Financial Statements
June 30, 2022

Lompoc Unified School District

Schedule of Findings and Questioned Costs

Independent Auditor's Report

To the Governing Board
Lompoc Unified School District
Lompoc, California

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Lompoc Unified School District, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Adoption of New Accounting Standard

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

Responsibilities of Management for the Financial Statements

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

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

Auditor’s Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the ’s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the ’s ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and 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 December 15, 2022 on our consideration of '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 '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 's internal control over financial reporting and compliance.

Eide Bailly LLP

Rancho Cucamonga, California
December 15, 2022

Dr. Debbie Blow, Interim Superintendent

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This section of Lompoc 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, 2022 with comparative information for the year ended June 30, 2021. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

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

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

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

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

The primary unit of the government is the Lompoc Unified School District.

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REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

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

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

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

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

Governmental Activities - All of the District's services are reported in this category. This includes the education of kindergarten through grade twelve 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. The District reports all of its services in this category.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

Governmental Funds - All 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 the governmental fund financial statement.

FINANCIAL HIGHLIGHTS

Overall, at the conclusion of the 2021-2022 school year, the District's General Fund balance was $33,125,087.

THE DISTRICT AS A WHOLE

Net Position

The District's net position was $4,468,302 for the fiscal year ended June 30, 2022. Of this amount, $(81,809,245) 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 that net position for day-to-day operations. Our analysis below, in summary form, focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

Table 1

	Governmental Activities	
	2022	2021 as restated
Assets		
Current and other assets	$ 61,895,671	$ 73,858,575
Capital assets, net of depreciation, and Lease assets, net of amortization	88,060,648	87,037,170
Total assets	149,956,319	160,895,745
Deferred outflows of resources	24,696,836	31,833,530
Liabilities		
Current liabilities	17,337,452	31,863,443
Long-term liabilities other than OPEB and pensions	28,227,620	33,875,843
Other postemployment benefits (OPEB) liability	6,716,501	7,950,800
Aggregate net pension liabilities	66,281,838	123,271,710
Total liabilities	118,563,411	196,961,796
Deferred inflows of resources	51,621,442	8,250,421
Net Position		
Net investment in capital assets	65,753,298	63,151,388
Restricted	20,524,249	13,107,022
Unrestricted (deficit)	(81,809,245)	(88,741,352)
Total net position (deficit)	$ 4,468,302	$ (12,482,942)

The $(81,809,245) in unrestricted (deficit) net position of all governmental activities represents the accumulated results of all past years' operations. Unrestricted net deficit decreased by $6,932,107, 7.8%, compared to the prior year balance of $(88,741,352).

Changes in Net Position

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

Table 2

	Governmental Activities	
	2022	2021 *
Revenues		
Program revenues		
Charges for services and sales	$ 1,654,592	$ 681,065
Operating grants and contributions	40,004,471	35,772,240
General revenues		
Federal and State aid not restricted	76,980,910	72,712,197
Property taxes	33,389,040	30,852,099
Other general revenues	366,832	1,746,002
Total revenues	152,395,845	141,763,603
Expenses		
Instruction	87,706,186	100,973,516
Pupil services	17,016,454	15,608,266
Administration	7,830,500	11,296,789
Plant services	13,881,881	14,455,858
All other services	9,009,580	7,329,478
Total expenses	135,444,601	149,663,907
Change in net position	$ 16,951,244	$ (7,900,304)

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

Governmental Activities

As reported in the *Statement of Activities* on page 15, the cost of all of our governmental activities this year was $135,444,601. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only $33,389,040 because the cost was paid by those who benefited from the programs ($1,654,592), or by other governments and organizations who subsidized certain programs with grants and contributions ($40,004,471). We paid for the remaining "public benefit" portion of our governmental activities with $77,347,742, in Federal and State funds and other revenues, like interest and general entitlements.

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

Table 3

	Total Cost of Services		Net Cost of Services	
	2022	2021 *	2022	2021 *
Instruction-related	$ 87,706,186	$ 100,973,516	$ (59,332,647)	$ (73,655,645)
Pupil services	17,016,454	15,608,266	(8,090,239)	(9,433,532)
Administration	7,830,500	11,296,789	(6,282,789)	(10,293,742)
Plant services	13,881,881	14,455,858	(13,559,965)	(13,673,613)
All other services	9,009,580	7,329,478	(6,519,898)	(6,154,070)
Total	$ 135,444,601	$ 149,663,907	$ (93,785,538)	$ (113,210,602)

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

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of $44,589,149, which is an increase of $2,563,046, or 6.1% from last year. (Table 4)

Table 4

	Balances and Activity			
Governmental Fund	June 30, 2021	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2022
General Fund	$ 27,386,732	$ 144,787,332	$ 139,048,977	$ 33,125,087
Student Activity Fund	585,523	863,333	687,884	760,972
Adult Education Fund	1,342,123	1,343,065	1,382,611	1,302,577
Cafeteria Fund	1,737,416	5,531,991	4,397,679	2,871,728
Capital Facilities Fund	1,065,270	107,207	-	1,172,477
County School Facilities	-	568,172	17,618	550,554
Special Reserve Fund for Capital Outlay Projects	6,581,822	970,580	5,612,487	1,939,915
Bond Interest and Redemption Fund	3,327,217	4,238,803	4,700,181	2,865,839
Total	$ 42,026,103	$ 158,410,483	$ 155,847,437	$ 44,589,149

The primary reasons for these increases/decreases are:

1. The General Fund is the District's principal operating fund. The fund balance in the General Fund increased from $27 million to $33 million due to one-time funding, and deferred expenses to new year.
2. The Cafeteria Fund increased due to program savings.
3. The Capital Facilities Fund decreased due to construction project costs.
4. The Bond Interest and Redemption Fund is County controlled and dependent on the structure of the debt.

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget was adopted on June 28, 2022. (A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report on page 64.)

CAPITAL AND DEBT ADMINISTRATION

Capital Assets and Right-to-Use Leased Assets

At June 30, 2022, the District had $88,060,648, in a broad range of capital assets and right-to-use leased assets, including land and construction in process, land improvements, buildings and improvements, and furniture and equipment. This amount represents a net increase (including additions, deductions, depreciation, and amortization) of $1,023,478, or 1.2% from last year (Table 5).

Table 5

	Governmental Activities	
	2022	2021 as restated
Land and construction in progress	$ 10,246,606	$ 19,761,278
Land improvements	21,251,692	15,053,660
Buildings and improvements	51,656,012	47,253,111
Equipment	4,185,150	4,015,790
Right-to-use leased assets	721,188	953,331
Total	$ 88,060,648	$ 87,037,170

We provide more detailed information regarding capital assets in Note 5 of the financial statements.

Long-Term Liabilities Other than Other Postemployment Benefits (OPEB) and Pension

At the end of this year, the District had $28,227,620, in long-term liabilities other than OPEB and pensions versus $33,875,843, last year, a decrease of $5,648,223, or 16.7%. The liabilities consisted of the following:

Table 6

	Governmental Activities	
	2022	2021 as restated
Long-Term Liabilities		
General obligation bonds	$ 8,114,805	$ 12,285,942
Premium on issuance	687,974	916,883
Private placement debt -		
Energy efficiency financing	14,109,233	14,242,250
Supplemental Early Retirement Plan	2,612,930	4,044,274
Early retirement incentives	114,784	265,968
Compensated absences	1,791,683	1,110,528
Lease liability	796,211	1,009,998
Total	$ 28,227,620	$ 33,875,843

The State limits the amount of general obligation debt that Districts can issue to 2.5% of the assessed value of all taxable property within the District's boundaries. The District's outstanding general obligation debt is significantly below statutorily imposed limit.

We provide more detailed information regarding long-term liabilities other than OPEB and pensions in Note 10 of the financial statements.

OPEB and Pension Liabilities

At year-end, the District had a net other post-employment benefits (OPEB) liability of $6,716,501, versus $7,950,800, last year, a decrease of $1,234,299, or 15.5%.

In addition, at year-end, the District had an aggregate net pension liability of $66,281,838 versus $123,271,710 last year, a decrease of $56,989,872, or 46.2%.

We provide more detailed information regarding OPEB and pensions in Note 11 and Note 14, respectively, of the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

Revenues:

1. The LCFF Base Grant will increase by the COLA percentage 6.56% plus 6.07% additional LCFF Investment
2. Funded ADA will be based on the average of the last three years
3. Federal, Other State and Other Local Revenue will be budgeted according to published funding results and actual revenue receipts.

Expenditures:

1. Benefits will increase due to increase of Health Insurance, STRS, and PERS rates
2. The expenditure budget for capitalized projects has increased compared to 2021-2022

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact Douglas Sorum, Assistant Superintendent, Business Services, at Lompoc Unified School District, 1301 North "A" Street, P.O. Box 8000, Lompoc, California, 93438-8000, or e-mail at sorum.douglas@lusd.org.

