Financial Statements
June 30, 2020

Lawndale Elementary School District

Independent Auditor's Report

Governing Board
Lawndale Elementary School District
Lawndale, California

Report on the Financial Statements
We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lawndale Elementary School District (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

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

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

Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lawndale Elementary School District, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 12, and other required supplementary information on pages 73 through 80, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lawndale Elementary School District's financial statements. The combining and individual nonmajor fund financial statements, schedule of expenditures of federal awards as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated March 31, 2021, on our consideration of Lawndale Elementary School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Lawndale Elementary School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lawndale Elementary School District's internal control over financial reporting and compliance.

Eide Bailly LLP

Rancho Cucamonga, California
March 31, 2021

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This section of Lawndale Elementary 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, 2020, with comparative information for the year ending June 30, 2019. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

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

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

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

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

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 Lawndale Elementary School District.

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

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

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

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

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

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

Business-Type Activities - The District charges fees to help it cover the costs of certain services it provides. The District's Child Care programs and services are included here.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

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

Proprietary Funds - When the District charges users for the services it provides, whether to outside customers or to other departments within the District, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Fund Net Position. In fact, the District's enterprise funds are the same as the business-type activities we report in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds.

THE DISTRICT AS A TRUSTEE

Reporting the District's Fiduciary Responsibilities

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

THE DISTRICT AS A WHOLE

Net Position

The District's net position was $(28,194,402) for governmental activities for the fiscal year ended June 30, 2020. Of this amount, $(50,663,203) was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the governing board's ability to use those 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 and business-type activities.

Table 1

	Governmental Activities 2020	Governmental Activities 2019	Business-Type Activities 2020	Business-Type Activities 2019	Total 2020	Total 2019
Assets						
Current and other assets	$ 99,562,107	$ 105,204,673	$ 518,989	$ 553,414	$ 100,081,096	$ 105,758,087
Capital assets	39,271,512	41,691,017	-	-	39,271,512	41,691,017
Total assets	138,833,619	146,895,690	518,989	553,414	139,352,608	147,449,104
Deferred outflows of resources	24,471,309	24,165,475	-	-	24,471,309	24,165,475
Liabilities						
Current liabilities	52,540,547	58,544,967	27,495	17,119	52,568,042	58,562,086
Long-term liabilities	133,069,719	130,261,861	-	-	133,069,719	130,261,861
Total liabilities	185,610,266	188,806,828	27,495	17,119	185,637,761	188,823,947
Deferred inflows of resources	5,889,064	4,002,347	-	-	5,889,064	4,002,347
Net Position						
Net investment in capital assets	14,113,955	16,431,774	-	-	14,113,955	16,431,774
Restricted	8,354,846	11,377,942	-	-	8,354,846	11,377,942
Unrestricted (deficit)	(50,663,203)	(49,557,726)	491,494	536,295	(50,171,709)	(49,021,431)
Total net position	$ (28,194,402)	$ (21,748,010)	$ 491,494	$ 536,295	$ (27,702,908)	$ (21,211,715)

The $(50,663,203) in unrestricted net position of governmental activities represents the accumulated results of all past years' operations. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – decreased by 2.3 percent, $(50,171,709) compared to $(49,021,431).

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the Statement of Activities on page 14. Table 2 takes the information from the Statement, and rearranges them slightly so you can see our total revenues for the year.

Table 2

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues						
Program revenues						
Charges for services	$ 3,851,375	$ 4,784,053	$ -	$ -	$ 3,851,375	$ 4,784,053
Operating grants and contributions	103,669,649	108,063,953	-	-	103,669,649	108,063,953
General revenues						
Federal and State aid not restricted	48,539,594	48,734,279	-	-	48,539,594	48,734,279
Property taxes	13,162,160	13,337,236	-	-	13,162,160	13,337,236
Other general revenues	2,333,262	7,475,414	59,270	125,543	2,392,532	7,600,957
Total revenues	171,556,040	182,394,935	59,270	125,543	171,615,310	182,520,478
Expenses						
Instruction-related	69,648,031	74,575,560	-	-	69,648,031	74,575,560
Pupil services	11,044,256	11,342,039	-	-	11,044,256	11,342,039
Administration	7,420,688	7,322,724	-	-	7,420,688	7,322,724
Plant services	6,026,467	6,055,534	-	-	6,026,467	6,055,534
All other services	83,862,990	85,058,713	104,071	98,028	83,967,061	85,156,741
Total expenses	178,002,432	184,354,570	104,071	98,028	178,106,503	184,452,598
Change in net position	$ (6,446,392)	$ (1,959,635)	$ (44,801)	$ 27,515	$ (6,491,193)	$ (1,932,120)

Governmental Activities

As reported in the *Statement of Activities* on page 14, the cost of all of our governmental activities this year was $178,002,432. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only $13,162,160 because the cost was paid by those who benefited from the programs ($3,851,375) or by other governments and organizations who subsidized certain programs with grants and contributions ($103,669,649). We paid for the remaining "public benefit" portion of our governmental activities with $50,872,856 in State funds, and with other revenues, like interest and general entitlements.

In Table 3, we have presented the cost of each of the Districts largest functions: instruction-related activities, pupil services, administration, plant services, and all other services, as well as each program's net cost (total cost less revenues generated by these activities). 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	
	2020	2019	2020	2019
Instruction-related activities	$ 69,648,031	$ 74,575,560	$ 45,783,195	$ 48,420,049
Pupil services	11,044,256	11,342,039	4,848,576	5,383,550
Administration	7,420,688	7,322,724	4,333,142	4,189,586
Plant services	6,026,467	6,055,534	6,001,754	6,024,283
All other services	83,862,990	85,058,713	9,514,741	7,489,096
Total	$ 178,002,432	$ 184,354,570	$ 70,481,408	$ 71,506,564

THE DISTRICT'S FUNDS

As the District completed the year, our governmental funds reported a combined fund balance of $47,525,772, which is an increase of $265,642 from last year (Table 4).

Table 4

	Balances and Activity			
Governmental Fund	July 1, 2019	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2020
General	$ 28,670,616	$ 85,451,264	$ 83,092,154	$ 31,029,726
Special Education Pass-Through	-	77,144,693	77,144,693	-
Child Development	18,364	1,817,183	1,876,166	(40,619)
Cafeteria	424,959	3,607,449	3,605,605	426,803
Building	11,745,731	179,377	2,072,466	9,852,642
Capital Facilities	296,264	87,486	-	383,750
State School Building Lease-Purchase	28,698	510	-	29,208
County School Facilities	37,150	633	-	37,783
Special Reserve Fund for Capital Outlay Projects	3,145,789	267,451	156,138	3,257,102
Bond Interest and Redemption	2,872,064	12,090,152	12,433,683	2,528,533
Tax Override	10	-	-	10
Debt Service	20,485	349	-	20,834
Total	$ 47,260,130	$ 180,646,547	$ 180,380,905	$ 47,525,772

Our General Fund is our principal operating fund. The fund balance in the governmental funds increased from $47,260,130 to $47,525,772. This slight increase is due to:

1. COVID-19 related school closures resulting in reduced operating costs
2. Enactment of the ADA Hold Harmless provision

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 March 5, 2020. (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 73.)

Some of the most significant changes in the budget were due to the following:

- Significant revenue revisions made to the 2019-2020 Budget were due to increased funding provided in the Governor's Budget after our original budget adoption.
- Budgeted expenditures increased by $3,876,823 due to the collective bargaining settlement reached during 2019-2020.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2020, the District had $39,271,512 in a broad range of capital assets (net of depreciation), including land, construction in progress, buildings, and furniture and equipment. This amount represents a net decrease (including additions, deductions, and depreciation) of $2,419,505 or 5.8 percent, from last year (Table 5).

Table 5

	Governmental Activities	
	2020	2019
Land and construction in progress	$ 1,802,300	$ 3,388,126
Buildings and improvements	36,643,526	37,409,854
Equipment	825,686	893,037
Total	$ 39,271,512	$ 41,691,017

This year's net additions of $2,598,732 included several vehicles, cafeteria equipment and classroom equipment such as computers.

Several capital projects are planned for the 2020-2021 year. We anticipate capital additions to be $2.75 million for the 2020-2021 year. We present more detailed information about our capital assets in Note 4 to the financial statements.

Long-Term Liabilities

At the end of this year, the District had $133,069,719 in long-term liabilities outstanding versus $130,261,861 last year, an increase of 2.16 percent. The long-term liabilities consisted of:

Table 6

	Governmental Activities	
	2020	2019
Long-Term Liabilities		
General obligation bonds	$ 33,090,000	$ 35,520,000
Unamortized premiums	2,196,891	1,588,993
Compensated absences	535,811	535,520
Aggregate net other postemployment benefits liability	12,665,569	12,375,359
Aggregate net pension liability	84,581,448	80,241,989
Total	$ 133,069,719	$ 130,261,861

The District's general obligation bond rating is "AA-". The State limits the amount of general obligation bonds debt that districts can issue to five percent of the assessed value of all taxable property within the District's boundaries. The District's outstanding general obligation bonds debt of $33,090,000 is significantly below the statutorily-imposed limit.

