



Financial Statements  
June 30, 2021

# Los Alamitos Unified School District

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## Independent Auditor's Report

To the Governing Board  
Los Alamitos Unified School District  
Los Alamitos, California

### Report on the Financial Statements

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

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

## **Opinions**

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

As discussed in Notes 1 and 15 to the financial statements, the District has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, which has resulted in a restatement of the net position and fund balance as of July 1, 2020. Our opinions are not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 12, budgetary comparison information on page 63, schedule of changes in the District's total OPEB liability and related ratios on page 64, schedule of the District's proportionate share of the net OPEB liability – MPP program on page 65, schedule of the District's proportionate share of the net pension liability on page 66, and the schedule of District contributions on page 67, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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

The combining non-major governmental fund financial statements, the schedule of expenditures of federal awards, and the other supplementary information listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining non-major governmental fund financial statements, the schedule of expenditures of federal awards, and the other supplementary information listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated, January 7, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Eide Sully LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California  
January 7, 2022

This section of Los Alamitos 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, 2021, with comparative information for the year ended June 30, 2020. Please read it in conjunction with the District's financial statements, which immediately follow this section.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

### **The Financial Statements**

The financial statements presented herein include all of the activities of the District and its component units using the integrated approach as prescribed by Government 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. These statements include all assets of the District (including capital assets), deferred outflows, as well as all liabilities (including long-term liabilities) and deferred inflows. 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 and proprietary.

- 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.

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

The Primary unit of the government is Los Alamitos 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, deferred outflows, liabilities, and deferred inflows 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 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 report 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, and the on-going effort to improve and maintain buildings and sites. Property taxes, State income taxes, user fees, interest income, Federal, State and local grants, as well as general obligation bonds, finance these activities.

## REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

### Fund Financial Statements

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

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



**Proprietary Funds** - When the District charges users for the services it provides, whether to outside customers or to other departments within the District, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Fund Net Position. We use internal service funds (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.

## **FINANCIAL HIGHLIGHTS**

The District's financial status has remained positive.

- Total net position (deficit) in governmental activities were recorded at \$(67,408,206).
- Overall revenues in governmental activities were \$144,823,806.
- Total capital assets increased by approximately \$13,440,652.
- Ongoing technology and deferred maintenance in the amount of \$2 million were expended.
- LCFF funding decreased by approximately \$270,794 for 2020-2021.

## **THE DISTRICT AS A WHOLE**

### **Net Position**

The District's net position (deficit) was \$(67,408,206) for the fiscal year ended June 30, 2021. Of this amount, \$(114,696,857) was unrestricted (deficit). Restricted net position is reported separately to show legal constraints from debt covenants grantors, constitutional provisions and enabling legislation that limit the governing board's ability to use net position for day-to-day operations. Our analysis below, in summary form, focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

**Table 1**

	Governmental Activities	
	2021	2020 as restated
<b>Assets</b>		
Current and other assets	\$ 137,104,621	\$ 106,961,287
Capital assets	206,728,292	193,287,640
Total assets	343,832,913	300,248,927
Deferred outflows of resources	33,419,194	36,069,767
<b>Liabilities</b>		
Current liabilities	14,157,391	15,073,274
Long-term liabilities	424,812,358	368,370,596
Total liabilities	438,969,749	383,443,870
Deferred inflows of resources	5,690,564	8,264,994
<b>Net Position</b>		
Net investment in capital assets	1,374,447	7,093,257
Restricted	45,914,204	37,869,841
Unrestricted	(114,696,857)	(100,353,268)
Total net position	\$ (67,408,206)	\$ (55,390,170)

**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 14. Table 2 takes the information from the Statement and rearranges them slightly so you can see our total revenues for the year.

**Table 2**

	Governmental Activities	
	2021	2020*
<b>Revenues</b>		
Program revenues		
Charges for services	\$ 413,695	\$ 1,920,252
Operating grants and contributions	29,996,667	19,773,093
General revenues		
Federal and State aid not restricted	39,761,784	44,149,947
Property taxes	61,780,195	57,287,805
Other general revenues	12,871,465	13,190,104
	<u>144,823,806</u>	<u>136,321,201</u>
<b>Expenses</b>		
Instruction-related	109,217,223	104,111,930
Pupil services	11,301,668	11,113,715
Administration	8,952,839	8,506,816
Plant services	10,736,474	9,770,990
All other services	16,633,638	17,794,576
	<u>156,841,842</u>	<u>151,298,027</u>
Change in net position	<u>\$ (12,018,036)</u>	<u>\$ (14,976,826)</u>

\* The prior year revenues and expenses for fiscal year 2020 were not restated to show the effects of GASB 84 for comparative purposes.

**Governmental Activities**

As reported in the *Statement of Activities* on page 14, the cost of all of our governmental activities this year was \$156,841,842. However, the amount that our taxpayers ultimately financed for these activities through local taxes was \$61,780,195 because the cost was paid by those who benefited from the programs (\$413,695) or by other governments and organizations who subsidized certain programs with grants and contributions of \$29,996,667. We paid for the remaining "public benefit" portion of our governmental activities with \$39,761,784 in State and Federal funds, and with \$12,871,465 in other revenues like interest and general entitlements and prior year reserves.

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

**Table 3**

	Total Cost of Services		Net Cost of Services	
	2021	2020*	2021	2020*
Instruction-related	\$ 109,217,223	\$ 104,111,930	\$ (86,783,934)	\$ (89,058,981)
Pupil services	11,301,668	11,113,715	(7,750,077)	(7,519,919)
Administration	8,952,839	8,506,816	(7,981,800)	(8,094,770)
Plant services	10,736,474	9,770,990	(10,254,080)	(9,634,239)
All other services	16,633,638	17,794,576	(13,661,589)	(15,296,773)
<b>Total</b>	<b>\$ 156,841,842</b>	<b>\$ 151,298,027</b>	<b>\$ (126,431,480)</b>	<b>\$ (129,604,682)</b>

\*Total costs and net costs were not restated for fiscal year 2020 to show the effects of GASB 84 for comparative purposes.

**THE DISTRICT'S FUNDS**

As the District completed this year, our governmental funds reported a combined fund balance of \$119,452,167 which is an increase of \$32,240,686.

**Table 4**

Governmental Fund	Balances and Activity			
	June 30, 2020 as restated	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2021
General	\$ 39,187,548	\$ 120,679,886	\$ 116,427,270	\$ 43,440,164
Building	10,546,362	47,987,925	23,219,712	35,314,575
Bond Interest and Redemption	15,907,950	12,792,964	10,135,664	18,565,250
Student Activity	184,729	890,732	771,444	304,017
Child Development	8,125,667	3,296,437	3,775,277	7,646,827
Cafeteria	499,017	2,132,556	2,177,778	453,795
Deferred Maintenance	938,294	1,010,813	679,516	1,269,591
Capital Facilities	705,322	388,832	86,688	1,007,466
County School Facilities	-	8,693	494	8,199
Special Reserve Fund for Capital Outlay Projects	7,254,698	184,592	214,639	7,224,651
COP Debt Service	3,861,894	3,416,919	3,061,181	4,217,632
<b>Total</b>	<b>\$ 87,211,481</b>	<b>\$ 192,790,349</b>	<b>\$ 160,549,663</b>	<b>\$ 119,452,167</b>

**General Fund Budgetary Highlights**

Over the course of the year, the District may revise its budget as new information becomes available. These revisions are presented to and approved by our Governing Board at First Interim, Second Interim and at presentation of the Unaudited Actuals. Please see the General Fund Budgetary Comparison Schedule on page 68.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At June 30, 2021, the District had \$206,728,292 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 \$13,440,652, or 7.0%, from last year (Table 5).

**Table 5**

	Governmental Activities	
	2021	2020
Land and construction in progress	\$ 47,043,354	\$ 49,311,812
Buildings and improvements	154,141,415	138,447,464
Furniture and equipment	5,543,523	5,528,364
Total	\$ 206,728,292	\$ 193,287,640

This year's additions totaled \$24,933,104, which the majority of expenditures related to the modernization projects at multiple school sites. Existing general obligation bond funds were used for the majority of construction costs. The District presents more detailed information about our capital assets in Note 4 to the financial statements.

**Long-Term Liabilities**

At June 30, 2021, the District had \$424,812,358 in long-term liabilities outstanding versus \$368,370,596 last year, an increase of \$56,441,762 or 15.3%. The District's long-term liabilities consisted of the following:

**Table 6**

	Governmental Activities	
	2021	2020
Long-Term Liabilities		
General obligation bonds	\$ 215,458,780	\$ 169,288,202
Certificates of participation	57,950,535	57,834,096
Unamortized premiums	7,705,790	6,204,390
Unamortized discounts	(87,814)	(92,436)
Capital leases	-	130,400
Compensated absences	630,644	644,933
Net OPEB liability	18,432,052	17,420,434
Aggregate net pension liability	124,722,371	116,940,577
Total	\$ 424,812,358	\$ 368,370,596

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The following assumptions, based upon the Adopted Budget, are reflected in the District's 2021-2022 budget:

Historically each January, the Governor presents his proposals for the coming budget year. Included in these proposals are the Governor's "assumptions" for K-12 education, including COLA (cost of living adjustments) for the Local Control Funding Formula (LCFF) and other state funding: elimination of, or changes to, certain programs; and funding for new programs. In May, after a review of the State's tax revenues, the Governor issues what is called a "May Revise" and changes some numbers up or down to reflect changes that may have occurred between January and May. The State budget is to be adopted by the legislature and signed by the Governor by July 1st.

The May Revision proposal updates the cost-of-living adjustment (COLA) from 3.84% to 5.07% for LCFF. The May Revision also proposes to apply the compounded COLA of 4.05% for Special Education and categorical programs outside of LCFF is updated to 1.7%. These categorical programs include Child Nutrition, State Preschool, Youth in Foster Care, Mandates Block Grant, and American Indian Education Centers.

The following are the assumptions used for the latest 2021-2022 budget:

- Cost of living adjustment (COLA) is projected at 5.07% but has been suspended for fiscal year 2021-2022.
- Based on enrollment estimates as of May 2021, we are projecting our actual 2021-2022 ADA to be 9,043.80.
- LCFF funding is projected to be approximately \$90.3 million or an increase of approximately \$4.4 million.
- The Education Protection Account (EPA) entitlement, which is included in the LCFF but has spending restrictions, is projected to be \$1,903,534.
- For 2021-2022 Impact Aid-Section 8002 in the Federal budget is approximately \$3.4 million.
- Unrestricted lottery income is projected at \$150 per annual ADA for unrestricted and restricted lottery income is projected at \$49 per annual ADA.
- Mandate Block Grant is budgeted at \$32.79 per K-8 ADA and \$63.17 per 9-12 ADA.
- Interest income is estimated at 1.0%.

### **Expenditures**

The following expenditure assumptions were used for the 2021-2022 budget:

- The 2021-2022 budget acknowledges all known staffing as of July 31, 2021.
- The current cost of salary step and column is included.

- STRS/PERS rate increase (16.92% and 23.91%, respectively) have been included which was a cost savings of approximately \$1,000,000 for 2021-2022.
- Health and welfare costs are estimated to increase to \$15,002 per employee for 2021-2022.
- The District's LCAP controls and directs new expenditure priorities as approved by the Board and County Office.