	Governmental Activities
Assets	
Deposits and investments	$ 48,227,067
Receivables	13,475,308
Prepaid expense	140,407
Stores inventories	52,889
Capital assets not depreciated	10,246,606
Capital assets, net of accumulated depreciation	77,092,854
Right-to-use leased assets, net of accumulated amortization	721,188
Total assets	149,956,319
Deferred Outflows of Resources	
Deferred charge on refunding	591,860
Deferred outflows of resources related to OPEB	765,779
Deferred outflows of resources related to pensions	23,339,197
Total deferred outflows of resources	24,696,836
Liabilities	
Accounts payable	13,353,532
Accrued interest payable	30,930
Unearned revenue	3,952,990
Long-term liabilities	
Long-term liabilities other than OPEB and pensions due within one year	3,148,827
Long-term liabilities other than OPEB and pensions due in more than one year	25,078,793
Net other postemployment benefits liability (OPEB)	6,716,501
Aggregate net pension liability	66,281,838
Total liabilities	118,563,411
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	1,626,465
Deferred inflows of resources related to pensions	49,994,977
Total deferred inflows of resources	51,621,442
Net Position	
Net investment in capital assets	65,753,298
Restricted for	
Debt service	2,834,909
Capital projects	1,723,031
Educational programs	11,409,482
Other restrictions	4,556,827
Unrestricted (deficit)	(81,809,245)
Total net position (deficit)	$ 4,468,302

Functions/Programs	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities
Governmental Activities				
Instruction	$ 75,261,044	$ 886,627	$ 24,485,965	$ (49,888,452)
Instruction-related activities				
Supervision of instruction	3,441,059	35,292	1,438,044	(1,967,723)
Instructional library, media, and technology	1,598,165	-	113,669	(1,484,496)
School site administration	7,405,918	2,970	1,410,972	(5,991,976)
Pupil services				
Home-to-school transportation	2,038,418	-	-	(2,038,418)
Food services	4,191,661	223,717	5,087,847	1,119,903
All other pupil services	10,786,375	120,703	3,493,948	(7,171,724)
Administration				
Data processing	1,653,053	193	201,750	(1,451,110)
All other administration	6,177,447	23,700	1,322,068	(4,831,679)
Plant services	13,881,881	17,273	304,643	(13,559,965)
Ancillary services	2,266,350	373	870,282	(1,395,695)
Interest on long-term liabilities	803,321	-	-	(803,321)
Other outgo	5,939,909	343,744	1,275,283	(4,320,882)
Total governmental activities	$ 135,444,601	$ 1,654,592	$ 40,004,471	(93,785,538)
General Revenues and Subventions				
Property taxes, levied for general purposes				28,728,826
Property taxes, levied for debt service				4,333,087
Taxes levied for other specific purposes				327,127
Federal and State aid not restricted to specific purposes				76,980,910
Interest, investment earnings, and change in fair market valuations				(1,258,325)
Interagency revenues				402,064
Miscellaneous				1,223,093
Subtotal, general revenues and subventions				110,736,782
Change in Net Position				16,951,244
Net Position - Beginning, as restated				(12,482,942)
Net Position - Ending				$ 4,468,302

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets			
Deposits and investments	$ 38,247,600	$ 9,979,467	$ 48,227,067
Receivables	12,602,922	872,386	13,475,308
Due from other funds	98,280	1,090,103	1,188,383
Prepaid expenditures	139,112	1,295	140,407
Stores inventories	39,465	13,424	52,889
Total assets	$ 51,127,379	$ 11,956,675	$ 63,084,054
Liabilities and Fund Balances			
Liabilities			
Accounts payable	$ 12,972,431	$ 381,101	$ 13,353,532
Due to other funds	1,082,685	105,698	1,188,383
Unearned revenue	3,947,176	5,814	3,952,990
Total liabilities	18,002,292	492,613	18,494,905
Fund Balances			
Nonspendable	179,497	19,719	199,216
Restricted	11,409,482	9,555,418	20,964,900
Assigned	17,354,288	1,888,925	19,243,213
Unassigned	4,181,820	-	4,181,820
Total fund balances	33,125,087	11,464,062	44,589,149
Total liabilities and fund balances	$ 51,127,379	$ 11,956,675	$ 63,084,054

Total Fund Balance - Governmental Funds		$ 44,589,149
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	$ 197,147,210	
Accumulated depreciation is	(109,807,750)	
Net capital assets		87,339,460
Right-to-use leased assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of right-to-use leased assets is	1,160,714	
Accumulated amortization is	(439,526)	
Net right-to-use leased assets		721,188
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.		(30,930)
Deferred outflows of resources represent a consumption of net position in a future period and are not reported in the governmental funds. Deferred outflows of resources amounted to and related to		
Deferred charge on refunding	591,860	
Other postemployment benefits (OPEB) liability	765,779	
Aggregate net pension liability	23,339,197	
Total deferred outflows of resources		24,696,836
Deferred inflows of resources represent an acquisition of net position that applies to a future period and are not reported in the governmental funds. Deferred inflows of resources amount to and related to		
Other postemployment benefits (OPEB) liability	(1,626,465)	
Aggregate net pension liability	(49,994,977)	
Total deferred inflows of resource		(51,621,442)
Net pension liability is not due and payable in the current period and is not reported as a liability in the funds.		(66,281,838)
The District's OPEB liability is not due and payable in the current period and is not reported as a liability in the funds.		(6,716,501)
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	(7,715,513)	
Premium on issuance	(687,974)	
Leases payable	(796,211)	
Energy efficiency financing	(14,109,233)	
Supplemental Early Retirement Plan	(2,612,930)	
Early retirement incentive	(114,784)	
Compensated absences (vacations)	(1,791,683)	
In addition, capital appreciation general obligation bonds were issued. The accretion of interest to date on the general obligation bonds is	(399,292)	
Total long-term liabilities		(28,227,620)
Total net position - governmental activities		$ 4,468,302

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues			
Local Control Funding Formula	$ 102,472,312	$ -	$ 102,472,312
Federal sources	14,811,986	5,298,468	20,110,454
Other State sources	20,114,878	2,030,494	22,145,372
Other local sources	7,388,156	5,294,189	12,682,345
Total revenues	144,787,332	12,623,151	157,410,483
Expenditures			
Current			
Instruction	81,265,809	696,450	81,962,259
Instruction-related activities			
Supervision of instruction	3,777,552	177,926	3,955,478
Instructional library, media, and technology	1,638,210	-	1,638,210
School site administration	7,910,409	369,844	8,280,253
Pupil services			
Home-to-school transportation	2,141,691	-	2,141,691
Food services	-	4,274,807	4,274,807
All other pupil services	11,424,665	67,373	11,492,038
Administration			
Data processing	1,940,975	-	1,940,975
All other administration	6,253,430	129,770	6,383,200
Plant services	12,096,198	186,092	12,282,290
Ancillary services	1,730,263	687,884	2,418,147
Other outgo	5,939,909	-	5,939,909
Facility acquisition and construction	1,145,597	5,508,133	6,653,730
Debt service			
Principal	346,804	4,380,000	4,726,804
Interest and other	437,465	320,181	757,646
Total expenditures	138,048,977	16,798,460	154,847,437
Excess (Deficiency) of Revenues Over Expenditures	6,738,355	(4,175,309)	2,563,046
Other Financing Sources (Uses)			
Transfers in	-	1,000,000	1,000,000
Transfers out	(1,000,000)	-	(1,000,000)
Net Financing Sources (Uses)	(1,000,000)	1,000,000	-
Net Change in Fund Balances	5,738,355	(3,175,309)	2,563,046
Fund Balance - Beginning	27,386,732	14,639,371	42,026,103
Fund Balance - Ending	$ 33,125,087	$ 11,464,062	$ 44,589,149

Total Net Change in Fund Balances - Governmental Funds		$ 2,563,046
Amounts Reported for Governmental Activities in the Statement of Activities are different from the fund financial statements because		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation and amortization expenses in the Statement of Activities.		
This is the amount by which capital outlay exceeds depreciation and amortization expenses in the period.		
Capital outlay	$ 7,697,253	
Depreciation and amortization expenses	(6,673,775)	
Net expense adjustment		1,023,478
The District issued capital appreciation general obligations bonds. The accretion of interest on the general obligation bonds during the current fiscal year was		(208,863)
In the Statement of Activities, certain operating expenses, such as compensated absences (vacations) and early retirement incentives, are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This amount is the difference between vacation and early retirement incentives earned and used.		901,373
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.		8,128,555
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.		(346,337)

Premium amortization	$ 228,909	
Deferred charge on refunding amortization	(65,762)	
		$ 163,147
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	4,380,000	
Energy efficiency financing	133,017	
Leases payable	213,787	
		4,726,804
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 accrues, regardless of when it is due.		41
Change in net position of governmental activities		$ 16,951,244

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The Lompoc Unified School District (the District) was unified on July 1, 1960, 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 nine elementary schools, two middle schools, two high schools, a community day school, a continuation high school, an adult education program, and an independent study program.

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

Other Related Entities

The District has approved charter for the Manzanita Public Charter School (0973) pursuant to *Education Code* Section 47605. The charter school is operated independently and not considered a component unit of the District. The District receives revenues on behalf of the charter school, which it passes on to the charter school.

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 re grouped into a single fund category: governmental.

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

Major Governmental Funds

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

Two funds currently defined as special revenue funds in the California State Accounting Manual (CSAM) do not meet the GASB Statement No. 54 special revenue fund definition. Specifically, Fund 14, Deferred Maintenance Fund, and Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects, 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 extensions of the General Fund, and accordingly have been combined with the General Fund for presentation in these audited financial statements.

As a result, the General Fund reflects an increase in fund balance of $9,699,794.

Non-Major Governmental Funds

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

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

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

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

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

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

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

- **Special Reserve Fund for Capital Outlay Projects** The Special Reserve Fund for Capital Outlay Projects exists primarily to provide for the accumulation of General Fund monies for capital outlay purposes (*Education Code* Section 42840).

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

- **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).

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.

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

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

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

- **Governmental Funds** All governmental funds are accounted for using a 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 reconciliation with brief explanations to better identify the relationship between the government-wide financial statements and the statements for the governmental funds on a modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

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, if measurable, and typically paid within 90 days. Principal and interest on general 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 government-wide statements.

Investments

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

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 when consumed rather than 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 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. Capital assets are long-lived assets of the District. The District maintains a capitalization threshold of $5,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized but are expensed as incurred.

When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in the government-wide statement of net position. The valuation basis for 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, if applicable.

Depreciation is computed using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 50 years; improvements/infrastructure, 5 to 50 years; equipment, 2 to 15 years.

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

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

Interfund Balances

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

Current Loans

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

Compensated Absences

Compensated absences are accrued as a liability and reported on the government-wide statement of net position. For governmental funds, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the accounts payable 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.

Debt Issuance Costs, Premiums, and Discounts

In the government-wide financial statements, long-term liabilities are reported as liabilities in the applicable governmental activities Statement of Net Assets. Debt premiums and discounts are amortized over the life of the bonds using the straight-line method, which approximates the effective interest method.

In the 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.