Other liabilities include compensated absences payable, aggregate net other postemployment benefits (OPEB) liability, and the aggregate net pension liability. We present more detailed information regarding our long-term liabilities in Notes 8, 9, and 12 of the financial statements.

SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2019-2020 ARE NOTED BELOW:

In the 2019-2020 fiscal year, the District utilized funds from Series A and Series B of the Measure L General Obligation Bond of 2016 to take on various capital project improvements. Projects that were completed this year using these bond funds include the installation of a new lunch court area at FDR, roofing at Rogers and exterior painting at Smith.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the District Budget for the 2020-2021 fiscal year, the Governing Board and management used the following criteria:

The key assumptions in our revenue forecast are:

1. Full implementation of the Local Control Funding Formula. The District will review metrics and revise and adopt a Local Control Accountability Plan (LCAP) using stakeholder input to develop goals to enhance student achievement.
2. Average daily attendance (ADA) enrollments were down 209 from the prior year. Revenues are not impacted in 2020-21 due to the "hold harmless" provision of the Governor's Budget.
3. Interest earnings remain low to reflect State and National interest rate policies.
4. Developer fee collections were based upon actual receipts which are sensitive to the housing and construction industry.
5. MAA reimbursements are budgeted only upon receipt.
6. Transfers to the early retiree fund of $365,680 annually, were reinstated.
7. The District has recommitted a budgetary transfer of $214,445 to continue its commitment to maintain its facilities, even though the former Deferred Maintenance program was eliminated and also folded into the District's Local Control Funding Formula and LCAP.

Expenditures are based on the following forecasts:

	Staffing Ratio	Enrollment
Grades Pre-K and K through third	24:1	2,033
Grades four and five	30:1	1,080
Grades six, seven and eight	30:1	1,621
Special Education (Ungraded)	14:1	132

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Assistant Superintendent, Business Services, at Lawndale Elementary School District, Lawndale, California 90260, or e-mail at Gretchen_janson@lawndalesd.net.

	Governmental Activities	Business-Type Activities	Total
Assets			
Deposits and investments	$ 61,719,194	$ 517,417	$ 62,236,611
Receivables	37,678,600	1,572	37,680,172
Stores inventories	155,144	-	155,144
Other current assets	9,169	-	9,169
Capital assets not depreciated	1,802,300	-	1,802,300
Capital assets, net of accumulated depreciation	37,469,212	-	37,469,212
Total assets	138,833,619	518,989	139,352,608
Deferred Outflows of Resources			
Deferred charge on refunding	276,692	-	276,692
Deferred outflows of resources related to other postemployment benefits (OPEB) liability	611,990	-	611,990
Deferred outflows of resources related to pensions	23,582,627	-	23,582,627
Total deferred outflows of resources	24,471,309	-	24,471,309
Liabilities			
Accounts payable	51,832,359	27,495	51,859,854
Interest payable	504,212	-	504,212
Unearned revenue	203,976	-	203,976
Long-term liabilities			
Long-term liabilities other than OPEB and pensions due within one year	1,835,000	-	1,835,000
Long-term liabilities other than OPEB and pensions due in more than one year	33,987,702	-	33,987,702
Aggregate net other postemployment benefits liabilities	12,665,569	-	12,665,569
Aggregate net pension liabilities	84,581,448	-	84,581,448
Total liabilities	185,610,266	27,495	185,637,761
Deferred Inflows of Resources			
Deferred inflows of resources related to OPEB	1,259,770	-	1,259,770
Deferred inflows of resources related to pensions	4,629,294	-	4,629,294
Total deferred inflows of resources	5,889,064	-	5,889,064
Net Position			
Net investment in capital assets	14,113,955	-	14,113,955
Restricted for			
Debt service	2,045,165	-	2,045,165
Capital projects	450,741	-	450,741
Educational programs	5,493,041	-	5,493,041
Other activities	365,899	-	365,899
Unrestricted (deficit)	(50,663,203)	491,494	(50,171,709)
Total net position (deficit)	$ (28,194,402)	$ 491,494	$ (27,702,908)

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	Net (Expenses) Revenues and Changes in Net Position: Business-Type Activities	Net (Expenses) Revenues and Changes in Net Position: Total
Governmental Activities						
Instruction	$ 55,763,876	$ 422,364	$ 16,708,599	$ (38,632,913)	$ -	$ (38,632,913)
Instruction-related activities						
Supervision of instruction	7,936,015	281,632	6,138,575	(1,515,808)	-	(1,515,808)
Instructional library, media, and technology	1,467,183	-	25,089	(1,442,094)	-	(1,442,094)
School site administration	4,480,957	-	288,577	(4,192,380)	-	(4,192,380)
Pupil services						
Home-to-school transportation	608,987	-	52,724	(556,263)	-	(556,263)
Food services	4,053,953	6,265	3,473,275	(574,413)	-	(574,413)
All other pupil services	6,381,316	94,180	2,569,236	(3,717,900)	-	(3,717,900)
Administration						
Data processing	2,248,696	-	272,710	(1,975,986)	-	(1,975,986)
All other administration	5,171,992	99,421	2,715,415	(2,357,156)	-	(2,357,156)
Plant services	6,026,467	3,934	20,779	(6,001,754)	-	(6,001,754)
Community services	391,545	204	9,686	(381,655)	-	(381,655)
Enterprise services	16,807	-	-	(16,807)	-	(16,807)
Interest on long-term liabilities	953,308	-	-	(953,308)	-	(953,308)
Other outgo	82,501,330	2,943,375	71,394,984	(8,162,971)	-	(8,162,971)
Total governmental activities	178,002,432	3,851,375	103,669,649	(70,481,408)	-	(70,481,408)
Business-Type Activities						
Enterprise services	104,071	-	-	-	(104,071)	(104,071)
Total primary government	$ 178,106,503	$ 3,851,375	$ 103,669,649	(70,481,408)	(104,071)	(70,585,479)
General Revenues						
Property taxes, levied for general purposes				$ 8,851,982	$ -	$ 8,851,982
Property taxes, levied for debt service				2,664,143	-	2,664,143
Taxes levied for other specific purposes				1,646,035	-	1,646,035
Federal and State aid not restricted to specific purposes				48,539,594	-	48,539,594
Interest and investment earnings				758,662	9,065	767,727
Interagency revenues				46,196	-	46,196
Miscellaneous				1,528,404	50,205	1,578,609
Subtotal, general revenues				64,035,016	59,270	64,094,286
Change in Net Position				(6,446,392)	(44,801)	(6,491,193)
Net Position - Beginning				(21,748,010)	536,295	(21,211,715)
Net Position - Ending				$ (28,194,402)	$ 491,494	$ (27,702,908)

	General Fund	Special Education Pass-Through Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets					
Deposits and investments	$ 30,484,173	$ 14,428,154	$ 10,203,534	$ 6,603,333	$ 61,719,194
Receivables	12,866,681	24,245,739	30,480	535,700	37,678,600
Stores inventories	94,734	-	-	60,410	155,144
Other current assets	9,169	-	-	-	9,169
Total assets	$ 43,454,757	$ 38,673,893	$ 10,234,014	$ 7,199,443	$ 99,562,107
Liabilities and Fund Balances					
Liabilities					
Accounts payable	$ 12,236,328	$ 38,673,893	$ 381,372	$ 540,766	$ 51,832,359
Unearned revenue	188,703	-	-	15,273	203,976
Total liabilities	12,425,031	38,673,893	381,372	556,039	52,036,335
Fund Balances					
Nonspendable	109,734	-	-	60,904	170,638
Restricted	5,493,041	-	9,852,642	3,366,017	18,711,700
Assigned	3,633,224	-	-	3,257,102	6,890,326
Unassigned	21,793,727	-	-	(40,619)	21,753,108
Total fund balances	31,029,726	-	9,852,642	6,643,404	47,525,772
Total liabilities and fund balances	$ 43,454,757	$ 38,673,893	$ 10,234,014	$ 7,199,443	$ 99,562,107

Total Fund Balance - Governmental Funds		$ 47,525,772
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	$ 109,967,502	
Accumulated depreciation is	(70,695,990)	
Net capital assets		39,271,512
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.		(504,212)
Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the governmental funds. Deferred outflows of resources amounted to and related to		
Deferred charge on refunding	276,692	
Aggregate net other postemployment benefits (OPEB) liability	611,990	
Aggregate net pension liability	23,582,627	
Total deferred outflows of resources		24,471,309
Deferred inflows of resources represent an acquisition of net position that applies to a future period and is not reported in the governmental funds. Deferred inflows of resources amount to and related to		
Aggregate net other postemployment benefits (OPEB) liability	(1,259,770)	
Aggregate net pension liability	(4,629,294)	
Total deferred inflows of resources		(5,889,064)
Aggregate net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		(84,581,448)
The District's aggregate net OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.		(12,665,569)
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	(33,090,000)	
Unamortized premium	(2,196,891)	
Compensated absences (vacations)	(535,811)	
Total long-term liabilities		(35,822,702)
Total net position - governmental activities		$ (28,194,402)