The District projects financial solvency above the State-wide minimum levels through 2023-24 and closely monitors its operating budget, presenting regularly scheduled interim reports to the governing board for approval and adoption of changes to the budget during the year.

#### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, students, investors, and creditors with a general overview of the District's finances to show the District's accountability for the money it receives. Questions about this report or a need for further information may be directed to the Assistant Superintendent of Business at Los Alamitos Unified School District, 10293 Bloomfield Street, Los Alamitos, California, 90720-2264.

Los Alamitos Unified School District  
Statement of Net Position  
June 30, 2021

	Governmental Activities
<b>Assets</b>	
Deposits and investments	\$ 101,342,704
Restricted assets - pension trust	19,466,048
Receivables	16,192,479
Stores inventories	103,390
Capital assets not depreciated	47,043,354
Capital assets, net of accumulated depreciation	159,684,938
Total assets	343,832,913
<b>Deferred Outflows of Resources</b>	
Deferred charge on refunding	4,721,138
Deferred outflows of resources related to OPEB	1,239,078
Deferred outflows of resources related to pensions	27,458,978
Total deferred outflows of resources	33,419,194
<b>Liabilities</b>	
Accounts payable	8,740,953
Interest payable	2,779,310
Unearned revenue	1,825,573
Claims liabilities	811,555
Long-term liabilities	
Long-term liabilities other than OPEB and pensions due within one year	6,280,000
Long-term liabilities other than OPEB and pensions due in more than one year	275,377,935
Net other postemployment benefits liability (OPEB)	18,432,052
Aggregate net pension liability	124,722,371
Total liabilities	438,969,749
<b>Deferred Inflows of Resources</b>	
Deferred inflows of resources related to OPEB	1,249,003
Deferred inflows of resources related to pensions	4,441,561
Total deferred inflows of resources	5,690,564
<b>Net Position</b>	
Net investment in capital assets	1,374,447
Restricted for	
Debt service	20,003,572
Capital projects	1,015,665
Educational programs	5,430,185
Other restrictions - pension trust	18,716,048
Other restrictions	748,734
Unrestricted	(114,696,857)
Total net position	\$ (67,408,206)



Los Alamitos Unified School District  
Statement of Activities  
Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues		Net (Expenses)
		Charges for Services and Sales	Operating Grants and Contributions	Revenues and Changes in Net Position
				Governmental Activities
Governmental Activities				
Instruction	\$ 96,868,381	\$ 32,489	\$ 20,365,442	\$ (76,470,450)
Instruction-related activities				
Supervision of instruction	3,004,235	1,382	282,329	(2,720,524)
Instructional library, media, and technology	641,676	9,581	103,311	(528,784)
School site administration	8,702,931	66	1,638,689	(7,064,176)
Pupil services				
Home-to-school transportation	1,872,645	-	9,653	(1,862,992)
Food services	3,452,880	282	2,233,780	(1,218,818)
All other pupil services	5,976,143	4,235	1,303,641	(4,668,267)
Administration				
Data processing	2,838,264	-	108,214	(2,730,050)
All other administration	6,114,575	285	862,540	(5,251,750)
Plant services	10,736,474	54	482,340	(10,254,080)
Ancillary services	1,071,139	697	910,816	(159,626)
Community services	2,237,320	3,532	29,245	(2,204,543)
Interest on long-term liabilities	11,954,881	-	-	(11,954,881)
Other outgo	1,370,298	361,092	1,666,667	657,461
Total governmental activities	<u>\$ 156,841,842</u>	<u>\$ 413,695</u>	<u>\$ 29,996,667</u>	<u>(126,431,480)</u>
General Revenues and Subventions				
Property taxes, levied for general purposes				51,707,682
Property taxes, levied for debt service				9,872,229
Taxes levied for other specific purposes				200,284
Federal and State aid not restricted to specific purposes				39,761,784
Interest and investment earnings				3,805,903
Interagency revenues				47,309
Miscellaneous				9,018,253
Total general revenues				<u>114,413,444</u>
Change in Net Position				(12,018,036)
Net Position - Beginning, as restated				<u>(55,390,170)</u>
Net Position - Ending				<u>\$ (67,408,206)</u>

Los Alamitos Unified School District  
Balance Sheet – Governmental Funds  
June 30, 2021

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Deposits and investments	\$ 15,651,369	\$ 37,447,967	\$ 18,549,292	\$ 22,975,832	\$ 94,624,460
Restricted assets - pension trust	19,466,048	-	-	-	19,466,048
Receivables	15,656,774	26,245	15,958	339,947	16,038,924
Due from other funds	211,739	-	-	816	212,555
Stores inventories	65,208	-	-	38,182	103,390
<b>Total assets</b>	<b>\$ 51,051,138</b>	<b>\$ 37,474,212</b>	<b>\$ 18,565,250</b>	<b>\$ 23,354,777</b>	<b>\$ 130,445,377</b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 5,166,234	\$ 2,159,637	\$ -	\$ 656,435	\$ 7,982,306
Due to other funds	973,508	-	-	211,823	1,185,331
Unearned revenue	1,471,232	-	-	354,341	1,825,573
<b>Total liabilities</b>	<b>7,610,974</b>	<b>2,159,637</b>	<b>-</b>	<b>1,222,599</b>	<b>10,993,210</b>
<b>Fund Balances</b>					
Nonspendable	140,208	-	-	40,182	180,390
Restricted	24,146,233	35,314,575	18,565,250	5,982,031	84,008,089
Committed	-	-	-	1,269,591	1,269,591
Assigned	12,152,826	-	-	14,840,374	26,993,200
Unassigned	7,000,897	-	-	-	7,000,897
<b>Total fund balances</b>	<b>43,440,164</b>	<b>35,314,575</b>	<b>18,565,250</b>	<b>22,132,178</b>	<b>119,452,167</b>
<b>Total liabilities and fund balances</b>	<b>\$ 51,051,138</b>	<b>\$ 37,474,212</b>	<b>\$ 18,565,250</b>	<b>\$ 23,354,777</b>	<b>\$ 130,445,377</b>

Los Alamitos Unified School District  
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position  
 June 30, 2021

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Total Fund Balance - Governmental Funds		\$ 119,452,167
<p>Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because</p> <p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.</p>		
The cost of capital assets is	\$ 339,136,989	
Accumulated depreciation is	<u>(132,408,697)</u>	
Net capital assets		206,728,292
<p>In governmental funds, unmatured interest on long-term liabilities is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term liabilities is recognized when it is incurred.</p>		
		(2,779,310)
<p>An internal service fund is used by management to charge the costs of the health benefits self insurance program to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities.</p>		
		6,274,373
<p>Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the governmental funds. Deferred outflows of resources amounted to and related to</p>		
Debt refundings (deferred charge on refunding)	4,721,138	
Other postemployment benefits (OPEB)	1,239,078	
Net pension liability	<u>27,458,978</u>	
Total deferred outflows of resources		33,419,194
<p>Deferred inflows of resources represent an acquisition of net position that applies to a future period and is not reported in the governmental funds. Deferred inflows of resources amount to and related to</p>		
Other postemployment benefits (OPEB)	(1,249,003)	
Net pension liability	<u>(4,441,561)</u>	
Total deferred inflows of resources		(5,690,564)
<p>Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.</p>		
		(124,722,371)
<p>The District's OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.</p>		
		(18,432,052)

Los Alamitos Unified School District  
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position  
 June 30, 2021

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Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.

Long-term liabilities at year-end consist of

General obligation bonds	\$ (179,821,047)
Premium on issuance of general obligation bonds	(7,705,790)
Discount on issuance of general obligation bonds	87,814
Certificates of participation	(57,950,535)
Compensated absences (vacations)	(630,644)

In addition, capital appreciation general obligation bonds and certificates of participation were issued. The accretion of interest to date on the general obligation bonds and certificates of participation are

(35,637,733)

Total long-term liabilities	<u>(281,657,935)</u>
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Total net position - governmental activities	<u><u>\$ (67,408,206)</u></u>
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Los Alamitos Unified School District  
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds  
Year Ended June 30, 2021

	General Fund	Building Fund	Bond Interest and Redemption Fund
<b>Revenues</b>			
Local Control Funding Formula	\$ 85,936,366	\$ -	\$ -
Federal sources	9,798,671	-	-
Other State sources	20,318,269	-	46,297
Other local sources	4,626,580	378,420	10,464,135
Total revenues	<u>120,679,886</u>	<u>378,420</u>	<u>10,510,432</u>
<b>Expenditures</b>			
<b>Current</b>			
Instruction	79,212,457	-	-
Instruction-related activities			
Supervision of instruction	2,548,876	-	-
Instructional library, media, and technology	589,808	-	-
School site administration	7,160,107	-	-
Pupil services			
Home-to-school transportation	1,427,176	-	-
Food services	192,184	-	-
All other pupil services	5,294,785	-	-
Administration			
Data processing	2,588,292	-	-
All other administration	5,002,687	-	-
Plant services	9,467,452	-	-
Ancillary services	256,308	-	-
Community services	16,463	-	-
Other outgo	1,368,916	-	-
Facility acquisition and construction	163,761	23,219,712	-
Debt service			
Principal	130,400	-	3,975,000
Interest	7,598	-	5,743,394
Issuance costs	-	-	417,270
Total expenditures	<u>115,427,270</u>	<u>23,219,712</u>	<u>10,135,664</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>5,252,616</u>	<u>(22,841,292)</u>	<u>374,768</u>
<b>Other Financing Sources (Uses)</b>			
Transfers in	-	-	-
Other sources - proceeds on bond issuance	-	47,609,505	390,495
Other sources - premiums on bond issuance	-	-	1,892,037
Transfers out	(1,000,000)	-	-
Net Financing Sources (Uses)	<u>(1,000,000)</u>	<u>47,609,505</u>	<u>2,282,532</u>
Net Change in Fund Balances	4,252,616	24,768,213	2,657,300
Fund Balance - Beginning, as restated	39,187,548	10,546,362	15,907,950
Fund Balance - Ending	<u>\$ 43,440,164</u>	<u>\$ 35,314,575</u>	<u>\$ 18,565,250</u>

Los Alamitos Unified School District  
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds  
Year Ended June 30, 2021

	Non-Major Governmental Funds	Total Governmental Funds
<b>Revenues</b>		
Local Control Funding Formula	\$ -	\$ 85,936,366
Federal sources	1,991,808	11,790,479
Other State sources	336,338	20,700,904
Other local sources	8,001,428	23,470,563
Total revenues	<u>10,329,574</u>	<u>141,898,312</u>
<b>Expenditures</b>		
<b>Current</b>		
Instruction	1,108,227	80,320,684
Instruction-related activities		
Supervision of instruction	194,091	2,742,967
Instructional library, media, and technology	-	589,808
School site administration	82,169	7,242,276
Pupil services		
Home-to-school transportation	-	1,427,176
Food services	2,132,837	2,325,021
All other pupil services	95,040	5,389,825
Administration		
Data processing	-	2,588,292
All other administration	180,629	5,183,316
Plant services	168,404	9,635,856
Ancillary services	771,444	1,027,752
Community services	2,092,546	2,109,009
Other outgo	1,382	1,370,298
Facility acquisition and construction	880,449	24,263,922
Debt service		
Principal	2,730,000	6,835,400
Interest	329,799	6,080,791
Issuance costs	-	417,270
Total expenditures	<u>10,767,017</u>	<u>159,549,663</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(437,443)</u>	<u>(17,651,351)</u>
<b>Other Financing Sources (Uses)</b>		
Transfers in	1,000,000	1,000,000
Other sources - proceeds on bond issuance	-	48,000,000
Other sources - premiums on bond issuance	-	1,892,037
Transfers out	-	(1,000,000)
Net Financing Sources (Uses)	<u>1,000,000</u>	<u>49,892,037</u>
Net Change in Fund Balances	562,557	32,240,686
Fund Balance - Beginning, as restated	21,569,621	87,211,481
Fund Balance - Ending	<u>\$ 22,132,178</u>	<u>\$ 119,452,167</u>

Los Alamitos Unified School District  
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental  
 Funds to the Statement of Activities  
 Year Ended June 30, 2021

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Total Net Change in Fund Balances - Governmental Funds \$ 32,240,686

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities.