Accrued Liabilities and Long-Term Liabilities

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

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

Deferred Outflows/Inflows of Resources

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

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

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) plan for schools (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalSTRS and CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Member contributions are recognized in the period in which they are earned. Investments are reported at fair value. The net pension liability attributable to the governmental activities will be paid 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 and the MPP's fiduciary net position have been determined on the same basis as they are reported by the District Plan and the MPP. For this purpose, the District Plan and the MPP recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund.

Leases

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

Fund Balances - Governmental Funds

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

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

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

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

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

Unassigned - all other spendable amounts.

Spending Order Policy

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

Minimum Fund Balance Policy

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

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities, and deferred inflows of resources. Net position net of investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report $20,524,249 of net position restricted by enabling legislation.

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. 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 columns 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 Santa Barbara bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

Change in Accounting Principles

Implementation of GASB Statement No. 87

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

Implementation of GASB Statement No. 92

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

- The effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, Leases, for interim financial reporting
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan
- The applicability of Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits
- The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature
- Terminology used to refer to derivative instruments

The requirements of this Statement are effective as follows:

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

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

Implementation of GASB Statement No. 93

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

- Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment
- Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate
- Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable
- Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap
- Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap
- Clarifying the definition of reference rate, as it is used in Statement 53, as amended
- Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

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

Note 2 - Deposits and Investments

Summary of Deposits and Investments

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

Governmental funds	$ 48,227,067

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

Cash on hand and in banks	$ 839,047
Cash in revolving	5,920
Investments	47,382,100
Total deposits and investments	$ 48,227,067

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 holding the majority of its investments in the Santa Barbara County Treasury pool. The Pool purchases shorter term investments and attempts to time cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The District maintains an investment of $47,832,100, with the Santa Barbara County Treasury Investment Pool. The average weighted maturity for this pool was 664 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 investment with the Santa Barbara County Treasury Investment Pool is currently not rated, nor is required to be rated.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the *California Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2022, the District's bank balance of $253,184 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Note 3 - Fair Value Measurements

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

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

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

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

As of June 30, 2022, the District's investments of $47,382,100 in the Santa Barbara County Treasury Investment Pool are uncategorized.

Note 4 - Receivables

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

	General Fund	Non-Major Governmental Funds	Total
Federal Government			
Categorical aid	$ 8,693,683	$ 780,927	$ 9,474,610
State Government			
LCFF apportionment	726,290	-	726,290
Categorical aid	822,849	45,478	868,327
Lottery	266,690	-	266,690
Special education	1,239,415	-	1,239,415
Local Government			
Interest	51,940	14,237	66,177
Other local sources	802,055	31,744	833,799
Total	$ 12,602,922	$ 872,386	$ 13,475,308

Note 5 - Capital Assets

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

	Balance July 1, 2021 as restated	Additions	Deductions	Balance June 30, 2022
Governmental Activities				
Capital assets not being depreciated				
Land	$ 9,336,000	$ -	$ -	$ 9,336,000
Construction in progress	10,425,278	5,135,512	(14,650,184)	910,606
Total capital assets not being depreciated	19,761,278	5,135,512	(14,650,184)	10,246,606
Capital assets being depreciated				
Land improvements	25,760,936	7,545,626	-	33,306,562
Buildings and improvements	126,356,839	8,644,877	-	135,001,716
Furniture and equipment	17,570,904	1,021,422	-	18,592,326
Total capital assets being depreciated	169,688,679	17,211,925	-	186,900,604
Total capital assets	189,449,957	22,347,437	(14,650,184)	197,147,210
Accumulated depreciation				
Land improvements	(10,707,276)	(1,347,594)	-	(12,054,870)
Buildings and improvements	(79,103,728)	(4,241,976)	-	(83,345,704)
Furniture and equipment	(13,555,114)	(852,062)	-	(14,407,176)
Total accumulated depreciation	(103,366,118)	(6,441,632)	-	(109,807,750)
Net depreciable capital assets	66,322,561	10,770,293	-	77,092,854
Right-to-use leased assets being amortized				
Furniture and equipment	1,160,714	-	-	1,160,714
Total accumulated amortization	(207,383)	(232,143)	-	(439,526)
Net-right-to-use leased assets	953,331	(232,143)	-	721,188
Governmental activities capital assets and right-to-use leased assets, net	$ 87,037,170	$ 15,673,662	$ (14,650,184)	$ 88,060,648

Depreciation and amortization expenses were charged to governmental functions as follows:

Governmental Activities	
Instruction	$ 3,655,129
Home-to-school transportation	252,641
All other pupil services	218,308
All other administration	232,143
Plant services	2,315,554
Total depreciation and amortization expenses governmental activities	$ 6,673,775

Note 6 - Interfund Transactions

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances at June 30, 2022, between major governmental funds and non-major governmental funds are as follows:

	Due From		
Due To	General Fund	Non-Major Governmental Funds	Total
General Fund	$ -	$ 98,280	$ 98,280
Non-Major Governmental Funds	1,082,685	7,418	1,090,103
Total	$ 1,082,685	$ 105,698	$ 1,188,383

The balance of $78,970 due to the General Fund from the Cafeteria Non-Major Governmental Fund is for reimbursement of payroll expenditures and indirect cost charges.

The balance of $19,310 due to the General Fund from the Adult Education Non-Major Governmental Fund is for reimbursement of payroll expenditures and indirect cost charges.

The balance of $3,185 due to the Cafeteria Non-Major Governmental Fund from the General Fund is for program contributions.

The balance of $7,418 due to the Capital Projects Non-Major Governmental Fund from the Special Reserve Fund for Capital Outlay Projects Non-Major Governmental Fund is to reimburse for expenditures.

The balance of $1,079,500 due to the Special Reserve Non-Major Governmental Fund for Capital Outlay Projects from the General Fund is for future capital projects.

Operating Transfers

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

The General Fund transferred to the Special Reserve Non-Major Governmental Fund for Capital Outlay Projects for future capital outlay needs.	$ 1,000,000

Note 7 - Accounts Payable

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

	General Fund	Non-Major Governmental Funds	Total
Salaries and benefits	$ 3,898,629	$ 103,480	$ 4,002,109
Services	1,691,616	64,484	1,756,100
Supplies and materials	622,659	45,032	667,691
LCFF apportionment	415,043	-	415,043
Capital outlay	-	50,383	50,383
Other vendor payables	1,452,969	117,722	1,570,691
Other local governments	4,891,515	-	4,891,515
Total	$ 12,972,431	$ 381,101	$ 13,353,532

Note 8 - Unearned Revenue

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

	General Fund	Non-Major Governmental Funds	Total
Federal financial assistance	$ 2,430,987	$ 5,814	$ 2,436,801
State categorical aid	1,516,189	-	1,516,189
Total	$ 3,947,176	$ 5,814	$ 3,952,990

Note 9 - Tax and Revenue Anticipation Notes (TRANs)

The District issued $12,930,000 of 2021 Series A-2 and $4,715,000 of 2021 Series B State Aid Intercept Notes dated March 10, 2021, through the California School Finance Authority State Aid Intercept Notes (Fiscal Year 2020-2021) School and Community College District Deferrals Program, which matured on August 30, 2021, and December 30, 2021, respectively. The notes were issued to supplement cash flows. As of June 30, 2022, the District had repaid the notes.

Changes in the outstanding liabilities for the Tax and Revenue Anticipation Notes are as follows:

Issue Date	Rate	Maturity Date	Outstanding July 1, 2021	Additions	Payments	Outstanding June 30, 2022
3/10/2021	0.20%	8/30/2021	$ 4,715,000	$ -	$ (4,715,000)	$ -
3/10/2021	0.22%	12/30/2021	12,930,000	-	(12,930,000)	-
			$ 17,645,000	$ -	$ (17,645,000)	$ -

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

Summary

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

	Balance July 1, 2021 as restated	Additions	Deductions	Balance June 30, 2022	Due in One Year
Long-Term Liabilities					
General obligation bonds	$ 12,285,942	$ 208,863	$ (4,380,000)	$ 8,114,805	$ 1,225,000
Premium on issuance	916,883	-	(228,909)	687,974	-
Private placement debt - Energy efficiency financing	14,242,250	-	(133,017)	14,109,233	173,317
Supplemental Early Retirement Plan	4,044,274	-	(1,431,344)	2,612,930	1,431,344
Early retirement incentives	265,968	37,033	(188,217)	114,784	98,832
Compensated absences	1,110,528	681,155	-	1,791,683	-
Leases payable	1,009,998	-	(213,787)	796,211	220,334
Total	$ 33,875,843	$ 927,051	$ (6,575,274)	$ 28,227,620	$ 3,148,827

Payments on the general obligation bonds are made by the Bond Interest and Redemption Fund with local revenues. Payments for the energy efficiency financing are paid by the General Fund. Payments for the Supplemental Early Retirement Plan and the early retirement incentive were made by the General Fund. The compensated absences will be paid by the General Fund, the Adult Education Fund, and the Child Nutrition Fund. Lease payments were 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 Outstanding July 1, 2021	Issued	Interest Accreted	Redeemed	Bonds Outstanding June 30, 2022
5/1/2008	8/1/2022	3.50-5.25%	$ 21,605,971	$ 4,250,942	$ -	$ 208,863	$ (3,880,000)	$ 579,805
4/15/2015	6/1/2032	2.00-5.00%	9,920,000	8,035,000	-	-	(500,000)	7,535,000
				$ 12,285,942	$ -	$ 208,863	$ (4,380,000)	$ 8,114,805

2008 General Obligation Refunding Bonds

In May 2008, the District issued $21,605,971 of the 2008 General Obligation Refunding Bonds. The 2008 General Obligation Refunding Bonds were issued as both current interest and capital appreciation bonds, with the capital appreciation bonds accreting interest to a maturity value of $4,485,000. The bonds mature through August 1, 2022, with interest rates ranging from 3.50 to 5.25%. Proceeds from the sale of the bonds were used to refund portions of the General Obligation Bonds, Election of 2002, the General Obligation Bonds, Election of 2002, Series B, and pay costs of issuance of the refunding bonds. At June 30, 2022, the principal balance outstanding was $579,805.