	General Fund	Special Education Pass-Through Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues					
Local Control Funding Formula	$ 55,295,900	$ -	$ -	$ -	$ 55,295,900
Federal sources	4,288,196	18,805,926	-	3,394,772	26,488,894
Other State sources	18,437,377	58,017,594	-	2,026,228	78,481,199
Other local sources	7,329,791	321,173	179,377	2,846,380	10,676,721
Total revenues	85,351,264	77,144,693	179,377	8,267,380	170,942,714
Expenditures					
Current					
Instruction	47,669,906	-	-	1,446,112	49,116,018
Instruction-related activities					
Supervision of instruction	7,341,758	-	-	237,883	7,579,641
Instructional library, media, and technology	1,181,718	-	-	-	1,181,718
School site administration	4,009,546	-	-	81,082	4,090,628
Pupil services					
Home-to-school transportation	568,310	-	-	-	568,310
Food services	99,817	-	-	3,504,483	3,604,300
All other pupil services	5,558,004	-	-	-	5,558,004
Administration					
Data processing	1,741,587	-	-	-	1,741,587
All other administration	4,024,765	-	-	110,628	4,135,393
Plant services	4,919,858	-	33,500	80,130	5,033,488
Community services	332,420	-	-	-	332,420
Other outgo	5,042,192	77,144,693	-	-	82,186,885
Facility acquisition and construction	387,828	-	2,038,966	77,591	2,504,385
Debt service					
Principal	-	-	-	1,635,000	1,635,000
Interest and other	-	-	-	1,597,852	1,597,852
Total expenditures	82,877,709	77,144,693	2,072,466	8,770,761	170,865,629
Excess (Deficiency) of Revenues Over Expenditures	2,473,555	-	(1,893,089)	(503,381)	77,085
Other Financing Sources (Uses)					
Transfers in	100,000	-	-	214,445	314,445
Other sources - proceeds from refunding bonds	-	-	-	9,389,388	9,389,388
Transfers out	(214,445)	-	-	(100,000)	(314,445)
Other uses - payment for refunding of debt	-	-	-	(9,200,831)	(9,200,831)
Net Financing Sources (Uses)	(114,445)	-	-	303,002	188,557
Net Change in Fund Balances	2,359,110	-	(1,893,089)	(200,379)	265,642
Fund Balance - Beginning	28,670,616	-	11,745,731	6,843,783	47,260,130
Fund Balance - Ending	$ 31,029,726	$ -	$ 9,852,642	$ 6,643,404	$ 47,525,772

Total Net Change in Fund Balances - Governmental Funds		$ 265,642
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities.		
This is the amount by which depreciation exceeds capital outlays in the period.		
Depreciation expense	$ (5,018,237)	
Capital outlays	2,598,732	
Net expense adjustment		(2,419,505)
In the Statement of Activities, certain operating expenses, such as compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This amount is the difference between vacation earned and used.		(291)
In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and the aggregate net pension liability during the year.		(5,410,652)
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 aggregate net OPEB liability during the year.		(972,573)
Proceeds received from sale of general obligation bonds is a revenue in the governmental funds, but it increases long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.		(8,225,000)
Governmental funds report the effect of premiums, discounts, and the deferred charges on a refunding when the debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities.		
Premium on issuance recognized		(1,164,388)
Deferred amount on refunding recognized		180,831
Premium amortization		556,490
Deferred amount on refunding amortization		(8,158)

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	$ 10,655,000
Interest on long-term liabilities is recorded as an expenditure in the funds when it is due; however, in the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.	96,212
Change in net position of governmental activities	$ (6,446,392)

	Business-Type Activities - Enterprise Fund Child Care Fund
Assets	
Current assets	
Deposits and investments	$ 517,417
Receivables	1,572
Total current assets	518,989
Liabilities	
Current liabilities	
Accounts payable	27,495
Net Position	
Unrestricted	$ 491,494

	Business-Type Activities - Enterprise Fund
	Child Care Fund
Operating Revenues	
Local sources	$ 50,205
Operating Expenses	
Payroll costs	95,677
Supplies and materials	419
Other operating cost	7,975
Total operating expenses	104,071
Operating Loss	(53,866)
Nonoperating Revenues	
Interest income	9,065
Change in Net Position	(44,801)
Total Net Position - Beginning	536,295
Total Net Position - Ending	$ 491,494

	Business-Type Activities - Enterprise Fund
	Child Care Fund
Operating Activities	
Cash receipts from user charges	$ 50,205
Other operating cash payments	(93,695)
Net Cash From Operating Activities	(43,490)
Investing Activities	
Interest on investments	10,342
Net Change in Cash and Cash Equivalents	(33,148)
Cash and Cash Equivalents, Beginning	550,565
Cash and Cash Equivalents, Ending	$ 517,417
Reconciliation of Operating Loss to Net Cash Provided By Operating Activities	
Operating loss	$ (53,866)
Changes in liabilities	
Accounts payable	10,376
Net Cash From Operating Activities	$ (43,490)

	Agency Funds
Assets	
Deposits and investments	$ 75,543
Liabilities	
Due to student groups	$ 75,543

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The Lawndale Elementary School District (the District) was organized in October 1906 under the laws of the State of California. The District operates under a locally elected five-member Board form of government and provides educational services to grades K-8 as mandated by the State and/or Federal agencies. The District operates six elementary schools and two middle schools.

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

Other Related Entities

Charter School The District has approved the Environmental Charter School pursuant to *Education Code* Section 47605. The Charter School was approved in December 2000, for an original term of four years ending June 30, 2004. The agreement has since been approved through June 30, 2020.

For financial reporting purposes the charter is not considered a component unit in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14 as amended by Statement No. 39. The criterion that establishes financial accountability as a result of fiscal dependency was not met. Therefore, the charter is determined not to be a component unit and is not included as part of these financial statements.

The charter is subject to audit within the agreement. Audited financial statements are available from the charter organization.

Basis of Presentation - Fund Accounting

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

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

Major Governmental Funds

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

Two funds currently defined as a 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 $3,633,224.

Special Education Pass-Through Fund The Special Education Pass-Through Fund is used by the Administrative Unit of a multi-district Special Education Local Plan Area (SELPA) to account for Special Education revenue passed through to other member districts.

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

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.

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

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

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).

- **State School Building Lease-Purchase Fund** The State School Building Lease-Purchase Fund is used primarily to account separately for State apportionments for the reconstruction, remodeling, or replacement of existing school buildings or the acquisition of new school sites and buildings, as provided in the Leroy F. Greene State School Building Lease-Purchase Law of 1976 (*Education Code* Section 17000 et seq.).

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

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

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

- **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).

- **Tax Override Fund** The Tax Override Fund is used for the repayment of voted indebtedness (other than Bond Interest and Redemption Fund repayments) to be financed from ad valorem tax levies.

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

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

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

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

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

Basis of Accounting - Measurement Focus

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

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

Net position should be reported as restricted when constraints placed on net position use 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 purposes 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 governmental fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The enterprise fund is presented in a single column on the face of the proprietary fund statement.

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

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

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

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

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

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

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

Cash and Cash Equivalents

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

Investments

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

Stores Inventories

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

Capital Assets and Depreciation

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

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

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

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

Compensated Absences

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

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

Accrued Liabilities and Long-Term Liabilities

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

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

Debt Premiums

In the government-wide financial statements and in the proprietary fund type financial statements, long-term liabilities are reported as liabilities in the applicable government activities, business-type activities, or proprietary fund statement of net position. Debt premiums are amortized over the life of the bonds using the straight-line method, which approximates the effective interest method.

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

Deferred Outflows/Inflows of Resources

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

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

Fund Balances - Governmental Funds

As of June 30, 2020, 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 actions 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 $8,354,846 of restricted net position.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are user fees. Operating expenses are necessary cost incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Interfund Activity

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

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

Estimates

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

Property Tax

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

Change in Accounting Principles

In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The effective dates of certain provisions contained in the following pronouncements are postponed by one year:

- Statement No. 83, Certain Asset Retirement Obligations
- Statement No. 84, Fiduciary Activities
- Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements
- Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period
- Statement No. 90, Majority Equity Interests
- Statement No. 91, Conduit Debt Obligations
- Statement No. 92, Omnibus 2020
- Statement No. 93, Replacement of Interbank Offered Rates
- Implementation Guide No. 2017-3, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)
- Implementation Guide No. 2018-1, Implementation Guidance Update—2018
- Implementation Guide No. 2019-1, Implementation Guidance Update—2019
- Implementation Guide No. 2019-2, Fiduciary Activities.

