 55. EPA revenues are estimated at $20.46 million; and similar to property taxes, any changes in EPA funding is offset by a change in LCFF.
2. Federal income is budgeted at $10.58 million, a decrease of $1.13 million from the previous reported budget. The funding loss is mainly caused by the elimination of the 21^{st} Century and Counseling Grants.
3. Income from State funding sources is budgeted at $34.42 million, an increase of $4.88 million or 16.54 percent from the District's final budget amounts. The increase was primarily due to state providing additional one-time discretionary funds of $344/ADA.
4. Local revenues are projected to be $1.65 million, or $0.37 million lower than prior year estimates from the loss of one-time site donations, LAUP funding, and Cotsen Foundation grants.
5. Other Financing Sources (transfers-in) include Board of Education approved transfers to support and fund specific identified activities, such as child-care and OPEB, and are budgeted at $0.86 million.

The District's total General Fund expenditures are budgeted at $226.57 million. Unrestricted expenditures are budgeted at $160.37 million and restricted expenditures are budgeted at $66.20 million. Salaries and benefits represent 85.8 percent of all expenditures and the remaining 14.2 percent is allocated to books, materials, supplies, capital equipment, other operating expenditures, and other uses. Expenditures are based on the following forecasts:

1. Salaries for certificated and classified personnel total $136.44 million. Staffing ratios approved in policy and employee contracts are included in the proposed budget and reflect the salaries of 678 classroom teachers, 47 certificated site administrators, 36 counselors, 38 other certificated staff, 41 certificated and classified management staff, 8 confidential employees and 537 classified site and district staff. Provided below are teacher staffing ratios, while classified staffing is designed by school-site levels.

	Staffing Ratio	Enrollment Projections
Grades kindergarten through third	25:1	5,081
Grades four through five	31:1	2,480
Grades six through eight	30:1	4,041
Grades nine through twelve	28.8:1	5,255

   Salary projections include the following:

   a. Negotiations for the 2017-2018 were settled with both bargaining associations and the cost of the 1.56 percent cost-of-living increases are budgeted; however, 2018-2019 negotiations remain unsettled and are ongoing.

      - Certificated and classified budgeted salaries also include the increased or improved services to pupils reflected in the District's Local Control Accountability Plan (LCAP), and includes the addition of $2.2 million for funding realignments, $0.35 million for program shifts, and $0.95 million for new programs to support English-language learners, low socio-economic students, and foster youth.

   b. Step, scale, and longevity increases estimated at $1.0 million, which has been adjusted for attrition.

2. Employee benefits are budgeted at $57.91 million, and include statutory benefits for all positions as follows: (STRS 16.28 percent, PERS 18.062 percent, OASDI 6.2 percent, Medicare 1.45 percent, SUI 0.05 percent, Workers' Comp 2.22 percent, Alternative Retirement 5.00 percent, and OPEB 0.016 percent.). STRS and PERS rates reflect increases from previous years which were 14.43 and 15.531 percent, respectively. The State has warned that future increases are scheduled to be phased-in over the next six years to eliminate the outstanding liabilities. These increased employer contributions for STRS and PERS are estimated to impact multi-year projections by over $3.68 million through 2020-2021.

   a. The District also negotiates changes to the contribution for each active employee eligible for health and welfare benefits. The rate of $10,350 remains unchanged from the previous year and the District also contributes an additional $1.0 million annually to mitigate future medical premium increases. The District contribution to cover retiree's pay-as-you go portion, is estimated at $0.79 million.

3. $32.2 million of the total General Fund operating budget is allocated for books, supplies ($9.43 million), other operating expenses and services ($16.97 million), capital outlay ($2.33 million), and other outgo and uses ($3.48 million).
4. Staff presented the LCAP and use of supplemental and concentration funds to meet the needs of the targeted students (also known as the proportionality percentage) as required by statute to the Board of Education, which was approved and included in the 2018-2019 District Budget. Total funding required to meet the proportionality percentage requirement is budgeted at $34.8 million, resulting in a minimum proportionality percentage 24.5 percent.

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 Estuardo Santillan, Assistant Superintendent, Business Services or Manuel Cardoso, Director of Business Services at Norwalk-La Mirada Unified School District, 12820 Pioneer Blvd, Norwalk, California, 90650, or e-mail at esantillan@nlmusd.org and mcardoso@nlmusd.org.

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

STATEMENT OF NET POSITION
JUNE 30, 2018

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Deposits and investments	$ 184,393,749	$ 536,581	$ 184,930,330
Receivables	8,636,597	8,051	8,644,648
Prepaid expenses	2,065,767	5,646	2,071,413
Stores inventories	338,129	-	338,129
Capital assets			
Land and construction in process	43,646,848	-	43,646,848
Other capital assets	394,932,778	12,795	394,945,573
Less: accumulated depreciation	(128,346,234)	(12,795)	(128,359,029)
Total Capital Assets	310,233,392	-	310,233,392
Total Assets	505,667,634	550,278	506,217,912
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on refunding	644,035	-	644,035
Deferred outflows of resources related to net other postemployment benefits (OPEB) liability	754,026	2,504	756,530
Deferred outflows of resources related to pensions	74,043,690	171,170	74,214,860
Total Deferred Outflows of Resources	75,441,751	173,674	75,615,425
LIABILITIES			
Accounts payable	23,674,309	25,145	23,699,454
Accrued interest payable	1,679,088	-	1,679,088
Unearned revenue	3,972,008	29,697	4,001,705
Long-term obligations:			
Current portion of long-term obligations other than pensions	18,653,040	-	18,653,040
Noncurrent portion of long-term obligations other than pensions	296,780,529	84,366	296,864,895
Total Long-Term Obligations	315,433,569	84,366	315,517,935
Aggregate net pension liability	243,441,209	528,960	243,970,169
Total Liabilities	588,200,183	668,168	588,868,351
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	10,211,918	50,569	10,262,487
NET POSITION			
Net investment in capital assets	161,913,786	-	161,913,786
Restricted for:			
Debt service	22,298,360	-	22,298,360
Capital projects	378,614	-	378,614
Educational programs	1,467,728	-	1,467,728
Other activities	23,752,688	-	23,752,688
Unrestricted (deficit)	(227,113,892)	5,215	(227,108,677)
Total Net Position (deficit)	$ (17,302,716)	$ 5,215	$ (17,297,501)

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

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

		Program Revenues	
Functions/Programs	Expenses	Charges for Services and Sales	Operating Grants and Contributions
Governmental Activities:			
Instruction	$ 146,056,617	$ 78,154	$ 29,225,660
Instruction-related activities:			
Supervision of instruction	14,622,588	21,594	5,091,900
Instructional library, media, and technology	2,364,723	-	195,868
School site administration	17,012,491	17,494	1,933,107
Pupil services:			
Home-to-school transportation	6,174,303	-	140,497
Food services	11,439,643	1,394,422	8,555,555
All other pupil services	14,252,455	6,167	2,874,071
Administration:			
Data processing	3,028,439	-	-
All other administration	8,988,545	73,032	1,397,430
Plant services	30,440,305	29,246	786,977
Ancillary services	1,131,996	-	30,591
Enterprise services	399,837	-	3,778
Interest on long-term obligations	11,511,983	-	-
Other outgo	2,054,215	-	362,201
Depreciation (unallocated)[1]	8,796,280	-	-
Total Governmental Activities	278,274,420	1,620,109	50,597,635
Business-Type Activities			
Enterprise services	838,263	942,262	-
Total School District	$ 279,112,683	$ 2,562,371	$ 50,597,635

General revenues and subventions:
- Property taxes, levied for general purposes
- Property taxes, levied for debt service
- Taxes levied for other specific purposes
- Federal and State aid not restricted to specific purposes
- Interest and investment earnings
- Miscellaneous

Subtotal, General Revenues

Transfers

Change in Net Position

Net Position - Beginning, as restated

Net Position - Ending

[1] This amount excludes any depreciation that is included in the direct expenses of the various programs.

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

Net (Expenses) Revenues and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
$ (116,752,803)	$ -	$ (116,752,803)
(9,509,094)	-	(9,509,094)
(2,168,855)	-	(2,168,855)
(15,061,890)	-	(15,061,890)
(6,033,806)	-	(6,033,806)
(1,489,666)	-	(1,489,666)
(11,372,217)	-	(11,372,217)
(3,028,439)	-	(3,028,439)
(7,518,083)	-	(7,518,083)
(29,624,082)	-	(29,624,082)
(1,101,405)	-	(1,101,405)
(396,059)	-	(396,059)
(11,511,983)	-	(11,511,983)
(1,692,014)	-	(1,692,014)
(8,796,280)	-	(8,796,280)
(226,056,676)	-	(226,056,676)
-	103,999	103,999
(226,056,676)	103,999	(225,952,677)
34,363,054	-	34,363,054
17,292,066	-	17,292,066
1,275,348	-	1,275,348
145,230,557	-	145,230,557
1,131,751	8,449	1,140,200
18,969,185	-	18,969,185
218,261,961	8,449	218,270,410
80,000	(80,000)	-
(7,714,715)	32,448	(7,682,267)
(9,588,001)	(27,233)	(9,615,234)
$ (17,302,716)	$ 5,215	$ (17,297,501)

GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2018

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Deposits and investments	$ 51,008,627	$ 61,989,066	$ 21,690,248	$ 18,524,095	$ 153,212,036
Receivables	4,086,042	334,708	-	4,065,969	8,486,719
Due from other funds	481,000	-	-	-	481,000
Prepaid expenditures	142,293	-	-	287	142,580
Stores inventories	168,844	-	-	169,285	338,129
Total Assets	$ 55,886,806	$ 62,323,774	$ 21,690,248	$ 22,759,636	$ 162,660,464
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 9,006,737	$ 6,190,473	$ -	$ 1,878,168	$ 17,075,378
Due to other funds	-	-	-	481,000	481,000
Unearned revenue	3,965,480	-	-	6,528	3,972,008
Total Liabilities	12,972,217	6,190,473	-	2,365,696	21,528,386
Fund Balances:					
Nonspendable	436,137	-	-	169,572	605,709
Restricted	1,467,728	56,133,301	21,690,248	11,137,969	90,429,246
Committed	-	-	-	444,353	444,353
Assigned	6,199,121	-	-	8,642,046	14,841,167
Unassigned	34,811,603	-	-	-	34,811,603
Total Fund Balances	42,914,589	56,133,301	21,690,248	20,393,940	141,132,078
Total Liabilities and Fund Balances	$ 55,886,806	$ 62,323,774	$ 21,690,248	$ 22,759,636	$ 162,660,464

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

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2018

Total Fund Balance - Governmental Funds		**$ 141,132,078**
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:	$ 438,579,626	
Accumulated depreciation is:	(128,346,234)	
Net Capital Assets		310,233,392
In governmental funds, unmatured interest on long-term obligations is recognized in the period when it is due. On the government-wide statements, unmatured interest on long-term obligations is recognized when it is incurred.		(1,679,088)
An Internal Service Fund is used by the District's management to charge the costs of the workers' compensation insurance program to the individual funds. The assets and liabilities of the Internal Service Fund are included with governmental activities.		15,280,533
Deferred charges on refunding (the difference between the reacquisition price and net carrying amount of refunded debt) are capitalized and amortized over the remaining life of the new or old debt (whichever is shorter) and are included with governmental activities.		644,035
Deferred outflows of resources related to pensions represent a consumption of net position in a future period and is not reported in the District's funds. Deferred outflows of resources related to pensions at year-end consist of:		
Pension contributions subsequent to measurement date	20,618,657	
Net change in proportionate share of net pension liability	5,403,303	
Differences between projected and actual earnings on pension plan investments	2,517,225	
Differences between expected and actual experience in the measurement of the total pension liability	3,237,685	
Changes of assumptions	42,266,820	
Total Deferred Outflows of Resources Related to Pensions		74,043,690
Deferred inflows of resources related to pensions represent an acquisition of net position that applies to a future period and is not reported in the District's funds. Deferred inflows of resources related to pensions at year-end consist of:		
Net change in proportionate share of net pension liability	(1,878,652)	
Differences between projected and actual earnings on pension plan investments	(4,542,554)	
Differences between expected and actual experience in the measurement of the total pension liability	(2,974,884)	
Changes of assumptions	(815,828)	
Total Deferred Inflows of Resources Related to Pensions		(10,211,918)

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

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION, (Continued)
JUNE 30, 2018

Deferred outflows of resources related to OPEB represent a consumption of net position in a future period and is not reported in the District's funds. Deferred outflows of resources related to OPEB at year-end consist of amounts paid by the District for OPEB as the benefits comes due subsequent to the measurement date.		$ 754,026
Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		(243,441,209)
Long-term obligations, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		
Long-term obligations at year-end consist of:		
General obligation bonds	$ (192,977,972)	
Unamortized premium on bond issuance	(9,222,805)	
2005 Certificates of Participation (QZAB program)	(2,770,165)	
Capital leases	(126,000)	
Compensated absences	(2,852,883)	
Net other postemployment benefits (OPEB) liability	(26,007,671)	
In addition, the District has issued "capital appreciation" General Obligation Bonds. The accretion of interest on the General Obligation Bonds to date is:	(70,100,759)	
Total Long-Term Obligations		(304,058,255)
Total Net Position - Governmental Activities		**$ (17,302,716)**

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

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GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018

	General Fund	Building Fund	Bond Interest and Redemption Fund
REVENUES			
Local control funding formula	$ 173,519,803	$ -	$ -
Federal sources	11,092,584	-	-
Other State sources	29,508,959	-	148,738
Other local sources	2,807,954	893,324	17,359,588
Total Revenues	216,929,300	893,324	17,508,326
EXPENDITURES			
Current			
Instruction	132,321,364	-	-
Instruction-related activities:			
Supervision of instruction	12,824,557	-	-
Instructional library, media, and technology	2,256,452	-	-
School site administration	13,209,828	-	-
Pupil services:			
Home-to-school transportation	6,111,257	-	-
Food services	7,049	-	-
All other pupil services	13,266,007	-	-
Administration:			
Data processing	2,946,680	-	-
All other administration	8,082,690	-	-
Plant services	22,906,313	460,357	-
Ancillary services	1,123,893	-	-
Other outgo	1,293,521	704,684	-
Enterprise services	-	-	-
Facility acquisition and construction	3,084,832	22,591,901	-
Debt service			
Principal	23,660	-	15,085,000
Interest and other	1,325	-	2,890,096
Total Expenditures	219,459,428	23,756,942	17,975,096
Deficiency of Revenues Over Expenditures	(2,530,128)	(22,863,618)	(466,770)
Other Financing Sources (Uses)			
Transfers in	80,000	-	-
Other sources - proceeds from issuance of bonds	-	69,250,000	1,460,000
Other sources - premium from issuance of bonds	-	-	5,583,377
Transfers out	(1,199,043)	-	-
Other uses - payment to refunded bond escrow agent	-	-	(1,570,016)
Net Financing Sources (Uses)	(1,119,043)	69,250,000	5,473,361
NET CHANGE IN FUND BALANCES	(3,649,171)	46,386,382	5,006,591
Fund Balances - Beginning	46,563,760	9,746,919	16,683,657
Fund Balances - Ending	$ 42,914,589	$ 56,133,301	$ 21,690,248

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

Non-Major Governmental Funds	Total Governmental Funds
$ -	$ 173,519,803
20,315,624	31,408,208
6,898,840	36,556,537
5,995,888	27,056,754
33,210,352	268,541,302
9,515,232	141,836,596
1,408,825	14,233,382
5,381	2,261,833
3,261,099	16,470,927
-	6,111,257
11,288,545	11,295,594
534,035	13,800,042
-	2,946,680
672,596	8,755,286
1,942,435	25,309,105
-	1,123,893
-	1,998,205
423,918	423,918
6,444,861	32,121,594
21,000	15,129,660
-	2,891,421
35,517,927	296,709,393
(2,307,575)	(28,168,091)
1,199,043	1,279,043
-	70,710,000
-	5,583,377
-	(1,199,043)
-	(1,570,016)
1,199,043	74,803,361
(1,108,532)	46,635,270
21,502,472	94,496,808
$ 20,393,940	$ 141,132,078

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

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

Total Net Change in Fund Balances - Governmental Funds		
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:		**$ 46,635,270**
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 capital outlay exceed depreciation in the period.		
Capital outlay	$ 27,520,032	
Depreciation expense	(8,796,280)	
Net Expense Adjustment		18,723,752
Loss on disposal of capital assets is reported in the government-wide Statement of Net Assets, but is not recorded in the governmental funds.		(7,715)
In the Statement of Activities, certain operating expenses - compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for this item is measured by the amount of financial resources used (essentially, the amounts actually paid). Vacation earned was more than the amounts used by $183,470.		(183,470)
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.		(10,034,430)
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, and net OPEB liability during the year.		(1,215,586)
Proceeds received from issuance of debt is a revenue in the governmental funds, but it increases long-term obligations in the Statement of Net Position and does not affect the Statement of Activities:		
Proceeds from general obligation bonds		(70,710,000)
Governmental funds report the effect of premiums and deferred charges on a refunding when the debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities.		
Deferred charges on refunding	54,006	
Premium on issuance	(5,583,377)	
Combined Adjustment		(5,529,371)