2015 General Obligation Refunding Bonds

In April 2015, the District issued $9,920,000 of the 2015 General Obligation Refunding Bonds. The 2015 General Obligation Refunding Bonds were issued as current interest bonds. The bonds have a final maturity to occur on June 1, 2032, with interest rates ranging from 2.00 to 5.00%. Proceeds from the sale of the bonds were used to refund portions of the District's outstanding General Obligation Bonds, Election of 2002, Series C. At June 30, 2022, the principal balance outstanding was $7,535,000.

Debt Service Requirements to Maturity

Fiscal Year	Principal	Accreted Interest	Interest to Maturity	Total
2023	$ 1,199,805	$ 25,195	$ 295,181	$ 1,520,181
2024	735,000	-	264,181	999,181
2025	545,000	-	227,431	772,431
2026	560,000	-	200,181	760,181
2027	640,000	-	172,181	812,181
2028-2032	4,435,000	-	433,888	4,868,888
Total	$ 8,114,805	$ 25,195	$ 1,593,043	$ 9,733,043

Private Placement Debt

Energy Efficiency Financing

In June 2020, the District entered into a energy efficiency financing agreement in the amount of $14,426,062. Proceeds from the lease will be used to fund energy and water efficiency projects on sites throughout the District. The lease was issued at 2.71% with the final payment to occur on June 26, 2040. The repayment schedule is as follows:

Year Ending June 30,	Principal	Interest	Total
2023	$ 173,317	$ 382,360	$ 555,677
2024	217,359	377,663	595,022
2025	250,702	371,773	622,475
2026	310,951	364,979	675,930
2027	358,802	356,552	715,354
2028-2032	2,859,096	1,599,845	4,458,941
2033-2037	5,208,232	1,095,441	6,303,673
2038-2040	4,730,774	264,913	4,995,687
Total	$ 14,109,233	$ 4,813,526	$ 18,922,759

Supplemental Early Retirement Incentives

Classified Employees:

During the 2018-2019 fiscal year, the District offered supplemental early retirement incentives to classified employees. Classified employees with at least five years of full-time CalPERS service in the District and attainment of age 50 were eligible to participate in this supplemental early retirement incentive program. Qualifying employees receive a payment each year for medical insurance benefits. Eligible participants receive 80% of their final annual pay deposited to an IRC Section 403 (b) account in five annual installments. There are 43 participants in the plan. The outstanding contract amount for this purpose is $840,551.

During the 2020-2021 fiscal year, the District offered supplemental early retirement incentives to classified employees. Classified employees with at least five years of full-time CalPERS service in the District and attainment of age 50 were eligible to participate in this supplemental early retirement incentive program. Qualifying employees receive a payment each year for medical insurance benefits. Eligible participants receive 80% of their final annual pay deposited to an IRC Section 403 (b) account in five annual installments. There are 28 participants in the plan. The outstanding contract amount for this purpose is $1,772,379.

At June 30, 2022, future minimum payments on supplemental early retirement incentives were as follows:

Year Ending June 30,	Balance June 30, 2022
2023	$ 1,431,344
2024	590,793
2025	590,793
Total	$ 2,612,930

Early Retirement Incentives

The District provides early retirement incentives, in accordance with District employment contracts, to employees who retire from the District and meet certain eligibility requirements. Employees have various payment options, ranging from a lump-sum payment to payments over several years.

Classified Early Retirement Plans:

Classified employees with at least 15 years of full-time CalPERS service in the District and attainment of age 57 are eligible to participate in this early retirement incentive program. Qualifying employees receive 17% of their last 12 months' salary for a maximum of five years. Currently, 14 retirees met those eligibility requirements. The outstanding contract amount for this purpose is $114,784.

At June 30, 2022, future minimum payments on early retirement incentive were as follows:

Year Ending June 30,	Balance June 30, 2022
2023	$ 98,832
2024	7,976
2025	7,976
Total	$ 114,784

Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2022, amounted to $1,791,683.

Leases

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

Lease	Leases Outstanding July 1, 2021 as restated	Addition	Payments	Leases Outstanding June 30, 2022
Konica Minolta Model 6136	$ 126,474	$ -	$ (27,489)	$ 98,985
Konica Minolta Model C3080	36,830	-	(8,005)	28,825
Pitney Bowes Postage Meter	13,456	-	(3,768)	9,688
Xerox Versalink C400 DN	104,160		(20,020)	84,140
Xerox AltaLink	408,289		(78,478)	329,811
Cisco Phone System	320,789	-	(76,027)	244,762
Total	$ 1,009,998	$ -	$ (213,787)	$ 796,211

Konica Minolta Model 6136

The District entered an agreement to lease a Konica Minolta Digital Monochrome Press, Model 6136, for five years, beginning November 30, 2020. Under the terms of the lease, the District pays monthly payments of $2,515.72, which amounts to total principal and interest costs of $150,943. The annual interest rate imputed for the lease is 2.37%. At June 30, 2022, the District has recognized a right-to-use asset of $99,548, and a lease liability of $98,985 related to this agreement. During the fiscal year, the District recorded $28,442 in amortization expense and $2,700 in interest expense for the right to use the press.

Konica Minolta Model C3080

The District entered an agreement to lease a Konica Minolta Digital Color Press, Model 6136, for five years, beginning November 30, 2020. Under the terms of the lease, the District pays monthly payments of $732.60, which amounts to total principal and interest costs of $43,956. The annual interest rate imputed for the lease is 2.37%. At June 30, 2022, the District has recognized a right-to-use asset of $28,989, and a lease liability of $28,825 related to this agreement. During the fiscal year, the District recorded $8,283 in amortization expense and $786 in interest expense for the right to use the press.

Pitney Bowes Postage Meter

The District entered an agreement to lease a Pitney Bowes postage meter SendPro P Series with accessories for five years, beginning November 29, 2019. Under the terms of the lease, the District pays monthly payments of $349.40, which amounts to total principal and interest costs of $20,964. The annual interest rate imputed for the lease is 3.62%. At June 30, 2022, the District has recognized a right-to-use asset of $9,575, and a lease liability of $9,688 related to this agreement. During the fiscal year, the District recorded $3,830 in amortization expense and $425 in interest expense for the right to use the press.

Xerox Versalink C400 DN Printers

The District entered an agreement to lease 200 Xerox Versalink C400 DN printers, for five years, beginning May 3, 2021. Under the terms of the lease, the District pays monthly payments of $1,894.10, which amounts to total principal and interest costs of $113,646. The annual interest rate imputed for the lease is 2.85%. At June 30, 2022, the District has recognized a right-to-use asset of $74,062, and a lease liability of $84,140 related to this agreement. During the fiscal year, the District recorded $21,161 in amortization expense and $2,709 in interest expense for the right to use the copiers.

Xerox AltaLink and Versalink Printers

The District entered an agreement to lease a total of 42 Xerox printers, for five years, beginning May 3, 2021. Under the terms of the lease, the District pays monthly payments of $1,894.10, which amounts to total principal and interest costs of $113,646. The annual interest rate imputed for the lease is 2.85%. At June 30, 2022, the District has recognized a right-to-use asset of $290,310, and a lease liability of $329,811 related to this agreement. During the fiscal year, the District recorded $82,946 in amortization expense and $10,616 in interest expense for the right to use the copiers.

Cisco Phone System

The District entered an agreement to lease a Cisco Phone System, for five years, beginning May 26, 2020. Under the terms of the lease, the District pays annual payments of $87,481.65, which amounted to total principal and interest costs of $437,408. The annual interest rate imputed for the lease is 2.37%. At June 30, 2022, the District has recognized a right-to-use asset of $218,704, and a lease liability of $244,762 related to this agreement. During the fiscal year, the District recorded $87,481 in amortization expense and $11,455 in interest expense for the right to use the copiers.

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

Year Ending June 30,	Principal	Interest	Total
2023	$ 220,334	$ 22,144	$ 242,478
2024	227,089	15,389	242,478
2025	231,584	8,448	240,032
2026	117,204	1,542	118,746
Total	$ 796,211	$ 47,523	$ 843,734

Note 11 - Net Other Postemployment Benefit (OPEB) Liability

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

OPEB Plan	Total OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	$ 6,184,159	$ 765,779	$ 1,626,465	$ 702,004
Medicare Premium Payment (MPP) Program	532,342	-	-	(106,696)
Total	$ 6,716,501	$ 765,779	$ 1,626,465	$ 595,308

The details of each plan are as follows:

District Plan

Plan Administration

The District's governing board administers the Postemployment Benefits Plan (the Plan). The Plan is a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible retirees and their spouses. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Plan Membership

At July 1, 2021, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	82
Active employees	936
Total	1,018

Benefits Provided

The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. The District does not explicitly contribute towards the cost of these benefits for retirees. Benefits are provided through a third-party insurer. The District's governing board has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

The benefit payment requirements of the Plan members and the District are established and may be amended by the District, the Lompoc Federation of Teachers (LFT), the local California Service Employees Association (CSEA), and unrepresented groups. The benefit payment is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually through the agreements with the District, LTF, CSEA, and the unrepresented groups. For measurement period of July 1, 2021, to June 30, 2022, the District paid $248,971 in benefits in the form of implicit subsidy.

Total OPEB Liability of the District

The District's total OPEB liability of $6,184,159 was measured as of June 30, 2022, and the total OPEB liability was determined by an actuarial valuation as of July 1, 2021.

Actuarial Assumptions

The total OPEB liability as of June 30, 2022, was determined by applying updated procedures to the financial reporting actuarial valuation as of July 1, 2021 and rolling forward the total OPEB liability to June 30, 2022. The following assumptions were applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00%
Salary increases	3.00%, average, including inflation
Discount rate	3.69% for 2022
Healthcare cost trend rates	5.75%
Retirees' share of benefit-related costs	100% of projected health insurance premiums for eligible retirees

The discount rate was based on the index rate for 20-Year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Mortality rates for active certificated employees, retired certificated members, and beneficiaries of certificated employees were based on CalSTRS experience analysis (2015-2018). Pre-retirement mortality rates for classified employees were based on CalPERS experience study (2000-2019). Post-retirement mortality rates for classified employees were based on post-retirement rates for healthy recipients from CalPERS experience study (2000-2019). If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

The actuarial assumptions used in the July 1, 2021, valuation was based on the results of a review of plan experience for the period July 1, 2019, to June 30, 2021.