The effective dates of the following pronouncements are postponed by 18 months:

- Statement No. 87, Leases
- Implementation Guide No. 2019-3, Leases.

The provisions of this Statement have been implemented as of June 30, 2020.

New Accounting Pronouncements

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

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

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective for the reporting periods beginning after December 15, 2019. Early implementation is encouraged. The effects of this change on the District’s financial statements have not yet been determined.

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

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective for the reporting periods beginning after June 15, 2021. Early implementation is encouraged. The effects of this change on the District’s financial statements have not yet been determined.

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

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

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

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. The requirements of this Statement should be applied prospectively. The effects of this change on the District’s financial statements have not yet been determined.

In August 2018, the GASB issued Statement 90, *Majority Equity Interests* – An Amendment of GASB Statements No. 14 and No. 60. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment.

A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively. The effects of this change on the District's financial statements have not yet been determined.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

A conduit debt obligation is defined as a debt instrument having all of the following characteristics:

- There are at least three parties involved: (1) an issuer, (2) a third-party obligor, and (3) a debt holder or a debt trustee.
- The issuer and the third-party obligor are not within the same financial reporting entity.
- The debt obligation is not a parity bond of the issuer, nor is it cross-collateralized with other debt of the issuer.
- The third-party obligor or its agent, not the issuer, ultimately receives the proceeds from the debt issuance.
- The third-party obligor, not the issuer, is primarily obligated for the payment of all amounts associated with the debt obligation (debt service payments).

All conduit debt obligations involve the issuer making a limited commitment. Some issuers extend additional commitments or voluntary commitments to support debt service in the event the third party is, or will be, unable to do so.

An issuer should not recognize a conduit debt obligation as a liability. However, an issuer should recognize a liability associated with an additional commitment or a voluntary commitment to support debt service if certain recognition criteria are met. As long as a conduit debt obligation is outstanding, an issuer that has made an additional commitment should evaluate at least annually whether those criteria are met. An issuer that has made only a limited commitment should evaluate whether those criteria are met when an event occurs that causes the issuer to reevaluate its willingness or ability to support the obligor's debt service through a voluntary commitment.

This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

Issuers should not report those arrangements as leases, nor should they recognize a liability for the related conduit debt obligations or a receivable for the payments related to those arrangements. In addition, the following provisions apply:

- If the title passes to the third-party obligor at the end of the arrangement, an issuer should not recognize a capital asset.
- If the title does not pass to the third-party obligor and the third party has exclusive use of the entire capital asset during the arrangement, the issuer should not recognize a capital asset until the arrangement ends.
- If the title does not pass to the third-party obligor and the third party has exclusive use of only portions of the capital asset during the arrangement, the issuer, at the inception of the arrangement, should recognize the entire capital asset and a deferred inflow of resources. The deferred inflow of resources should be reduced, and an inflow recognized, in a systematic and rational manner over the term of the arrangement.

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective for the reporting periods beginning after December 15, 2021. Early implementation is encouraged. The effects of this change on the District’s financial statements have not yet been determined.

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.

As a result of the implementation of GASB Statement No. 95, 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.

Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

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.

As a result of the implementation of GASB Statement No. 95, the removal of LIBOR as an appropriate benchmark interest rate (paragraph 11b) is effective for reporting periods ending after December 31, 2021. Paragraph 13 and 14 related to lease modifications is effective for reporting periods beginning after June 15, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2020. Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately.

The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement.

The Board considered the effective dates for the requirements of this Statement in light of the COVID-19 pandemic and in concert with Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. The effects of this change on the District's financial statements have not yet been determined.

Note 2 - Deposits and Investments

Summary of Deposits and Investments

Deposits and investments as of June 30, 2020, are classified in the accompanying financial statements as follows:

Governmental activities	$ 61,719,194
Business-type activities	517,417
Fiduciary funds	75,543
Total deposits and investments	$ 62,312,154

Deposits and investments as of June 30, 2020, consist of the following:

Cash on hand and in banks	$ 90,207
Cash in revolving	15,494
Investments	62,206,453
Total deposits and investments	$ 62,312,154

Policies and Practices

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

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

General Authorizations

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

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the Los Angeles County Investment Pool and by having the pool purchase a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The District maintains an investment of $62,206,453 with the Los Angeles County Investment Pool that has an average weighted maturity of 590 days.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in the Los Angeles County Investment Pool is not rated, nor is it required to be rated as of June 30, 2020.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2020, the District did not have any deposits exposed to custodial credit risk because all balances were FDIC insured.

Note 3 - Receivables

Receivables at June 30, 2020, consisted of intergovernmental grants, entitlements, interest, and other local sources. All receivables are considered collectible in full.

	General Fund	Special Education Pass-Through Fund	Building Fund	Non-Major Governmental Funds	Total	Enterprise Fund
Federal Government						
Categorical aid	$ 1,968,573	$ 18,806,063	$ -	$ 272,856	$ 21,047,492	$ -
State Government						
LCFF apportionment	5,969,017	-	-	-	5,969,017	-
Categorical aid	4,194,880	5,398,588	-	167,425	9,760,893	-
Lottery	257,994	-	-	-	257,994	-
Local Government						
Interest	147,537	41,088	30,480	12,619	231,724	1,572
Other local sources	328,680	-	-	82,800	411,480	-
Total	$ 12,866,681	$ 24,245,739	$ 30,480	$ 535,700	$ 37,678,600	$ 1,572

Note 4 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2020, was as follows:

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
Governmental Activities				
Capital assets not being depreciated				
Land	$ 1,370,117	$ -	$ -	$ 1,370,117
Construction in progress	2,018,009	416,636	(2,002,462)	432,183
Total capital assets not being depreciated	3,388,126	416,636	(2,002,462)	1,802,300
Capital assets being depreciated				
Land improvements	1,722,534	506	-	1,723,040
Buildings and improvements	96,502,280	4,089,704	-	100,591,984
Furniture and equipment	5,755,830	94,348	-	5,850,178
Total capital assets being depreciated	103,980,644	4,184,558	-	108,165,202
Total capital assets	107,368,770	4,601,194	(2,002,462)	109,967,502
Accumulated depreciation				
Land improvements	(678,092)	(58,726)	-	(736,818)
Buildings and improvements	(60,136,868)	(4,797,812)	-	(64,934,680)
Furniture and equipment	(4,862,793)	(161,699)	-	(5,024,492)
Total accumulated depreciation	(65,677,753)	(5,018,237)	-	(70,695,990)
Governmental activities capital assets, net	$ 41,691,017	$ (417,043)	$ (2,002,462)	$ 39,271,512

Depreciation expense was charged as a direct expense to the governmental functions as follows:

Governmental Activities	
Instruction	$ 3,515,463
Pupil transportation	40,677
Food services	257,977
All other pupil services	397,812
Data processing	124,654
All other administration	321,384
Plant services	360,270
Total depreciation expenses governmental activities	$ 5,018,237

Note 5 - Interfund Transactions

Operating Transfers

Interfund transfers for the year ended June 30, 2020, consisted of the following:

	Transfer From		
Transfer To	General Fund	Non-Major Governmental Funds	Total
General Fund	$ -	$ 100,000	$100,000
Non-Major Governmental Funds	214,445	-	214,445
Total	$ 214,445	$ 100,000	$314,445

The General Fund transferred to the Special Reserve Non-Major Governmental Fund for Capital Outlay Project for District contribution per LCAP plan.	$214,445
The Cafeteria Non-Major Governmental Fund transferred to the General Fund to repay interfund borrowing.	100,000
Total	$314,445

Note 6 - Accounts Payable

Accounts payable at June 30, 2020, consisted of the following:

	General Fund	Special Education Pass-Through Fund	Building Fund	Non-Major Governmental Funds	Total	Enterprise Fund
Salaries and benefits	$ 4,707,850	$ -	$ -	$ 387,956	$ 5,095,806	$ 21,045
LCFF apportionment	1,979,841	-	-	-	1,979,841	-
Due to SELPA members	-	38,673,893	-	-	38,673,893	-
Construction	-	-	381,372	63,651	445,023	-
Vendor payables	5,548,637	-	-	89,159	5,637,796	6,450
Total	$ 12,236,328	$ 38,673,893	$ 381,372	$ 540,766	$ 51,832,359	$ 27,495

Note 7 - Unearned Revenue

Unearned revenue at June 30, 2020, consists of the following:

	General Fund	Non-Major Governmental Funds	Total
Federal financial assistance	$ 38,975	$ -	$ 38,975
State categorical aid	149,728	15,273	165,001
Total	$ 188,703	$ 15,273	$ 203,976

Note 8 - Long-Term Liabilities other than OPEB and Pensions

Summary

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

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020	Due in One Year
Long-Term Liabilities					
General obligation bonds	$ 35,520,000	$ 8,225,000	$ (10,655,000)	$ 33,090,000	$ 1,835,000
Unamortized premiums	1,588,993	1,164,388	(556,490)	2,196,891	-
Compensated absences	535,520	291	-	535,811	-
Total	$ 37,644,513	$ 9,389,679	$ (11,211,490)	$ 35,822,702	$ 1,835,000

Payments on the general obligation bonds are paid from the Bond Interest and Redemption Fund with local revenues. The compensated absence payments are paid by the fund for which the employee worked.