This is the amount by which capital outlays exceed depreciation in the period.

Capital outlays	\$ 24,933,104	
Depreciation expense	<u>(11,492,452)</u>	
Net expense adjustment		13,440,652

In the Statement of Activities, certain operating expenses, such as compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This amount is the difference between vacation earned and used. 14,289

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. (7,612,541)

In the governmental funds, OPEB costs are based on employer contributions made to OPEB plans during the year. However, in the Statement of Activities, OPEB expense is the net effect of all changes in the deferred outflows, deferred inflows, and net OPEB liability during the year. (959,618)

Proceeds received from general obligation bonds or certificates of participation is a revenue in the governmental funds, but it increases long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. (48,000,000)

Los Alamitos Unified School District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental  
Funds to the Statement of Activities  
Year Ended June 30, 2021

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Governmental funds report the effect of premiums, discounts, and the deferred charge on refunding when the debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities.

Premium on issuance recognized	\$ (1,892,037)
Premium amortization	390,637
Discount amortization	(4,622)
Deferred charge on refunding amortization	(297,396)

Payment of principal on long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.

General obligation bonds	3,975,000
Certificates of participation	2,730,000
Capital leases	130,400

Interest on long-term liabilities is recorded as an expenditure in the funds when it is due; however, in the Statement of Activities, interest expense is recognized as the interest accretes or accrues, regardless of when it is due.

(5,545,439)

An internal service fund is used by management to charge the costs of the self insurance program to the individual funds. The net revenue of the Internal Service Fund is reported with governmental activities.

(628,047)

Change in net position of governmental activities

\$ (12,018,036)



Los Alamitos Unified School District  
Statement of Net Position – Proprietary Funds  
June 30, 2021

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	Governmental Activities
	Internal Service Fund
Assets	
Current assets	
Deposits and investments	\$ 6,718,244
Receivables	153,555
Due from other funds	972,776
Total current assets	7,844,575
Liabilities	
Current liabilities	
Accounts payable	758,647
Claims liabilities	811,555
Total liabilities	1,570,202
Net Position	
Restricted - health and welfare benefits	\$ 6,274,373

Los Alamitos Unified School District  
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds  
Year Ended June 30, 2021

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	Governmental Activities
	Internal Service Fund
Operating Revenues	
Charges for services	\$ 8,931,614
Local revenues	1,592,612
Total operating revenues	10,524,226
Operating Expenses	
Professional and contract services	11,186,466
Operating Loss	(662,240)
Nonoperating Revenues	
Interest income	34,193
Change in Net Position	(628,047)
Total Net Position - Beginning	6,902,420
Total Net Position - Ending	\$ 6,274,373

Los Alamitos Unified School District  
Statement of Cash Flows – Proprietary Funds  
Year Ended June 30, 2021

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	Governmental Activities <hr/> Internal Service Fund <hr/>
Operating Activities	
Cash received from interfund services provided	\$ 7,850,797
Other operating cash receipts	1,592,612
Cash payments to other suppliers of goods or services	<u>(10,544,434)</u>
Net Cash From Operating Activities	<u>(1,101,025)</u>
Investing Activities	
Interest on investments	<u>34,193</u>
Net Change in Cash and Cash Equivalents	(1,066,832)
Cash and Cash Equivalents, Beginning	<u>7,785,076</u>
Cash and Cash Equivalents, Ending	<u><u>\$ 6,718,244</u></u>
Reconciliation of Operating Loss to Net Cash From Operating Activities	
Operating loss	\$ (662,240)
Changes in assets and liabilities	
Receivables	(108,041)
Due from other fund	(972,776)
Accounts payable	408,233
Claims liabilities	<u>233,799</u>
Net Cash From Operating Activities	<u><u>\$ (1,101,025)</u></u>

## **Note 1 - Summary of Significant Accounting Policies**

### **Financial Reporting Entity**

The Los Alamitos Unified School District (the District) was unified in 1980 under the laws of the State of California. The District operates under a locally elected five-member Board form of government and provides educational services to grades K-12 as mandated by the State and/or Federal agencies. The District operates six elementary schools, two middle schools, and one high school.

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 Los Alamitos Unified School District, this includes general operations, food service, childcare, and student related activities of the District.

### **Component Units**

Component units are legally separate organizations for which the District is financially accountable. Component units may include organizations that are fiscally dependent on the District in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. For financial reporting purposes, the component unit has a financial and operational relationship which meets the reporting entity definition criteria of the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended, and thus is included in the financial statements of the District. The component unit, although a legally separate entity, is reported in the financial statements using the blended presentation method as if it were part of the District's operations because the governing board of the component unit is essentially the same as the governing board of the District and because its purpose is to finance the construction of facilities to be used for the benefit of the District.

The Los Alamitos Unified School District Facilities Finance Corporation's (the Corporation) financial activity is presented in the financial statements as the COP Debt Service Fund. Certificates of participation issued by the Corporation are included as long-term liabilities in the government-wide financial statements. Individually prepared financial statements are not prepared for the Corporation.

### **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 two broad fund categories: governmental and proprietary.

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

### Major Governmental Funds

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

Two funds currently defined as special revenue funds in the California State Accounting Manual (CSAM) do meet the GASB Statement No. 54 special revenue fund definition. Specifically, Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects and Fund 20, Special Reserve Fund for Other Postemployment Benefits, are not substantially composed of restricted or committed revenue sources. While these funds are authorized by statute and will remain open for internal reporting purposes, these funds function effectively as an extension of the General Fund, and accordingly have been combined with the General Fund for presentation in these audited financial statements.

As a result, the General Fund reflects an increase in fund balance of \$24,424,379.

**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 and that compose a substantial portion of the inflows of the fund, and that are reasonably expected to continue. Additional resources that are restricted, committed, or assigned to the purpose of the fund may also be reported in the fund.

- **Student Activity Fund** The Student Activity Fund is used to account separately for the operating activities of the associated student body accounts that are not fiduciary in nature, including student clubs, general operations, athletics, and other student body activities.
- **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).
- **County School Facilities Fund** The County School Facilities Fund is established pursuant to *Education Code* Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition IA), the 2002 State School Facilities Fund (Proposition 47), the 2004 State School Facilities Fund (Proposition 55), the 2006 State School Facilities Fund (Proposition 1D), or the 2016 State School Facilities Fund (Proposition 51) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code* Section 17070 et seq.).
- **Special Reserve Fund for Capital Outlay Projects** The Special Reserve Fund for Capital Outlay Projects exists primarily to provide for the accumulation of General Fund monies for capital outlay purposes (*Education Code* Section 42840).

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

- **Certificates of Participation (COP) Debt Service Fund** The COP Debt Service Fund is used to account for the accumulation of resources for the payment of the principal and interest on the certificates of participation issued by the Corporation and similar entities that are considered blended component units of the District under generally accepted account principles (GAAP).

**Proprietary Funds** Proprietary funds are used to account for activities that are more business-like than government-like in nature. Proprietary funds are generally intended to be self-supporting and are classified as enterprise or internal service. The District has the following proprietary fund:

- **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 for health and welfare benefits that are accounted for in an internal service fund.

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

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

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

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

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

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

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

### **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 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 investment pools are determined by the program sponsor.

**Restricted Assets – Pension Trust**

The District has established an irrevocable trust with Benefit Trust Company for the express purpose of accumulating resources to pay future employer pension contributions. As of June 30, 2021, the balance of the trust was \$19,466,048.

**Prepaid Expenditures (Expenses)**

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

**Stores Inventories**

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

**Capital Assets and Depreciation**

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the District as a whole. 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 assets. 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 acquisition value on the date donated.

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

Depreciation is computed using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 25 to 50 years; improvements/infrastructure, 5 to 50 years; equipment, 2 to 15 years.

**Interfund Balances**

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

**Compensated Absences**

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

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

**Accrued Liabilities and Long-Term Liabilities**

All payables, accrued liabilities, and long-term liabilities are reported in the government-wide 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 liabilities of the governmental funds.

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

**Debt Issuance Costs, Premiums, and Discounts**

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

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

### **Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District reports deferred outflows of resources for deferred charges on refunding, for pension related items, and for OPEB related items. The deferred charge on refunding resulted from the difference between the carrying value of the refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred amounts related to pension and OPEB relate contributions subsequent to measurement date, differences between expected and actual earnings on investments, differences between expected and actual experience, and changes of assumptions.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District reports deferred inflows of resources for pension related items and for OPEB related items. The deferred amounts related to pension and OPEB relate to differences between contributions made on the District's proportionate share of contributions and differences between expected and actual experience.

### **Pensions**

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

### **Postemployment Benefits Other Than Pensions (OPEB)**

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

### **Fund Balances - Governmental Funds**

As of June 30, 2021, fund balances of the governmental funds are classified as follows:

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

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

**Committed** - amounts that can be used only for specific purposes determined by a formal action of the governing board. The governing board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions or other action as approved by the governing board.

**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 has not formally adopted a minimum fund balance policy for the General Fund in order to protect the district against revenue shortfalls or unpredicted on-time expenditures. However, the District continues to maintain the three percent reserve for economic uncertainties.

### **Net Position**

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

### **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 for self-insurance. Operating expenses are a necessary cost 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 non-operating revenues and expenses.

### **Interfund Activity**

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after 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 on the financial statements. Interfund transfers are eliminated in the governmental activities column of the Statement of 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 Orange bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

**Change in Accounting Principles**

**Implementation of GASB Statement No. 84**

As of July 1, 2020, the District adopted GASB Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement will enhance consistency and comparability by establishing specific criteria for identifying activities that should be reported as fiduciary activities. Greater consistency and comparability enhance the value provided by the information reported in financial statements for assessing government accountability and stewardship. The impact to the District resulted in a reclassification of the District’s student body activities from fiduciary to governmental. The effect of the implementation of this standard on beginning fund balance and net position is disclosed in Note 15.

**Note 2 - Deposits and Investments**

**Summary of Deposits and Investments**

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

Governmental funds	<u>\$ 101,342,704</u>
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Deposits and investments as of June 30, 2021, consist of the following:

Cash on hand and in banks	\$ 1,217,678
Cash in revolving	77,000
Investments	<u>100,048,026</u>
Total deposits and investments	<u>\$ 101,342,704</u>

**Policies and Practices**

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

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

### General Authorizations

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

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

### Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the Orange County Treasury Investment Pool. The District maintains an investment of \$100,048,026 with the Orange County Treasury Investment Pool that has an average weighted maturity of 375 days.

### Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in the Orange County Treasury Investment Pool are rated AAA by Moody's Investor Service.

**Custodial Credit Risk – Deposits**

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California *Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2021, the District's bank balance of \$1,049,254, was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

**Note 3 - Receivables**

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

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Internal Service Fund	Total
Federal Government						
Categorical aid	\$ 2,470,459	\$ -	\$ -	\$ 106,544	\$ -	\$ 2,577,003
State Government						
LCFF apportionment	9,919,435	-	-	-	-	9,919,435
Categorical aid	382,298	-	-	102,151	-	484,449
Lottery	652,533	-	-	-	-	652,533
Local Government						
Interest	43,206	19,207	15,958	43,824	1,434	123,629
Other local sources	2,188,843	7,038	-	87,428	152,121	2,435,430
<b>Total</b>	<b>\$ 15,656,774</b>	<b>\$ 26,245</b>	<b>\$ 15,958</b>	<b>\$ 339,947</b>	<b>\$ 153,555</b>	<b>\$ 16,192,479</b>



**Note 4 - Capital Assets**

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

	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2021</u>
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 2,450,219	\$ -	\$ -	\$ 2,450,219
Construction in progress	46,861,593	24,245,377	(26,513,835)	44,593,135
<b>Total capital assets not being depreciated</b>	<b>49,311,812</b>	<b>24,245,377</b>	<b>(26,513,835)</b>	<b>47,043,354</b>
Capital assets being depreciated				
Land improvements	18,515,785	1,122,751	-	19,638,536
Buildings and improvements	230,554,780	25,081,753	-	255,636,533
Furniture and equipment	15,821,508	997,058	-	16,818,566
<b>Total capital assets being depreciated</b>	<b>264,892,073</b>	<b>27,201,562</b>	<b>-</b>	<b>292,093,635</b>
<b>Total capital assets</b>	<b>314,203,885</b>	<b>51,446,939</b>	<b>(26,513,835)</b>	<b>339,136,989</b>
Accumulated depreciation				
Land improvements	(9,541,833)	(576,801)	-	(10,118,634)
Buildings and improvements	(101,081,268)	(9,933,752)	-	(111,015,020)
Furniture and equipment	(10,293,144)	(981,899)	-	(11,275,043)
<b>Total accumulated depreciation</b>	<b>(120,916,245)</b>	<b>(11,492,452)</b>	<b>-</b>	<b>(132,408,697)</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 193,287,640</b>	<b>\$ 39,954,487</b>	<b>\$ (26,513,835)</b>	<b>\$ 206,728,292</b>

Depreciation expense was charged to governmental functions as follows:

<b>Governmental Activities</b>	
Instruction	\$ 7,240,246
School site administration	919,396
Home-to-school transportation	344,773
Food services	1,034,321
Data processing	114,924
All other administration	574,622
Plant services	1,264,170
<b>Total depreciation expenses governmental activities</b>	<b>\$ 11,492,452</b>

**Note 5 - Interfund Transactions**

**Interfund Receivables/Payables (Due To/Due From)**

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivable and payable balances at June 30, 2021, between major and non-major governmental funds, internal service funds, and fiduciary funds are as follows:

Due To	Due From		
	General Fund	Non-Major Governmental Funds	Total
General Fund	\$ -	\$ 211,739	\$ 211,739
Non-Major Governmental Funds	732	84	816
Internal Service Fund	972,776	-	972,776
Total	\$ 973,508	\$ 211,823	\$ 1,185,331

The balance of \$972,776 is due to the Internal Service Fund from the General Fund for reimbursement for health and welfare benefit costs.

A balance of \$131,855 is due to the General Fund from the Child Development Non-Major Governmental Fund for indirect and payroll costs.

A balance of \$78,089 is due to the General Fund from the Cafeteria Non-Major Governmental Fund for indirect costs.

All remaining balance resulted from the time lag between the date that (1) interfund goods and services are provided or reimbursed expenditures occur, (2) transaction are recorded in the accounting system, and (3) payments between funds are made.

**Operating Transfers**

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

The General Fund transferred to the Deferred Maintenance Non-Major Governmental Fund to fund for ongoing site improvements.	\$ 1,000,000
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Interfund transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**Note 6 - Accounts Payable**

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

	General Fund	Building Fund	Non-Major Governmental Funds	Internal Service Fund	Total
Vendor payables	\$ 1,762,964	\$ -	\$ 126,373	\$ 758,647	\$ 2,647,984
Salaries and benefits	3,403,270	-	530,062	-	3,933,332
Construction	-	2,159,637	-	-	2,159,637
<b>Total</b>	<b>\$ 5,166,234</b>	<b>\$ 2,159,637</b>	<b>\$ 656,435</b>	<b>\$ 758,647</b>	<b>\$ 8,740,953</b>

**Note 7 - Unearned Revenue**

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

	General Fund	Non-Major Governmental Funds	Total
Federal financial assistance	\$ 38,203	\$ 636	\$ 38,839
State categorical aid	1,433,029	27,948	1,460,977
Other local	-	325,757	325,757
<b>Total</b>	<b>\$ 1,471,232</b>	<b>\$ 354,341</b>	<b>\$ 1,825,573</b>

**Note 8 - Long-Term Liabilities Other than OPEB and Pensions**

**Summary**

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

	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021	Due in One Year
<b>Long-Term Liabilities</b>					
General obligation bonds	\$ 169,288,202	\$ 50,145,578	\$ (3,975,000)	\$ 215,458,780	\$ 3,370,000
Certificates of participation	57,834,096	2,846,439	(2,730,000)	57,950,535	2,910,000
Unamortized debt premiums	6,204,390	1,892,037	(390,637)	7,705,790	-
Unamortized debt discounts	(92,436)	-	4,622	(87,814)	-
Capital leases	130,400	-	(130,400)	-	-
Compensated absences	644,933	-	(14,289)	630,644	-
<b>Total</b>	<b>\$ 234,009,585</b>	<b>\$ 54,884,054</b>	<b>\$ (7,235,704)</b>	<b>\$ 281,657,935</b>	<b>\$ 6,280,000</b>

Payments on the general obligation bonds are made by the Bond Interest and Redemption Fund. Payments on the certificates of participation are made by the COP Debt Service Fund. Payments for compensated absences will be paid by the General Fund, Child Development Non-Major Governmental Fund, and Cafeteria Non-Major Governmental Fund. Payments for the capital lease are made by the General Fund.

### General Obligation Bonds

The outstanding general obligation bonded debt is as follows:

Issuance Date	Final Maturity Date	Interest Rate	Original Issue	Bonds			Bonds Outstanding June 30, 2021	
				Outstanding July 1, 2020	Issued	Interest Accreted		Redeemed
10/2010	08/2034	5.70-9.56%	\$ 2,000,032	\$ 3,771,926	\$ -	\$ 260,367	\$ -	\$ 4,032,293
10/2010	08/2035	6.21%	2,000,000	2,000,000	-	-	-	2,000,000
02/2011	02/2026	6.19%	19,000,000	19,000,000	-	-	-	19,000,000
07/2013	08/2043	2.50-6.29%	51,390,092	31,651,276	-	1,885,211	(140,000)	33,396,487
07/2015	08/2033	3.00-5.00%	25,580,000	24,710,000	-	-	(775,000)	23,935,000
10/2016	08/2038	2.00-4.00%	22,835,000	22,435,000	-	-	(70,000)	22,365,000
05/2019	08/2044	3.125-5.00%	12,500,000	12,500,000	-	-	(270,000)	12,230,000
05/2019	08/2048	3.125-5.00%	37,500,000	37,500,000	-	-	(2,475,000)	35,025,000
06/2020	08/2039	0.65-2.625%	15,720,000	15,720,000	-	-	(245,000)	15,475,000
07/2020	08/2044	2.75%	8,500,000	-	8,500,000	-	-	8,500,000
07/2020	08/2049	2.00-4.00%	39,500,000	-	39,500,000	-	-	39,500,000
				<u>\$169,288,202</u>	<u>\$48,000,000</u>	<u>\$2,145,578</u>	<u>\$(3,975,000)</u>	<u>\$215,458,780</u>

### Debt Service Requirements to Maturity

The capital appreciation bonds mature through 2044 as follows:

Bonds Maturing Fiscal Year	Initial Bond Value	Accreted Interest	Accreted Obligation	Unaccreted Interest	Maturity Value
2022	\$ -	\$ -	\$ -	\$ -	\$ -
2023	-	-	-	-	-
2024	-	-	-	-	-
2025	-	-	-	-	-
2026	-	-	-	-	-
2027-2031	852,155	701,471	1,553,626	946,374	2,500,000
2032-2036	1,147,877	1,330,790	2,478,667	60,771,333	63,250,000
2037-2041	-	-	-	-	-
2042-2044	<u>20,480,195</u>	<u>12,221,292</u>	<u>32,701,487</u>	<u>11,518,513</u>	<u>44,220,000</u>
Total	<u>\$ 22,480,227</u>	<u>\$ 14,253,553</u>	<u>\$ 36,733,780</u>	<u>\$ 73,236,220</u>	<u>\$ 109,970,000</u>

Los Alamitos Unified School District

Notes to Financial Statements

June 30, 2021

The current interest bonds mature through 2049 as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2022	\$ 3,370,000	\$ 6,397,760	\$ 9,767,760
2023	2,995,000	6,211,377	9,206,377
2024	2,775,000	6,103,891	8,878,891
2025	2,455,000	5,986,825	8,441,825
2026	21,705,000	5,881,315	27,586,315
2027-2031	18,700,000	21,312,861	40,012,861
2032-2036	29,395,000	16,592,629	45,987,629
2037-2041	44,525,000	10,420,744	54,945,744
2042-2046	31,335,000	5,497,863	36,832,863
2047-2049	21,470,000	659,975	22,129,975
<b>Total</b>	<b>\$ 178,725,000</b>	<b>\$ 85,065,240</b>	<b>\$ 263,790,240</b>

**Certificates of Participation**

The outstanding certificates of participation debt are as follows:

<u>Issuance Date</u>	<u>Final Maturity Date</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Certificates Outstanding July 1, 2020</u>	<u>Interest Accreted</u>	<u>Redeemed</u>	<u>Certificates Outstanding June 30, 2021</u>
8/2003	8/2023	1.50-5.77%	\$ 7,294,015	\$ 5,823,278	\$ 268,630	\$ (1,610,000)	\$ 4,481,908
6/2012	8/2042	5.22-6.40%	27,037,815	43,065,818	2,577,809	-	45,643,627
8/2016	8/2025	2.00-4.00%	11,370,000	8,945,000	-	(1,120,000)	7,825,000
				<u>\$ 57,834,096</u>	<u>\$ 2,846,439</u>	<u>\$ (2,730,000)</u>	<u>\$ 57,950,535</u>

**Service Requirements to Maturity**

The capital appreciation certificates mature through 2043 as follows:

<u>Certificates Maturing Fiscal Year</u>	<u>Initial Certificate Value</u>	<u>Accreted Interest</u>	<u>Accreted Obligation</u>	<u>Unaccreted Interest</u>	<u>Maturity Value</u>
2022	\$ 605,390	\$ 971,442	\$ 1,576,832	\$ 28,168	\$ 1,605,000
2023	567,155	927,235	1,494,390	115,610	1,610,000
2024	530,994	879,692	1,410,686	199,314	1,610,000
2025	24,456,034	16,976,292	41,432,326	8,717,674	50,150,000
2026	407,416	235,813	643,229	156,771	800,000
2027-2031	2,159,348	1,382,463	3,541,811	1,658,189	5,200,000
2032-2036	-	-	-	-	-
2037-2041	-	-	-	-	-
2042-2043	15,018	11,243	26,261	73,739	100,000
<b>Total</b>	<b>\$ 28,741,355</b>	<b>\$ 21,384,180</b>	<b>\$ 50,125,535</b>	<b>\$ 10,949,465</b>	<b>\$ 61,075,000</b>

The current interest certificates mature through 2025 as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2022	\$ 1,305,000	\$ 313,000	\$ 1,618,000
2023	1,505,000	260,800	1,765,800
2024	1,620,000	200,600	1,820,600
2025	3,395,000	135,800	3,530,800
Total	<u>\$ 7,825,000</u>	<u>\$ 910,200</u>	<u>\$ 8,735,200</u>

### Capital Leases

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

	<u>Equipment</u>
Balance, July 1, 2020	\$ 135,656
Payments	<u>(135,656)</u>
Balance, July 1, 2021	<u>\$ -</u>

Leased equipment under capital leases in capital assets at June 30, 2021, include the following:

Equipment	\$ 391,404
Less accumulated depreciation	<u>(189,178)</u>
Total	<u>\$ 202,226</u>

### Compensated Absences (Vacation)

Compensated absences (unpaid employee vacation) for the District at June 30, 2021, amounted to \$630,644.

### Note 9 - Net Other Postemployment Benefit (OPEB) Liability

For the fiscal year ended June 30, 2021, the District reported net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

<u>Pension Plan</u>	<u>Net Pension Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Pension Expense</u>
CalSTRS	\$ 93,584,357	\$ 22,141,589	\$ 3,130,394	\$ 12,831,177
CalPERS	<u>31,138,014</u>	<u>5,317,389</u>	<u>1,311,167</u>	<u>6,082,937</u>
Total	<u>\$ 124,722,371</u>	<u>\$ 27,458,978</u>	<u>\$ 4,441,561</u>	<u>\$ 18,914,114</u>

**District Plan**

**Plan Administration**

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

**Plan Membership**

At June 30, 2020, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	49
Active employees	572
	621
Total	621

**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 Plan members and the District are established and may be amended by the District and the Los Alamitos Education Association (LAEA), the local California School 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, LAEA, CSEA, and the unrepresented groups. For measurement period of June 30, 2021, the District paid \$579,702 in benefits.

**Total OPEB Liability of the District**

The District's total OPEB liability of \$17,718,958 was measured as of June 30, 2021, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of June 30, 2020.

**Actuarial Assumptions**

The total OPEB liability as of June 30, 2021 was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2020 and rolling forward the total OPEB liability to June 30, 2021. The following assumptions were 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	2.16	percent
Healthcare cost trend rates	4.00	percent for 2021

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

Mortality rates were based on the 2020 CalSTRS Mortality Table for certificated employees and the 2017 CalPERS Active Mortality for Miscellaneous Employees Table for classified employees. Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reeducation. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actual experience study for the period July 1, 2019 to June 30, 2020.

**Changes in the Total OPEB Liability**

	Total OPEB Liability
Balance, June 30, 2020	\$ 16,788,366
Service cost	1,081,268
Interest	374,861
Changes of assumptions	54,165
Benefit payments	(579,702)
Net change in total OPEB liability	930,592
Balance, June 30, 2021	\$ 17,718,958

Changes of assumptions reflect a change in the discount rate from 2.20% in 2020 to 2.16% in 2021. There were no changes to benefit terms since the previous valuation.

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

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

Discount Rate	Total OPEB Liability
1% decrease (1.16%)	\$ 18,949,359
Current discount rate (2.16%)	17,718,958
1% increase (3.16%)	16,530,959



**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 (3.00%)	\$ 15,621,494
Current healthcare cost trend rate (4.00%)	17,718,958
1% increase (5.00%)	20,189,913

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$878,592. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,249,003
Changes of assumptions	1,239,078	-
Total	\$ 1,239,078	\$ 1,249,003

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	\$ 2,165
2023	2,165
2024	2,165
2025	2,165
2026	2,165
Thereafter	(20,750)
Total	\$ (9,925)

## **Medicare Premium Payment (MPP) Program**

### **Plan Description**

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

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2019, annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

### **Benefits Provided**

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

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

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

### **Net OPEB Liability and OPEB Expense**

At June 30, 2021, the District reported a liability of \$713,094 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2020 and June 30, 2019, respectively, was 0.1683%, and 0.1697%, resulting in a net decrease in the proportionate share of 0.0014%.

For the year ended June 30, 2021, the District recognized OPEB expense of \$81,026.

**Actuarial Methods and Assumptions**

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

Measurement Date	June 30, 2020	June 30, 2019
Valuation Date	June 30, 2019	June 30, 2018
Experience Study	July 1, 2014 through June 30, 2018	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	2.21%	3.50%
Medicare Part A Premium Cost Trend Rate	4.50%	3.70%
Medicare Part B Premium Cost Trend Rate	5.40%	4.10%

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

Assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 294 or an average of 0.18% of the potentially eligible population (159,339).

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2020 were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

**Discount Rate**

The discount rate used to measure the total OPEB liability as of June 30, 2020, is 2.21%. As the MPP Program is funded on a pay-as-you-go basis as previously noted, the OPEB Plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 2.21% which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2019, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate decreased 1.29% from 3.50% as of June 30, 2019.

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

The following presents the District's proportionate share of the net OPEB liability calculated using the current discount rate as well as what the net 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 (1.21%)	\$ 788,524
Current discount rate (2.21%)	713,094
1% increase (3.21%)	648,908

**Sensitivity of the District's Proportionate Share of the Net OPEB liability to Changes in the Medicare Cost Trend Rates**

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

Medicare Costs Trend Rate	Net OPEB Liability
1% decrease (3.50% Part A and 4.40% Part B)	\$ 646,586
Current Medicare costs trend rate (4.50% Part A and 5.40% Part B)	713,094
1% increase (5.50% Part A and 6.40% Part B)	789,656

**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
<b>Nonspendable</b>					
Revolving cash	\$ 75,000	\$ -	\$ -	\$ 2,000	\$ 77,000
Stores inventories	65,208	-	-	38,182	103,390
Total nonspendable	<u>140,208</u>	<u>-</u>	<u>-</u>	<u>40,182</u>	<u>180,390</u>
<b>Restricted</b>					
Legally restricted programs	5,430,185	-	-	444,717	5,874,902
Pension trust	18,716,048	-	-	-	18,716,048
Capital projects	-	35,314,575	-	1,015,665	36,330,240
Debt services	-	-	18,565,250	4,217,632	22,782,882
Student activities	-	-	-	304,017	304,017
Total restricted	<u>24,146,233</u>	<u>35,314,575</u>	<u>18,565,250</u>	<u>5,982,031</u>	<u>84,008,089</u>
<b>Committed</b>					
Deferred maintenance program	-	-	-	1,269,591	1,269,591
<b>Assigned</b>					
LCAP supplemental	1,178,578	-	-	-	1,178,578
Site carryover	679,056	-	-	-	679,056
District-wide technology	470,291	-	-	-	470,291
Capital projects	-	-	-	7,224,651	7,224,651
Child development	-	-	-	7,615,723	7,615,723
Other	9,824,901	-	-	-	9,824,901
Total assigned	<u>12,152,826</u>	<u>-</u>	<u>-</u>	<u>14,840,374</u>	<u>26,993,200</u>
<b>Unassigned</b>					
Reserve for economic uncertainties	7,000,897	-	-	-	7,000,897
Total	<u>\$ 43,440,164</u>	<u>\$ 35,314,575</u>	<u>\$ 18,565,250</u>	<u>\$ 22,132,178</u>	<u>\$ 119,452,167</u>

**Note 11 - Risk Management**

The District is a member of the North Orange County Liability and Property Self-Insurance Authority. For General Liability coverage, the member retained limit/deductible is \$2,500 and combined single limit each occurrence of \$25,000. At which point, NOCLPSIA becomes a member of Southern California Relief JPA (SCR) with coverage to \$1,000,000. Then SCR has excess coverage for liability extending to \$25,000,000. For Property again, NOCLPSIA has property coverage up to \$250,000 in excess of the member's retained limit of \$2,500. Above that, NOCLPSIA joins SCR and excess coverage extends to \$250,000,000.

**Description**

The District's risk management activities are recorded in the General and Self-Insurance Funds. The District participates in public entity risk pools joint powers authorities (JPA's) for the workers' compensation and property and liability insurance. These activities are recorded in the General Fund.

For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

**Unpaid Claims Liabilities**

The Self-Insurance Fund accounts for dental, vision, medical costs, and 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, 2019 to June 30, 2021:

	Health Care
Liability Balance, July 1, 2019	\$ 555,535
Claims and changes in estimates	9,551,565
Claims payments	(9,529,344)
Liability Balance, June 30, 2020	577,756
Claims and changes in estimates	9,827,155
Claims payments	(9,593,356)
Liability Balance, June 30, 2021	\$ 811,555
Assets available to pay claims at June 30, 2021	\$ 7,844,575

**Note 12 - Employee Retirement Systems**

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

For the fiscal year ended June 30, 2021, the District reported its proportionate share of net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	\$ 93,584,357	\$ 22,141,589	\$ 3,130,394	\$ 12,831,177
CalPERS	31,138,014	5,317,389	1,311,167	6,082,937
Total	\$ 124,722,371	\$ 27,458,978	\$ 4,441,561	\$ 18,914,114

The details of each plan are as follows:

**California State Teachers' Retirement System (CalSTRS)**

**Plan Description**

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2019, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

**Benefits Provided**

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

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

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

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

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

**Contributions**

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2021, are presented above and the District's total contributions were \$8,316,064.

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

At June 30, 2021, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the District were as follows:

Total net pension liability, including State share

Proportionate share of net pension liability	\$ 93,584,357
State's proportionate share of the net pension liability	<u>48,242,747</u>
Total	<u><u>\$ 141,827,104</u></u>

The net pension liability was measured as of June 30, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2020 and June 30, 2019, respectively, was 0.0966% and 0.0959%, resulting in a net increase in the proportionate share of 0.0007%.