	Total OPEB Liability
Balance, June 30, 2021	$ 7,311,762
Service cost	625,602
Interest	161,148
Differences between expected and actual experience	(462,003)
Changes of assumptions or other inputs	(1,203,379)
Benefit payments	(248,971)
Net change in total OPEB liability	(1,127,603)
Balance, June 30, 2022	$ 6,184,159

Changes of assumptions and other inputs reflect a change in the discount rate from 1.92% in 2021 to 3.69% in 2022.

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

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

Discount Rate	Total OPEB Liability
1% decrease (2.69%)	$ 7,317,449
Current discount rate (3.69%)	6,184,159
1% increase (4.69%)	5,311,424

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 cost trend rates:

Healthcare Cost Trend Rates	Total OPEB Liability
1% decrease (4.75%)	$ 5,163,449
Current healthcare cost trend rate (5.75%)	6,184,159
1% increase (6.75%)	7,536,579

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 $702,004. At June 30, 2022, the District reported deferred outflows of resources and deferred inflow of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience in the measurement of the total OPEB liability	$ 80,366	$ 410,093
Changes of assumptions	685,413	1,216,372
Total	$ 765,779	$ 1,626,465

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	$ (84,746)
2024	(84,746)
2025	(74,160)
2026	(80,459)
2027	(92,617)
Thereafter	(443,958)
Total	$ (860,686)

Medicare Premium Payment (MPP) Program

Plan Description

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

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

Benefits Provided

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

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

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

Net OPEB Liability and OPEB Expense

At June 30, 2022, the District reported a liability of $532,342, for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2021 and June 30, 2020, respectively, was 0.1335%, and 0.1312%, resulting in a net increase in the proportionate share of 0.0023%.

For the year ended June 30, 2022, the District recognized OPEB expense of $(106,696).

Actuarial Methods and Assumptions

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

Measurement Date	June 30, 2021	June 30, 2020
Valuation Date	June 30, 2020	June 30, 2019
Experience Study	June 30, 2015 through June 30, 2018	June 30, 2014 through June 30, 2018
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	2.16%	2.21%
Medicare Part A Premium Cost Trend Rate	4.50%	4.50%
Medicare Part B Premium Cost Trend Rate	5.40%	5.40%

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

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

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

Discount Rate

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

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

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

Discount Rate	Net OPEB Liability
1% decrease (1.16%)	$ 586,787
Current discount rate (2.16%)	532,342
1% increase (3.21%)	485,824

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 Medicare costs trend rates, as well as what the net OPEB liability would be if it were calculated using Medicare costs trend rates that are one percent lower or higher than the current rates:

Medicare Cost Trend Rate	Net OPEB Liability
1% decrease (3.50% Part A and 4.40% Part B)	$ 484,103
Current Medicare costs trend rate (4.50% Part A and 5.40% Part B)	532,342
1% increase (5.5% Part A and 6.40% Part B)	587,647

Note 12 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Non-Major Governmental Funds	Total
Nonspendable			
Revolving cash	$ 920	$ 5,000	$ 5,920
Stores inventories	39,465	13,424	52,889
Prepaid expenditures	139,112	1,295	140,407
Total nonspendable	179,497	19,719	199,216
Restricted			
Legally restricted programs	11,409,482	942,551	12,352,033
Student Activity	-	760,972	760,972
Food service	-	2,853,304	2,853,304
Capital projects	-	2,132,752	2,132,752
Debt service	-	2,865,839	2,865,839
Total restricted	11,409,482	9,555,418	20,964,900
Assigned			
Board of Education reserve	2,754,546	-	2,754,546
LCFF supplemental & concentration	3,821,481	-	3,821,481
Deferred maintenance	367,863	-	367,863
Textbook and instructional supplies	10,410,398	-	10,410,398
Adult education	-	358,731	358,731
Capital projects	-	1,530,194	1,530,194
Total assigned	17,354,288	1,888,925	19,243,213
Unassigned			
Reserve for economic uncertainties	4,181,820	-	4,181,820
Total	$ 33,125,087	$ 11,464,062	$ 44,589,149

Note 13 - Risk Management

Property and Liability

The District is exposed to various risks of loses related to torts; thefts, damage, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the fiscal year ending June 30, 2022, the District participated in the Southern California Regional Liability Excess Fund (ReLiEF) public risk entity pool for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

The District participated in the Santa Barbara County Schools Self-Insurance Program for Employees (SB SIPE) public entity risk pool joint powers authority (JPA) for workers' compensation insurance coverage. The intent of SB SIPE is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the JPA. Each participant pays its workers' compensation premium based on its individual rate.

Employee Medical Benefits

The District participates in the Self-Insured Schools of California III (SISC III) public risk entity pool for health benefits insurance coverage. SISC III is a shared risk pool comprised of school districts throughout California. Rates are set through an annual calculation process. The District pays a monthly contribution, which is placed in a common fund from which claims payments are made for all participating districts.

Note 14 - Employee Retirement Systems

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

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

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	$ 40,406,190	$ 18,221,422	$ 38,515,377	$ (2,704,153)
CalPERS	25,875,648	5,117,775	11,479,600	(2,186,711)
Total	$ 66,281,838	$ 23,339,197	$ 49,994,977	-$ 4,890,864

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

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

Benefits Provided

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

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

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

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

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

Contributions

Required member, District, and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2022, are presented above and the District's total contributions were $8,802,219.

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

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

Total Net Pension Liability, including State Share	
Proportionate share of net pension liability	$ 40,406,190
State's proportionate share of the net pension liability	20,330,828
Total	$ 60,737,018

The net pension liability was measured as of June 30, 2021. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2021 and June 30, 2020, respectively, was 0.0888% and 0.0865%, resulting in a net increase in the proportionate share of 0.0023%.

For the year ended June 30, 2022, the District recognized pension expense of $(2,704,153). In addition, the District recognized pension expense and revenue of $695,594, for support provided by the State. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 8,802,219	$
Change in proportion and differences between contributions made and District's proportionate share of contributions	3,592,855	2,252,979
Differences between projected and actual earnings on pension plan investments	-	31,962,337
Differences between expected and actual experience in the measurement of the total pension liability	101,220	4,300,061
Changes of assumptions	5,725,128	
Total	$ 18,221,422	$ 38,515,377

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	$ (8,116,517)
2024	(7,423,962)
2025	(7,608,198)
2026	(8,813,660)
Total	$ (31,962,337)

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	$ 1,021,352
2024	2,135,342
2025	193,877
2026	(72,514)
2027	(95,176)
Thereafter	(316,718)
Total	$ 2,866,163

Actuarial Methods and Assumptions

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

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

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

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

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

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	$ 82,252,541
Current discount rate (7.10%)	40,406,190
1% increase (8.10%)	5,674,518

California Public Employees' Retirement System (CalPERS)

Plan Description

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

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

Benefits Provided

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

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

	School Employer Pool (CalPERS)	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	22.91%	22.91%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2022, are presented above and the total District contributions were $4,217,200.

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

As of June 30, 2022, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $25,875,648. The net pension liability was measured as of June 30, 2021. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2021 and June 30, 2020, respectively, was 0.1273% and 0.1284%, resulting in a net decrease in the proportionate share of 0.0011%.

For the year ended June 30, 2022, the District recognized pension expense of $(2,186,711). At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 4,217,200	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	128,121	1,488,297
Differences between projected and actual earnings on pension plan investments	-	9,930,303
Differences between expected and actual experience in the measurement of the total pension liability	772,454	61,000
Total	$ 5,117,775	$ 11,479,600

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	$ (2,490,511)
2024	(2,290,248)
2025	(2,387,733)
2026	(2,761,811)
Total	($9,930,303)

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	$ 1,510
2024	(494,041)
2025	(146,062)
2026	(10,129)
Total	$ (648,722)

Actuarial Methods and Assumptions

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

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

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

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

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

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.15%)	$ 43,629,976
Current discount rate (7.15%)	25,875,648
1% increase (8.15%)	11,135,746

Self-Insured Schools of California (SISC) Defined Benefit Plan Description

The District contributes to the SISC Defined Benefit Plan, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by SISC. The plan provides retirement, disability, and survivor benefits to beneficiaries. Benefit provisions are established by the SISC Board of Trustees. The SISC Defined Benefit Plan issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the SISC Defined Benefit Plan annual financial report may be obtained from SISC, 1300 17th Street - City Centre, Bakersfield, California 93303.

Active plan members are not required to contribute. The District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the SISC Board of Trustees. The required employer contribution rate for fiscal year 2016-2017 was 3.2% for previously covered employees hired prior to January 1, 2013, and 1.6% for employees hired on or after that date. There are no contribution requirements of the plan members hired prior to January 31, 2013. The District's contributions to the SISC Defined Benefit Plan for the fiscal years ending June 30, 2022, 2021, and 2020, were $19,954, $45,456, and $51,639, respectively, and equal 100% of the required contributions.

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of $5,710,232 (10.828% of annual payroll). Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements. On behalf payments have been included in the calculation of available reserves but have not been included in the budgeted amounts reported in the *General Fund - Budgetary Comparison Schedule*.

Note 15 - Commitments and Contingencies

Grants

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

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, 2022.

Construction Commitments

As of June 30, 2022, the District had the following commitments with respect to the unfinished capital projects:

Capital Project	Remaining Construction Commitment	Expected Date of Completion
Modernization, Manzanita Elementary School	$ 2,645,424	06/30/25
Kindergarten classrooms	450,200	06/30/24
Painting, Education Center	690,400	01/31/23
Fencing projects		
Education Center	340,000	10/31/22
Lompoc High School Stadium	180,000	09/30/22
Window replacement		
Los Berros Elementary School	462,818	12/31/22
Clarence Ruth Elementary School	62,800	06/30/24
Security camera installation - various sites	280,626	
Shade structures	180,601	12/31/23
Portable classrooms, Miguelito Elementary School	168,024	06/30/24
Trash enclosures	139,900	06/30/24
Other projects	112,948	12/31/23
Total	$ 5,713,741	

Note 16 - Participation in Public Entity Risk Pools and Joint Power Authorities

The District is a member of the Southern California Regional Liability Excess Fund (SC ReLiEF), Self-Insured Schools of California III (SISC III), and the Santa Barbara County Schools Self-Insurance Program for Employees (SBC SIPE) public entity risk pools joint powers authority (JPA). The County pays an annual premium to each entity for its property and liability, health benefits, and workers' compensation coverage, respectively. The relationships between the District, the pools, and the JPA 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 County are included in these statements. Audited financial statements are available from the respective entities.