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

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

GOVERNMENTAL FUNDS
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES, (Continued)
FOR THE YEAR ENDED JUNE 30, 2018

Repayment of principal 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	$ 16,545,000	
Capital lease obligations	44,660	
Combined Adjustment		$ 16,589,660
Under the modified basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. This adjustment combines the net changes of the following balances:		
Amortization of deferred charges on refunding	(302,536)	
Amortization of premium on issuance	834,766	
Combined Adjustment		532,230
Interest on long-term obligations in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The additional interest reported in the Statement of Activities is the result of two factors. First, accrued interest on the general obligation bonds and the certificates of participation increased by $843,862 and second, $8,308,930 of accumulated interest was accreted on the District's "capital appreciation" general obligation bonds.		(9,152,792)
An Internal Service Fund is used by the District's management to charge the costs of workers' compensation coverage, liability and property coverage, and health benefits to the individual funds. The net revenue of the Internal Service Fund is reported with governmental activities.		6,637,737
Change in Net Position of Governmental Activities		**$ (7,714,715)**

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

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2018

	Business-Type Activities Enterprise Fund Child Care Enterprise	Governmental Activities - Internal Service Fund
ASSETS		
Current Assets		
Deposits and investments	$ 536,581	$ 31,181,713
Receivables	8,051	149,878
Prepaid expenses	5,646	1,923,187
Total Current Assets	550,278	33,254,778
Noncurrent Assets		
Furniture and equipment	12,795	-
Less: accumulated depreciation	(12,795)	-
Total Capital Assets	-	-
Total Assets	550,278	33,254,778
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources related to net other postemployment benefits (OPEB) liability	2,504	-
Deferred outflows of resources related to pensions	171,170	-
Total Deferred Outflows of Resources	173,674	-
LIABILITIES		
Current Liabilities		
Accounts payable	25,145	6,598,931
Unearned revenue	29,697	-
Current portion of SELF assessment	-	45,044
Current portion of claims liability	-	2,626,996
Aggregate net pension liability	528,960	-
Total Current Liabilities	583,802	9,270,971
Noncurrent Liabilities		
Noncurrent portion of long-term obligations other than pensions	84,366	8,703,274
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to pensions	50,569	-
NET POSITION		
Restricted	-	15,280,533
Unrestricted	5,215	-
Total Net Position	$ 5,215	$ 15,280,533

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

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018

	Business-Type Activities Enterprise Fund Child Care Enterprise	Governmental Activities - Internal Service Fund
OPERATING REVENUES		
Local and intermediate sources	$ 942,262	$ 31,617,515
OPERATING EXPENSES		
Payroll costs	728,490	214,321
Professional and contract services	24,387	25,141,717
Supplies and materials	85,386	37,564
Total Operating Expenses	838,263	25,393,602
Operating Income	103,999	6,223,913
NONOPERATING REVENUES		
Interest income	8,449	413,824
Income Before Transfers	112,448	6,637,737
Capital contributions		
Transfers out	(80,000)	-
Change in Net Position	32,448	6,637,737
Total Net Position - Beginning, as restated	(27,233)	8,642,796
Total Net Position - Ending	$ 5,215	$ 15,280,533

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

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

	Business-Type Activities Enterprise Fund Child Care Enterprise	Governmental Activities - Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	$ 937,652	$ -
Cash received from assessments made to other funds	-	31,699,972
Cash payments to employees for services	(642,315)	(214,321)
Cash payments to suppliers of goods or services	(79,488)	(31,095,236)
Other operating cash payments	(24,387)	(2,825)
Net Cash Provided by Operating Activities	191,462	387,590
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers out	(80,000)	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	7,349	396,356
Net Increase in Cash and Cash Equivalents	118,811	783,946
Cash and Cash Equivalents - Beginning	417,770	30,397,767
Cash and Cash Equivalents - Ending	$ 536,581	$ 31,181,713
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	$ 103,999	$ 6,223,913
Adjustments to reconcile operating income to net cash provided by operating activities		
Changes in assets and liabilities:		
Receivables	347	82,457
Deferred outflows of resources related to net other postemployment benefits (OPEB) liability	(2,504)	-
Deferred outflows of resources related to pensions	(28,652)	-
Prepaid expenses	(3,851)	(24,354)
Accounts payable	9,749	340,657
Unearned revenue	(4,957)	-
Deferred inflows of resources related to pensions	28,457	-
Claims liability and self workers' compensation assessment	-	(6,235,083)
Net other postemployment benefits (OPEB) liability	9,616	-
Net pension liability	79,258	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 191,462	$ 387,590

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

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2018

	Scholarship Trust	Agency Funds
ASSETS		
Deposits and investments	$ 1	$ 1,729,709
Receivables	840,736	-
Total Assets	840,737	$ 1,729,709
LIABILITIES		
Accounts payable	39,177	-
Due to student groups	-	733,863
Due to employees	-	995,846
Total Liabilities	39,177	$ 1,729,709
NET POSITION		
Restricted	$ 801,560	

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

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018

	Scholarship Trust
ADDITIONS	
Other local sources	$ 840,736
Interest	45
Total Additions	840,781
DEDUCTIONS	
Other expenditures	54,935
Change in Net Position	785,846
Net Position - Beginning	15,714
Net Position - Ending	$ 801,560

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The Norwalk-La Mirada Unified School District (the District) was unified on July 1, 1965 under the laws of the State of California. The District operates under a locally elected seven-member Board form of government and provides educational services to grades K-12 as mandated by the State and/or Federal agencies. The District is located in Los Angeles County, and occupies the cities of Norwalk and La Mirada, in addition to smaller portions of the cities of Santa Fe Springs, Whittier, and unincorporated areas of Los Angeles County. The District operates 17 elementary schools, six middle schools, three high schools, a continuation high school, and two adult education 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 Norwalk-La Mirada Unified School District, this includes general operations, food service, and student related activities of the District.

Basis of Presentation - Fund Accounting

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

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

Major Governmental Funds

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

One fund currently defined as a special revenue fund in the California State Accounting Manual (CSAM) does not meet the GASB Statement No. 54 special revenue fund definition. Specifically, Fund 20, Special Reserve Fund for Postemployment Benefits, 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 an extension of the General Fund, and accordingly has 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 $5,910,816, a decrease in revenues and other financing sources of $664,225, and a decrease in expenditures and other financing uses of $684,748, as of June 30, 2018.

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

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

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.

Adult Education Fund The Adult Education Fund is used to account separately for Federal, State, and local revenues that are restricted or committed for adult education programs and is to be expended for adult education purposes only.

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

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

Deferred Maintenance Fund The Deferred Maintenance Fund is used to account separately for revenues that are restricted or committed for deferred maintenance purposes (*Education Code* Section 17582).

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).

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).

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

Enterprise Fund Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The only enterprise fund of the District accounts for the financial transactions related to the fee-based child care program of the District.

Internal Service Fund Internal service funds may be used to account for goods or services provided to other funds of the District on a cost-reimbursement basis. The District operates a self-insurance program that is accounted for in an internal service fund. The Internal Service Fund consists of three sub-funds as follows:

Health and Welfare Fund The Health and Welfare Fund is used to account for resources committed to the District's medical insurance program.

Workers' Compensation Fund The Workers' Compensation Fund is used to account for resources committed to the District's self-insurance program for workers' compensation.

Property and Liability Fund The Property and Liability Fund is used to account for resources committed to the District's self-insurance program for property and liability insurance.

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

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

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 program revenues for each segment of the business-type activities of the District and for each governmental function, and excludes fiduciary activity. Direct expenses are those that are specifically associated with a service, program, or department and are therefore, clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the Statement of Activities. 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 the special revenue funds and the internal service fund, 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. The internal service fund is presented in a single column on the face of the proprietary fund statements.

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

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

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

Revenues - Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within 90 days of fiscal year-end. However, to achieve comparability of reporting among California districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to state-aid apportionments, the California Department of Education has defined available for districts as collectible within one year. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

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

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

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

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

Cash and Cash Equivalents

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

Investments

Investments held at June 30, 2018, with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in county and State investment pools are determined by the program sponsor.

Prepaid Expenditures (Expenses)

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

Stores Inventories

Inventories consist of expendable food and supplies held for consumption. Inventories are stated at cost, on the first-in, first-out basis. The costs of inventory items are recorded as expenditures in the governmental fund when used.

Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General 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 financial statement of net position. The valuation basis for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Donated capital assets are capitalized at estimated fair market value on the date donated.

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

Depreciation of capital assets is computed and recorded by 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, tow 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 and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

Compensated Absences

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

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

Accrued Liabilities and Long-Term Obligations

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

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

Debt Issuance Costs, Premiums, and Discounts

In the government-wide financial statements and in the proprietary fund type financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund 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.

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

Deferred Outflows/Inflows of Resources

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

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

Pensions

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

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the CalSTRS Medicare Premium Payment (MPP) Program and additions to/deductions from the MPP's fiduciary net position have been determined on the same basis as they are reported by the MPP. For this purpose, 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.

Fund Balances - Governmental Funds

As of June 30, 2018, 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.

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

Unassigned - all other spendable amounts.

Spending Order Policy

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

Minimum Fund Balance Policy

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

Net Position

Net position represents the difference between assets and liabilities. 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. Enabling legislation relates to laws passed that create a revenue source to be used for specific purposes. The government-wide financial statements report $47,897,390 restricted by enabling legislation.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are charges to other funds related to the self-insurance program and child care fees. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Interfund Activity

Transfers between governmental and business-type activities in the government-wide financial statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented in the financial statements. Interfund transfers are eliminated in the governmental and business-type activities columns of the Statement of Activities, except for the net residual amounts transferred between governmental and business-type activities.

Estimates

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

Property Tax

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

Change in Accounting Principles

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by State and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by State and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans,* for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans.

The District has implemented the provisions of this Statement as of June 30, 2018.

In March 2017, the GASB issued Statement No. 85, *Omnibus 2017.* The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). Specifically, this Statement addresses the following topics:

- Blending a component unit in circumstances in which the primary government is a business-type activity that reports in a single column for financial statement presentation;
- Reporting amounts previously reported as goodwill and "negative" goodwill;
- Classifying real estate held by insurance entities;
- Measuring certain money market investments and participating interest-earning investment contracts at amortized cost;
- Timing of the measurement of pension or OPEB liabilities and expenditures recognized in financial statements prepared using the current financial resources measurement focus;
- Recognizing on behalf payments for pensions or OPEB in employer financial statements;
- Presenting payroll-related measures in required supplementary information for purposes of reporting by OPEB plans and employers that provide OPEB;
- Classifying employer-paid member contributions for OPEB;
- Simplifying certain aspects of the alternative measurement method for OPEB; and
- Accounting and financial reporting for OPEB provided through certain multiple-employer defined benefit OPEB plans.

The District has implemented the provisions of this Statement as of June 30, 2018.

In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

The District has implemented the provisions of this Statement as of June 30, 2018.

New Accounting Pronouncements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

NOTE 2 - DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

Deposits and investments as of June 30, 2018, are classified in the accompanying financial statements as follows:

Governmental activities	$	184,393,749
Business-type activities		536,581
Fiduciary funds		1,729,710
Total Deposits and Investments	$	186,660,040

Deposits and investments as of June 30, 2018, consist of the following:

Cash on hand and in banks	$	733,863
Cash in revolving		400,000
Investments		185,526,177
Total Deposits and Investments	$	186,660,040

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

Authorized Under Debt Agreements

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	N/A	None	None
Farmers Home Administration certificates	N/A	None	None
General Services Administration certificates	N/A	None	None
U.S. Maritime Administration financing	N/A	None	None
Small Business Administration certificates	N/A	None	None
Guaranteed Pool certificates	N/A	None	None
Government National Mortgage Association (GNMA) securities and bonds	N/A	None	None
U.S Department of Housing and Urban Development obligations	N/A	None	None
U.S. Export-Import Bank obligations	N/A	None	None
Washington Metropolitan Area Transit Authority bonds	N/A	None	None
Federal Housing Administration debentures	N/A	None	None
Federal Home Loan Mortgage Corporation obligations	N/A	None	None
Farm Credit Banks bonds and notes	N/A	None	None
Federal Financing Bank	N/A	None	None
Federal Home Loan Banks obligations	N/A	None	None
Federal National Mortgage Association securities and obligations	N/A	None	None
Student Loan Marketing Association securities	N/A	None	None
Financing Corporation obligations	N/A	None	None
Resolution Funding Corporation obligations	N/A	None	None
Secured certificates of deposit, saving accounts, and deposit accounts	N/A	None	None
Unsecured certificates of deposit, time deposits, and bankers acceptance	30 days	None	None
Fully insured deposits	N/A	None	None
Commercial paper	270 days	None	None
Money market funds	N/A	None	None
Los Angeles County Investment Pool	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Repurchase Agreements	30 days	None	None
Repurchase Agreements	270 days	None	None
State obligations	N/A	None	None
Investment Agreements	N/A	None	None
Pre-Refunded Municipal Bonds	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 primarily in the Los Angeles County Investment Pool to provide the cash flow and liquidity needed for operations, and by purchasing a combination of shorter term and longer term investments and timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow necessary for debt service requirements.

Specific Identification

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

Investment Type	Reported Amount	Average Maturity in Days/ Maturity Date
Los Angeles County Investment Pool	$ 183,238,977	609
First American Treasury Obligations Money Market Mutual Funds	1,542	19
Natixis Commercial Paper	2,285,658	12/31/2018
Total	$ 185,526,177	

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, 2018. The First American Treasury Obligations Money Market Mutual Fund has been rated Aaa-mf by Moody's rating services. The investment in Natixis Commercial Paper has been rated P-1 by Moody's rating services.

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, 2018, the District's cash in banks were either insured or collateralized by securities held by the pledging financial institution's trust department, but not in the name of the District.

NOTE 3 - FAIR VALUE MEASUREMENTS

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

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

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

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

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

The District's fair value measurements are as follows at June 30, 2018:

Investment Type	Reported Amount	Fair Value Measurements Using Level 2 Inputs	Uncategorized
Los Angeles County Investment Pool	$ 183,238,977	$ -	$ 183,238,977
First American Treasury Obligations			
Money Market Mutual Funds	1,542	1,542	-
Natixis Commercial Paper	2,285,658	2,285,658	-
Total	$ 185,526,177	$ 2,287,200	$ 183,238,977

NOTE 4 - RECEIVABLES

Receivables at June 30, 2018, consisted of intergovernmental grants, entitlements, interest, and other local sources. All receivables are considered collectible in full.

	General Fund	Building Fund	Non-Major Governmental Funds	Internal Service Fund	Total Governmental Activities
Federal Government					
Categorical aid	$ 2,119,909	$ -	$ 3,364,869	$ -	$ 5,484,778
State Government					
Other Categorical aid	28,240	-	334,320	-	362,560
Special Education	309,941	-	-	-	309,941
Lottery	724,883	-	-	-	724,883
Local Government					
Interest	261,458	334,708	92,241	149,742	838,149
Other Local Sources	641,611	-	274,539	136	916,286
Total	$ 4,086,042	$ 334,708	$ 4,065,969	$ 149,878	$ 8,636,597

	Enterprise Fund	Fiduciary Funds
Federal Government		
Categorical aid	$ -	$ -
State Government		
Other Categorical aid	-	-
Special Education	-	-
Lottery	-	-
Local Government		
Interest	3,562	-
Other Local Sources	4,489	840,736
Total	$ 8,051	$ 840,736

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2018, was as follows:

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land	$ 9,278,310	$ -	$ -	$ 9,278,310
Construction in Progress	13,520,723	26,606,097	5,758,282	34,368,538
Total Capital Assets Not Being Depreciated	22,799,033	26,606,097	5,758,282	43,646,848
Capital Assets Being Depreciated:				
Land Improvements	10,500,498	1,711,589	-	12,212,087
Buildings and Improvements	355,858,279	3,816,208	8,121	359,666,366
Furniture and Equipment	21,909,905	1,144,420	-	23,054,325
Total Capital Assets Being Depreciated	388,268,682	6,672,217	8,121	394,932,778
Total Capital Assets	411,067,715	33,278,314	5,766,403	438,579,626
Less Accumulated Depreciation:				
Land Improvements	5,699,649	364,121	-	6,063,770
Buildings and Improvements	98,476,965	7,019,043	406	105,495,602
Furniture and Equipment	15,373,746	1,413,116	-	16,786,862
Total Accumulated Depreciation	119,550,360	8,796,280	406	128,346,234
Governmental Activities Capital Assets, Net	$ 291,517,355	$ 24,482,034	$ 5,765,997	$ 310,233,392
				-
Business-Type Activities				
Furniture and Equipment	$ 12,795	$ -	$ -	$ 12,795
Less Accumulated Depreciation	12,795	-	-	12,795
Business-Type Activities Capital Assets, Net	$ -	$ -	$ -	$ -

Depreciation expense was excluded as a direct expense to governmental functions.