General Obligation Bonds

1998, General Obligation Bonds, Series C

In August 2010, the District issued in the amount of $3,000,000, the General Obligation Bonds, Election 1998, Series C. The bonds bear an interest rate of 3.00 percent and mature through the fiscal year 2021. The bonds were issued to finance the repair and refurbishment of existing school facilities, and the construction and acquisition of new classrooms and school facilities. At June 30, 2020, the principal balance outstanding was $145,000.

2010 General Obligation Refunding Bonds

In August 2010, the District issued in the amount of $13,170,000, the 2010 General Obligation Refunding Bonds to advance refund all of the outstanding principal amount of the Lawndale Elementary School District General Obligation Bonds, 1998 Election, Series A, and a portion of the outstanding principal amount on the Lawndale Elementary School District General Obligation Bonds, 1998 Election, Series B. The bonds bear an interest rate of 3.50 percent and mature through the fiscal year 2021. At June 30, 2020, the principal balance outstanding was $845,000.

2016, General Obligation Bonds, Series A

In March 2017, the District issued in the amount of $10,000,000, the General Obligation Bonds, Election 2016, Series A. The bonds bear interest rates of 3.50 to 5.00 percent and mature through the fiscal year 2047. The bonds were issued to finance the acquisition and construction of education facilities and projects and to pay for the cost of issuing the bonds. At June 30, 2020, the principal balance outstanding was $8,855,000. Unamortized premium received on issuance of the bonds amounted to $172,826 as of June 30, 2020.

2017 General Obligation Refunding Bonds

In March 2017, the District issued in the amount of $5,080,000, the 2017 General Obligation Refunding Bonds. The bonds were issued as current interest bonds. The bonds were issued to advance refund the 1998, General Obligation Bonds, Series B, maturing August 1, 2018 through August 2032. The bonds bear interest rates of 2.00 to 4.00 percent and mature through the fiscal year 2033. At June 30, 2020, the principal balance outstanding was $5,020,000. Unamortized premium received on issuance of the bonds amounted to $36,565 as of June 30, 2020.

2016, General Obligation Bonds, Series B

In August 2018, the District issued in the amount of $10,000,000, the General Obligation Bonds, Election 2016, Series B. The bonds bear interest rates of 3.00 to 5.00 percent and mature through the fiscal year 2049. The bonds were issued to finance the acquisition and construction of education facilities and projects and to pay for the cost of issuing the bonds. At June 30, 2020, the principal balance outstanding was $10,000,000. Unamortized premium received on issuance of the bonds amounted to $823,112 as of June 30, 2020.

2020 General Obligation Refunding Bonds

In May 2020, the District issued in the amount of $8,225,000, the 2020 General Obligation Refunding Bonds to advance refund portions of the District's outstanding 2010 General Obligation Refunding Bonds and General Obligation Bonds, 1998 Election, Series C. The bonds bear interest rates of 5.00 percent and mature through the fiscal year 2028. Because the transaction qualified as a legal defeasance, the obligation for the defeased bonds has been removed from the District's financial statements. The economic gain calculated as the sum of the project fund proceeds and the net present value savings is approximately $804,000. The above refunding resulted in a difference between the acquisition price and the net carrying amount of the old debt of $180,831. The difference reported in the accompanying financial statements as deferred charges on refunding is being charged to operations through the fiscal year 2028 using the straight-line method. The deferred charges on refunding balance at June 30, 2020, was $180,831. At June 30, 2020, the principal balance outstanding was $8,225,000. Unamortized premium received on issuance of the bonds amounted to $1,164,388 as of June 30, 2020.

Bonded Debt

The outstanding general obligation bonded debt is as follows:

Issuance Date	Final Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2019	Issued	Redeemed	Bonds Outstanding June 30, 2020
8/25/2010	8/1/2020	3.00%	$ 3,000,000	$ 2,950,000	$ -	$ (2,805,000)	$ 145,000
8/25/2010	8/1/2020	3.50%	13,170,000	7,975,000	-	(7,130,000)	845,000
3/21/2017	8/1/2046	3.50-5.00%	10,000,000	9,575,000	-	(720,000)	8,855,000
3/21/2017	8/1/2032	2.00-4.00%	5,080,000	5,020,000	-	-	5,020,000
8/29/2018	8/1/2048	3.00-5.00%	10,000,000	10,000,000	-	-	10,000,000
5/6/2020	8/1/2027	5.00%	8,225,000	-	8,225,000	-	8,225,000
				$ 35,520,000	$ 8,225,000	$ (10,655,000)	$ 33,090,000

Debt Service Requirements to Maturity

The 1998 Series C bonds mature through 2021 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2021	$ 145,000	$ 2,175	$ 147,175

The 2010 Refunding bonds mature through 2021 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2021	$ 845,000	$ 16,900	$ 861,900

The 2016, Series A bonds mature through 2047 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2021	$ -	$ 363,769	$ 363,769
2022	-	363,769	363,769
2023	-	363,769	363,769
2024	-	363,769	363,769
2025	-	363,769	363,769
2026-2030	100,000	1,816,344	1,916,344
2031-2035	755,000	1,714,256	2,469,256
2036-2040	1,410,000	1,477,090	2,887,090
2041-2045	4,365,000	906,300	5,271,300
2046-2047	2,225,000	90,500	2,315,500
Total	$ 8,855,000	$ 7,823,335	$ 16,678,335

The 2017 Refunding bonds mature through 2033 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2021	$ -	$ 169,550	$ 169,550
2022	-	169,550	169,550
2023	-	169,550	169,550
2024	-	169,550	169,550
2025	-	169,550	169,550
2026-2030	2,725,000	648,450	3,373,450
2031-2033	2,295,000	115,513	2,410,513
Total	$ 5,020,000	$ 1,611,713	$ 6,631,713

The 2016, Series B bonds mature through 2049 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2021	$ 765,000	$ 429,138	$ 1,194,138
2022	30,000	413,238	443,238
2023	50,000	411,638	461,638
2024	75,000	409,138	484,138
2025	95,000	405,262	500,262
2026-2030	855,000	1,918,062	2,773,062
2031-2035	1,415,000	1,663,753	3,078,753
2036-2040	2,160,000	1,365,609	3,525,609
2041-2045	2,115,000	894,625	3,009,625
2046-2049	2,440,000	253,000	2,693,000
Total	$ 10,000,000	$ 8,163,463	$ 18,163,463

The 2020 Refunding bonds mature through 2028 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2021	$ 80,000	$ 300,726	$ 380,726
2022	1,005,000	382,125	1,387,125
2023	1,105,000	329,375	1,434,375
2024	1,210,000	271,500	1,481,500
2025	1,330,000	208,000	1,538,000
2026-2028	3,495,000	242,875	3,737,875
Total	$ 8,225,000	$ 1,734,601	$ 9,959,601

Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2020, amounted to $535,811.

Note 9 - Aggregate Net Other Postemployment Benefits (OPEB) Liability

For the fiscal year ended June 30, 2020, the District reported aggregate net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

OPEB Plan	Aggregate Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	$ 12,241,877	$ 611,990	$ 1,259,770	$ 971,911
Medicare Premium Payment (MPP) Program	423,692	-	-	662
Total	$ 12,665,569	$ 611,990	$ 1,259,770	$ 972,573

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. Management of the Plan is vested in the District management.

Plan Membership

At June 30, 2019, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	45
Active employees	466
Total	511

Benefits Provided

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

Contributions

The benefit payment requirements of the Plan members and the District are established and may be amended by the District, the Lawndale Teacher's Association (LTA), the Lawndale Federation of Classified Employees (LFCE), and unrepresented groups. The benefit payment is based on projected pay-as-you-go financing requirements as determined annually through the agreements with the District, LTA, LFCE, and the unrepresented groups. For measurement period of June 30, 2019, the District paid $451,853 in benefits.

Total OPEB Liability of the District

The District's total OPEB liability of $12,241,877 was measured as of June 30, 2019, and the total OPEB liability used to calculate the OPEB liability was determined by an actuarial valuation as of June 30, 2019.