During the year ended June 30, 2022, the District made payments of $930,699, $10,993,328, and $800,894, to SC ReLiEF, SISC III, and SBC SIPE, respectively, for services received.

Note 17 - Restatement of Prior Year Net Position

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

Government-Wide Financial Statements	
Net Position - Beginning	$ (12,426,275)
Right-to-use lease asset, net of amortization	953,331
Lease liability	(1,009,998)
Net Position - Beginning as Restated	$ (12,482,942)

Required Supplementary Information
June 30, 2022

Lompoc Unified School District

	Budgeted Amounts			Variances - Positive (Negative)
	Original	Final	Actual	Final to Actual
Revenues				
Local Control Funding Formula	$ 100,817,726	$ 102,353,635	$ 102,472,312	$ 118,677
Federal sources	7,519,132	18,013,961	14,811,986	(3,201,975)
Other State sources	17,781,025	20,365,759	20,114,878	(250,881)
Other local sources	5,112,811	8,660,635	7,388,156	(1,272,479)
Total revenues [1]	131,230,694	149,393,990	144,787,332	(4,606,658)
Expenditures				
Current				
Certificated salaries	50,724,176	52,405,874	53,666,135	(1,260,261)
Classified salaries	19,433,032	18,660,956	18,143,043	517,913
Employee benefits	32,447,625	32,377,007	31,757,145	619,862
Books and supplies	4,807,998	10,179,923	7,104,473	3,075,450
Services and operating expenditures	16,561,601	22,625,905	18,648,275	3,977,630
Other outgo	59,504	3,165,529	6,109,021	(2,943,492)
Capital outlay	5,561,560	6,230,910	1,836,616	4,394,294
Debt service				
Debt service - principal	133,017	385,965	346,804	39,161
Debt service - interest and other	385,965	133,017	437,465	(304,448)
Total expenditures [1]	130,114,478	146,165,086	138,048,977	8,116,109
Excess of Revenues Over Expenditures	1,116,216	3,228,904	6,738,355	3,509,451
Other Financing Uses				
Transfers out	-	-	(1,000,000)	(1,000,000)
Net Change in Fund Balances	1,116,216	3,228,904	5,738,355	2,509,451
Fund Balance - Beginning	27,386,732	27,386,732	27,386,732	-
Fund Balance - Ending	$ 28,502,948	$ 30,615,636	$ 33,125,087	$ 2,509,451

[1] Due to the consolidation of Fund 14, Deferred Maintenance Fund, and Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects, for reporting purposes into the General Fund, additional revenues and expenditures pertaining to these funds is included in the Actual (GAAP Basis) revenues and expenditures, however, are not included in the original and final General Fund budgets. On behalf payments of $5,710,232, are included in the actual revenues and expenditures but have not been included in the budgeted amounts.

	2022	2021	2020	2019	2018
Total OPEB Liability					
Service cost	$ 625,602	$ 505,572	$ 429,454	$ 331,709	$ 357,192
Interest	161,148	165,515	181,042	178,835	157,563
Differences between expected and actual experience in the measurement of the total OPEB liability	(462,003)	-	122,663	-	-
Changes of assumptions	(1,203,379)	533,663	133,323	437,765	(412,854)
Benefit payments	(248,971)	(284,519)	(264,431)	(196,317)	(195,228)
Net change in total OPEB liability	(1,127,603)	920,231	602,051	751,992	(93,327)
Total OPEB Liability - Beginning	$ 7,311,762	$ 6,391,531	5,789,480	5,037,488	5,130,815
Total OPEB Liability - Ending	$ 6,184,159	$ 7,311,762	$ 6,391,531	$ 5,789,480	$ 5,037,488
Covered Payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Total OPEB Liability as a Percentage of Covered Payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

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

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

Year ended June 30,	2022	2021	2020	2019	2018
Proportion of the net OPEB liability	0.1335%	0.1312%	0.1492%	0.1477%	0.1445%
Proportionate share of the net OPEB liability	$ 532,342	$ 639,038	$ 555,790	$ 565,328	$ 607,940
Covered payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Plan fiduciary net position as a percentage of the total OPEB liability	-0.80%	-0.71%	-0.81%	-0.40%	0.01%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

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

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

	2022	2021	2020	2019	2018	2017	2016	2015
CalSTRS								
Proportion of the net pension liability	0.0888%	0.0865%	0.0844%	0.0823%	0.0798%	0.0857%	0.0948%	0.0830%
Proportionate share of the net pension liability	$ 40,406,190	$ 83,865,434	$ 76,197,056	$ 75,626,337	$ 73,815,363	$ 69,338,738	$ 63,849,154	$ 48,497,613
State's proportionate share of the net pension liability	20,330,828	43,232,641	41,570,581	43,299,615	43,668,545	39,473,307	33,769,164	29,284,952
Total	$ 60,737,018	$ 127,098,075	$ 117,767,637	$ 118,925,952	$ 117,483,908	$ 108,812,045	$ 97,618,318	$ 77,782,565
Covered payroll	$ 48,980,960	$ 47,499,058	$ 45,879,552	$ 43,541,594	$ 43,443,068	$ 43,596,803	$ 40,718,829	38,955,594
Proportionate share of the net pension liability as a percentage of its covered payroll	82.49%	176.56%	166.08%	173.69%	169.91%	159.05%	156.80%	124.49%
Plan fiduciary net position as a percentage of the total pension liability	87%	72%	73%	71%	69%	70%	74%	77%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
CalPERS								
Proportion of the net pension liability	0.1273%	0.1284%	0.1332%	0.1311%	0.1307%	0.1350%	0.1273%	0.1310%
Proportionate share of the net pension liability	$ 25,875,648	$ 39,406,276	$ 38,826,878	$ 34,943,367	$ 31,193,627	$ 26,658,156	$ 18,756,783	$ 14,874,020
Covered payroll	$ 18,259,145	$ 18,454,510	$ 18,451,622	$ 17,871,045	$ 16,680,616	$ 16,318,494	$ 13,803,101	13,781,650
Proportionate share of the net pension liability as a percentage of its covered payroll	141.71%	213.53%	210.43%	195.53%	187.01%	163.36%	135.89%	107.93%
Plan fiduciary net position as a percentage of the total pension liability	81%	70%	70%	71%	72%	74%	79%	83%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

	2022	2021	2020	2019	2018	2017	2016	2015
CalSTRS								
Contractually required contribution	$ 8,802,219	$ 7,910,425	$ 8,122,339	$ 7,469,191	$ 6,283,052	$ 5,465,138	$ 4,677,937	$ 3,615,832
Less contributions in relation to the contractually required contribution	8,802,219	7,910,425	$ 8,122,339	7,469,191	6,283,052	5,465,138	4,677,937	3,615,832
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	52,022,571	48,980,960	$ 47,499,058	$ 45,879,552	$ 43,541,594	$ 43,443,068	$ 43,596,803	$ 40,718,829
Contributions as a percentage of covered payroll	16.92%	16.15%	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%
CalPERS								
Contractually required contribution	$ 4,217,200	3,779,643	$ 3,639,414	$ 3,332,732	$ 2,775,552	$ 2,316,604	$ 1,933,252	$ 1,624,763
Less contributions in relation to the contractually required contribution	4,217,200	3,779,643	3,639,414	3,332,732	2,775,552	2,316,604	1,933,252	1,624,763
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	18,407,682	18,259,145	$ 18,454,510	$ 18,451,622	$ 17,871,045	$ 16,680,616	$ 16,318,494	$ 13,803,101
Contributions as a percentage of covered payroll	22.910%	20.700%	19.721%	18.062%	15.531%	13.888%	11.847%	11.771%

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

Note 1 - Purpose of Schedules

Budgetary Comparison Schedule

The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States 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.

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, and the total OPEB liability. 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 1.92% in 2021 to 3.69% in 2022 and later years.

Schedule of the District's Contributions for OPEB

This schedule presents information on the District's actuarially determined contribution, contributions in relation to the actuarially determined contribution, and any excess or deficiency related to the actuarially determined contribution. In the future, as data becomes available, ten years of information will be presented.

Schedule of the District's Proportionate Share of the Net OPEB Liability - MPP Program

This schedule presents information on the District's proportionate share of the net OPEB Liability – MPP Program and the plans' fiduciary net position. In the future, as data becomes available, ten years of information will be presented.

- *Changes in Benefit Terms* – There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* – The plan rate of investment return assumption was changed from 2.21% to 2.16% since the previous valuation.