NOTE 6 - INTERFUND TRANSACTIONS

Interfund Receivables/Payables (Due to/Due from)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivable and payable balances at June 30, 2018, between major and non-major governmental funds as follows:

The Child Development Non-Major Governmental Fund owes the General Fund for a temporary cash borrowing to be repaid.	$ 481,000

Operating Transfers

Interfund transfers for the year ended June 30, 2018, consisted of the following:

	Transfer From		
Transfer To	General Fund	Enterprise Fund	Total
General Fund	$ -	$ 80,000	$ 80,000
Non-Major Governmental Funds	1,199,043	-	1,199,043
Total	$ 1,199,043	$ 80,000	$ 1,279,043

The General Fund transferred to the Special Reserve Non-Major Governmental Fund for Capital Outlay Projects for future capital equipment purchases.	$ 400,000
The General Fund transferred to the Deferred Maintenance Non-Major Governmental Fund for deferred maintenance projects.	799,043
The Child Care Enterprise Fund transferred to the General Fund as a result of excess earnings from the fee-based program.	80,000
Total	$ 1,279,043

NOTE 7 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2018, consisted of the following:

	General Fund	Building Fund	Non-Major Governmental Funds	Internal Service Fund Fund	Total Governmental Activities
Salaries and benefits	$ 2,488,696	$ -	$ 234,310	$ 6,438,617	$ 9,161,623
LCFF apportionment	3,475,049	-	-	-	3,475,049
Supplies	373,852	113,592	234,012	-	721,456
Services	1,915,017	74,580	160,395	18,828	2,168,820
Construction	304,834	6,002,301	1,249,295	-	7,556,430
Other vendor payables	449,289	-	156	141,486	590,931
Total	$ 9,006,737	$ 6,190,473	$ 1,878,168	$ 6,598,931	$ 23,674,309

	Enterprise Fund	Fiduciary Funds
Salaries and benefits	$ 10,130	$ -
LCFF apportionment	-	-
Supplies	14,065	-
Services	934	7,579
Construction	-	-
Other vendor payables	16	31,598
Total	$ 25,145	$ 39,177

NOTE 8 - UNEARNED REVENUE

Unearned revenue at June 30, 2018, consists of the following:

	General Fund	Non-Major Governmental Funds	Total Governmental Activities	Enterprise Fund
Federal financial assistance	$ 13,574	$ -	$ 13,574	$ -
State categorical aid	3,716,137	-	3,716,137	-
Other local	235,769	6,528	242,297	29,697
Total	$ 3,965,480	$ 6,528	$ 3,972,008	$ 29,697

NOTE 9 - LONG-TERM OBLIGATIONS

Summary

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

Governmental Activities	Balance July 1, 2017, as restated	Additions	Deductions	Balance June 30, 2018	Due in One Year
General Obligation Bonds	$ 200,604,801	$ 79,018,930	$ 16,545,000	$ 263,078,731	$ 15,960,000
Premium on issuance	4,474,194	5,583,377	834,766	9,222,805	-
2005 Certificates of Participation (Qualified Academy Zone Bonds)	2,770,165	-	-	2,770,165	-
Capital lease	170,660	-	44,660	126,000	21,000
Compensated absences	2,669,413	183,470	-	2,852,883	-
Claims liability	17,343,000	(3,563,043)	2,626,996	11,152,961	2,626,996
SELF workers' compensation assessment	267,397	-	45,044	222,353	45,044
Net other postemployment benefits (OPEB) liability	24,038,059	2,805,571	835,959	26,007,671	-
Total	$ 252,337,689	$ 84,028,305	$ 20,932,425	$ 315,433,569	$ 18,653,040

Business-Type Activities					
Net other postemployment benefits (OPEB) liability	$ 74,750	$ 12,095	$ 2,479	$ 84,366	$ -

Payments on the General Obligation Bonds are made by the Bond Interest and Redemption Fund with local revenues. The General Fund and the Child Development Fund makes the payments for the capital leases. The compensated absences will be paid by the fund for which the employee worked. Claims liability for workers' compensation and the SELF assessment are paid out of the Internal Service Fund. Net other postemployment benefits (OPEB) liabilities are generally paid by the General Fund.

General Obligation Bonds

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2017	Issued	Accreted	Redeemed	Bonds Outstanding June 30, 2018
04/20/05	08/01/29	3.00-5.31%	$ 44,995,644	$ 75,145,156	$ -	$ 3,845,771	$ 845,000	$ 78,145,927
11/27/07	08/01/32	3.50-5.22%	29,200,602	21,587,408	-	1,089,000	385,000	22,291,408
07/14/09	02/01/34	6.16-7.36%	9,410,103	16,556,589	-	1,207,677	-	17,764,266
07/14/09	08/01/21	1.28-4.68%	13,580,000	8,070,000	-	-	2,660,000	5,410,000
10/08/09	08/01/38	5.50-6.47%	21,392,349	33,590,648	-	2,166,482	-	35,757,130
01/30/13	08/01/19	2.00-4.00%	11,630,000	8,800,000	-	-	2,670,000	6,130,000
05/20/14	08/01/19	0.45-2.53%	15,115,000	11,245,000	-	-	3,485,000	7,760,000
11/19/15	08/01/45	2.00-5.00%	24,000,000	17,900,000	-	-	6,500,000	11,400,000
11/19/15	08/01/25	2.00-5.00%	7,855,000	7,710,000	-	-	-	7,710,000
08/03/17	08/01/47	3.00-5.00%	59,000,000	-	59,000,000	-	-	59,000,000
08/03/17	08/01/21	3.00-4.00%	1,460,000	-	1,460,000	-	-	1,460,000
06/07/18	08/01/47	3.00-5.00%	10,250,000	-	10,250,000	-	-	10,250,000
				$ 200,604,801	$ 70,710,000	$ 8,308,930	$ 16,545,000	$ 263,078,731

2002 General Obligation Bonds, Series 2005B

On April 20, 2005, the District issued $44,995,644 of 2002 General Obligation Bonds, Series 2005B. The Series 2005B bonds were issued as both current interest bonds and capital appreciation bonds, with the value of the capital appreciation bonds accreting $70,089,356, and an aggregate principal debt service balance of $115,085,000. The bonds have a final maturity to occur on August 1, 2029, with interest rates of 3.00 to 5.31 percent. Proceeds from the sale of the bonds were used to renovate, construct and modernize classrooms and school facilities and to pay all necessary legal, financial, engineering and contingent costs in connection with the issuance of the bonds. At June 30, 2018, the principal balance outstanding of the 2002 General Obligation Bonds, Series 2005B was $78,145,927. Unamortized premium received on issuance of the bonds amounted to $295,912 as of June 30, 2018.

2002 General Obligation Bonds, Series 2007C

On November 27, 2007, the District issued $29,200,602 of 2002 General Obligation Bonds, Series 2007C. The Series 2007C bonds were issued as both current interest bonds and capital appreciation bonds, with the value of the capital appreciation bonds accreting $29,734,398, and an aggregate principal debt service balance of $58,935,000. The bonds have a final maturity to occur on August 1, 2032, with interest rates of 3.50 to 5.22 percent. Proceeds from the sale of the bonds were used to prepay a portion of the District's outstanding obligation related to the 2006 Certificates of Participations (School Facility Bridge Funding) and to pay all necessary legal, financial and contingent costs in connection with the issuance of the bonds. At June 30, 2018, the principal balance outstanding of the 2002 General Obligation Bonds, Series 2007C was $22,291,408. Unamortized premium received on issuance of the bonds amounted to $375,103 as of June 30, 2018.

2002 General Obligation Bonds, Series 2009D

On July 14, 2009, the District issued $9,410,103 General Obligation Bonds, Series 2009D. The Series 2009D bonds were issued as capital appreciation bonds, with the value of the capital appreciation bonds accreting to $43,775,000. The bonds have a final maturity to occur on February 1, 2034, with interest rates of 6.16 to 7.36 percent. Proceeds from the sale of the bonds were used to renovate, construct, and modernize classrooms and school facilities; to prepay a portion of the District's 2006 Certificates of Participation; and pay certain costs of issuance associated with the bonds. At June 30, 2018, the principal balance outstanding of the 2002 General Obligation Bonds, Series 2009D was $17,764,266. Unamortized premium received on issuance of the bonds amounted to $281,084 as of June 30, 2018.

2009 General Obligation Refunding Bonds

On July 14, 2009, the District issued $13,580,000 of 2009 General Obligation Refunding Bonds. The bonds have a final maturity to occur on August 1, 2021, with interest rates from 1.28 to 4.68 percent. The net proceeds from the issuance were used to advance refund a portion of the District's outstanding 2002 General Obligation Bonds, Series 2007C and 2005 Refunding General Obligation Bonds and to pay the costs of issuance associated with the refunding bonds. At June 30, 2018, the principal balance outstanding on the 2009 General Obligation Refunding Bonds was $5,410,000. Unamortized premium received on issuance of the bonds amounted to $75,766 as of June 30, 2018.

2002 General Obligation Bonds, Series 2009E

On October 8, 2009, the District issued $21,392,349 General Obligation Bonds, Series 2009E. The Series 2009E bonds were issued as both capital appreciation bonds and convertible capital appreciation bonds, with the value of the bonds accreting to $102,175,000. The bonds have a final maturity to occur on August 1, 2038, with interest rates of 5.50 to 6.47 percent. Proceeds from the sale of bonds were used to renovate, construct and modernize classrooms and school facilities; prepay a portion of the District's 2006 Certificates of Participation; and pay certain costs of issuance associated with the bonds. At June 30, 2018, the principal balance outstanding on the 2002 General Obligation Bonds, Series 2009E was $35,757,130. Unamortized premium received on issuance of the bonds amounted to $852,656 as of June 30, 2018.

2013 General Obligation Refunding Bonds, Series A

On January 30, 2013, the District issued $11,630,000 of 2013 General Obligation Refunding Bonds, Series A. The bonds have a final maturity to occur on August 1, 2019, with interest rates from 2.00 to 4.00 percent. The net proceeds from the issuance were used to advance refund a portion of the District's outstanding 2005 General Obligation Refunding Bonds and to pay the costs of issuance associated with the refunding bonds. At June 30, 2018, the principal balance outstanding on the 2013 General Obligation Refunding Bonds, Series A was $6,130,000.

2014 General Obligation Refunding Bonds

On May 20, 2014, the District issued $15,115,000 of 2014 General Obligation Refunding Bonds. The bonds have a final maturity to occur on August 1, 2019, with interest rates from 0.45 to 2.53 percent. The net proceeds from the issuance were used to advance refund a portion of the District's outstanding 2005 General Obligation Refunding Bonds and to pay the costs of issuance associated with the refunding bonds. At June 30, 2018, the principal balance outstanding on the 2014 General Obligation Refunding Bonds was $7,760,000.

2014 General Obligation Bonds, Series A

On November 19, 2015, the District issued $24,000,000 of 2014 General Obligation Bonds, Series A. The Bonds have a final maturity to occur on August 1, 2045, with interest rates from 2.00 to 5.00 percent. The net proceeds from sale of bonds were used to finance the repair, upgrading, acquisition, construction, and equipping of District sites and facilities and to pay the costs of issuing the bonds. At June 30, 2018, the principal balance outstanding on the 2014 General Obligation Bonds, Series A was $11,400,000. Unamortized premium received on issuance of the bonds amounted to $939,952 as of June 30, 2018.

2015 General Obligation Refunding Bonds

On November 19, 2015, the District issued $7,855,000 of 2015 General Obligation Refunding Bonds. The Bonds have a final maturity to occur on August 1, 2025, with interest rates from 2.00 to 5.00 percent. The net proceeds from the issuance were used to advance refund a portion of the District's outstanding General Obligation Bonds, Election of 2002, Series 2007C and to pay the costs of issuing the refunding bonds. At June 30, 2018, the principal balance outstanding on the 2015 General Obligation Refunding Bonds was $7,710,000. Unamortized premium received on issuance of the bonds amounted to $1,037,217 as of June 30, 2018.

2014 General Obligation Bonds, Series B

On August 3, 2017, the District issued $59,000,000 of 2014 General Obligation Bonds, Series B. The Bonds have a final maturity to occur on August 1, 2047, with interest rates from 3.00 to 5.00 percent. The net proceeds from sale of bonds will be used to finance the repair, upgrading, acquisition, construction, and equipping of District sites and facilities and to pay the costs of issuing the bonds. At June 30, 2018, the principal balance outstanding on the 2014 General Obligation Bonds, Series B was $59,000,000. Unamortized premium received on issuance of the bonds amounted to $4,332,489 as of June 30, 2018.

2017 General Obligation Refunding Bonds

On August 3, 2017, the District issued $1,460,000 of 2017 General Obligation Refunding Bonds. The Bonds have a final maturity to occur on August 1, 2021, with interest rates from 3.00 to 4.00 percent. The net proceeds from the issuance were used to advance refund a portion of the District's outstanding 2009 General Obligation Refunding Bonds and to pay the costs of issuing the refunding bonds. The refunding resulted in a cumulative cash flow savings of $56,772 over the life of the new debt and an economic gain of $52,457 based on the difference between the present value of the existing debt service requirements and the new debt service requirements discounted at 3.09 percent. At June 30, 2018, the principal balance outstanding on the 2017 General Obligation Refunding Bonds was $1,460,000. Unamortized premium received on issuance of the bonds amounted to $107,474 as of June 30, 2018.

2014 General Obligation Bonds, Series C

On June 7, 2018, the District issued $10,250,000 of 2014 General Obligation Bonds, Series C. The Bonds have a final maturity to occur on August 1, 2047, with interest rates from 3.00 to 5.00 percent. The net proceeds from sale of bonds will be used to finance the repair, upgrading, acquisition, construction, and equipping of District sites and facilities and to pay the costs of issuing the bonds. At June 30, 2018, the principal balance outstanding on the 2014 General Obligation Bonds, Series C was $10,250,000. Unamortized premium received on issuance of the bonds amounted to $925,152 as of June 30, 2018.

Debt Service Requirements to Maturity

The bonds mature through 2046 as follows:

Fiscal Year	Principal Including Accreted Interest to Date	Accreted Interest	Current Interest to Maturity	Total
2019	$ 15,960,000	$ -	$ 4,028,323	$ 19,988,323
2020	16,246,061	43,939	3,663,222	19,953,222
2021	15,170,126	594,874	3,204,494	18,969,494
2022	10,601,708	1,218,292	3,365,031	15,185,031
2023	10,499,086	2,110,914	3,673,519	16,283,519
2024-2028	52,891,285	19,428,715	16,916,881	89,236,881
2029-2033	57,585,731	4,779,269	12,700,653	75,065,653
2034-2028	35,224,868	52,335,982	10,699,563	98,260,413
2037-2043	21,744,866	9,855,134	7,870,975	39,470,975
2044-2048	27,155,000	-	2,935,100	30,090,100
Total	$ 263,078,731	$ 90,367,119	$ 69,057,761	$ 422,503,611

2005 Certificates of Participation (Qualified Academy Zone Bonds Program)

On December 29, 2005, the District, pursuant to a sublease agreement with the Public Property Financing Corporation of California (the Financing Corporation), issued the $2,770,165 2005 Certificates of Participation (Qualified Academy Zone Bonds). The District had been granted authorization from the State Superintendent of Public Instruction to issue securities in an aggregate principal amount not to exceed $3,069,000 in accordance with the qualified zone academy bonds tax credit program found in Section 1397E of the Internal Revenue Code of 1986 and State regulations, to finance certain projects at qualified zone academies within the District. The District and the Financing Corporation, in order to facilitate the financing of projects qualified under the QZAB Program, entered into a lease arrangement, by which the District will lease to the Financing Corporation those certain parcels of real property located in within the District and pursuant to a sublease the Corporation will sublease the property to the District, with the District required to pay base rental to the Corporation (an initial lease payment of $600,000 was made December 29, 2005). The annual base rental payment of $95,722, to begin December 29, 2006, will be deposited with the Bank of America into an interest generating investment to produce sufficient income to repay the $2,770,165 certificates upon maturity on December 29, 2020. At June 30, 2018, the principal balance outstanding was $2,770,165.

Capital Lease

The District has entered into agreements to lease equipment. Such agreements are, in substance, purchases (capital leases) and are reported as capital lease obligations. The District's liability on lease agreements with options to purchase is summarized below:

July 1, 2017	$ 171,985
Payments	(45,985)
Balance, June 30, 2018	$ 126,000

Future payments on capital leases are as follows:

Year Ending June 30,	Lease Payment
2019	$ 21,000
2020	21,000
2021	21,000
2022	21,000
2023-2024	42,000
Total	$ 126,000

Compensated Absences

Compensated absences (accumulated unpaid employee vacation) for the District at June 30, 2018, amounted to $2,852,883.