For the year ended June 30, 2021, the District recognized pension expense of \$12,831,177. In addition, the District recognized pension expense and revenue of \$6,758,335 for support provided by the State. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 8,316,064	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	2,311,565	491,155
Differences between projected and actual earnings on pension plan investments	2,223,026	-
Differences between expected and actual experience in the measurement of the total pension liability	165,134	2,639,239
Changes of assumptions	<u>9,125,800</u>	<u>-</u>
Total	<u><u>\$ 22,141,589</u></u>	<u><u>\$ 3,130,394</u></u>



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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	\$ (1,356,477)
2023	757,426
2024	1,511,150
2025	1,310,927
Total	<u>\$ 2,223,026</u>

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	\$ 2,656,331
2023	2,662,442
2024	2,830,753
2025	131,013
2026	180,979
Thereafter	10,587
Total	<u>\$ 8,472,105</u>

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

Valuation date	June 30, 2019
Measurement date	June 30, 2020
Experience study	July 1, 2015 through June 30, 2018
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

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

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

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

### Discount Rate

The discount rate used to measure the total pension liability was 7.10%. 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%) 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:

<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% decrease (6.10%)	\$ 141,392,927
Current discount rate (7.10%)	93,584,357
1% increase (8.10%)	54,111,650

**California Public Employees Retirement System (CalPERS)**

**Plan Description**

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2019 annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/forms-publications>.

**Benefits Provided**

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

The CalPERS provisions and benefits in effect at June 30, 2020, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire date	2% at 55	2% at 62
Benefit formula	5 years of service	5 years of service
Benefit vesting schedule	Monthly for life	Monthly for life
Benefit payments	55	62
Retirement age	1.1% - 2.5%	1.0% - 2.5%
Monthly benefits as a percentage of eligible compensation	7.00%	7.00%
Required employee contribution rate	20.70%	20.70%
Required employer contribution rate		

### Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2021, are presented above and the total District contributions were \$2,985,509.

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

As of June 30, 2021, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$31,138,014. The net pension liability was measured as of June 30, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2020 and June 30, 2019, respectively, was 0.1015% and 0.1039%, resulting in a net decrease in the proportionate share of 0.0024%.

For the year ended June 30, 2021, the District recognized pension expense of \$6,082,937. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 2,985,509	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	25,152	1,311,167
Differences between projected and actual earnings on pension plan investments	648,194	-
Differences between expected and actual experience in the measurement of the total pension liability	1,544,350	-
Changes of assumptions	114,184	-
Total	<u>\$ 5,317,389</u>	<u>\$ 1,311,167</u>

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	\$ (242,567)
2023	216,362
2024	376,072
2025	298,327
Total	<u>\$ 648,194</u>

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	\$ 624,271
2023	14,841
2024	(239,783)
2025	(26,810)
Total	<u>\$ 372,519</u>

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

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

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

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

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

### Discount Rate

The discount rate used to measure the total pension liability was 7.15%. 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%)	\$ 44,766,573
Current discount rate (7.15%)	31,138,014
1% increase (8.15%)	19,826,993

**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 amounts of \$5,459,647 respectively (10.328% of annual payroll). Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

**Note 13 - Commitments and Contingencies**

**Grants**

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2021.

**Litigation**

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2021.

**Construction Commitments**

As of June 30, 2021, the District had the following commitments with respect to the unfinished capital projects:

<u>Capital Project</u>	<u>Remaining Construction Commitment</u>	<u>Expected Date of Completion</u>
Modernization at various sites		
Multi-Story STEM Project - Los Alamitos High	\$ 37,290,195	Summer 2022
Pool & Field Lighting Project/Aquatic Center - Los Alamitos High	1,147,521	Summer 2022
Program management - Districtwide	<u>2,401,422</u>	Summer 2023
Total	<u>\$ 40,839,138</u>	

**Note 14 - Participation in Public Entity Risk Pools and Joint Powers Authorities**

The District is a member of the Northern Orange County Self-Funded Workers' Compensation Agency (NOCSFWCA), and the Northern Orange County Liability and Property Self-Insurance Authority (NOCLPSIA). The District pays an annual premium to each entity for its workers' compensation and property liability coverage. The relationships between the District and the pools and the JPA's are such that they are not component units of the District for financial reporting purposes.

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

During the year ended June 30, 2021, the District made payments of \$1,342,887 and \$764,742 to NOCSFWCA and NOCLPSIA, respectively, for its workers' compensation and property liability coverage.

**Note 15 - Restatement of Prior Year Net Position and Fund Balance**

As of July 1, 2020, the District adopted GASB Statement No. 84, *Fiduciary Activities* (GASB 84). As a result of the implementation of GASB 84, the District has reclassified its associated student body activity previously reported as fiduciary funds to a governmental fund – Student Activity Fund. The following table describes the effects of the implementation on beginning fund balance/net position.



	Non-Major Governmental Funds	Total Governmental Funds
Beginning Fund Balance Previously Reported at June 30, 2020	\$ 15,723,221	\$ 87,026,752
Prior Period Adjustment - Implementation of GASB 84		
Reclassification of student activity funds from agency funds to a special revenue fund	184,729	184,729
Fund Balance Restated at July 1, 2020	\$ 15,907,950	\$ 87,211,481
The restatement of net position is identified as follows:		
Governmental Activities		
Beginning Net Position Government-Wide as Previously Reported at June 30, 2020		\$ (55,574,899)
Reclassification of student activity funds from agency funds to special revenue fund		184,729
Net Position Restated at July 1, 2020		\$ (55,390,170)



Required Supplementary Information  
June 30, 2021

**Los Alamitos Unified School District**

Los Alamitos Unified School District  
 Budgetary Comparison Schedule – General Fund  
 Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variances - Positive (Negative)
	Original	Final		Final to Actual
<b>Revenues</b>				
Local Control Funding Formula	\$ 78,727,674	\$ 85,936,365	\$ 85,936,366	\$ 1
Federal sources	5,616,797	10,707,977	9,798,671	(909,306)
Other State sources	12,722,971	20,957,137	20,318,269	(638,868)
Other local sources	1,214,964	2,065,744	4,626,580	2,560,836
Total revenues <sup>1</sup>	<u>98,282,406</u>	<u>119,667,223</u>	<u>120,679,886</u>	<u>1,012,663</u>
<b>Expenditures</b>				
<b>Current</b>				
Certificated salaries	49,640,149	52,480,901	52,094,323	386,578
Classified salaries	10,620,980	16,447,549	15,864,904	582,645
Employee benefits	23,413,224	27,753,898	28,181,457	(427,559)
Books and supplies	4,524,118	10,396,372	5,751,213	4,645,159
Services and operating expenditures	10,714,296	14,362,673	11,356,560	3,006,113
Other outgo	1,703,763	1,158,617	1,188,283	(29,666)
Capital outlay	294,134	1,699,174	852,532	846,642
<b>Debt service</b>				
Debt service - principal	136,197	136,197	130,400	5,797
Debt service - interest and other	5,954	5,954	7,598	(1,644)
Total expenditures <sup>1</sup>	<u>101,052,815</u>	<u>124,441,335</u>	<u>115,427,270</u>	<u>9,014,065</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(2,770,409)</u>	<u>(4,774,112)</u>	<u>5,252,616</u>	<u>10,026,728</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	1,000,000	-	-	-
Transfers out	(1,000,000)	(1,000,000)	(1,000,000)	-
Net financing sources (uses)	<u>-</u>	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>-</u>
Net Change in Fund Balances	(2,770,409)	(5,774,112)	4,252,616	10,026,728
Fund Balance - Beginning	39,187,548	39,187,548	39,187,548	-
Fund Balance - Ending	<u>\$ 36,417,139</u>	<u>\$ 33,413,436</u>	<u>\$ 43,440,164</u>	<u>\$ 10,026,728</u>

<sup>1</sup> Due to the consolidation of Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects and Fund 20, Special Reserve Fund for Postemployment Benefits for reporting purposes into the General Fund, additional revenues and expenditures pertaining to these other funds are included in the Actual (GAAP Basis) revenues and expenditures, however are not included in the original and final General Fund budgets.

Los Alamitos Unified School District  
Schedule of Changes in the District's Total OPEB Liability and Related Ratios  
Year Ended June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability				
Service cost	\$ 1,081,268	\$ 1,242,652	\$ 1,149,816	\$ 1,119,042
Interest	374,861	570,041	520,552	524,424
Difference between expected and actual experience	-	1,110,653	-	-
Changes of assumptions	54,165	(1,480,301)	332,468	-
Benefit payments	<u>(579,702)</u>	<u>(640,465)</u>	<u>(630,132)</u>	<u>(573,740)</u>
Net change in total OPEB liability	930,592	802,580	1,372,704	1,069,726
Total OPEB Liability - Beginning	<u>16,788,366</u>	<u>15,985,786</u>	<u>14,613,082</u>	<u>13,543,356</u>
Total OPEB Liability - Ending	<u>\$ 17,718,958</u>	<u>\$ 16,788,366</u>	<u>\$ 15,985,786</u>	<u>\$ 14,613,082</u>
Covered Payroll	<u>N/A<sup>1</sup></u>	<u>N/A<sup>1</sup></u>	<u>N/A<sup>1</sup></u>	<u>N/A<sup>1</sup></u>
Total OPEB Liability as a Percentage of Covered Payroll	<u>N/A<sup>1</sup></u>	<u>N/A<sup>1</sup></u>	<u>N/A<sup>1</sup></u>	<u>N/A<sup>1</sup></u>
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

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

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

Los Alamitos Unified School District  
Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program  
Year Ended June 30, 2021

Year ended June 30,	2021	2020	2019	2018
Proportion of the net OPEB liability	0.1683%	0.1697%	0.1673%	0.1693%
Proportionate share of the net OPEB liability	\$ 713,094	\$ 632,068	\$ 640,313	\$ 712,342
Covered payroll	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>
Plan fiduciary net position as a percentage of the total OPEB liability	-0.71%	-0.81%	-0.40%	0.01%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

<sup>1</sup> 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.

Los Alamitos Unified School District  
Schedule of the District's Proportionate Share of the Net Pension Liability  
Year Ended June 30, 2021

	2021	2020	2019	2018	2017	2016	2015
<b>CalSTRS</b>							
Proportion of the net pension liability	0.0966%	0.0959%	0.0932%	0.0935%	0.0946%	0.0946%	0.0929%
Proportionate share of the net pension liability	\$ 93,584,357	\$ 86,654,553	\$ 85,657,398	\$ 86,491,786	\$ 76,483,452	\$ 63,677,660	\$ 54,275,724
State's proportionate share of the net pension liability	48,242,747	47,275,844	49,042,867	51,167,810	43,540,665	33,678,462	32,774,025
<b>Total</b>	<b>\$ 141,827,104</b>	<b>\$ 133,930,397</b>	<b>\$ 134,700,265</b>	<b>\$ 137,659,596</b>	<b>\$ 120,024,117</b>	<b>\$ 97,356,122</b>	<b>\$ 87,049,749</b>
Covered payroll	\$ 52,253,789	\$ 55,984,386	\$ 45,032,162	\$ 49,428,545	\$ 46,402,209	\$ 43,021,869	41,368,582
Proportionate share of the net pension liability as a percentage of its covered payroll	179.10%	154.78%	190.21%	174.98%	164.83%	148.01%	131.20%
Plan fiduciary net position as a percentage of the total pension liability	72%	73%	71%	69%	70%	74%	77%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
<b>CalPERS</b>							
Proportion of the net pension liability	0.1015%	0.1039%	0.1047%	0.1047%	0.1007%	0.0998%	0.0983%
Proportionate share of the net pension liability	\$ 31,138,014	\$ 30,286,024	\$ 24,996,411	\$ 24,996,411	\$ 19,884,538	\$ 14,708,962	\$ 11,157,529
Covered payroll	\$ 14,567,588	\$ 14,566,349	\$ 12,888,649	\$ 13,342,440	\$ 12,349,717	\$ 11,062,085	10,319,082
Proportionate share of the net pension liability as a percentage of its covered payroll	213.75%	207.92%	193.94%	187.35%	161.01%	132.97%	108.13%
Plan fiduciary net position as a percentage of the total pension liability	70%	70%	71%	72%	74%	79%	83%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