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

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

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

Schedule of the District Contributions

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

Supplementary Information
June 30, 2022

Lompoc Unified School District

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Justice			
Children Exposed to Violence	16.818	[1]	$ 257,250
Total U.S. Department of Justice			257,250
U.S. Department of Education			
Impact Aid	84.041	[1]	1,154,124
Passed Through California Department of Education (CDE)			
Special Education (IDEA) Cluster			
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	1,804,998
IDEA Preschool Grants, Part B, Sec 619	84.173	13430	61,815
Total Special Education (IDEA) Cluster			1,866,813
Adult Basic Education & ELA	84.002A	14508	111,635
Adult Secondary Education	84.002	13978	121,030
Subtotal			232,665
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	2,483,528
ESSA School Improvement (CSI) Funding for LEAs	84.010	15438	418,376
Subtotal			2,901,904
Education Stabilization Fund			
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	15536	365,201
COVID-19 - Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D	15547	3,652,479
COVID-19 - Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425D	15559	93,533
COVID-19 - Governor's Emergency Education Relief (GEER) Fund: Learning Loss Mitigation	84.425C	15517	568,606
COVID-19 - Expanded Learning Opportunities (ELO) Grant ESSER II State Reserve	84.425D	15618	991,408
COVID-19 - Expanded Learning Opportunities (ELO) Grant GEER II	84.425C	15619	227,537
COVID-19 - Expanded Learning Opportunities (ELO) Grant ESSER III State Reserve, Emergancy Needs	84.425D	15620	646,283
COVID-19 - Expanded Learning Opportunities (ELO) Grant ESSER III State Reserve, Learning Loss	84.425D	15621	1,114,081
COVID-19 - American Rescue Plan - Homeless Children and Youth (ARP HYC) Program	84.425W	15564	6,164
COVID-19 - American Rescue Plan - Homeless children and Youth (ARP HYC II) Program	84.425W	15566	3,058
Subtotal			7,668,350

[1] Direct funded program

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Passed Through California Department of Education (CDE)			
Title II, Part A, Supporting Effective Instruction Local Grants	84.367	14341	$ 273,981
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	127,304
Title III, English Learner Student Program	84.365	14346	189,878
Title IX, Part A, McKinney-Vento Homeless Assistance Grant	84.196	14332	73,050
Carl D. Perkins Career and Technical Education: Secondary, Section 131	84.048	14894	88,197
Total U.S. Department of Education			14,576,266
U.S. Department of Agriculture			
Passed Through CDE			
Child Nutrition Cluster			
School Breakfast Program - School Breakfast Basic	10.553	13525	113,185
School Breakfast Program - School Breakfast Needy	10.553	13526	833,823
Subtotal			947,008
National School Lunch Program, Section 4	10.555	15323	352,023
National School Lunch Program, Section 11	10.555	15324	3,368,909
National School Lunch Program - Commodity Food Distribution	10.555	13392	357,442
Subtotal			4,078,374
National School Lunch Program - Meal Supplements	10.556	13755	40,421
Total Child Nutrition Cluster			5,065,803
Total U.S. Department of Agriculture			5,065,803
U.S. Department of Health and Human Services			
Passed Through California Department of Public Health			
COVID-19 - Emerging Infections, ELC Reopening Schools	93.323	Grant No. 543	211,135
Total U.S. Department of the Health and Human Services			211,135
Total Federal Financial Assistance			$ 20,110,454

[1] Direct funded program

ORGANIZATION

The Lompoc Unified School District was established on July 1, 1960. The District currently operates nine elementary schools, two middle schools, two high schools, a community day school, a continuation high school, an adult education program, and an independent study program. There were no boundary changes during the year.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Nancy Schuler-Jones	President	2022
Steve Straight	Vice President	2022
Janet Blevins	Clerk	2024
Tom Blanco	Member	2024
William Caldeira	Member	2022

ADMINISTRATION

Trevor McDonald	Superintendent
Bree Valla	Deputy Superintendent, Human Resources and Education Services
Douglas Sorum	Assistant Superintendent, Business Services

	Final Report		As Adjusted per Audit	
	Second Period Report F1C7C372	Annual Report 54A50530	Second Period Report	Annual Report
Regular ADA				
Transitional kindergarten through third	2,484.02	2,500.39	2,485.10	2,500.39
Fourth through sixth	1,763.26	1,771.19	1,764.50	1,771.19
Seventh and eighth	1,313.73	1,315.94	1,314.27	1,314.94
Ninth through twelfth	2,555.87	2,542.47	2,561.67	2,544.56
Total Regular ADA	8,116.88	8,129.99	8,125.54	8,131.08
Extended Year Special Education				
Transitional kindergarten through third	2.21	2.21	2.21	2.21
Fourth through sixth	2.78	2.78	2.78	2.78
Seventh and eighth	1.92	1.92	1.92	1.92
Ninth through twelfth	0.82	0.82	0.82	0.82
Total Extended Year Special Education	7.73	7.73	7.73	7.73
Special Education, Nonpublic, Nonsectarian Schools				
Seventh and eighth	1.00	0.59	1.00	0.59
Extended Year Special Education, Nonpublic, Nonsectarian Schools				
Seventh and eighth	0.06	0.06	0.06	0.06
Community Day School				
Seventh and eighth	2.19	2.72	2.19	2.72
Ninth through twelfth	6.84	6.98	6.84	6.98
Total Community Day School	9.03	9.70	9.03	9.70
Total ADA	8,134.70	8,148.07	8,143.36	8,149.16

Grade Level	1986-1987 Minutes Requirement	2021-2022 Actual Minutes	Number of Minutes Credited Form J-13A	Total Minutes Offered	Traditional Calendar Number of Actual Days	Traditional Calendar Number of Days Credited Form J-13A	Traditional Calendar Total Days Offered	Multitrack Calendar Number of Actual Days	Multitrack Calendar Number of Days Credited Form J-13A	Multitrack Calendar Total Days Offered	Status
Kindergarten	36,000	49,542	-	49,542	180	-	180	-	-	-	Complied
Grades 1 - 3	50,400										
Grade 1		50,434	-	50,434	180	-	180	-	-	-	Complied
Grade 2		50,434	-	50,434	180	-	180	-	-	-	Complied
Grade 3		50,434	-	50,434	180	-	180	-	-	-	Complied
Grades 4 - 8	54,000										
Grade 4		54,012	-	54,012	180	-	180	-	-	-	Complied
Grade 5		54,012	-	54,012	180	-	180	-	-	-	Complied
Grade 6		54,012	-	54,012	180	-	180	-	-	-	Complied
Grade 7		60,888	-	60,888	180	-	180	-	-	-	Complied
Grade 8		60,888	-	60,888	180	-	180	-	-	-	Complied
Grades 9 - 12	64,800										
Grade 9		64,928	-	64,928	180	-	180	-	-	-	Complied
Grade 10		64,928	-	64,928	180	-	180	-	-	-	Complied
Grade 11		64,928	-	64,928	180	-	180	-	-	-	Complied
Grade 12		64,928	-	64,928	180	-	180	-	-	-	Complied

There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2022.

	(Budget) 2023 [1]	2022	2021 [1]	2020 [1]
General Fund [3]				
Revenues	$ 145,006,375	$ 145,074,103	$ 131,137,602	$ 120,900,985
Other sources	2,250,000	-	-	-
Total Revenues and Other Sources	147,256,375	145,074,103	131,137,602	120,900,985
Expenditures	152,633,590	137,727,286	127,209,144	110,842,417
Other uses	-	1,000,000	700,000	9,317,012
Total expenditures and other uses	152,633,590	138,727,286	127,909,144	120,159,429
Increase/(Decrease) in Fund Balance	(5,377,215)	6,346,817	3,228,458	741,556
Ending Fund Balance	$ 18,048,078	$ 23,425,293	$ 17,078,476	$ 13,850,018
Available Reserves [2, 4]	$ 4,579,008	$ 4,181,820	$ 3,837,275	$ 6,439,053
Available Reserves as a Percentage of Total Outgo [4]	3.00%	3.01%	3.00%	5.36%
Long-Term Liabilities including OPEB and Pensions	N/A	$ 101,225,959	$ 3,148,827	$ 157,451,880
K-12 Average Daily Attendance at P-2	8,283	8,153	9,099	9,099

The General Fund balance has increased by $9,575,275, over the past two years. The fiscal year 2022-2023 budget projects a decrease of $5,377,215 (22.95%). For a district this size, the State recommends available reserves of at least three percent of total General Fund expenditures, and other uses (total outgo).

The District has incurred operating surpluses in each of the past three years, but anticipates incurring an operating deficit during the 2022-2023 fiscal year. Total long-term liabilities have decreased by $56,225,921 over the past two years.

Average daily attendance has declined by 946 over the past two years; however, a growth of 130 ADA is anticipated during fiscal year 2022-2023.

[1] Financial information for 2023, 2021, and 2020 are included for analytical purposes only and has not been subjected to audit.

[2] Available reserves consist of all unassigned fund balances including all amounts reserved for economic uncertainties contained with the General Fund and the Special Reserve Fund for Other Than Capital Outlay Projects.

[3] General Fund amounts do not include activity related to the consolidation of the Deferred Maintenance Fund and the Special Reserve Fund for Other Than Capital Outlay Projects as required by GASB Statement No. 54.

[4] On behalf payments of $1,456,517 relating to Senate Bill 90 have been excluded from the calculation of available reserves for the fiscal year ending June 30, 2020.

Name of Charter School	Charter Number	Included in Audit Report
Manzanita Public Charter School	0973	No

	Student Activity Fund	Adult Education Fund	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
Assets								
Deposits and investments	$ 760,972	$ 1,315,978	$ 2,281,222	$ 1,163,207	$ 567,338	$ 1,029,449	$ 2,861,301	$ 9,979,467
Receivables	-	60,993	802,142	1,852	834	2,027	4,538	872,386
Due from other funds	-	-	3,185	7,418	-	1,079,500	-	1,090,103
Prepaid expenditures	-	1,295	-	-	-	-	-	1,295
Stores inventories	-	-	13,424	-	-	-	-	13,424
Total assets	$ 760,972	$ 1,378,266	$ 3,099,973	$ 1,172,477	$ 568,172	$ 2,110,976	$ 2,865,839	$ 11,956,675
Liabilities and Fund Balances								
Liabilities								
Accounts payable	$ -	$ 56,379	$ 143,461	$ -	17,618	$ 163,643	$ -	$ 381,101
Due to other funds	-	19,310	78,970	-	-	7,418	-	105,698
Unearned revenue	-	-	5,814	-	-	-	-	5,814
Total liabilities	-	75,689	228,245	-	17,618	171,061	-	492,613
Fund Balances								
Nonspendable	-	1,295	18,424	-	-	-	-	19,719
Restricted	760,972	942,551	2,853,304	1,172,477	550,554	409,721	2,865,839	9,555,418
Assigned	-	358,731	-	-	-	1,530,194	-	1,888,925
Total fund balances	760,972	1,302,577	2,871,728	1,172,477	550,554	1,939,915	2,865,839	11,464,062
Total liabilities and fund balances	$ 760,972	$ 1,378,266	$ 3,099,973	$ 1,172,477	$ 568,172	$ 2,110,976	$ 2,865,839	$ 11,956,675