Claims Liability

Liabilities associated with workers' compensation claims are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are based upon estimated ultimate cost of settling the claims, considering recent claim settlement trends including the frequency and amounts of payouts and other economic and social factors. The liability for workers' compensation claims is reported in the Internal Service Fund. The outstanding claims liability at June 30, 2018, amounted to $11,152,961.

SELF Workers' Compensation Assessment

The District was a member of School Excess Liability Fund (SELF), a cost sharing Joint Powers Authority (JPA) for the purpose of providing the District excess workers' compensation insurance. The SELF board of directors declared an entity assessment to the member districts. At June 30, 2018, the District's outstanding obligation to their pro-rata share of equity assessed was $222,353.

Net Other Postemployment Benefit (OPEB) Liability

For the fiscal year ended June 30, 2018, the District reported net OPEB liability, deferred outflows of resources, and OPEB expense for the following plans:

OPEB Plan	Net OPEB Liability	Deferred Outflows of Resources	OPEB Expense
District Plan	$ 24,687,293	$ 756,530	$ 2,088,468
Medicare Premium Payment (MPP) Program	1,404,744	-	(109,240)
Total	$ 26,092,037	$ 756,530	$ 1,979,228

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 4 of GASB Statement No. 75.

Plan Membership

At June 30, 2017, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	197
Active employees	2,024
	2,221

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.

The benefit payment requirements of the Plan members and the District are established and may be amended by the District, the Teacher Association of the Norwalk-La Mirada Area (TANLA), 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, TANLA, CSEA, and the unrepresented groups. For fiscal year 2017-2018, the District paid $756,530 in benefits.

Total OPEB Liability of the District

The District's total OPEB liability of $24,687,293 was measured as of June 30, 2017. The total OPEB liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75	percent
Salary increases	2.75	percent, average, including inflation
Discount rate	3.50	percent
Healthcare cost trend rates	4.00	percent for 2017

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

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

The actual assumptions used in the June 30, 2017 valuation were based on the results of an actual experience study for the period July 1, 2016 to June 30, 2017.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2016	$ 22,598,825
Service cost	2,005,340
Interest	812,326
Benefit payments	(729,198)
Net change in total OPEB liability	2,088,468
Balance at June 30, 2017	$ 24,687,293

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 (2.5%)	$ 26,573,500
Current discount rate (3.5%)	24,687,293
1% increase (4.5%)	22,931,659

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 (3.0%)	$ 23,356,538
Current healthcare cost trend rate (4.0%)	24,687,293
1% increase (5.0%)	25,782,081

OPEB Expense and Deferred Outflows of Resources related to OPEB

For the year ended June 30, 2018, the District recognized OPEB expense of $2,088,468. At June 30, 2018, the District reported deferred outflows of resources for the amount paid by the District for OPEB as the benefits come due subsequent to measurement date of $ 756,530.

The deferred outflows of resources related to net other postemployment benefits (OPEB) liability resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net other postemployment benefits (OPEB) liability in the subsequent fiscal year.

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, 2016 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, benefit payments 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, 2018, the District reported a liability of $1,404,744 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2016, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. 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, 2017 and June 30, 2016, respectively, was 0.3339 percent, and 0.3235 percent, resulting in a net increase in the proportionate share of 0.0104 percent.

For the year ended June 30, 2018, the District recognized OPEB expense of $(109,240).

Actuarial Methods and Assumptions

The total OPEB liability for the MPP Program as of June 30, 2016, was determined based on a financial reporting actuarial valuation that used the June 30, 2016 assumptions presented in the table below. The June 30, 2017 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2016, and rolling forward the total OPEB liability to June 30, 2017, using the assumptions listed in the following table:

Measurement Date	June 30, 2017	June 30, 2016
Valuation Date	June 30, 2016	June 30, 2016
Experience Study	July 1, 2010 through June 30, 2016	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	3.58%	2.85%
Medicare Part A Premium Cost Trend Rate	3.70%	3.70%
Medicare Part B Premium Cost Trend Rate	4.10%	4.10%

For the valuation as of June 30, 2016, CalSTRS used custom mortality tables based on RP2000 Series tables issued by the Society of Actuaries, adjusted to fit CalSTRS specific experience through June 30, 2015. For the valuation as of June 30, 2017, CalSTRS changed the mortality assumptions based on the July 1, 2010 through June 30, 2015, experience study adopted by the board in February 2017. CalSTRS now 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 the members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

Assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 571 or an average of 0.32 percent of the potentially eligible population (177,763).

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, 2017 and 2016, 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, 2017 and 2016 was 3.58 percent and 2.85 percent, respectively. The MPP Program is funded on a pay-as-you-go basis as described in Note 1, and under the pay-as-you-go method, the OPEB Plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 3.58 percent and 2.85 percent, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2017 and 2016, respectively, was applied to all periods of projected benefit payments to measure the total OPEB liability.

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

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

Discount Rate	Net OPEB Liability
1% decrease (2.58%)	$ 1,555,150
Current discount rate (3.58%)	1,404,744
1% increase (4.58%)	1,258,443

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

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

Medicare Costs Trend Rate	Net OPEB Liability
1% decrease (2.7% Part A and 3.1% Part B)	$ 1,269,402
Current Medicare costs trend rate (3.7% Part A and 4.1% Part B)	1,404,744
1% increase (4.7% Part A and 5.1% Part B)	1,538,735

NOTE 10 - FUND BALANCES

Fund balances are composed of the following elements:

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total
Nonspendable					
Revolving cash	$ 125,000	$ -	$ -	$ -	$ 125,000
Stores inventories	168,844	-	-	169,285	338,129
Prepaid expenditures	142,293	-	-	287	142,580
Total Nonspendable	436,137	-	-	169,572	605,709
Restricted					
Legally restricted	1,467,728	-	-	8,472,155	9,939,883
Capital projects	-	56,133,301	-	378,614	56,511,915
Debt services	-	-	21,690,248	2,287,200	23,977,448
Total Restricted	1,467,728	56,133,301	21,690,248	11,137,969	90,429,246
Committed					
Deferred maintenance program	-	-	-	444,353	444,353
Assigned					
School site supply allocation carryover	288,305	-	-	-	288,305
Postemployment benefits	5,910,816	-	-	-	5,910,816
Capital projects	-	-	-	8,642,046	8,642,046
Total Assigned	6,199,121	-	-	8,642,046	14,841,167
Unassigned					
Reserve for economic uncertainties	6,640,297	-	-	-	6,640,297
Remaining unassigned	28,171,306	-	-	-	28,171,306
Total Unassigned	34,811,603	-	-	-	34,811,603
Total	$ 42,914,589	$ 56,133,301	$ 21,690,248	$ 20,393,940	$ 141,132,078

NOTE 11 - LEASE REVENUE

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
2019	$ 1,223,154
2020	826,482
2021	796,348
Total	$ 2,845,984

NOTE 12 - RISK MANAGEMENT

Employee Medical Benefits

The District has contracted with the Alliance of Schools for Cooperative Insurance Programs (ASCIP) public entity risk pool to provide employee dental benefits. The District also purchases medical, vision, and life insurance from various vendors for health care coverage. The District is not self-funded for employee medical benefits but has chosen to report the costs of health and welfare payments for all employees plus retirees in the Internal Service Fund.

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. To mitigate this potential loss, the District has established an Internal Service Fund to account for and finance its uninsured risks of loss for property and liability coverage. Under this program, the Internal Service Fund provides coverage for up to a maximum of $50,000 for each general liability claim and $25,000 for each property damage claim. During fiscal year ending June 30, 2018, the District participated in the ASCIP public entity risk pool for property and liability insurance coverage in excess of self-insured limits. Settled claims have not exceeded the insured coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year. In addition, the District purchases commercial insurance for property and liability claims in excess of coverage provided by the Internal Service Fund and for all other risks of loss.

Workers' Compensation and Property and Liability

Since 1985, the District has self-insured itself for workers' compensation coverage, retaining the risk of loss. The District has established an Internal Service Fund to account for and finance its uninsured risks of loss for workers' compensation coverage. Under this program, the Internal Service Fund provides coverage for up to a maximum of $350,000 for each workers' compensation claim. The District purchases insurance for workers' compensation claims in excess of coverage provided by the Fund from Schools Excess Liability Fund (SELF) JPA.

Funding of the Internal Service Fund is based on estimates of the amounts needed to pay prior and current year claims. Workers' Compensation claims are charged to the respective funds which generate the liability and the Property and Liability claims are paid by the General Fund.

Unpaid Claims Liabilities

The fund establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represent the changes in approximate aggregate liabilities for the District from July 1, 2016 to June 30, 2018:

	Workers' Compensation	Property and Liability	Total
Liability Balance, July 1, 2016	$ 16,556,000	$ 480,000	$ 17,036,000
Claims and changes in estimates	2,922,741	108,006	3,030,747
Claims payments	(2,562,741)	(161,006)	(2,723,747)
Liability Balance, July 1, 2017	16,916,000	427,000	17,343,000
Claims and changes in estimates	(3,677,492)	114,449	(3,563,043)
Claims payments	(2,517,705)	(109,291)	(2,626,996)
Liability Balance, June 30, 2018	$ 10,720,803	$ 432,158	$ 11,152,961
Assets available to pay claims at June 30, 2018	$ 26,463,364	$ 812,655	$ 27,276,019

NOTE 13 - 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, 2018, the District reported net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Collective Net Pension Liability	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Pension Expense
CalSTRS	$ 170,562,493	$ 49,927,021	$ 9,139,565	$ 17,795,624
CalPERS	73,407,676	24,287,839	1,122,922	12,989,287
Total	$ 243,970,169	$ 74,214,860	$ 10,262,487	$ 30,784,911

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, 2016, 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, 2018, 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%	9.205%
Required employer contribution rate	14.430%	14.430%
Required State contribution rate	9.328%	9.328%

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, 2018, are presented above and the District's total contributions were $14,515,484.

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

At June 30, 2018, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the District were as follows:

Total Net Pension Liability, Including State Share:

District's proportionate share of net pension liability	$ 170,562,493
State's proportionate share of the net pension liability associated with the District	100,903,330
Total	$ 271,465,823

The net pension liability was measured as of June 30, 2017. 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, 2017 and June 30, 2016, respectively, was 0.1844 percent and 0.1819 percent, resulting in a net increase in the proportionate share of 0.0025 percent.

For the year ended June 30, 2018, the District recognized pension expense of $17,795,624. In addition, the District recognized pension expense and revenue of $10,156,889 for support provided by the State. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 14,515,484	$ -
Net change in proportionate share of net pension liability	3,182,086	1,622,127
Difference between projected and actual earnings on pension plan investments	-	4,542,554
Differences between expected and actual experience in the measurement of the total pension liability	630,757	2,974,884
Changes of assumptions	31,598,694	-
Total	$ 49,927,021	$ 9,139,565

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
2019	$ (3,776,394)
2020	2,857,616
2021	412,052
2022	(4,035,828)
Total	$ (4,542,554)

The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, differences between expected and actual experience in the measurement of the total pension liability, and 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
2019	$ 5,039,865
2020	5,039,865
2021	5,039,865
2022	5,039,866
2023	5,006,153
Thereafter	5,648,912
Total	$ 30,814,526

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2016, and rolling forward the total pension liability to June 30, 2017. The financial reporting actuarial valuation as of June 30, 2016, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2016
Measurement date	June 30, 2017
Experience study	July 1, 2010 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

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

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

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

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	$ 250,439,889
Current discount rate (7.10%)	170,562,493
1% increase (8.10%)	105,736,573

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, 2016 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, 2018, 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	7.000%	6.500%
Required employer contribution rate	15.531%	15.531%

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, 2018, are presented above and the total District contributions were $6,155,934.

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

As of June 30, 2018, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $73,407,676. The net pension liability was measured as of June 30, 2017. 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, 2017 and June 30, 2016, respectively was 0.3075 percent and 0.2956 percent, resulting in a net increase in the proportionate share of 0.0119 percent.

For the year ended June 30, 2018, the District recognized pension expense of $12,989,287. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 6,155,934	$ -
Net change in proportionate share of net pension liability	2,240,261	258,637
Difference between projected and actual earnings on pension plan investments	2,539,403	-
Differences between expected and actual experience in the measurement of the total pension liability	2,629,895	-
Changes of assumptions	10,722,346	864,285
Total	$ 24,287,839	$ 1,122,922

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
2019	$ (68,809)
2020	2,929,920
2021	1,068,868
2022	(1,390,576)
Total	$ 2,539,403

The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, differences between expected and actual experience in the measurement of the total pension liability, and 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 3.9 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2019	$ 4,981,069
2020	5,241,908
2021	4,246,603
Total	$ 14,469,580

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2016, and rolling forward the total pension liability to June 30, 2017. The financial reporting actuarial valuation as of June 30, 2016, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2016
Measurement date	June 30, 2017
Experience study	July 1, 1997 through June 30, 2011
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.75%
Wage growth	Varies by entry age and service

The mortality table used was developed based on CalPERS-specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.

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	47%	5.38%
Global debt securities	19%	2.27%
Inflation assets	6%	1.39%
Private equity	12%	6.63%
Real estate	11%	5.21%
Infrastructure and Forestland	3%	5.36%
Liquidity	2%	-0.90%

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%)	$ 108,006,214
Current discount rate (7.15%)	73,407,676
1% increase (8.15%)	44,705,290

Alternative Retirement Program

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by social security or an alternative plan. The District has elected to use CalPERS to act as their administrators and Wells Fargo Bank to act as trustee and investment manager for the District's alternative plan. The plan is a defined benefit plan in which all contributions are made by the District. The District contributes 5.0 percent of an employee's gross earnings. The District contributed $298,061 in the 2017-2018 fiscal year.

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 $8,624,595 (9.328 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, but have not been included in the original budgeted amounts reported in the *General Fund - Budgetary Comparison Schedule*.

NOTE 14 - 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, 2018.

Litigation

The District is involved in various litigations arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2018.

Construction Commitments

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

Capital Projects	Remaining Construction Commitment	Expected Date of Completion
Benton MS Landscape & Irrigation Renovation Phase 1A	$ 5,747,394	March 2019
Corvallis MS Landscape & Irrigation Renovation Phase 1A	3,551,832	December 2019
Gardenhill ES Mod/HVAC Addition Project Phase 1A	2,364,523	January 2019
Glenn HS New Synthetic Turf Sports Fields & Accessory Bldgs.	15,372,063	March 2019
Hutchinson MS Mod/HVAC Addition Project Phase 1A	2,167,682	January 2019
La Mirada HS Gym & Locker Room Renovation/Expansion Phase 1A	1,270,334	January 2020
Los Alisos MS Mod/HVAC Addition Project Phase 1A	182,001	August 2019
Morrison ES Mod/HVAC Addition Project Phase 1A	198,337	August 2019
La Mirada HS Campus-Wide Hard/Soft Scape Renovation	368,882	January 2022
Norwalk HS New Synthetic Turf Sports Fields & Accessory Bldgs.	1,158,304	September 2020
Norwalk HS Gym Mod & Weight Room Addition Phase	1,200,468	January 2022
Benton MS MPR Drama Room Light Bar Grid Project	42,191	August 2019
Chavez ES New Playground Structure Project	12,845	October 2018
Excelsior HS Auditorium Renovations	115,750	May 2019
Glazier ES New Playground Structure Project	12,030	October 2018
Hutchinson MS Electronic Marquee Project	8,873	September 2018
Los Alisos MS Portable Classrooms Replacement Project	840,095	December 2018
Morrison ES Traffic Mitigation & Parking Lot Expansion Project	17,601	January 2019
Morrison ES Shade Structures Project	11,490	March 2019
Norwalk HS Electronic Marquee Project	7,523	September 2018
Norwalk HS Fire Water Services Loop Project	12,000	January 2019
Norwalk HS Roof Building K Roofing Replacement	75,126	October 2018
Norwalk HS Culinary Arts Class Conversion Project	99,910	May 2019
Norwalk HS ERP Weight Room	188,707	November 2018
Excelsior HS Restroom Renovation Project	2,500	December 2018
Escalona ES Portable Classroom Project	11,869	February 2019
Hutchinson MS Portable Locker Rm/Classroom	15,155	April 2019
	$ 35,055,485	

NOTE 15 - PARTICIPATION IN JOINT POWERS AGREEMENTS

The Norwalk-La Mirada Unified School District is a member of the Schools Excess Liability Fund (SELF) JPA and Alliance of Schools for Cooperative Insurance Programs (ASCIP). Payments are made to ASCIP for dental benefits for District employees and for property and liability insurance. Payments are made to SELF for excess liability coverage for workers' compensation.

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 available from the respective entities.

During the year ended June 30, 2018, the District made payments of $545,564 and $3,156,434 to SELF and ASCIP, respectively.