Actuarial Assumptions

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75	percent
Salary increases	2.75	percent, average, including inflation
Discount rate	3.50	percent
Healthcare cost trend rates	4.00	percent for 2020

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

Mortality rates were based on the 2020 CalSTRS Mortality Table for certificated employees and the 2017 CalPERS Active Mortality for Miscellaneous Employees Table for classified employees. Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or 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 June 30, 2019 valuation were based on the results of an actual experience study for the period July 1, 2018 to June 30, 2019.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance, June 30, 2018	$ 11,952,329
Service cost	1,008,517
Interest	465,440
Differences between expected and actual experience	(1,072,547)
Changes of assumptions or other inputs	339,991
Benefit payments	(451,853)
Net change in total OPEB liability	289,548
Balance, June 30, 2019	$ 12,241,877

Changes of assumptions and other inputs reflect a change in the discount rate from 3.80 percent to 3.50 percent since the previous valuation. There were no changes in benefit terms since the previous valuation.

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

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

Discount Rate	Total OPEB Liability
1% decrease (2.50%)	$ 13,280,311
Current discount rate (3.50%)	12,241,877
1% increase (4.50%)	11,278,694

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

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

Healthcare Cost Trend Rates	Net/Total OPEB Liability
1% decrease (3.00%)	$ 10,785,876
Current healthcare cost trend rate (4.00%)	12,241,877
1% increase (5.00%)	13,977,150

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

For the year ended June 30, 2020, the District recognized OPEB expense of $971,911. At June 30, 2020, 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
OPEB contributions subsequent to measurement date	$ 292,731	$ -
Differences between expected and actual experience	-	1,007,147
Changes of assumptions	319,259	252,623
Total	$ 611,990	$ 1,259,770

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

Amounts reported as deferred outflows of resources and deferred inflows of resources related to differences between expected and actual experience and change of assumptions will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	$ (63,381)
2022	(63,381)
2023	(63,381)
2024	(63,381)
2025	(63,381)
Thereafter	(623,606)
Total	$ (940,511)

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, 2018 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, 2020, the District reported a liability of $423,692 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018. 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, 2019 and June 30, 2018, respectively, was 0.1138 percent and 0.1105 percent, resulting in a net increase in the proportionate share of 0.0033 percent.

For the year ended June 30, 2020, the District recognized OPEB expense of $662.

Actuarial Methods and Assumptions

The June 30, 2019 total OPEB liability was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2018, and rolling forward the total OPEB liability to June 30, 2019, using the assumptions listed in the following table:

Measurement Date	June 30, 2019	June 30, 2018
Valuation Date	June 30, 2018	June 30, 2017
Experience Study	July 1, 2010 through June 30, 2015	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	3.50%	3.87%
Medicare Part A Premium Cost Trend Rate	3.70%	3.70%
Medicare Part B Premium Cost Trend Rate	4.10%	4.10%

For the valuation as of June 30, 2018, CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among our members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

Assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases.

This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 380 or an average of 0.23 percent of the potentially eligible population (165,422).

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, 2019, 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, 2019, is 3.50 percent. As the MPP Program is funded on a pay-as-you-go basis as previously noted, the OPEB Plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 3.50 percent, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2019, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate decreased 0.37 percent from 3.87 percent as of June 30, 2018.

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 (2.50%)	$ 462,345
Current discount rate (3.50%)	423,692
1% increase (4.50%)	388,153

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

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

Medicare Costs Trend Rate	Net OPEB Liability
1% decrease (2.7% Part A and 3.1% Part B)	$ 397,126
Current Medicare costs trend rate (3.7% Part A and 4.1% Part B)	423,692
1% increase (4.7% Part A and 5.1% Part B)	476,757

Note 10 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Building Fund	Non-Major Governmental Funds	Total
Nonspendable				
Revolving cash	$ 15,000	$ -	$ 494	$ 15,494
Stores inventories	94,734	-	60,410	155,144
Total nonspendable	109,734	-	60,904	170,638
Restricted				
Legally restricted programs	5,493,041	-	365,899	5,858,940
Capital projects	-	9,852,642	450,741	10,303,383
Debt services	-	-	2,549,377	2,549,377
Total restricted	5,493,041	9,852,642	3,366,017	18,711,700
Assigned				
Capital projects	-	-	3,257,102	3,257,102
Deferred maintenance	4,654	-	-	4,654
Retiree benefits	3,628,570	-	-	3,628,570
Total assigned	3,633,224	-	3,257,102	6,890,326
Unassigned	21,793,727	-	(40,619)	21,753,108
Total	$ 31,029,726	$ 9,852,642	$ 6,643,404	$ 47,525,772

Note 11 - Risk Management

Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2020, the District contracted with Alliance of Schools for Cooperative Insurance Programs (ASCIP) for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

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

Workers' Compensation

For fiscal year 2020, the District participated in the Alliance of Schools for Cooperative Insurance Programs (ASCIP) joint powers authorities' insurance purchasing pool. The intent of the ASCIP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the pool. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in the pool. Each participant pays its workers' compensation premium based on its individual rate. A participant will then either receive a refund or credit from ASCIP or will be required to contribute to the "equity-pooling fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the pool. Participation in the pool is limited to districts that can meet the ASCIP selection criteria.

Coverage provided by ASCIP for property and liability and workers’ compensation is as follows:

Insurance Program / Company Name	Type of Coverage	Limits
Workers' Compensation Program		
Alliance of Schools for Cooperative Insurance Programs (ASCIP)	Workers’ Compensation	$ 1,000,000
Property and Liability Program		
Alliance of Schools for Cooperative Insurance Programs (ASCIP)	General and Automotive	$600,000,000
Alliance of Schools for Cooperative Insurance Programs (ASCIP)	Comprehensive Crime	$ 5,000,000
Excess Property and Liability Program		
Alliance of Schools for Cooperative Insurance Programs (ASCIP)	Excess Property and Liability	$ 50,000,000

Note 12 - Employee Retirement Systems

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

For the fiscal year ended June 30, 2020, 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	$ 58,086,866	$ 17,493,852	$ 4,103,820	$ 7,880,582
CalPERS	26,494,582	6,088,775	525,474	4,562,275
Total	$ 84,581,448	$ 23,582,627	$ 4,629,294	$ 12,442,857

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 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, 2018, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

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

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

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

The STRP provisions and benefits in effect at June 30, 2020, 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	17.10%	17.10%
Required state contribution rate	10.328%	10.328%

Contributions

Required member, District, and State of California contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2020, are presented above, and the District's total contributions were $6,022,389.

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

At June 30, 2020, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

Total net pension liability, including State share	
District's proportionate share of net pension liability	$ 58,086,866
State's proportionate share of the net pension liability associated with the District	31,690,263
Total	$ 89,777,129

The net pension liability was measured as of June 30, 2019. 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 periods of June 30, 2019 and June 30, 2018, was 0.0643 percent and 0.0616 percent, respectively, resulting in a net increase in the proportionate share of 0.0027 percent.

For the year ended June 30, 2020, the District recognized pension expense of $7,880,582. In addition, the District recognized pension expense and revenue of $4,719,364 for support provided by the State. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 6,022,389	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	3,978,105	229,476
Differences between projected and actual earnings on pension plan investments	-	2,237,524
Differences between expected and actual experience in the measurement of the total pension liability	146,639	1,636,820
Changes of assumptions	7,346,719	-
Total	$ 17,493,852	$ 4,103,820

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
2021	$ (225,693)
2022	(1,776,331)
2023	(368,794)
2024	133,294
Total	$ (2,237,524)

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
2021	$ 2,391,125
2022	2,391,126
2023	2,346,947
2024	2,201,070
2025	110,129
Thereafter	164,770
Total	$ 9,605,167

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2018, and rolling forward the total pension liability to June 30, 2019. The financial reporting actuarial valuation as of June 30, 2018, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2018
Measurement date	June 30, 2019
Experience study	July 1, 2010 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance-PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2019, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	47%	4.8%
Fixed income	12%	1.3%
Real estate	13%	3.6%
Private equity	13%	6.3%
Risk mitigating strategies	9%	1.8%
Inflation sensitive	4%	3.3%
Cash/liquidity	2%	-0.4%

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	$ 86,496,152
Current discount rate (7.10%)	58,086,866
1% increase (8.10%)	34,530,158

California Public Employees' Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the School Employer Pool (SEP) under 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, 2018, 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 age 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

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

	School Employer Pool (CalPERS)	
Hire date	On or before December 31, 2012	On or after 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	19.721%	19.721%

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 contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2020, are presented above, and the total District contributions were $2,508,941.

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

As of June 30, 2020, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $26,494,582. The net pension liability was measured as of June 30, 2019. 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 periods of June 30, 2019 and June 30, 2018, was 0.0909 percent and 0.0887 percent, respectively, resulting in a net increase in the proportionate share of 0.0022 percent.