	Student Activity Fund	Adult Education Fund	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
Revenues								
Federal sources	$ -	$ 232,665	$ 5,065,803	$ -	$ -	$ -	$ -	$ 5,298,468
Other State sources	-	1,108,286	300,897	-	587,273	-	34,038	2,030,494
Other local sources	863,333	2,114	165,291	107,207	(19,101)	(29,420)	4,204,765	5,294,189
Total revenues	863,333	1,343,065	5,531,991	107,207	568,172	(29,420)	4,238,803	12,623,151
Expenditures								
Current								
Instruction	-	696,450	-	-	-	-	-	696,450
Instruction-related activities								
Supervision of instruction	-	177,926	-	-	-	-	-	177,926
School site administration	-	369,844	-	-	-	-	-	369,844
Pupil services								
Food services	-	-	4,274,807	-	-	-	-	4,274,807
All other pupil services	-	67,373	-	-	-	-	-	67,373
Administration								
All other administration	-	50,799	78,971	-	-	-	-	129,770
Plant services	-	20,219	43,901	-	-	121,972	-	186,092
Ancillary services	687,884	-	-	-	-	-	-	687,884
Facility acquisition and construction	-	-	-	-	17,618	5,490,515	-	5,508,133
Debt service								
Principal	-	-	-	-	-	-	4,380,000	4,380,000
Interest and other	-	-	-	-	-	-	320,181	320,181
Total expenditures	687,884	1,382,611	4,397,679	-	17,618	5,612,487	4,700,181	16,798,460
Excess (Deficiency) of Revenues Over Expenditures	175,449	(39,546)	1,134,312	107,207	550,554	(5,641,907)	(461,378)	(4,175,309)
Other Financing Sources								
Transfers in	-	-	-	-	-	1,000,000	-	1,000,000
Net Change in Fund Balances	175,449	(39,546)	1,134,312	107,207	550,554	(4,641,907)	(461,378)	(3,175,309)
Fund Balance - Beginning	585,523	1,342,123	1,737,416	1,065,270	-	6,581,822	3,327,217	14,639,371
Fund Balance - Ending	$ 760,972	$ 1,302,577	$ 2,871,728	$ 1,172,477	$ 550,554	$ 1,939,915	$ 2,865,839	$ 11,464,062

Note 1 - Purpose of Schedules

Schedule of Expenditures of Federal Awards (SEFA)

Basis of Presentation
The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the (the District) under programs of the federal government for the year ended June 30, 2022. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the , it is not intended to and does not present the financial position, changes in net position or fund balance of .

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 does not draw for indirect administrative expenses and has not elected to use the ten percent de minimis cost rate.

Food Donation
Nonmonetary assistance is reported in this schedule at the fair market value of the commodities received and disbursed. At June 30, 2022, the District did not report any commodities in inventory.

Local Education Agency Organization Structure

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

Schedule of Average Daily Attendance (ADA)

Average daily attendance (ADA) is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made to school districts. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. The District has met its target funding. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of *Education Code* Sections 46200 through 46207.

Districts must maintain their instructional minutes at the 1986-87 requirements, as required by *Education Code* Section 46201.

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Schedule of Financial Trends and Analysis

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

Schedule of Charter Schools

This schedule lists all Charter Schools chartered by the District and whether or not the Charter School is included in the District's audit.

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

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

Independent Auditor's Reports
June 30, 2022

Lompoc 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 Governing Board
Lompoc Unified School District
Lompoc, 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 , as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise 's basic financial statements and have issued our report thereon dated December 15, 2022.

Adoption of New Accounting Standard

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

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered '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 's internal control. Accordingly, we do not express an opinion on the effectiveness of '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 or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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

Eide Bailly LLP

Rancho Cucamonga, California
December 15, 2022

CPAs & BUSINESS ADVISORS

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

To the Governing Board
Lompoc Unified School District
Lompoc, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited 's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of 's major federal programs for the year ended June 30, 2022. 's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of 's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to 's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on 's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about 's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding 's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of 's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of 's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Rancho Cucamonga, California
December 15, 2022

CPAs & BUSINESS ADVISORS

Independent Auditor's Report on State Compliance

To the Governing Board
Lompoc Unified School District
Lompoc, California

Report on State Compliance

Qualified and Unmodified Opinions

We have audited 's (the District) compliance with the requirements specified in the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, applicable to the District's state program requirements identified below for the year ended June 30, 2022.

Qualified Opinion on Attendance

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the laws and regulations of the state programs noted in the table below for the year ended June 30, 2022.

Unmodified Opinion on Each of the Other Programs

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the laws and regulations of the state programs noted in the table below for the year ended June 30, 2022, except as described in the accompanying Schedule of Findings and Questioned Costs.

Basis for Qualified and Unmodified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Matters Giving Rise to Qualified Opinion on Attendance

As described in the accompanying schedule of findings and questioned costs, the District did not comply with requirements regarding Attendance s described in the accompanying schedule of state compliance findings and questioned costs as item 2022-001.

Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the 2021-*2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances.

- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the District's internal controls over compliance. Accordingly, we express no such opinion; and,
- Select and test transactions and records to determine the District's compliance with the state laws and regulations applicable to the following items:

2021-2022 K-12 Audit Guide Procedures	Procedures Performed
Local Education Agencies Other Than Charter Schools	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No, see below
GANN Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	No, see below
Middle or Early College High Schools	No, see below
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	No, see below
Comprehensive School Safety Plan	Yes
District of Choice	No, see below
School Districts, County Offices of Education, and Charter Schools	
California Clean Energy Jobs Act	No, see below
After/Before School Education and Safety Program:	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	No, see below
Immunizations	Yes, see below
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Yes
In Person Instruction Grant	Yes

2021-2022 K-12 Audit Guide Procedures	Procedures Performed
Charter Schools	
Attendance	No, see below
Mode of Instruction	No, see below
Nonclassroom-Based Instruction/Independent Study	No, see below
Determination of Funding for Nonclassroom-Based Instruction	No, see below
Annual Instructional Minutes – Classroom Based	No, see below
Charter School Facility Grant Program	No, see below

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

We did not perform Juvenile Court Schools procedures because the program is not offered by the District.

We did not perform Middle or Early College High Schools procedures because the program is not offered by the District.

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

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

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 was not listed on the immunization assessment reports; therefore, we did not perform any of the remaining procedures.

The Charter School is independent of the District; therefore, we did not perform any procedures related to charter schools.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Government Auditing Standards requires the auditor to perform limited procedures on the District’s response to the noncompliance findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District’s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a deficiency in internal control over compliance that we consider to be a significant deficiency.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with compliance requirement 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 that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-001 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Rancho Cucamonga, California
December 15, 2022

Schedule of Findings and Questioned Costs
June 30, 2022

Lompoc 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
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)	No

Identification of major programs

Name of Federal Program or Cluster	Federal Financial Assistance Listing Number
Title I, Part A	84.010
Education Stabilization Fund	
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D
COVID-19 - Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D
COVID-19 - Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425D
COVID-19 - Governor's Emergency Education Relief (GEER) Fund: Learning Loss Mitigation	84.425C
COVID-19 - Expanded Learning Opportunities (ELO) Grant ESSER II State Reserve	84.425D
COVID-19 - Expanded Learning Opportunities (ELO) Grant GEER II	84.425C
COVID-19 - Expanded Learning Opportunities (ELO) Grant ESSER III State Reserve, Emergancy Needs	84.425D
COVID-19 - Expanded Learning Opportunities (ELO) Grant ESSER III State Reserve, Learning Loss	84.425D
COVID-19 - American Rescue Plan - Homeless Children and Youth (ARP HYC) Program	84.425W
COVID-19 - American Rescue Plan - Homeless Children and Youth (ARP HYC II) Program	84.425W

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

State Compliance

Internal Control over state compliance programs	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes
Type of auditor's report issued on compliance for programs	Unmodified*

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

Name of Program
Attendance

None reported.

None reported.

The following findings represents an instance of noncompliance or questioned costs and a significant deficiency that is required to be reported by the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting.* The finding has been coded as follows:

Five Digit Code	AB 3627 Finding Type
10000	Attendance

2022-001 10000

Criteria or Specific Requirements

Pursuant to California Education Code Section 42238.02, the Second Period (P2) and Annual (PA) reports of attendance submitted to the California Department of Education must reconcile back to supporting documents that the Local Educational Agency (LEA) has prepared in connection with the calculation of its Average Daily Attendance (ADA) reported on each of the reporting line items.

Condition

The District reported the following numbers on its P2 and PA reports of attendance:

	Second Period	Annual
Regular ADA		
TK-3	2,484.02	2,500.39
4-6	1,763.26	1,771.19
7-8	1,313.73	1,315.94
9-12	2,555.87	2,542.47
Total Regular ADA	8,116.88	8,129.99

However, the District utilized the wrong attendance summary for the Independent Study program. As result, we requested the correct attendance summary reports to be ran from the system and summarized the ADA for P2 and PA ADA for the Independent Study Program. The following represents the revised P2 and PA Regular ADA:

	Second Period	Annual
Regular ADA		
TK-3	2,485.10	2,500.39
4-6	1,764.50	1,771.19
7-8	1,314.27	1,314.94
9-12	2,561.67	2,544.56
Total Regular ADA	8,125.54	8,131.08

Questioned Costs

There were no questioned costs associated with the condition identified, due to the District being funded based off of prior year ADA in the current year.

Context

The condition was identified during our review of the District's P2 and PA attendance reports and the supporting documents.

Effect

The district underreported Total Regular ADA for P2 and PA by 8.66 and 1.09 ADA, respectively.

Cause

The cause of the condition identified as a result of the District utilizing the incorrect attendance summary reports.

Repeat Finding

No.

Recommendation

The District should revamp its procedures over the review of the attendance reports. The reviewer should ensure the P2 and PA attendance reports were compiled using the correct attendance summary reports.

Corrective Action Plan and Views of Responsible Officials

Independent Study Average Daily Attendance is now pulled the same way as traditional tracks. Parameters in the reporting software have been corrected. The revised Principal Apportionment reports will be resubmitted to the California Department of Education.

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