NOTE 16 - RESTATEMENT OF PRIOR YEAR NET POSITION

The District adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in the current year. As a result, the effect on the current fiscal year is as follows:

Government-Wide Financial Statements		
Net Position - Beginning	$	(14,802,455)
Inclusion of net OPEB liability from the adoption of GASB Statement No. 75		5,214,454
Net Position - Beginning, as Restated	$	(9,588,001)
Statement of Net Position - Business-Type Activities		
Net Position - Beginning	$	47,517
Inclusion of net OPEB liability from the adoption of GASB Statement No. 75		(74,750)
Net Position - Beginning, as Restated	$	(27,233)

REQUIRED SUPPLEMENTARY INFORMATION

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual	Variances - Positive (Negative) Final
	Original	Final	(GAAP Basis)	to Actual
REVENUES				
Local Control Funding Formula	$ 173,573,632	$ 173,842,316	$ 173,519,803	$ (322,513)
Federal sources	11,970,054	11,703,837	11,092,584	(611,253)
Other State sources	19,632,658	29,538,018	29,508,959	(29,059)
Other local sources	1,578,641	2,023,372	2,807,954	784,582
Total Revenues [1]	206,754,985	217,107,543	216,929,300	(178,243)
EXPENDITURES				
Current				
Certificated salaries	98,520,185	97,151,307	96,961,027	190,280
Classified salaries	38,376,990	37,791,475	37,473,809	317,666
Employee benefits	47,132,616	54,958,086	54,747,465	210,621
Books and supplies	9,794,833	9,694,323	9,272,334	421,989
Services and operating expenditures	17,158,670	16,694,053	17,094,110	(400,057)
Other outgo	732,443	565,408	629,641	(64,233)
Capital outlay	4,065,298	3,782,553	3,256,057	526,496
Debt service - principal	20,443	21,651	23,660	(2,009)
Debt service - interest	4,542	3,334	1,325	2,009
Total Expenditures [1]	215,806,020	220,662,190	219,459,428	1,202,762
Excess (Deficiency) of Revenues Over Expenditures	(9,051,035)	(3,554,647)	(2,530,128)	1,024,519
Other Financing Sources (Uses)				
Transfers in	823,056	862,041	80,000	(782,041)
Transfers out	(1,648,203)	(1,883,791)	(1,199,043)	684,748
Net Other Financing Sources (Uses)	(825,147)	(1,021,750)	(1,119,043)	(97,293)
NET CHANGE IN FUND BALANCE	(9,876,182)	(4,576,397)	(3,649,171)	927,226
Fund Balance - Beginning	46,563,760	46,563,760	46,563,760	-
Fund Balance - Ending	$ 36,687,578	$ 41,987,363	$ 42,914,589	$ 927,226

[1] On behalf payments of $8,624,595 are included in the actual revenues and expenditures, but have not been included in the original budgeted amounts. In addition, due to the consolidation of Fund 20, Special Reserve Fund for Postemployment Benefits for reporting purposes into the General Fund, additional revenues and expenditures pertaining to this fund is included in the Actual (GAAP Basis) revenues and expenditures, however is not included in the original and final General Fund budgets.

See accompanying note to required supplementary information.

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS FOR THE YEAR ENDED JUNE 30, 2018

	2018
Total OPEB Liability	
Service cost	$ 2,005,340
Interest	812,326
Benefit payments	(729,198)
Net change in total OPEB liability	2,088,468
Total OPEB liability - beginning	22,598,825
Total OPEB liability - ending	$ 24,687,293
Covered payroll	N/A[1]
District's total OPEB liability as a percentage of covered payroll	N/A[1]

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

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

See accompanying note to required supplementary information.

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY – MPP PROGRAM
FOR THE YEAR ENDED JUNE 30, 2018

Year ended June 30,	2018
District's proportion of the net OPEB liability	0.3339%
District's proportionate share of the net OPEB liability	$ 1,404,744
District's covered-employee payroll	N/A[1]
District's proportionate share of the net OPEB liability as a percentage of it's covered-employee payroll	N/A[1]
Plan fiduciary net position as a percentage of the total OPEB liability	0.01%

[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.

See accompanying note to required supplementary information.

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NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2018

	2018	2017
CalSTRS		
District's proportion of the net pension liability	0.1844%	0.1819%
District's proportionate share of the net pension liability	$ 170,562,493	$ 147,115,885
State's proportionate share of the net pension liability associated with the District	100,903,330	83,750,449
Total	$ 271,465,823	$ 230,866,334
District's covered - employee payroll	$ 99,865,095	$ 91,741,538
District's proportionate share of the net pension liability as a percentage of its covered - employee payroll	171%	160%
Plan fiduciary net position as a percentage of the total pension liability	69%	70%
CalPERS		
District's proportion of the net pension liability	0.3075%	0.2956%
District's proportionate share of the net pension liability	$ 73,407,676	$ 58,376,415
District's covered - employee payroll	$ 39,124,071	$ 35,234,321
District's proportionate share of the net pension liability as a percentage of its covered - employee payroll	188%	166%
Plan fiduciary net position as a percentage of the total pension liability	72%	74%

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

See accompanying note to required supplementary information.

2016	2015
0.1850%	0.1813%
$ 124,524,676	$ 105,955,286
65,859,826	63,980,377
$ 190,384,502	$ 169,935,663
$ 89,594,302	$ 81,438,009
139%	130%
74%	77%
0.2912%	0.2985%
$ 42,919,072	$ 33,889,275
$ 32,288,947	$ 31,390,027
133%	108%
79%	83%

SCHEDULE OF DISTRICT CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2018

	2018	2017
CalSTRS		
Contractually required contribution	$ 14,515,484	$ 12,563,029
Contributions in relation to the contractually required contribution	14,515,484	12,563,029
Contribution deficiency (excess)	$ -	$ -
District's covered - employee payroll	$ 100,592,405	$ 99,865,095
Contributions as a percentage of covered - employee payroll	14.43%	12.58%
CalPERS		
Contractually required contribution	$ 6,155,934	$ 5,433,551
Contributions in relation to the contractually required contribution	6,155,934	5,433,551
Contribution deficiency (excess)	$ -	$ -
District's covered - employee payroll	$ 39,636,430	$ 39,124,071
Contributions as a percentage of covered - employee payroll	15.531%	13.888%

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

See accompanying note to required supplementary information.

2016	2015
$ 9,843,867	$ 7,955,974
9,843,867	7,955,974
$ -	$ -
$ 91,741,538	$ 89,594,302
10.73%	8.88%
$ 4,174,210	$ 3,800,732
4,174,210	3,800,732
$ -	$ -
$ 35,234,321	$ 32,288,947
11.847%	11.771%

NOTE 1 - PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

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

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

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

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

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

***Change in Benefit Terms* –** There were not changes in benefit terms.

***Change of Assumptions* –** There were no changes in economic assumptions.

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 plan's fiduciary net position. In the future, as data becomes available, ten years of information will be presented.

Changes in Benefit Terms – There were no changes in the benefit terms since the previous valuation.

Changes of Assumptions – The plan rate of investment return assumption was changed from 2.85 percent to 3.58 percent since the previous valuation.

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2018

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* –** The CalSTRS plan rate of investment return assumption was changed from 7.60 percent to 7.10 percent since the previous valuation. The CalPERS plan rate of investment return assumption was changed from 7.65 percent to 7.15 percent since the previous valuation.

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

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Fund for the Improvement of Education	84.215E	[1]	$ 374,534
Passed through California Department of Education (CDE):			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	4,436,964
Title II, Part A, Supporting Effective Instruction	84.367	14341	384,945
Subtitle B of Title VII of the McKinney-Vento Homeless Assistance Act	84.196	14332	224,377
Title I, Part G: Advanced Placement (AP) Test Fee Reimbursement Program	84.330B	14831	13,833
Title III, English Learner Student Program	84.365	14346	313,324
Title IV, Part B, 21st Century Community Learning Centers Program	84.287	14349	378,212
Title II, Part B, CA Mathematics and Science Partnerships	84.366	14512	94,941
Early Intervention Grants, Part C	84.181	23761	44,364
Adult Education - Basic Grants to States:			
Adult Basic Education & ELA	84.002A	14508	199,098
Adult Secondary Education	84.002	13978	82,941
English Literacy & Civics Education	84.002A	14109	99,690
Subtotal Adult Education - Basic Grants to States			381,729
Migrant Education - State Grant Program:			
Title I, Part C, Migrant Ed (Regular and Summer Program)	84.011	14326	279,689
Title I, Migrant Ed Summer Program	84.011	10005	108,737
Title I, Part C, Migrant Education (MESRP)	84.011	14768	25,484
Subtotal Migrant Education - State Grant Program			413,910
Career and Technical Education - Basic Grants to States:			
Carl D. Perkins Career and Technical Education: Secondary, Section 131	84.048	14894	131,043
Passed through Paramount Unified School District:			
Carl D. Perkins Career and Technical Education: Adult, Section 132	84.048	14893	35,636
Subtotal Career and Technical Education - Basic Grants to States			166,679
Passed through Los Angeles County Office of Education (LACOE):			
Special Education (IDEA) Cluster:			
Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	3,246,239
Local Assistance, Part B, Sec 611, Private School ISPs	84.027	10115	10,758
Preschool Grants, Part B, Sec 619	84.173	13430	98,138
Preschool Local Entitlement, Part B, Sec 611	84.027A	13682	314,534
Mental Health Allocation Plan, Part B, Sec 611	84.027A	15197	203,687
Preschool Staff Development, Part B, Sec 619	84.173A	13431	1,000
Subtotal Special Education (IDEA) Cluster			3,874,356
Passed through California Department of Rehabilitation:			
Workability II, Transition Partnership	84.126	10006	96,305
Passed through Napa County Office of Education:			
State Personnel Development Grant	84.323A	[2]	15,149
Subtotal - U.S. Department of Education			11,213,622

See accompanying note to supplementary information.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, (Continued)
FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through LACOE:			
Head Start [3]:			
Head Start: Basic	93.600	10016	$ 7,560,087
Head Start: Training and Technical Assistance (T&TA)	93.600	10016	17,438
Head Start: Early Head Start Basic	93.600	10016	1,408,709
Head Start: Dosage	93.600	10016	374,650
Head Start: Dosage Carryover Assistance (T&TA)	93.600	10016	1,350,140
Subtotal Head Start			10,711,024
Passed through CDE:			
Medi-Cal Administrative Activities	93.778	10060	249,980
Subtotal - U.S. Department of Health and Human Services			10,961,004
U.S. DEPARTMENT OF AGRICULTURE			
Passed through CDE:			
Child Nutrition Cluster:			
National School Lunch Program	10.555	13396	6,059,407
Especially Needy Breakfast Program	10.553	13526	2,150,798
Meal Supplements	10.556	13392	234,715
Commodities	10.555	13396	777,951
Subtotal Child Nutrition Cluster			9,222,871
Subtotal - U.S. Department of Agriculture			9,222,871
Total Federal Programs			$ 31,397,497

[1] Direct Award, PCA number not available

[2] PCA number not available

[3] Does not include District in-kind contributions of $2,369,695 to meet Federal match requirements. Contributions by program are as follows:

Head Start: Basic	93.600	10016	$ 1,955,426
Head Start: Training and Technical Assistance (T&TA)	93.600	10016	4,360
Head Start: Early Head Start Basic	93.600	10016	316,246
Head Start: Dosage	93.600	10016	93,663
Total In-kind Contributions			$ 2,369,695

See accompanying note to supplementary information.

LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
JUNE 30, 2018

ORGANIZATION

The Norwalk-La Mirada Unified School District was established on July 1, 1965. The District conducts a kindergarten through twelfth grade educational program for approximately 21,000 students through 17 elementary schools, six middle schools, three high schools, a continuation high school, and two adult education schools. The District is located in Los Angeles County, and occupies the cities of Norwalk and La Mirada, in addition to smaller portions of the cities of Santa Fe Springs, Whittier, and unincorporated areas of Los Angeles County.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Chris Pflanzer	President	2020
Ana Valencia	Vice President	2018
Darryl Adams	Member	2018
Jude Cazares	Member	2018
Karen Morrison	Member	2020
Jesse Urquidi	Member	2020
Norma Amezcua	Member	2018

ADMINISTRATION

Hasmik Danielian	Superintendent
John Lopez	Assistant Superintendent, Human Resources
Estuardo Santillan	Assistant Superintendent, Business Services
Patricio Vargas	Assistant Superintendent, Educational Services

See accompanying note to supplementary information.

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2018

	Final Report	
	Second Period Report 3A829D1F	Annual Report 4C467E57
Regular ADA		
Transitional kindergarten through third	5,093.31	5,094.11
Fourth through sixth	3,938.05	3,929.62
Seventh and eighth	2,767.91	2,764.12
Ninth through twelfth	5,298.57	5,266.67
Total Regular ADA	17,097.84	17,054.52
Extended Year Special Education		
Transitional kindergarten through third	6.00	6.00
Fourth through sixth	5.89	5.89
Seventh and eighth	3.94	3.94
Ninth through twelfth	9.63	9.63
Total Extended Year Special Education	25.46	25.46
Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	1.73	1.88
Fourth through sixth	4.22	4.38
Seventh and eighth	4.85	5.28
Ninth through twelfth	7.33	7.26
Total Special Education, Nonpublic, Nonsectarian Schools	18.13	18.80
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	0.22	0.22
Fourth through sixth	0.53	0.53
Seventh and eighth	0.41	0.41
Ninth through twelfth	1.10	1.10
Total Extended Year Special Education, Nonpublic, Nonsectarian Schools	2.26	2.26
Total ADA	17,143.69	17,101.04

See accompanying note to supplementary information.

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2018

	1986-87	2017-18	Number of Days		
Grade Level	Minutes Requirement	Actual Minutes	Traditional Calendar	Multitrack Calendar	Status
Kindergarten	36,000	58,044	180	N/A	Complied
Grades 1 - 3	50,400				
Grade 1		54,444	180	N/A	Complied
Grade 2		54,444	180	N/A	Complied
Grade 3		54,444	180	N/A	Complied
Grades 4 - 6	54,000				
Grade 4		54,444	180	N/A	Complied
Grade 5		54,444	180	N/A	Complied
Grade 6		56,310	180	N/A	Complied
Grades 7 - 8	54,000				
Grade 7		56,310	180	N/A	Complied
Grade 8		56,310	180	N/A	Complied
Grades 9 - 12	64,800				
Grade 9		65,785	180	N/A	Complied
Grade 10		65,785	180	N/A	Complied
Grade 11		65,785	180	N/A	Complied
Grade 12		65,785	180	N/A	Complied

See accompanying note to supplementary information.

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Summarized below is the fund balance reconciliation between the Unaudited Actual Financial Report and the audited financial statements.

	Building Fund
FUND BALANCE	
Balance, June 30, 2018, Unaudited Actuals	$ 55,880,133
Decrease in:	
Accounts payable	253,168
Balance, June 30, 2018, Audited Financial Statement	$ 56,133,301

See accompanying note to supplementary information.

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018

	(Budget) 2019 [1]	2018	2017	2016
GENERAL FUND [3]				
Revenues	$ 227,861,187	$ 216,836,995	$ 214,842,217	$ 215,315,029
Other sources	866,138	836,530	805,493	830,156
Total Revenues and Other Sources	228,727,325	217,673,525	215,647,710	216,145,185
Expenditures	223,609,983	219,459,428	215,922,194	197,694,715
Other uses and transfers out	2,961,244	1,883,791	1,157,776	973,343
Total Expenditures and Other Uses	226,571,227	221,343,219	217,079,970	198,668,058
INCREASE (DECREASE) IN FUND BALANCE	$ 2,156,098	$ (3,669,694)	$ (1,432,260)	$ 17,477,127
ENDING FUND BALANCE	$ 39,159,871	$ 37,003,773	$ 40,673,467	$ 42,105,727
AVAILABLE RESERVES [2]	$ 37,515,946	$ 34,811,603	$ 36,005,301	$ 37,739,600
AVAILABLE RESERVES AS A PERCENTAGE OF TOTAL OUTGO	16.56%	15.73%	16.59%	19.00%
LONG-TERM OBLIGATIONS [4]	N/A	$315,517,935	$252,412,439	$ 260,517,181
K-12 AVERAGE DAILY ATTENDANCE AT P-2	16,843	17,144	17,591	17,827

The General Fund balance has decreased by $5,101,954 over the past two years; however, the fiscal year 2018-2019 budget projects an increase of $2,156,098 (5.8 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 deficits in two of the past three years, but anticipates incurring an operating surplus during the 2018-2019 fiscal year. Total long-term obligations have increased by $55,000,754 over the past two years.

Average daily attendance has decreased by 683 over the past two years. An additional decline of 301 ADA is anticipated during fiscal year 2018-2019.

[1] Budget 2019 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 and the Special Reserve Fund for Other Than Capital Outlay Projects.

[3] General Fund amounts do not include activity related to the consolidation of the Fund 20, Special Reserve Fund for Other Postemployment Benefits as required by GASB Statement No. 54.

[4] Long-term obligations have been restated as of June 30, 2017 due to the implementation of GASB Statement No. 75.