Los Alamitos Unified School District  
Schedule of the District Contributions  
Year Ended June 30, 2021

	2021	2020	2019	2018	2017	2016	2015
<b>CalSTRS</b>							
Contractually required contribution	\$ 8,316,064	\$ 8,935,398	\$ 9,114,258	\$ 6,498,141	\$ 6,218,111	\$ 4,978,957	\$ 3,820,342
Less contributions in relation to the contractually required contribution	<u>8,316,064</u>	<u>8,935,398</u>	<u>9,114,258</u>	<u>6,498,141</u>	<u>6,218,111</u>	<u>4,978,957</u>	<u>3,820,342</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 51,492,656</u>	<u>\$ 52,253,789</u>	<u>\$ 55,984,386</u>	<u>\$ 45,032,162</u>	<u>\$ 49,428,545</u>	<u>\$ 46,402,209</u>	<u>\$ 43,021,869</u>
Contributions as a percentage of covered payroll	<u>16.15%</u>	<u>17.10%</u>	<u>16.28%</u>	<u>14.43%</u>	<u>12.58%</u>	<u>10.73%</u>	<u>8.88%</u>
<b>CalPERS</b>							
Contractually required contribution	\$ 2,985,509	\$ 2,872,874	\$ 2,630,974	\$ 2,001,736	\$ 1,852,998	\$ 1,463,071	\$ 1,302,118
Less contributions in relation to the contractually required contribution	<u>2,985,509</u>	<u>2,872,874</u>	<u>2,630,974</u>	<u>2,001,736</u>	<u>1,852,998</u>	<u>1,463,071</u>	<u>1,302,118</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 14,422,749</u>	<u>\$ 14,567,588</u>	<u>\$ 14,566,349</u>	<u>\$ 12,888,649</u>	<u>\$ 13,342,440</u>	<u>\$ 12,349,717</u>	<u>\$ 11,062,085</u>
Contributions as a percentage of covered payroll	<u>20.700%</u>	<u>19.721%</u>	<u>18.062%</u>	<u>15.531%</u>	<u>13.888%</u>	<u>11.847%</u>	<u>11.771%</u>

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

## **Note 1 - Purpose of Schedules**

### **Budgetary Comparison Schedule**

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

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

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

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

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

- *Change in Benefit Terms* – There were no changes in the benefit terms since the previous valuation.
- *Change of Assumptions* – Changes of assumptions reflect a change in the discount rate from 2.20% in 2020 to 2.16% in 2021.

### **Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program**

- *Changes in Benefits Terms* – There were no changes in the benefits terms since the previous valuation.
- *Changes of Assumptions* – The plan rate of investment return assumption was changed from 3.50% to 2.21% percent since the previous valuation.

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

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

- *Changes in Benefit Terms* – There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.
- *Changes in Assumptions* – There were no changes in economic assumptions for either the CalSTRS or CalPERS plans from the previous valuations.



**Schedule of District Contributions**

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



Supplementary Information  
June 30, 2021

**Los Alamitos Unified School District**

Los Alamitos Unified School District  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA/Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Passed Through Greater Anaheim Special Education Local Plan Area			
Special Education Cluster			
Basic Local Assistance Entitlement, Part B, Section 611	84.027	13379	\$ 1,684,495
Mental Health Allocation Plan, Part B, Section 611	84.027A	15321	110,365
Preschool Grants, Part B, Section 619	84.173	13430	67,627
Alternative Dispute Resolution	84.173A	13431	<u>14,187</u>
Total Special Education Cluster			<u>1,876,674</u>
Passed Through California Department of Education (CDE)			
COVID-19 Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	15536	296,799
COVID-19 Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D	15547	304,201
COVID-19 Governor's Emergency Education Relief (GEER) Fund	84.425C	15517	488,992
COVID-19 CARES Act Supplemental Meal Reimbursement	84.425D	15535	<u>49,744</u>
Subtotal			<u>1,139,736</u>
Title I Grants to Local Educational Agencies	84.010	14329	252,652
Supporting Effective Instruction State Grants - Supporting Effective Instruction	84.367	14341	66,170
English Language Acquisition State Grants - English Learner Student Program	84.365	14346	27,993
Federal Impact Aid	84.041	10015	3,410,873
Career and Technical Education - Basic Grants to States	84.048	14894	<u>24,446</u>
Total U.S. Department of Education			<u>6,798,544</u>
U.S. Department of Treasury			
Passed Through California Department of Education			
COVID-19 Coronavirus Relief Fund	21.019	25516	<u>3,049,871</u>
U.S. Department of Health and Human Services Human Services			
Passed Through California Department of Education (CDE)			
Child Care and Development Fund Cluster			
COVID-19 Child Care and Development Block Grant	93.575	15555	<u>10,299</u>
U.S. Department of Agriculture			
Passed Through California Department of Education			
Child Nutrition Cluster			
Seamless Summer Food Program	10.559	13004	1,658,958
National School Lunch Program - Commodity Supplemental Food	10.555	13391	<u>258,851</u>
Total Child Nutrition Cluster			<u>1,917,809</u>
Total Federal Financial Assistance			<u><u>\$11,776,523</u></u>

Los Alamitos Unified School District  
 Summary of Children and Families Commission of Orange County School Readiness  
 June 30, 2021

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	Early Learning Specialist and School Readiness Nurse
	Contract No. FCI-SD4-14
	7/1/2020 - 06/30/21
Revenues	
State categorical aid	\$ 129,400
Expenditures	
Staff salaries and benefits	\$ 119,698
Other direct project expenses	1,102
Indirect/administrative overhead	8,600
Total	\$ 129,400

**ORGANIZATION**

The Los Alamitos Unified School District was established July 1, 1980, and consists of an area comprising approximately 23 square miles. The District operates six elementary schools, two middle schools, and one high school. There were no boundary changes during the year ended, June 30, 2020.

**GOVERNING BOARD**

MEMBER	OFFICE	DATE ELECTED OR APPOINTED	TERM EXPIRES
Mrs. Marlys Davidson	President	November 2018	November 2022
Mrs. Diana D. Hill	Vice President	November 2010	November 2022
Mrs. Megan Cutuli	Member	November 2000	November 2024
Mr. Scott Fayette	Member	November 2020	November 2024
Mr. Chris Forehan	Member	November 2020	November 2024

**ADMINISTRATION**

Andrew Pulver, Ed.D.	Superintendent
Ondrea Reed, M.Ed	Deputy Superintendent, Educational Services
Elvia Galicia	Assistant Superintendent, Business Services
Joe Fraser	Assistant Superintendent, Human Resources

Los Alamitos Unified School District

Schedule of Instructional Time

Year Ended June 30, 2021

Grade Level	Number of Actual Days		Number of Days Credited Form J-13A	Total Days Offered	Status
	Traditional Calendar	Multitrack Calendar			
Kindergarten	180	N/A	-	180	Complied
Grades 1 - 3					
Grade 1	180	N/A	-	180	Complied
Grade 2	180	N/A	-	180	Complied
Grade 3	180	N/A	-	180	Complied
Grades 4 - 8					
Grade 4	180	N/A	-	180	Complied
Grade 5	180	N/A	-	180	Complied
Grade 6	180	N/A	-	180	Complied
Grade 7	180	N/A	-	180	Complied
Grade 8	180	N/A	-	180	Complied
Grades 9 - 12					
Grade 9	180	N/A	-	180	Complied
Grade 10	180	N/A	-	180	Complied
Grade 11	180	N/A	-	180	Complied
Grade 12	180	N/A	-	180	Complied

Los Alamitos Unified School District  
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements  
Year Ended June 30, 2021

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

Los Alamitos Unified School District  
Schedule of Financial Trends and Analysis  
Year Ended June 30, 2021

	(Budget) 2022 <sup>1</sup>	2021	2020	2019
General Fund <sup>3</sup>				
Revenues	\$ 117,387,170	\$ 117,609,329	\$ 112,092,622	\$ 109,158,786
Other sources	1,000,000	750,000	1,000,000	1,391,404
Total Revenues and Other Sources	<u>118,387,170</u>	<u>118,359,329</u>	<u>113,092,622</u>	<u>110,550,190</u>
Expenditures	119,982,963	114,058,354	112,293,146	111,963,665
Other uses and transfers out	1,000,000	2,368,916	8,235,717	5,492,876
Total Expenditures and Other Uses	<u>120,982,963</u>	<u>116,427,270</u>	<u>120,528,863</u>	<u>117,456,541</u>
Decrease in Fund Balance	<u>(2,595,793)</u>	<u>1,932,059</u>	<u>(7,436,241)</u>	<u>(6,906,351)</u>
Ending Fund Balance	<u>\$ 16,419,992</u>	<u>\$ 19,015,785</u>	<u>\$ 17,083,726</u>	<u>\$ 24,519,967</u>
Available Reserves <sup>2</sup>	<u>\$ 7,258,978</u>	<u>\$ 7,000,897</u>	<u>\$ 6,959,062</u>	<u>\$ 12,575,394</u>
Available Reserves as a Percentage of Total Outgo	<u>6.00%</u>	<u>6.01%</u>	<u>5.77%</u>	<u>10.71%</u>
Long-Term Liabilities	<u>N/A</u>	<u>\$ 424,812,358</u>	<u>\$ 368,370,596</u>	<u>\$ 360,709,986</u>
K-12 Average Daily Attendance at P-2	<u>9,044</u>	<u>9,437</u>	<u>9,437</u>	<u>9,474</u>

The General Fund balance has decreased by \$5,504,182 over the past two years. The fiscal year 2021-2022 budget projects a further decrease of \$2,595,793 (13.7%). 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 and anticipates incurring an operating deficit during the 2021-2022 fiscal year. Total long-term liabilities have increased by \$64,102,372 over the past two years.

Average daily attendance has decreased by 37 over the past two years. Additional decline of 393 ADA is anticipated during fiscal year 2021-2022.

<sup>1</sup> Budget 2022 is included for analytical purposes only and has not been subjected to audit.

<sup>2</sup> Available reserves consist of all unassigned fund balances including all amounts reserved for economic uncertainties contained with the General Fund.

<sup>3</sup> General Fund amounts do not include activity related to the consolidation of the Special Reserve Fund for Other Than Capital Outlay Projects and the Special Reserve Fund for Postemployment Benefits, as required by GASB Statement No. 54.