For the year ended June 30, 2020, the District recognized pension expense of $4,562,275. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 2,508,941	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	394,039	279,732
Differences between projected and actual earnings on pension plan investments	-	245,742
Differences between expected and actual experience in the measurement of the total pension liability	1,924,571	-
Changes of assumptions	1,261,224	-
Total	$ 6,088,775	$ 525,474

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
2021	$ 242,575
2022	(484,535)
2023	(73,426)
2024	69,644
Total	$ (245,742)

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
2021	$ 1,963,379
2022	855,736
2023	437,262
2024	43,725
Total	$ 3,300,102

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2018, and rolling forward the total pension liability to June 30, 2019. The financial reporting actuarial valuation as of June 30, 2018, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2018
Measurement date	June 30, 2019
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and service

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

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

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

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.15%)	$ 38,190,197
Current discount rate (7.15%)	26,494,582
1% increase (8.15%)	16,792,261

Social Security

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by Social Security or an alternative plan. The District has elected to use the FICA Alternative Plan as its alternative plan. Contributions made by the District and an employee vest immediately. The District and employees combined contribution rate is 3.75 percent of employees earnings based on a contribution formula.

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 $3,310,149 (10.328 percent of annual payroll.) Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements. On behalf payments have been included in the calculation of available reserves and in the budgeted amounts reported in the *General Fund - Budgetary Comparison Schedule*.

Senate Bill 90 (Chapter 33, Statutes of 2019), which was signed by the Governor on June 27, 2019, appropriated an additional 2019-2020 contribution on behalf of school employers of $1.1 billion for CalSTRS. A proportionate share of these contributions have been recorded in these financial statements. On behalf payments related to these additional contributions have been excluded from the calculation of available reserves and have not been included in the budgeted amounts reported in the General Fund - Budgetary Comparison Schedule.

Note 13 - Commitments and Contingencies

Grants

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2020.

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, 2020.

Construction Commitments

As of June 30, 2020, the District had the following commitments with respect to the unfinished capital projects:

Capital Project	Remaining Construction Commitment	Expected Date of Completion
Roosevelt Lunch Area Pavement	$ 307,454	September 2020
Addams Deck Coating	44,701	December 2020
Smith Deck Coating	67,991	December 2020
Total	$ 420,146	

Note 14 - Participation in Joint Power Authority

The District is a member of the Alliance of Schools for Cooperative Insurance Programs (ASCIP) joint powers authority (JPA). The District pays an annual premium to the applicable entity for its, workers' compensation and property liability coverage. Payments for insurance are paid to the JPA. The relationship between the District and the JPA is such that it is not a component unit of the District for financial reporting purposes.

Joint Power Authorities 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 entity and the District are included in these statements. Audited financial statements are generally available from the respective entities.

The District has appointed one board member to the governing board of the ASCIP JPA.

During the year ended June 30, 2020, the District made payments of $990,754 to the ASCIP.

Note 15 - Subsequent Events

Subsequent to year-end, the District has been negatively impacted by the effects of the world-wide coronavirus pandemic. The District is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the issuance date of these financial statements, the full impact to the District’s financial position is not known beyond increased cash flow monitoring due to state apportionment deferrals.

On August 26, 2020, the District issued in the amount of $7,000,000, the General Obligation Bonds, Election 2016, Series C. The bonds bear interest rates of 0.32 to 4.00 percent and mature through the fiscal year 2049. The bonds were issued to finance the acquisition and construction of education facilities and projects and to pay for the cost of issuing the bonds.

Required Supplementary Information
June 30, 2020

Lawndale Elementary School District

	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variances - Positive (Negative) Final to Actual
Revenues				
Local Control Funding Formula	$ 55,374,521	$ 55,388,710	$ 55,295,900	$ (92,810)
Federal sources	3,948,161	5,265,832	4,288,196	(977,636)
Other State sources	17,625,061	18,293,001	18,437,377	144,376
Other local sources	2,327,765	2,562,182	7,329,791	4,767,609
Total revenues [1]	79,275,508	81,509,725	85,351,264	3,841,539
Expenditures				
Current				
Certificated salaries	36,248,913	36,195,495	34,747,891	1,447,604
Classified salaries	13,653,217	13,706,046	13,020,888	685,158
Employee benefits	16,493,098	15,887,135	19,763,958	(3,876,823)
Books and supplies	3,808,560	5,151,535	3,373,087	1,778,448
Services and operating expenditures	8,527,180	9,603,594	6,613,426	2,990,168
Other outgo	1,777,927	1,833,887	4,931,564	(3,097,677)
Capital outlay	408,919	736,128	426,895	309,233
Total expenditures [1]	80,917,814	83,113,820	82,877,709	236,111
Excess (Deficiency) of Revenues Over Expenditures	(1,642,306)	(1,604,095)	2,473,555	4,077,650
Other Financing Sources (Uses)				
Transfers in	100,000	101,924	100,000	(1,924)
Transfers out	(321,445)	(214,445)	(214,445)	-
Net financing sources (uses)	(221,445)	(112,521)	(114,445)	(1,924)
Net Change in Fund Balances	(1,863,751)	(1,716,616)	2,359,110	4,075,726
Fund Balance - Beginning	28,670,616	28,670,616	28,670,616	-
Fund Balance - Ending	$ 26,806,865	$ 26,954,000	$ 31,029,726	$ 4,075,726

[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 other funds are 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 $1,110,335 relating to Senate Bill 90 are included in the actual revenues and expenditures but have not been included in the budgeted amounts.

	Budgeted Amounts			Variances - Positive (Negative)
	Original	Final	Actual	Final to Actual
Revenues				
Federal sources	$ 20,446,667	$ 20,178,795	$ 18,805,926	$ (1,372,869)
Other State sources	55,954,506	57,051,574	58,017,594	966,020
Other local sources	-	-	321,173	321,173
Total revenues	76,401,173	77,230,369	77,144,693	(85,676)
Expenditures				
Current				
Other outgo	76,401,173	77,230,369	77,144,693	85,676
Net Change in Fund Balances	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	$ -	$ -	$ -	$ -

	2020	2019	2018
Total OPEB Liability			
Service cost	$ 1,008,517	$ 897,686	$ 853,522
Interest	465,440	436,577	366,817
Difference between expected and actual experience	(1,072,547)	-	-
Changes of assumptions	339,991	(290,049)	-
Benefit payments	(451,853)	(263,834)	(231,936)
Net change in total OPEB liability	289,548	780,380	988,403
Total OPEB Liability - Beginning	11,952,329	11,171,949	10,183,546
Total OPEB Liability - Ending	$ 12,241,877	$ 11,952,329	$ 11,171,949
Covered Payroll	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]
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017

[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,	2020	2019	2018
District's proportion of the net OPEB liability	0.1138%	0.1105%	0.1122%
District's proportionate share of the net OPEB liability	$ 423,692	$ 423,030	$ 472,077
District's covered payroll	N/A[1]	N/A[1]	N/A[1]
District's proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A[1]	N/A[1]	N/A[1]
Plan fiduciary net position as a percentage of the total OPEB liability	-0.81%	-0.40%	0.01%
Measurement Date	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.

	2020	2019	2018	2017	2016	2015
CalSTRS						
District's proportion of the net pension liability	0.0643%	0.0616%	0.0620%	0.0600%	0.0576%	0.0560%
District's proportionate share of the net pension liability	$ 58,086,866	$ 56,590,491	$ 57,319,007	$ 48,517,958	$ 38,749,301	$ 32,705,162
State's proportionate share of the net pension liability	31,690,263	32,400,703	33,909,440	27,620,408	20,494,109	19,748,789
Total	$ 89,777,129	$ 88,991,194	$ 91,228,447	$ 76,138,366	$ 59,243,410	$ 52,453,951
District's covered payroll	$ 35,105,344	$ 32,427,505	$ 31,889,118	$ 30,409,003	$ 26,259,617	$ 25,289,611
District's proportionate share of the net pension liability as a percentage of its covered payroll	165.46%	174.51%	179.74%	159.55%	147.56%	129.32%
Plan fiduciary net position as a percentage of the total pension liability	73%	71%	69%	70%	74%	77%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
CalPERS						
District's proportion of the net pension liability	0.0909%	0.0887%	0.0909%	0.0926%	0.0913%	0.0873%
District's proportionate share of the net pension liability	$ 26,494,582	$ 23,651,498	$ 21,703,903	$ 18,294,793	$ 13,460,371	$ 9,915,554
District's covered payroll	$ 12,788,833	$ 11,518,028	$ 11,609,411	$ 11,076,146	$ 10,847,022	$ 9,198,947
District's proportionate share of the net pension liability as a percentage of its covered payroll	207.17%	205.34%	186.95%	165.17%	124.09%	107.79%
Plan fiduciary net position as a percentage of the total pension liability	70%	71%	72%	74%	79%	83%
Measurement Date	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.