See accompanying note to supplementary information.

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET JUNE 30, 2018

	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund
ASSETS				
Deposits and investments	$ 2,250,298	$ 1,091	$ 4,260,158	$ 444,353
Receivables	202,870	1,610,136	2,122,963	-
Prepaid expenses	-	287	-	-
Stores inventories	-	-	169,285	-
Total Assets	$ 2,453,168	$ 1,611,514	$ 6,552,406	$ 444,353
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 127,511	$ 1,034,797	$ 325,525	$ -
Due to other funds	-	481,000	-	-
Unearned revenue	1,000	5,528	-	-
Total Liabilities	128,511	1,521,325	325,525	-
Fund Balances:				
Nonspendable	-	287	169,285	-
Restricted	2,324,657	89,902	6,057,596	-
Committed	-	-	-	444,353
Assigned	-	-	-	-
Total Fund Balances	2,324,657	90,189	6,226,881	444,353
Total Liabilities and Fund Balances	$ 2,453,168	$ 1,611,514	$ 6,552,406	$ 444,353

See accompanying note to supplementary information.

Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Total Non-Major Governmental Funds
$ 485,297	$ 11,082,898	$ 18,524,095
11,008	118,992	4,065,969
-	-	287
-	-	169,285
$ 496,305	$ 11,201,890	$ 22,759,636
$ 117,691	$ 272,644	$ 1,878,168
-	-	481,000
-	-	6,528
117,691	272,644	2,365,696
-	-	169,572
378,614	2,287,200	11,137,969
-	-	444,353
-	8,642,046	8,642,046
378,614	10,929,246	20,393,940
$ 496,305	$ 11,201,890	$ 22,759,636

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018

	Adult Education Fund	Child Development Fund	Cafeteria Fund
REVENUES			
Federal sources	$ 381,729	$ 10,711,024	$ 9,222,871
Other State sources	4,117,620	2,110,791	670,429
Other local sources	481,588	654,700	1,627,364
Total Revenues	4,980,937	13,476,515	11,520,664
EXPENDITURES			
Current			
Instruction	2,061,748	7,453,484	-
Instruction-related activities:			
Supervision of instruction	14,857	1,393,968	-
Instructional library, media, and technology	5,381	-	-
School site administration	1,664,805	1,596,294	-
Pupil services:			
Food services	-	-	11,288,545
All other pupil services	169,632	364,403	-
Administration:			
All other administration	-	114,188	549,691
Plant services	417,069	766,540	97,041
Enterprise services	-	423,918	-
Facility acquisition and construction	104,005	1,412,032	190,671
Debt service			
Principal	-	21,000	-
Total Expenditures	4,437,497	13,545,827	12,125,948
Excess (Deficiency) of Revenues Over Expenditures	543,440	(69,312)	(605,284)
Other Financing Sources			
Transfers in	-	-	-
NET CHANGE IN FUND BALANCES	543,440	(69,312)	(605,284)
Fund Balances - Beginning	1,781,217	159,501	6,832,165
Fund Balances - Ending	$ 2,324,657	$ 90,189	$ 6,226,881

See accompanying note to supplementary information.

Deferred Maintenance Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Total Non-Major Governmental Funds
$ -	$ -	$ -	$ 20,315,624
-	-	-	6,898,840
866	175,352	3,056,018	5,995,888
866	175,352	3,056,018	33,210,352
-	-	-	9,515,232
-	-	-	1,408,825
-	-	-	5,381
-	-	-	3,261,099
-	-	-	11,288,545
-	-	-	534,035
-	8,717	-	672,596
-	192,676	469,109	1,942,435
-	-	-	423,918
685,218	686,599	3,366,336	6,444,861
-	-	-	21,000
685,218	887,992	3,835,445	35,517,927
(684,352)	(712,640)	(779,427)	(2,307,575)
799,043	-	400,000	1,199,043
114,691	(712,640)	(379,427)	(1,108,532)
329,662	1,091,254	11,308,673	21,502,472
$ 444,353	$ 378,614	$ 10,929,246	$ 20,393,940

NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2018

NOTE 1 - PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. The District has not elected to use the ten percent de minimis cost rate as covered in Section 200.414 Indirect (F&A) costs of the Uniform Guidance.

The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts consist of State Personnel Development Grant funds that have been recorded in the current period as revenues that have not been expended as of June 30, 2018. These unspent balances are reported as legally restricted ending balances within the General Fund.

	CFDA Number	Amount
Total Federal Revenues from the Statement of Revenues, Expenditures, and Changes in Fund Balances:		$ 31,408,208
State Personnel Development Grant	84.323A	(10,711)
Total Schedule of Expenditures of Federal Awards		$ 31,397,497

Local Education Agency Organization Structure

This schedule provides information about the District's boundaries and schools operated members of the governing board, and members of the administration.

Schedule of Average Daily Attendance (ADA)

Average daily attendance (ADA) is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made to school districts. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. The District neither met nor exceeded its target funding. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of *Education Code* Sections 46200 through 46206.

Districts must maintain their instructional minutes at 1986-1987 requirements, as required by *Education Code* Section 46201.

NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2018

Reconciliation of Annual Financial and Budget Report With Audited Financial Statements

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

Schedule of Financial Trends and Analysis

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

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

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

INDEPENDENT AUDITOR'S REPORTS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Governing Board
Norwalk-La Mirada Unified School District
Norwalk, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Norwalk-La Mirada Unified School District (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Norwalk-La Mirada Unified School District 's basic financial statements, and have issued our report thereon dated December 17, 2018.

Emphasis of Matter - Change in Accounting Principles

As discussed in Note 1 and Note 16 to the financial statements, in 2018, the District adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Norwalk-La Mirada Unified School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Norwalk-La Mirada Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Norwalk-La Mirada Unified 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 District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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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 Norwalk-La Mirada Unified School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Norwalk-La Mirada Unified School District in a separate letter dated December 17, 2018.

Purpose of This Report

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

Vavrinek, Trine, Day & Co. LLP

Rancho Cucamonga, California
December 17, 2018

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Governing Board
Norwalk-La Mirada Unified School District
Norwalk, California

Report on Compliance for Each Major Federal Program

We have audited Norwalk-La Mirada Unified School District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Norwalk-La Mirada Unified School District's major Federal programs for the year ended June 30, 2018. Norwalk-La Mirada Unified 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 the Federal statutes, regulations, and the terms and conditions of its Federal awards applicable to its Federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Norwalk-La Mirada Unified 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 Norwalk-La Mirada Unified 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 Norwalk-La Mirada Unified School District's compliance.

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Opinion on Each Major Federal Program

In our opinion, Norwalk-La Mirada Unified School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of Norwalk-La Mirada Unified 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 Norwalk-La Mirada Unified 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 Norwalk-La Mirada Unified 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.

Vavrinek, Trine, Day + Co. LLP

Rancho Cucamonga, California
December 17, 2018

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Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Governing Board
Norwalk-La Mirada Unified School District
Norwalk, California

Report on State Compliance

We have audited Norwalk-La Mirada Unified School District's (the District) compliance with the types of compliance requirements as identified in the *2017-2018 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* that could have a direct and material effect on each of the Norwalk-La Mirada Unified School District's State government programs as noted below for the year ended June 30, 2018.

Management's Responsibility

Management is responsible for compliance with the requirements of State laws, regulations, and the terms and conditions of its State awards applicable to its State programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of the Norwalk-La Mirada Unified School District's State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2017-2018 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. These standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the applicable government programs noted below. An audit includes examining, on a test basis, evidence about Norwalk-La Mirada Unified 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 opinions. Our audit does not provide a legal determination of Norwalk-La Mirada Unified School District's compliance with those requirements.

Basis for Qualified Opinion on Unduplicated Local Control Funding Formula Pupil Counts

As described in the accompanying schedule of findings and questioned costs, Norwalk-La Mirada Unified School District did not comply with requirements regarding Unduplicated Local Control Funding Formula Pupil Counts; finding 2018-001. Compliance with such requirements is necessary, in our opinion, for Norwalk-La Mirada Unified School District to comply with the requirements applicable to that program.

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Qualified Opinion on Unduplicated Local Control Funding Formula Pupil Counts

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Norwalk-La Mirada Unified School District complied, in all material respects, with the types of compliance requirements referred to above for the year ended June 30, 2018.

Unmodified Opinion on Each of the Other Programs

In our opinion, Norwalk-La Mirada Unified School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the government programs noted below that were audited for the year ended June 30, 2018, except as described in the Schedule of State Awards Findings and Questioned Costs section of the accompanying Schedule of Findings and Questioned Costs.

In connection with the audit referred to above, we selected and tested transactions and records to determine the Norwalk-La Mirada Unified School District's compliance with the State laws and regulations applicable to the following items:

	Procedures Performed
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	No, see below
Continuation Education	Yes, see below
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No, see below
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	No, see below
Middle or Early College High Schools	No, see below
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	No, see below
SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS	
Educator Effectiveness	Yes
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program:	
General Requirements	Yes
After School	Yes
Before School	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control Accountability Plan	Yes
Independent Study - Course Based	No, see below

	Procedures Performed
CHARTER SCHOOLS	
Attendance	No, see below
Mode of Instruction	No, see below
Non Classroom-Based Instruction/Independent Study for Charter Schools	No, see below
Determination of Funding for Non Classroom-Based Instruction	No, see below
Annual Instruction Minutes Classroom-Based	No, see below
Charter School Facility Grant Program	No, see below

The District does offer an Independent Study Program; however, the ADA was below the materiality threshold as indicated in the *2017-2018 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*; therefore, we did not perform any procedures related to the Independent Study Program.

The District does not offer a Work Experience Program; therefore, we did not perform procedures related to the Work Experience Program within the Continuation Education Attendance Program.

The District did not offer an Early Retirement Incentive Program during the current year; therefore, we did not perform procedures related to the Early Retirement Incentive Program.

The District does not have any Juvenile Court Schools; therefore, we did not perform any procedures related to Juvenile Court Schools.

The District does not have a Middle or Early College High School; therefore, we did not perform any procedures related to the Middle or Early College High School Program.

The District does not offer an Apprenticeship Program; therefore, we did not perform any procedures for the Apprenticeship Program.

The District does not offer a Before School Education and Safety Program; therefore, we did not perform any procedures related to the Before School Education and Safety Program.

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

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

Vavrinek, Trine, Day + Co. LLP

Rancho Cucamonga, California
December 17, 2018

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

SUMMARY OF AUDITOR'S RESULTS
FOR THE YEAR ENDED JUNE 30, 2018

FINANCIAL STATEMENTS

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness identified?	No
Significant deficiency identified?	None reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major Federal programs:	
Material weakness identified?	No
Significant deficiency identified?	None reported
Type of auditor's report issued on compliance for major Federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 200.516(a) of the Uniform Guidance?	No

Identification of major Federal programs:

CFDA Numbers	Name of Federal Program or Cluster
10.553, 10.555, and 10.556	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	$ 941,925
Auditee qualified as low-risk auditee?	Yes

STATE AWARDS

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

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

Name of Program
Unduplicated Local Control Funding Formula Pupil Counts

FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018

None reported.

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

None reported.

STATE AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

The following finding represent instances of noncompliance and questioned cost relating to State program laws and regulations. The finding has been coded as follows:

Five Digit Code	AB 3627 Finding Type
40000	State Compliance

Unduplicated Local Control Funding Formula Pupil Counts

2018-001 40000

Criteria or Specific Requirements

California Education Code Section 42238.02(b)(4) states that the school districts should revise their submitted data on English learner, foster youth, and free or reduced-price meal eligible pupil counts to ensure the accuracy of data reflected in the California Longitudinal Pupil Achievement Data System (CALPADS).

Condition

The Unduplicated Local Control Funding Formula Pupil Counts submitted to the California Department of Education was inaccurate. It appears that the District inaccurately reported eligibility for a total of 41 students for Free or Reduced-Price Meals on CALPADS Form 1.18 - FRPM/English Learner/Foster Youth – Student List.

Questioned Costs

The District over claimed the total eligible pupils by 41, resulting in a decrease of approximately $34,068 in LCFF funding.

Context

The condition identified was determined through a selection of students from Form 1.18 based on the criteria as stated on the *2017-2018 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, Part W. Unduplicated Local Control Funding Formula Pupil Counts, 1.a: "Select a representative sample, to achieve a high level of assurance, from the students indicated as only free or reduced priced meal eligible (FRPM) identified under the "NSLP Program" column (which means students are indicated as a "No" under the "Direct Certification" column, a "No" under the "Homeless" column, blank under the "Migrant Ed Program" column, a "No" under "Foster" column, and "181-Free" or "182-Reduced" under the "NSLP Program" column) and verify there is a supporting documentation such as a Free and Reduced Price Meal (FRPM) eligibility application under a federal nutrition program, an alternative household income data collection form that indicates the student was eligible for the designation, or a direct certification list obtained from the county welfare department, or COE, that matches enrolled students against those children/households receiving CalFresh (or CALWORKs) benefits."

Context (Continued)

From the original sample of 40 FRPM students tested, two students were reported inaccurately. The auditor inquired further with the District and determined that the District did not make changes to students' eligibility for those students whose status should have been updated due to the National School Lunch Program's verification process. The District extracted the eligibility status for fiscal year 2017-2018 and compared it to the status report on CALPADS Form 1.18. The comparison resulted in a decrease of 41 eligible pupils. The auditor obtained a copy of this list and confirmed that the exceptions noted in our original testing were in fact noted on the list as having a change in status, yet the change was not made. This list noted a total of 41 students whose status should have been changed in CALPADS.

Effect

The District does not appear to be in compliance with Education Code Section 42238.02(b)(4). In addition, the District appears to be over claiming the total FRPM eligible pupil by 41 for a decrease in funding of approximately $34,068. The schedule below shows the District-wide exceptions:

	Enrollment Count	**Certified Total Unduplicated Count**	**Adjustment to Total Enrollment Count**	**Adjustment Based on Eligibility for FRPM**	**Adjusted Total Enrollment**	**Adjusted Total Unduplicated Pupil Count**
District-Wide	17,889	13,391	0	(41)	17,889	13,350

Cause

It appears that the condition identified has materialized as a result of the District not updating the status for students whose eligibility changed from the National School Lunch Program's verification process from free/reduced to paid or paid to free/reduced.

Recommendation

The District should emphasize the importance of completing the Form 1.18 accurately, which would include ensuring that all changes are accurately and timely updated based on new eligibility documentation received.

Corrective Action Plan

The District has taken corrective action and adjusted the unduplicated pupil count. New procedures have also been implemented to ensure income verification is completed and any changes are communicated to the CALPALDS reporting team.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2018

Except as specified in previous sections of this report, summarized below is the current status of all audit findings reported in the prior year's schedule of financial statement findings.

State Awards Findings

2017-001 40000

Criteria or Specific Requirements

California *Education Code* Section 8483(a)(1) states that every after school component of a program established pursuant to this article shall commence immediately upon the conclusion of the regular school day, and operate a minimum of 15 hours per week, and at least until 6 p.m. on every regular school day. Every after school component of the program shall establish a policy regarding reasonable early daily release of pupils from the program

Condition

The District has gathered monthly summaries of student attendance for submission to the State in order to meet the semi-annual reporting requirement. However, in reviewing Corvallis Middle School's monthly summary total for the month of November 2016 and in comparing the total to the site's attendance rosters, it was noted that the monthly summary totals differ significantly. Corvallis Middle School's attendance rosters had a total of 1,732 students served whereas the total of the monthly summary are 1,800 students served, resulting in 68 exceptions. Exceptions consisted of 68 students who were released before 6PM on a daily basis but had no early release form on file.

Questioned Costs

Under the provisions of the program, there are no questioned costs associated with this condition. However, there were 68 of 1,800 students served during the month of November 2016 for which the attendance rosters did not confirm to the District's early release policy.

Context

The condition identified resulted from our review of Corvallis Middle School's attendance records and monthly attendance summary totals for the month of November 2016. The auditor selected two of 15 schools for the first semi-annual reporting period dated July to December 2016. The auditor also noted that for the month of November 2016, Corvallis Middle School did not have early release forms for students that were being released before 6PM on a daily basis.

Effect

As a result of the conditions identified, the District was not compliant with *Education Code* Section 8483(a)(1) for the 2016-2017 fiscal year for Corvallis Middle School because the report submitted to the State reflects inaccurate attendance information.

Cause

It appears that the condition identified has materialized as a result of the site utilizing the number of students attended for a particular day rather than recounting the rosters to ensure the site deduct those students who are not in compliance with the established early release policy. The site did not have early release reason documented on the rosters for those students who were consistently released early from the ASES program.

Recommendation

The District should inform the site regarding their early release policy including the importance of having an early release reason documented on the rosters for students who are continually released early. Also prior to submission of attendance information to the State, the District should ensure the monthly summaries agree to the attendance summaries. An individual from the District should review and re-compute monthly attendance numbers per school site in order to verify that accurate information is being sent to the State for reporting.