Los Alamitos Unified School District  
Combining Balance Sheet – Non-Major Governmental Funds  
June 30, 2021

	Student Activity Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	COP Debt Service Fund	Non-Major Governmental Funds
<b>Assets</b>									
Deposits and investments	\$ 304,017	\$ 8,194,344	\$ 796,946	\$ 1,285,895	\$ 1,003,184	\$ 8,195	\$ 7,165,619	\$ 4,217,632	\$ 22,975,832
Receivables	-	148,944	116,028	632	15,221	4	59,118	-	339,947
Due from other funds	-	704	112	-	-	-	-	-	816
Stores inventories	-	-	38,182	-	-	-	-	-	38,182
<b>Total assets</b>	<b>\$ 304,017</b>	<b>\$ 8,343,992</b>	<b>\$ 951,268</b>	<b>\$ 1,286,527</b>	<b>\$ 1,018,405</b>	<b>\$ 8,199</b>	<b>\$ 7,224,737</b>	<b>\$ 4,217,632</b>	<b>\$ 23,354,777</b>
<b>Liabilities and Fund Balances</b>									
<b>Liabilities</b>									
Accounts payable	\$ -	\$ 407,179	\$ 221,295	\$ 16,936	\$ 10,939	\$ -	\$ 86	\$ -	\$ 656,435
Due to other funds	-	132,039	79,784	-	-	-	-	-	211,823
Unearned revenue	-	157,947	196,394	-	-	-	-	-	354,341
<b>Total liabilities</b>	<b>-</b>	<b>697,165</b>	<b>497,473</b>	<b>16,936</b>	<b>10,939</b>	<b>-</b>	<b>86</b>	<b>-</b>	<b>1,222,599</b>
<b>Fund Balances</b>									
Nonspendable	-	-	40,182	-	-	-	-	-	40,182
Restricted	304,017	31,104	413,613	-	1,007,466	8,199	-	4,217,632	5,982,031
Committed	-	-	-	1,269,591	-	-	-	-	1,269,591
Assigned	-	7,615,723	-	-	-	-	7,224,651	-	14,840,374
<b>Total fund balances</b>	<b>304,017</b>	<b>7,646,827</b>	<b>453,795</b>	<b>1,269,591</b>	<b>1,007,466</b>	<b>8,199</b>	<b>7,224,651</b>	<b>4,217,632</b>	<b>22,132,178</b>
<b>Total liabilities and fund balances</b>	<b>\$ 304,017</b>	<b>\$ 8,343,992</b>	<b>\$ 951,268</b>	<b>\$ 1,286,527</b>	<b>\$ 1,018,405</b>	<b>\$ 8,199</b>	<b>\$ 7,224,737</b>	<b>\$ 4,217,632</b>	<b>\$ 23,354,777</b>

See Notes to Supplementary Information

Los Alamitos Unified School District  
Combining Statement of Revenues, Expenditure, and Changes in Fund Balances – Non-Major Governmental  
Funds  
June 30, 2021

	Student Activity Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund
<b>Revenues</b>					
Federal sources	\$ -	\$ 24,255	\$ 1,967,553	\$ -	\$ -
Other State sources	-	191,562	144,776	-	-
Other local sources	890,732	3,080,620	20,227	10,813	388,832
Total revenues	<u>890,732</u>	<u>3,296,437</u>	<u>2,132,556</u>	<u>10,813</u>	<u>388,832</u>
<b>Expenditures</b>					
<b>Current</b>					
Instruction	-	1,108,227	-	-	-
Instruction-related activities					
Supervision of instruction	-	194,091	-	-	-
School site administration	-	82,169	-	-	-
Pupil services					
Food services	-	33,148	2,099,689	-	-
All other pupil services	-	95,040	-	-	-
Administration					
All other administration	-	102,540	78,089	-	-
Plant services	-	67,516	-	9,499	86,688
Ancillary services	771,444	-	-	-	-
Community services	-	2,092,546	-	-	-
Other outgo	-	-	-	-	-
Facility acquisition and construction	-	-	-	670,017	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>771,444</u>	<u>3,775,277</u>	<u>2,177,778</u>	<u>679,516</u>	<u>86,688</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>119,288</u>	<u>(478,840)</u>	<u>(45,222)</u>	<u>(668,703)</u>	<u>302,144</u>
<b>Other Financing Sources</b>					
Transfers in	-	-	-	1,000,000	-
Net Change in Fund Balances	119,288	(478,840)	(45,222)	331,297	302,144
Fund Balance - Beginning, as restated	<u>184,729</u>	<u>8,125,667</u>	<u>499,017</u>	<u>938,294</u>	<u>705,322</u>
Fund Balance - Ending	<u>\$ 304,017</u>	<u>\$ 7,646,827</u>	<u>\$ 453,795</u>	<u>\$ 1,269,591</u>	<u>\$ 1,007,466</u>

Los Alamitos Unified School District  
Combining Statement of Revenues, Expenditure, and Changes in Fund Balances – Non-Major Governmental  
Funds  
June 30, 2021

	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	COP Debt Service Fund	Non-Major Governmental Funds
<b>Revenues</b>				
Federal sources	\$ -	\$ -	\$ -	\$ 1,991,808
Other State sources	-	-	-	336,338
Other local sources	8,693	184,592	3,416,919	8,001,428
Total revenues	<u>8,693</u>	<u>184,592</u>	<u>3,416,919</u>	<u>10,329,574</u>
<b>Expenditures</b>				
<b>Current</b>				
Instruction	-	-	-	1,108,227
Instruction-related activities				
Supervision of instruction	-	-	-	194,091
School site administration	-	-	-	82,169
Pupil services				
Food services	-	-	-	2,132,837
All other pupil services	-	-	-	95,040
Administration				
All other administration	-	-	-	180,629
Plant services	494	4,207	-	168,404
Ancillary services	-	-	-	771,444
Community services	-	-	-	2,092,546
Other outgo	-	-	1,382	1,382
Facility acquisition and construction	-	210,432	-	880,449
Debt service				
Principal	-	-	2,730,000	2,730,000
Interest	-	-	329,799	329,799
Total expenditures	<u>494</u>	<u>214,639</u>	<u>3,061,181</u>	<u>10,767,017</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>8,199</u>	<u>(30,047)</u>	<u>355,738</u>	<u>(437,443)</u>
<b>Other Financing Sources</b>				
Transfers in	-	-	-	1,000,000
Net Change in Fund Balances	8,199	(30,047)	355,738	562,557
Fund Balance - Beginning, as restated	-	7,254,698	3,861,894	21,569,621
Fund Balance - Ending	<u>\$ 8,199</u>	<u>\$ 7,224,651</u>	<u>\$ 4,217,632</u>	<u>\$ 22,132,178</u>

**Note 1 - Purpose of Schedules**

**Schedule of Expenditures of Federal Awards**

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2021. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or fund balance of the District.

Summary of Significant Accounting Policies

Expenditures reported in the schedule are reported on the modified accrual basis of accounting. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

Indirect Cost Rate

The District has not elected to use the ten percent de minimis cost rate.

Food Donation

Nonmonetary assistance is reported in this schedule at the fair market value of the commodities received and disbursed. At June 30, 2021, the District had food commodities totaling \$8,214 in inventory.

SEFA Reconciliation

The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts consist of COVID-19 Child Care and Development Block Grant funds that have been recorded in the current period as revenues that have not been expended as of June 30, 2021. These unspent balances are reported as legally restricted ending balances within the Child Development Fund.

	<u>Federal Financial Assistance Listing/Federal CFDA/Number</u>	<u>Amount</u>
Description		
Total Federal Revenues reported on the financial statements		\$ 11,790,479
COVID-19 Child Care and Development Block Grant	93.575	<u>(13,956)</u>
Total Schedule of Expenditures of Federal Awards		<u>\$ 11,776,523</u>

### **Summary of Children and Families Commission of Orange County**

The schedule provides information required by the Children and Families Commission of Orange County relating to the School Readiness Nurse Expansion program and the Early Learning Specialist (Grant No. FCI-SD4-14).

### **Local Education Agency Organization Structure**

This schedule provides information about the District's boundaries and schools operated, members of the governing board, and members of the administration.

### **Schedule of Instructional Time**

This schedule presents information on the number of instructional days offered by the District and whether the District complied with the provisions of *Education Code* Sections 43504.

### **Reconciliation of Annual Financial and Budget Report With Audited Financial Statements**

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

### **Schedule of Financial Trends and Analysis**

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

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

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



Independent Auditor's Reports  
June 30, 2021

# Los Alamitos Unified School District



**Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

To the Board of Directors  
Los Alamitos Unified School District  
Los Alamitos, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Los Alamitos Unified School District (the District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements and have issued our report thereon dated January 7, 2022.

**Emphasis of Matter – Change in Accounting Principle**

As discussed in Notes 1 and 15 to the financial statements, the District has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, which has resulted in a restatement of the net position and fund balance as of July 1, 2020. Our opinions are not modified with respect to this matter.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control.

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

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

A handwritten signature in cursive script that reads "Eide Sully LLP".

Rancho Cucamonga, California  
January 7, 2022





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

To the Board of Directors  
Los Alamitos Unified School District  
Los Alamitos, California

### **Report on Compliance for Each Major Federal Program**

We have audited Los Alamitos Unified School District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2021. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### **Management's Responsibility**

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

#### **Auditor's Responsibility**

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

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

#### **Opinion on Each Major Federal Program**

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

### **Report on Internal Control over Compliance**

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

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

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

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.



Rancho Cucamonga, California  
January 7, 2022



## Independent Auditor's Report on State Compliance

To the Board of Directors  
Los Alamitos Unified School District  
Los Alamitos, California

### Report on State Compliance

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

### Management's Responsibility

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

### Auditor's Responsibility

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

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

**Compliance Requirements Tested**

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

	<u>Procedures Performed</u>
<b>LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS</b>	
Attendance and Distance Learning	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No, see below
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
K-3 Grade Span Adjustment	Yes
Apprenticeship: Related and Supplemental Instruction	No, see below
Comprehensive School Safety Plan	Yes
District of Choice	No, see below
<b>SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS</b>	
California Clean Energy Jobs Act	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Independent Study - Course Based	No, see below
<b>CHARTER SCHOOLS</b>	
Attendance	No, see below
Mode of Instruction	No, see below
Nonclassroom-Based Instruction/Independent Study	No, see below
Determination of Funding for Nonclassroom-Based Instruction	No, see below
Charter School Facility Grant Program	No, see below

The District did not offer an Early Retirement Incentive Program during the current year; therefore, we did not perform procedures related to the Early Retirement Incentive Program.

We did not perform Apprenticeship: Related and Supplemental Instruction procedures because the program is not offered by the District.

We did not perform District of Choice procedures because the program is not offered by the District.

We did not perform California Clean Energy Jobs Act procedures because the related procedures were performed in a previous year.

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

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

**Unmodified Opinion**

In our opinion, the District complied, in all material respects, with the laws and regulations of the state programs referred to above for the year ended June 30, 2021.

The purpose of this report on state compliance is solely to describe the results of our testing based on the requirements of the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California  
January 7, 2022



Schedule of Findings and Questioned Costs  
June 30, 2021

# Los Alamitos Unified School District

**FINANCIAL STATEMENTS**

Type of auditor's report issued	Unmodified
Internal control over financial reporting: Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

**FEDERAL AWARDS**

Internal control over major program: Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported

Type of auditor's report issued on compliance for major programs:	Unmodified
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Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a):	No
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**Identification of major programs:**

<u>Name of Federal Program or Cluster</u>	<u>Federal Financial Assistance Listing/ Federal CFDA Number</u>
COVID-19 Coronavirus Relief Fund	21.019
COVID-19 Education Stabilization Fund	84.425C, 84.425D

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
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Auditee qualified as low-risk auditee?	Yes
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**STATE COMPLIANCE**

Type of auditor's report issued on compliance for programs:	Unmodified
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None reported.



None reported.

None reported.

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