Current Status

Implemented.

VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

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Governing Board
Norwalk-La Mirada Unified School District
Norwalk, California

In planning and performing our audit of the financial statements of Norwalk-La Mirada Unified School District (the District) for the year ended June 30, 2018, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we noted matters that are opportunities for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated December 17, 2018, on the government-wide financial statements of the District.

CAPITAL ASSETS ACCOUNTING

Observation

Annually, the District contracts with a service provider to assist in the preparation of the capital assets listing. The District must provide the detailed activity for the year to the service provider, who will then complete the capital assets listing, including depreciation, using the District provided information. The District then reviews the report to ensure its accuracy. However, because this process occurs subsequent to the fiscal year-end only, the capital assets recorded are not being updated in a timely manner. The capital assets for the current fiscal year were not available for audit until December 8, 2018.

Recommendation

To ensure the timely completion of the capital asset listing for audit purposes, the District should update the capital assets throughout the year, as opposed to completing them subsequent to year-end. Tracking the work in progress account as project costs are incurred will also assist in ensuring the timely completion of the capital assets listing.

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INTERNAL CONTROLS

Non-Payroll Disbursements

Observation

Three of 42 disbursements selected for testing were not approved prior to the transaction taking place. This would indicate that the items/services were purchased prior to receiving an approval.

Recommendation

All disbursements should be pre-approved prior to the transaction taking place. Disbursement procedures require multiple levels of approval depending on the nature of the disbursement. One of those approvals is by the business department. The business department is responsible for reviewing account coding and making sure that expenditures are limited by established budgets. The District should ensure that all disbursements follow established procedures to allow for proper vetting of the nature of the disbursement and availability of funds.

Observation

13 of 40 travel and conference disbursements were not preapproved. This could potentially lead to expenditures of questionable nature if disbursements are not pre-approved.

Recommendation

The District should take the necessary steps to ensure that all conference related expenditures are supported by an authorized conference request and reimbursement form that is pre-approved. This would allow the reviewing administrator to determine if the proposed conference related activities are appropriate for the funding source.

Payroll Disbursements

Observation

For 40 selected employees who had been paid for hourly units worked, two were paid at incorrect hourly rates due to clerical errors. The nature of these clerical errors involved the assigning of hourly units to incorrect pay line assignments in the QSS payroll module.

Recommendation

The District should strengthen internal control procedures to ensure that units of work are assigned to the correct pay lines in the QSS payroll module.

ASSOCIATED STUDENT BODY (ASB)

Los Alisos Middle School

Observations

During our review of the associated study body procedures, the following issues were noted:

1. All four disbursements tested were not approved prior to transactions taking place. This could potentially lead to spending in excess of available funds. Additionally, expenditures of a questionable nature could arise if disbursements are not pre-approved.
2. Open purchase orders are being liberally used for ASB disbursements. All four transactions tested had purchase orders that were approved without a specific dollar amount. The amount is filled in once the invoice is received. The use of such purchase requests prevents the ASB from identifying deficit spending and prevents the ASB from engaging in the proper pre-approval of transactions.

Recommendations

1. In order to ensure proper internal controls over the ASB disbursements, the site should ensure that all disbursement transactions are pre-approved by authorized administrative personnel and the student council. This would allow the reviewing administrator and/or the student council to determine if the proposed activities are appropriate and to determine if sufficient funding is available to finance the activities or the purchases.
2. The ASB should minimize the use of open purchase orders. The ASB should also be cognizant of its operating budget when creating these open purchase orders in order to prevent any instances of deficit spending. Furthermore, all purchase orders created and approved by the ASB should identify specific vendors that the ASB would engage in business transactions with and an estimated dollar amount. This would allow the ASB to facilitate the pre-approval of disbursement transactions.

Nettie L. Waite Middle School

Observation

Based on the review of the cash receipting procedures, it was noted that ten of 14 receipts tested were not deposited in a timely manner. The delay in deposit ranged from approximately 12 to 40 days from the date of receipt. This could result in large cash balances being maintained at the sites which can hinder the safeguarding of ASB assets.

Recommendation

The ASB should, at a minimum, make their deposits once a week to minimize the amount of cash held at the sites. During weeks of high cash activity, there may be a need to make more than one deposit. The District should communicate specific guidelines for this procedure including the maximum cash on hand that should be maintained at the site.

John H. Glenn High School

Observations

During our review of the associated study body procedures, the following issues were noted:

1. Three of 69 deposits tested were not deposited in a timely manner. The delay in deposit ranged from approximately 11 to 15 days from the date of receipt. This could result in large cash balances being maintained at the sites which can hinder the safeguarding of ASB assets.
2. Cash collections are not always supported by sub-receipts or logs consistently. The auditor was unable to verify the accuracy and timeliness of the deposits.
3. Based on the review of cash receipting procedures, it was noted that a deposit was not made intact. Per the supporting log documentation, the deposit should have been in the amount of $219; however the amount deposited was $189. The ASB was unable provide an explanation for the variance of $30.
4. Two of 25 disbursements tested were not approved prior to transactions taking place. This could potentially lead to spending in excess of available funds. Additionally, expenditures of a questionable nature could arise if disbursements are not pre-approved.
5. Two of 25 transactions reviewed did not have receiving documentation or acknowledgement. As a result, vendor invoices were paid without the direct knowledge of whether or not the goods being ordered have been received by the ASB.
6. One of two revenue potential forms tested was incomplete; the expected revenues were not documented on the revenue potential form and an explanation for the differences between the estimated and the actual profit was not indicated.

Recommendations

1. The ASB should, at a minimum, make their deposits once a week to minimize the amount of cash held at the sites. During weeks of high cash activity, there may be a need to make more than one deposit. The District should communicate specific guidelines for this procedure including the maximum cash on hand that should be maintained at the site.
2. Pre-numbered triplicate receipts or logs should be utilized when collecting money for all ASB events and transactions. If utilizing a log, the students name and amount being turned in should be documented. If using a receipt book, the receipts should be issued in sequential order to all individuals turning in monies. Teachers and administrators who collect monies should be equipped with a triplicate receipts book or log sheet. The white copy of the receipt should be issued to the person turning in the monies, the yellow receipt or log sheet should be utilized for deposit back-up, and the pink copy should be retained in the receipt book for audit purposes. When teachers are turning in monies for deposit, a Request for Deposit should be turned in with the yellow copy of the receipts and monies to clearly identify the total amount being turned in.
3. In order to ensure that deposits are made intact, the ASB should recount the cash and agree it to the supporting documents. The supporting documents, triplicate receipts or tally sheets, should agree to the funds being deposited and variances between the two should be explained.

4. In order to ensure proper internal controls over the ASB disbursements, the site should ensure that all disbursement transactions are pre-approved by authorized administrative personnel and the student council. This would allow the reviewing administrator and/or the student council to determine if the proposed activities are appropriate and to determine if sufficient funding is available to finance the activities or the purchases.

5. All goods being ordered should be documented with explicit receiving documentation. Documentation should indicate the date that the goods have been received and documentation regarding whether or not the goods have been received intact, undamaged, and in the correct quantities. Payments for vendor invoices should only be made once the receiving documentation is available.

6. Revenue potentials should be prepared to assist the ASB in identifying whether or not a fundraiser will be successful. By completing the expected results section of the revenue potential, the ASB will know how much profit should be made from the fundraiser. Once the fundraiser is complete, the actual results should be summarized and compared to the expected results to determine if the fundraiser generated the profit expected. Discrepancies should be investigated and explained and a determination should be made as to whether or not it is beneficial to conduct the fundraiser in the future.

We will review the status of the current year comments during our next audit engagement.

Vavrinek, Trine, Day + Co. LLP

Rancho Cucamonga, California
December 17, 2018

APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR THE BONDS

The Norwalk-La Mirada Unified School District will execute a Continuing Disclosure Certificate in substantially the following form in connection with the issuance of $________ Norwalk-La Mirada Unified School District (Los Angeles County, California) Election of 2014 General Obligation Bonds, Series D.

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Norwalk-La Mirada Unified School District (the "District") in connection with the issuance of $_____________ of the District's Election of 2014 General Obligation Bonds, Series D (the "Bonds"). The Bonds are being issued pursuant to resolution adopted by the District on April ______, 2019 (the "Resolution"). The District covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

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

"Annual Report" shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Dissemination Agent" shall mean initially the District, or any successor Dissemination Agent designated in writing by the District (which may be the District) and which has filed with the District a written acceptance of such designation.

"Financial Obligation" means: (a) a debt obligation; (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b). The term "Financial Obligation" does not include municipal securities as to which a final official statement has been provided to the Repository consistent with the Rule.

"Holder" shall mean the registered owner of the Bonds.

"Listed Events" shall mean any of the events listed in Section 5(a) or Section 5(b) of this Disclosure Certificate.

"Official Statement" shall mean the Official Statement, dated as of ________ ___, 2019, relating to the offer and sale of the Bonds.

“Participating Underwriter” shall mean Wells Fargo Bank, National Association, or any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Repository” shall mean, the Municipal Securities Rulemaking Board, which can be found at http://emma.msrb.org/, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State” shall mean the State of California.

SECTION 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the District’s fiscal year (presently ending June 30), commencing with the report for the 2018-19 Fiscal Year, provide to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; *provided* that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the District’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(b).

(b) Not later than thirty (30) days (nor more than sixty (60) days) prior to said date the Dissemination Agent shall give notice to the District that the Annual Report shall be required to be filed in accordance with the terms of this Disclosure Certificate. Not later than fifteen (15) Business Days prior to said date, the District shall provide the Annual Report in a format suitable for reporting to the Repository to the Dissemination Agent (if other than the District). If the District is unable to provide to the Repository an Annual Report by the date required in subsection (a), the District shall send a notice in a timely manner to the Repository in substantially the form attached as Exhibit A with a copy to the Dissemination Agent. The Dissemination Agent shall not be required to file a Notice to Repository of Failure to File an Annual Report.

(c) The Dissemination Agent shall file a report with the District stating it has filed the Annual Report in accordance with its obligations hereunder, stating the date it was provided to the Repository.

SECTION 4. Content and Form of Annual Reports. (a) The District’s Annual Report shall contain or include by reference the following:

1. The audited financial statements of the District for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District’s audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

2. Material financial information and operating data with respect to the District of the type included in the Official Statement in the following categories (to the extent not included in the District's audited financial statements):

(a) state funding received by the District for the last completed fiscal year;

(b) average daily attendance of the District for the last completed fiscal year;

(c) outstanding District indebtedness;

(d) summary financial information on revenues, expenditures and fund balances for the District's general fund reflecting adopted budget for the current fiscal year;

(e) assessed valuation of taxable property within the District for the current fiscal year;

(f) secured *ad valorem* tax charges and delinquencies for the last completed fiscal year, except to the extent the Teeter Plan, if adopted by Los Angeles County, applies to both the 1% general purpose *ad valorem* property tax levy and to the tax levy for general obligation bonds of the District; and

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which have been submitted to the Repository or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The District shall clearly identify each such other document so included by reference.

(b) The Annual Report shall be filed in an electronic format, and accompanied by identifying information, prescribed by the Municipal Securities Rulemaking Board.

SECTION 5. <u>Reporting of Significant Events</u>.

(a) Pursuant to the provisions of this Section 5(a), the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not in excess of 10 business days after the occurrence of the event:

1. principal and interest payment delinquencies.

2. tender offers.

3. optional, contingent or unscheduled Bond calls.

4. defeasances.

5. rating changes.

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

7. unscheduled draws on the debt service reserves reflecting financial difficulties.

8. unscheduled draws on credit enhancement reflecting financial difficulties.

9. substitution of the credit or liquidity providers or their failure to perform.

10. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation, any of which reflect financial difficulties.

11. bankruptcy, insolvency, receivership or similar event of the District. For the purposes of the event identified in this Section 5(a)(9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

(b) Pursuant to the provisions of this Section 5(b), the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

1. non-payment related defaults.

2. modifications to rights of Bondholders.

3. unless described under Section 5(a)(5) above, material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.

4. release, substitution or sale of property securing repayment of the Bonds.

5. the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms.

6. appointment of a successor or additional trustee or paying agent with respect to the Bonds or the change of name of such a trustee or paying agent.

7. Incurrence of a Financial Obligation, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation, any of which affect Bondowners.

(c) Whenever the District obtains knowledge of the occurrence of a Listed Event under Section 5(b) hereof, the District shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the District determines that knowledge of the occurrence of a Listed Event under Section 5(b) hereof would be material under applicable federal securities laws, the District shall (i) file a notice of such occurrence with the Repository in a timely manner not in excess of 10 business days after the occurrence of the event or (ii) provide notice of such reportable event to the Dissemination Agent in format suitable for filing with the Repository in a timely manner not in excess of 10 business days after the occurrence of the event. The Dissemination Agent shall have no duty to independently prepare or file any report of Listed Events. The Dissemination Agent may conclusively rely on the District's determination of materiality pursuant to Section 5(c).

SECTION 6. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(a) or Section 5(b), as applicable.

SECTION 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent (or substitute Dissemination Agent) to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign upon fifteen (15) days written notice to the District. Upon such resignation, the District shall act as its own Dissemination Agent until it appoints a successor. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate and shall not be responsible to verify the accuracy, completeness or materiality of any continuing disclosure information provided by the District. The District shall compensate the Dissemination Agent for its fees and expenses hereunder as agreed by the parties. Any entity succeeding to all or substantially all of the Dissemination Agent's corporate trust business shall be the successor Dissemination Agent without the execution or filing of any paper or further act.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, 5(a) or 5(b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances;

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds; and

(d) No duties of the Dissemination Agent hereunder shall be amended without its written consent thereto.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(b), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate. The Dissemination Agent acts hereunder solely for the benefit of the District; this Disclosure Certificate shall confer no duties on the Dissemination Agent to the Participating Underwriter, the Holders and the Beneficial Owners. The District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. The Dissemination Agent shall have no liability for the failure to report any event or any financial information as to which the District has not provided an information report in format suitable for filing with the Repository. The Dissemination Agent shall not be required to monitor or enforce the District's duty to comply with its continuing disclosure requirements hereunder.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated: _______, 2019

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

By: ____

Superintendent

EXHIBIT A

NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT

Name of District: NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

Name of Bond Issue: Election of 2014 General Obligation Bonds, Series D

Date of Issuance: _______, 2019

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate relating to the Bonds. The District anticipates that the Annual Report will be filed by _____________.

Dated:_______________________

NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT

By ____[form only; no signature required]_____

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APPENDIX D

ECONOMIC AND DEMOGRAPHIC INFORMATION FOR THE CITY OF NORWALK, CITY OF LA MIRADA AND LOS ANGELES COUNTY

The following information regarding economic activity within Los Angeles County (the "County") and City of Norwalk ("Norwalk"), the City of La Mirada ("La Mirada" and together with Norwalk, the "Cities") in which the District is located is provided as background information only, to describe the general economic health of the region. However, the District encompasses only a portion of the area within the County and the property tax required to be levied by the County to repay the Bonds will be levied only on property located in the District.

Los Angeles County. The County was incorporated on February 18, 1850 and is one of the original counties of California. With 4,061 square miles, Los Angeles County borders 70 miles of coast on the Pacific Ocean. The County is home to 88 incorporated cities and many unincorporated areas. In between the large desert portions of the county — which make up around 40 percent of its land area — and the heavily urbanized central and southern portions sits the San Gabriel Mountains containing Angeles National Forest. All of southern Los Angeles County, north to about the center of the county, is heavily urbanized.

City of Norwalk. Norwalk is located 17 miles southeast of downtown Los Angeles, and has a total area of approximately nine square miles. Incorporated in 1957, Norwalk operates under a Council/Manager form of government. The five City Council members are elected to four-year terms, act as the city's chief policy-making body and appoint the Mayor.

City of La Mirada. La Mirada is in Los Angeles County, to the immediate east of Norwalk and encompasses approximately eight square miles. The city is the location of Biola University, and is also well-known for theatrical arts. The city is governed by a five-member council-manager government, which each year the five members elect the Mayor and Mayor Pro Tem.

Population

The following table shows historical population figures for the Cities, the County and the State from 2010 through 2019.

POPULATION ESTIMATES
2010 through 2019
Cities of Norwalk and La Mirada,
Los Angeles County and State of California

Year[1]	City of Norwalk	City of La Mirada	County of Los Angeles	State of California
2010[2]	105,549	48,527	9,818,605	37,253,956
2011	106,017	48,795	9,885,948	37,594,781
2012	106,413	49,131	9,972,649	37,971,427
2013	106,378	49,420	10,040,960	38,321,459
2014	106,692	49,501	10,098,952	38,622,301
2015	107,092	49,705	10,155,753	38,952,462
2016	106,917	49,714	10,185,851	39,214,803
2017	106,834	49,663	10,226,920	39,504,609
2018	106,888	49,585	10,254,658	39,740,508
2019	106,744	49,558	10,253,716	39,927,315

(1) As of January 1.
(2) As of April 1.
Source: 2010: U.S. Department of Commerce, Bureau of the Census, for April 1.
2011-19 (2010 Census Benchmark): California Department of Finance for January 1.

Personal Income

The following table shows per capita personal income for the County, the State and the United States from 2008 through 2017.

PER CAPITA PERSONAL INCOME[1]
2008 through 2017
Los Angeles County, State of California, and United States

Year	Los Angeles County	California	United States
2008	$43,431	$43,895	$40,904
2009	41,869	42,050	39,284
2010	43,569	43,609	40,545
2011	46,439	46,145	42,727
2012	49,459	48,751	44,582
2013	49,010	49,173	44,826
2014	52,130	52,237	47,025
2015	55,366	55,679	48,940
2016	56,851	57,497	49,831
2017	58,419	59,796	51,640

Note: Per capital personal income is the total personal income divided by the total mid-year population estimates of the U.S. Bureau of the Census. All dollar estimates are in thousands of current dollars (not adjusted for inflation). Estimates for 2010-2017 reflect county population estimates available as of March 2018. Last updated: March 6, 2019.
Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Largest Employers

The following table ranks major employers in the County by number of employees.

LARGEST EMPLOYERS
2017
County of Los Angeles

Employer	Industry	Employees
Los Angeles County	Government	108,995
Los Angeles Unified School District	Education	60,015
University of California, Los Angeles	Education	47,596
U.S. Government- Federal Executive Board	Government	47,000
Kaiser Permanente	Non-profit health plan	36,468
City of Los Angeles	Government	32,987
State of California	Government	28,700
University of Southern California	Private university	20,163
Northrop Grumman Corp.	Defense contractor	16,600
Providence Health & Services So. California	Health care	15,255
Target Corp.	Retailer	15,000
Ralphs/Food 4 Less (Kroger Co. division)	Retail grocer	14,970
Walt Disney Co.	Entertainment	13,000
Albertsons/Vons/Pavilions	Retail grocer	13,000
Bank of America Corp.	Banking and financial services	12,500
Cedars-Sinai Medical Center	Medical center	12,242
NBC Universal	Entertainment	12,000
AT&T Inc.	Telecommunications	11,500
Home Depot	Home improvement specialty retailer	11,200
Los Angeles County MTA	Transportation	10,433
UPS	Transportation and freight	10,131
Los Angeles Department of Water & Power	Energy	9,438
Wells Fargo	Diversified financial services	9,001
Boeing Co.	Aerospace and defense systems	9,000
California Institute of Technology	Private university	8,702
Allied Universal	Electronic security systems	8,384
ABM Industries Inc.	Facility services, commercial cleaning	8,000
Los Angeles Community College District	Education	7,084
FedEx Corp.	Shipping and logistics	7,000
Long Beach Unified School District	Education	6,607
California State University, Northridge	Education	6,540
Dignity Health	Health care	6,274
Costco	Retailer	6,000
Amgen Inc.	Biotechnology	5,616
SoCal Gas	Natural Gas Utility	5,600
Raytheon	Aerospace and defense	5,500

Note: The information on this list was provided by representatives of the employers themselves. Companies are ranked by the current number of full-time employees in Los Angeles County. Several additional companies may have qualified for this list, but failed to submit information or do not break out local employment data.
Source: "2018 Book of Lists," Los Angeles Business Journal, August 28, 2017.

The following tables list the top ten largest employers in the Cities.

LARGEST EMPLOYERS
2018
City of Norwalk

	Employer	Employees
1.	Cerritos College	2,095
2.	Los Angeles County	2,090
3.	Metropolitan State Hospital	1,482
4.	Norwalk-La Mirada Unified School District	1,474
5.	Target	602
6.	City of Norwalk	426
7.	Costco Wholesale	318
8.	LA County Sheriff's Department	310
9.	Doty Brothers Construction	300
10.	Little Lake School District	296

Source: City of Norwalk 'Comprehensive Annual Financial Report' for Fiscal Year Ended June 30, 2018.

LARGEST EMPLOYERS
2018
City of La Mirada

	Employer	Employees
1.	Norwalk-La Mirada Unified School District	3,457
2.	Biola University	1,383
3.	US Foodservice	650
4.	City of La Mirada(1)	382
5.	Kindred Hospital	216
6.	Home Depot	180
7.	Makita USA Inc.	169
8.	Bellwood Laundry Linen	167
9.	Mirada Hills Rehabilitation	151
10.	Imperial Convalescent Hospital	123

(1) Includes and full and part-time workers.
Source: City of La Mirada 'Comprehensive Annual Financial Report' for Fiscal Year Ended June 30, 2018.

Employment

The following table summarizes the labor force, employment and unemployment figures for the Cities, the County, the State and the United States from 2014 through 2018.

LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
2014 through 2018(1)
Cities of Norwalk and La Mirada, Los Angeles County
State of California and the United States

Year and Area	Labor Force	Employment(2)	Unemployment(3)	Unemployment Rate (%)
2014				
City of Norwalk	50,300	46,000	4,200	8.4
City of La Mirada	23,500	22,200	1,400	5.8
Los Angeles County	4,992,600	4,580,300	412,300	8.3
State of California	18,714,700	17,310,900	1,403,800	7.5
United States	155,922,000	146,305,000	9,617,000	6.2
2015				
City of Norwalk	50,000	46,600	3,400	6.8
City of La Mirada	23,600	22,500	1,100	4.6
Los Angeles County	4,989,800	4,659,700	330,100	6.6
State of California	18,851,100	17,681,800	1,169,200	6.2
United States	157,130,000	148,834,000	8,296,000	5.3
2016				
City of Norwalk	50,200	47,500	2,700	5.4
City of La Mirada	24,100	23,000	1,200	4.9
Los Angeles County	5,041,400	4,776,700	264,800	5.3
State of California	19,044,500	18,002,800	1,041,700	5.5
United States	159,187,000	151,436,000	7,751,000	4.9
2017				
City of Norwalk	50,600	48,100	2,500	4.9
City of La Mirada	24,300	23,200	1,100	4.4
Los Angeles County	5,096,500	4,853,800	242,700	4.8
State of California	19,205,300	18,285,500	919,800	4.8
United States	160,320,000	153,337,000	6,982,000	4.4
2018				
City of Norwalk	50,900	48,500	2,300	4.6
City of La Mirada	24,500	23,400	1,100	4.4
Los Angeles County	5,136,300	4,896,500	239,800	4.7
State of California	19,398,200	18,582,800	815,4000	4.2
United States	162,075,000	155,761,000	6,314,000	3.9

Note: Data is not seasonally adjusted.
(1) Annual averages, unless otherwise specified.
(2) Includes persons involved in labor-management trade disputes.
(3) The unemployment rate is computed from unrounded data; therefore, it may differ from rates computed from rounded figures in this table.

Source: U.S. Department of Labor – Bureau of Labor Statistics, California Employment Development Department. March 2018 Benchmark.

Industry

The Cities are included in the Los Angeles-Long Beach-Glendale Metropolitan Statistical Area. The distribution of employment in the Los Angeles/Long Beach/Glendale area is presented in the following table for the calendar years 2014 through 2018. These figures are countywide statistics and may not necessarily accurately reflect employment trends in the Cities.

INDUSTRY EMPLOYMENT & LABOR FORCE ANNUAL AVERAGES
2014 through 2018
Los Angeles County (Los Angeles-Long Beach-Glendale Metropolitan Division)

Category	2014	2015	2016	2017	2018
Total Farm	5,200	5,000	5,300	5,700	4,800
Total Nonfarm	4,192,600	4,285,800	4,394,600	4,448,300	4,510,100
Total Private	3,636,500	3,717,300	3,817,900	3,862,200	3,920,500
Goods Producing	493,100	497,300	497,100	490,300	491,600
Mining and Logging	3,100	2,900	2,400	2,000	1,900
Construction	118,500	126,100	133,900	138,400	146,000
Manufacturing	371,500	368,200	360,800	349,900	343,700
Durable Goods	208,800	208,200	203,400	202,100	202,900
Nondurable Goods	162,700	160,000	157,400	147,700	140,800
Service Providing	3,699,500	3,788,500	3,897,400	3,958,000	4,018,500
Private Service Providing	3,143,300	3,220,000	3,320,800	3,371,900	3,428,900
Trade, Transportation and Utilities	804,500	822,200	835,600	845,700	850,900
Wholesale Trade	219,600	222,400	222,100	221,500	222,800
Retail Trade	415,700	422,200	424,600	426,100	425,300
Transportation, Warehousing and Utilities	169,300	177,600	188,900	198,200	202,800
Information	198,900	207,600	229,400	214,900	217,400
Financial Activities	211,200	215,600	219,800	221,600	223,000
Professional and Business Services	589,100	591,000	600,100	608,800	620,000
Educational and Health Services	725,000	745,900	772,700	800,600	823,600
Leisure and Hospitality	464,100	486,600	510,000	524,600	534,300
Other Services	150,500	151,000	153,300	155,700	159,700
Government	556,200	568,500	576,700	586,100	589,600
Total, All Industries	4,197,800	4,290,700	4,399,900	4,454,000	4,514,900

Note: The "Total, All Industries" data is not directly comparable to the employment data found herein.
Source: State of California, Employment Development Department, Labor Market Information Division, Annual Average Labor Force and Industry Employment. March 2018 Benchmark.

Commercial Activity

The following tables show summaries of annual taxable sales for the County and Cities from 2013 through 2017.

TAXABLE SALES
2013 through 2017
Los Angeles County
(Dollars in Thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Outlets Taxable Transactions
2013	179,370	$99,641,174	263,792	$140,079,708
2014	187,408	104,189,819	272,733	147,446,927
2015	--	108,147,021	--	151,033,781
2016	--	109,997,043	--	154,208,333
2017	--	113,280,347	--	159,259,356

Note: Beginning in 2015, the outlet counts in these reports show the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers. Industry-level data for 2015 are not comparable to that of prior years.
Source: "Taxable Sales in California (Sales & Use Tax)," California State Board of Equalization.

TAXABLE SALES
2013 through 2017
City of Norwalk
(Dollars in Thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Outlets Taxable Transactions
2013	934	$726,517	1,346	$820,931
2014	980	741,307	1,388	850,151
2015	--	709,413	--	836,616
2016	--	718,153	--	854,313
2017	--	754,660	--	905,318

Note: Beginning in 2015, the outlet counts in these reports show the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers. Industry-level data for 2015 are not comparable to that of prior years.
Source: "Taxable Sales in California (Sales & Use Tax)," California State Board of Equalization.

TAXABLE SALES
2013 through 2017
City of La Mirada
(Dollars in Thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Outlets Taxable Transactions
2013	537	$556,392	883	$850,325
2014	522	552,371	847	820,396
2015	--	589,100	--	856,167
2016	--	611,654	--	912,523
2017	--	654,088	--	909,662

Note: Beginning in 2015, the outlet counts in these reports show the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers. Industry-level data for 2015 are not comparable to that of prior years.
Source: "Taxable Sales in California (Sales & Use Tax)," California State Board of Equalization.

Building Activity

The annual building permit valuations and number of permits for new dwelling units issued from 2013 through 2017 for the Cities and County are shown in the following tables.

BUILDING PERMITS AND VALUATIONS
2013 through 2017
Los Angeles County
(Dollars in Thousands)

	2013	2014	2015	2016	2017
Valuation					
Residential	$4,743,955	$5,509,418	$6,383,036	$6,575,607	$7,368,352
Non-Residential	4,326,366	6,657,571	5,645,372	5,287,623	6,037,503
Total	$9,070,321	$12,166,989	$12,028,408	$11,863,230	$13,405,855
Units					
Single Family	3,607	4,358	4,487	4,780	5,456
Multiple Family	13,243	14,349	18,405	15,589	17,023
Total	16,850	18,707	22,892	20,369	22,479

Note: Totals may not add to sum because of rounding.
Source: Construction Industry Research Board.

BUILDING PERMITS AND VALUATIONS
2013 through 2017
City of Norwalk

	2013	2014	2015	2016	2017
Valuation ($000's)					
Residential	$13,322	$10,715	$18,892	$25,609	$18,042
Non-Residential	14,377	6,282	13,112	15,325	5,110
Total	$27,699	$16,997	$32,004	$40,934	$23,152
Units					
Single Family	9	1	2	16	9
Multiple Family	0	0	4	27	35
Total	9	1	6	43	44

Note: Totals may not add to sum because of rounding.
Source: Construction Industry Research Board.

BUILDING PERMITS AND VALUATIONS
2013 through 2017
City of La Mirada

	2013	2014	2015	2016	2017
Valuation ($000's)					
Residential	$7,609	$30,213	$5,156	$6,241	$34,749
Non-Residential	22,562	6,472	16,345	55,943	7,828
Total	$30,171	$36,685	$21,501	$62,184	$42,577
Units					
Single Family	13	30	1	1	32
Multiple Family	0	0	0	0	0
Total	13	30	1	1	32

Note: Totals may not add to sum because of rounding.
Source: Construction Industry Research Board.

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APPENDIX E

LOS ANGELES COUNTY TREASURY POOL

The following information concerning the Los Angeles County Treasury Pool (the "Treasury Pool") has been provided by the Treasurer and Tax Collector (the "Treasurer") of Los Angeles County (the "County"), and has not been confirmed or verified by the District, the Municipal Advisor or the Underwriter. The District, the Municipal Advisor and the Underwriter have not made an independent investigation of the investments in the Treasury Pool and have made no assessment of the current County investment policy. The value of the various investments in the Treasury Pool will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Additionally, the Treasurer, with the consent of the County Board of Supervisors may change the County investment policy at any time. Therefore, there can be no assurance that the values of the various investments in the Treasury Pool will not vary significantly from the values described herein. Finally, none of the District, the Municipal Advisor or the Underwriter make any representation as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof, or that the information contained or incorporated hereby by reference is correct as of any time subsequent to its date. Additional information regarding the Treasury Pool may be obtained from the Treasurer at www.ttc.lacounty.gov; however, the information presented on such website is not incorporated herein by any reference.

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THE LOS ANGELES COUNTY POOLED SURPLUS INVESTMENTS

The Treasurer and Tax Collector (the Treasurer) of Los Angeles County has the delegated authority to invest funds on deposit in the County Treasury (the Treasury Pool). As of March 31, 2019, investments in the Treasury Pool were held for local agencies including school districts, community college districts, special districts and discretionary depositors such as cities and independent districts in the following amounts:

Local Agency	Invested Funds (in billions)
County of Los Angeles and Special Districts	$13.052
Schools and Community Colleges	15.606
Discretionary Participants	2.690
Total	$31.348

The Treasury Pool participation composition is as follows:

Non-discretionary Participants	91.43%
Discretionary Participants:	
Independent Public Agencies	8.13%
County Bond Proceeds and Repayment Funds	0.44%
Total	100.00%

Decisions on the investment of funds in the Treasury Pool are made by the County Investment Officer in accordance with established policy, with certain transactions requiring the Treasurer's prior approval. In Los Angeles County, investment decisions are governed by Chapter 4 (commencing with Section 53600) of Part 1 of Division 2 of Title 5 of the California Government Code, which governs legal investments by local agencies in the State of California, and by a more restrictive Investment Policy developed by the Treasurer and adopted by the Los Angeles County Board of Supervisors on an annual basis. The Investment Policy adopted on March 19, 2019, reaffirmed the following criteria and order of priority for selecting investments:

1. Safety of Principal
2. Liquidity
3. Return on Investment

The Treasurer prepares a monthly Report of Investments (the Investment Report) summarizing the status of the Treasury Pool, including the current market value of all investments. This report is submitted monthly to the Board of Supervisors. According to the Investment Report dated April 30, 2019, the March 31, 2019 book value of the Treasury Pool was approximately $31.348 billion and the corresponding market value was approximately $31.189 billion.

An internal controls system for monitoring cash accounting and investment practices is in place. The Treasurer's Compliance Auditor, who operates independently from the Investment Officer, reconciles cash and investments to fund balances daily. The Compliance Auditor’s staff also reviews each investment trade for accuracy and compliance with the Board adopted Investment Policy. On a quarterly basis, the County’s outside independent auditor (External Auditor) reviews the cash and investment reconciliations for completeness and accuracy. Additionally, the External Auditor reviews investment transactions on a quarterly basis for conformance with the approved Investment Policy and annually accounts for all investments.

The following table identifies the types of securities held by the Treasury Pool as of March 31, 2019:

Type of Investment	**% of Pool**
Certificates of Deposit	6.54
U.S. Government and Agency Obligations	64.84
Bankers Acceptances	0.00
Commercial Paper	28.06
Municipal Obligations	0.11
Corporate Notes & Deposit Notes	0.45
Repurchase Agreements	0.00
Asset Backed Instruments	0.00
Other	0.00
	100.00

The Treasury Pool is highly liquid. As of March 31, 2019, approximately 39.68% of the investments mature within 60 days, with an average of 526 days to maturity for the entire portfolio.