	2020	2019	2018	2017	2016	2015
CalSTRS						
Contractually required contribution	$ 6,022,389	$ 5,715,150	$ 4,679,289	$ 4,011,651	$ 3,262,886	$ 2,331,854
Less contributions in relation to the contractually required contribution	6,022,389	5,715,150	4,679,289	4,011,651	3,262,886	2,331,854
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 35,218,649	$ 35,105,344	$ 32,427,505	$ 31,889,118	$ 30,409,003	$ 26,259,617
Contributions as a percentage of covered payroll	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%
CalPERS						
Contractually required contribution	$ 2,508,941	$ 2,309,919	$ 1,788,865	$ 1,612,315	$ 1,312,191	$ 1,276,803
Less contributions in relation to the contractually required contribution	2,508,941	2,309,919	1,788,865	1,612,315	1,312,191	1,276,803
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 12,722,179	$ 12,788,833	$ 11,518,028	$ 11,609,411	$ 11,076,146	$ 10,847,022
Contributions as a percentage of covered payroll	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.

See Note to Required Supplementary Information

Note 1 - Purpose of Schedules

Budgetary Comparison Schedules

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

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

These schedules present information for the original and final budgets and actual results of operations, as well as the variances from the final budget to actual results of operations.

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

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

- *Changes in Benefit Terms* - There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* - The plan rate of investment return assumption was changed from 3.80 percent to 3.50 percent since the previous valuation.

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

This schedule presents information on the District's proportionate share of the net OPEB liability - MPP program and the Plans' fiduciary net position. In the future, as data becomes available, ten years of information will be presented.

- *Changes in Benefit Terms* - There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* - The plan rate of investment return assumption was changed from 3.87 percent to 3.50 percent since the previous valuation.

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

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

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

Schedule of District Contributions

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

Supplementary Information
June 30, 2020

Lawndale Elementary School District

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Passed Through to Subrecipients
U.S. Department of Education				
Passed Through California Department of Education (CDE)				
ESSA: Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	$ 1,438,872	$ -
ESSA: Title II, Part A, Supporting Effective Instruction	84.367	14341	195,458	-
ESSA: Title III, English Learner Student Program	84.365	14346	221,609	-
ESSA: Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	62,534	-
Special Education Cluster (IDEA)				
IDEA Basic Local Assistance Entitlement, Part B, Section 611	84.027	13379	18,384,231	16,751,296
IDEA Preschool Grants, Part B, Section 619	84.173	13430	1,011,724	922,460
IDEA Mental Health Average Daily Attendance (ADA) Allocation, Part B, Sec 611	84.027A	15197	1,128,363	1,128,363
IDEA Preschool Staff Development, Part B, Section 619	84.173A	13431	4,283	3,807
Alternate Dispute Resolution, Part B, Section 611	84.173A	13007	14,601	-
Subtotal Special Education Cluster (IDEA)			20,543,202	18,805,926
IDEA Early Intervention Grants, Part C	84.181	23761	226,304	-
Total U.S. Department of Education			22,687,979	18,805,926
U.S. Department of Agriculture				
Passed Through California Department of Education (CDE)				
Child Nutrition Cluster				
Child Nutrition: School Programs (NSL Sec 11)	10.555	13396	1,376,671	-
Child Nutrition: School Programs (School Breakfast Needy)	10.553	13526	417,988	-
Child Nutrition: Summer Food Service Program Operations	10.559	13004	666,473	-
Commodities	10.555	13396	246,874	-
Subtotal Child Nutrition Cluster			2,708,006	-
CACFP Claims - Centers and Family Day Care	10.558	13393	589,038	-
Child Nutrition: NSLP Equipment Assistance Grants	10.579	14906	51,436	-
Passed through Los Angeles County Department of Public Health				
Supplemental Nutrition Assistance Program (SNAP) Cluster				
Healthy Communities Initiative	10.561	PH-003248	281,615	-
Subtotal Supplemental Nutrition Assistance Program (SNAP) Cluster			281,615	-
Total U.S. Department of Agriculture			3,630,095	-
Total Expenditures of Federal Awards			$ 26,318,074	$ 18,805,926

ORGANIZATION

The Lawndale Elementary School District was established in October 1906 and consists of an area comprising approximately 2.5 square miles. The District operates six elementary schools and two middle schools. There were no boundary changes during the year.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Mrs. Shirley Rudolph	President	2022
Mrs. Cathy Burris	Clerk	2024
Mrs. Ann Phillips	Trustee	2022
Ms. Bonnie J. Coronado	Trustee	2022
Mr. Adim Morales	Trustee	2024

ADMINISTRATION

Dr. Elizabeth Hamilton	Superintendent of Schools
Dr. Gretchen Janson	Assistant Superintendent of Business Services
Mr. Travis Collier	Assistant Superintendent of Educational Services
Dr. Juan Santos	Assistant Superintendent of Human Resources

	Final Report	
	Second Period Report	Annual Report
Regular ADA		
Transitional kindergarten through third	2,110.76	2,110.76
Fourth through sixth	1,645.30	1,645.30
Seventh and eighth	1,196.48	1,196.48
Total Regular ADA	4,952.54	4,952.54
Extended Year Special Education		
Transitional kindergarten through third	8.87	8.87
Fourth through sixth	4.91	4.91
Seventh and eighth	1.23	1.23
Total Extended Year Special Education	15.01	15.01
Special Education, Nonpublic, Nonsectarian Schools		
Fourth through sixth	2.74	2.74
Seventh and eighth	1.77	1.77
Total Special Education, Nonpublic, Nonsectarian Schools	4.51	4.51
Total ADA	4,972.06	4,972.06

Grade Level	1986-1987 Minutes Requirement	2019-2020 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Kindergarten	36,000	50,515	180	N/A	Complied
Grades 1 - 3	50,400				
Grade 1		50,515	180	N/A	Complied
Grade 2		50,515	180	N/A	Complied
Grade 3		50,515	180	N/A	Complied
Grades 4 - 8	54,000				
Grade 4		54,195	180	N/A	Complied
Grade 5		54,195	180	N/A	Complied
Grade 6		59,600	180	N/A	Complied
Grade 7		59,600	180	N/A	Complied
Grade 8		59,600	180	N/A	Complied

Summarized below are the fund balance reconciliations between the Unaudited Actual Financial Report and the audited financial statements.

		Non-Major Governmental Funds	
	General Fund	Child Development Fund	Cafeteria Fund
Fund Balance			
Balance, June 30, 2020, Unaudited Actuals	$ 29,056,236	$ 24,055	$ 380,511
Increase in			
Accounts receivable	1,019,000	-	-
Decrease in			
Accounts receivable	(650,407)	(64,896)	-
Accounts payable	1,427,714	-	-
Unearned revenue	177,183	222	46,292
Balance, June 30, 2020, Audited Financial Statements	$ 31,029,726	$ (40,619)	$ 426,803

	(Budget) 2021 [1]	2020	2019	2018
General Fund [3]				
Revenues	$ 72,727,963	$ 85,293,369	$ 88,622,077	$ 74,995,135
Other sources	300,833	392,731	405,919	355,604
Total Revenues and Other Sources	73,028,796	85,686,100	89,027,996	75,350,739
Expenditures	74,787,486	82,877,709	83,781,695	71,624,573
Other uses and transfers out	580,125	686,100	630,754	591,803
Total Expenditures and Other Uses	75,367,611	83,563,809	84,412,449	72,216,376
Increase/(Decrease) in Fund Balance	(2,338,815)	2,122,291	4,615,547	3,134,363
Ending Fund Balance	$ 25,057,687	$ 27,396,502	$ 25,274,211	$ 20,658,664
Available Reserves [2, 4]	$ 20,177,834	$ 21,793,727	$ 16,230,346	$ 12,924,132
Available Reserves as a Percentage of Total Outgo [4]	26.77%	26.43%	19.80%	17.90%
Long-Term Liabilities	N/A	$ 133,069,719	$ 130,261,861	$ 118,740,260
K-12 Average Daily Attendance at P-2	4,968	4,972	5,067	5,239

The General Fund balance has increased by $6,737,838 over the past two years. The fiscal year 2020-2021 budget projects a decrease of $2,338,815 (8.54 percent). For a district this size, the State recommends available reserves of at least 3 percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in the past three years and anticipates incurring an operating deficit during the 2020-2021 fiscal year. Total long-term liabilities have increased by $14,329,459 over the past two years.

Average daily attendance has decreased by 267 over the past two years. Additional decline of 4 ADA is anticipated during fiscal year 2020-2021.

[1] Budget 2021 is included for analytical purposes only and has not been subjected to audit.
[2] Available reserves consist of all unassigned fund balances including all amounts reserved for economic uncertainties contained with the General Fund.
[3] General Fund amounts do not include activity related to the consolidation of the 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 $1,110,335 and $2,457,661 relating to Senate Bill 90 have been excluded from the calculation of available reserves for the fiscal years ending June 30, 2020 and June 30, 2019, respectively.

Name of Charter School and Charter Number	Included in Audit Report
Environmental Charter School (0353)	No

	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	State School Building Lease Purchase Fund	County School Facilities Fund
Assets					
Deposits and investments	$ 70,614	$ 305,012	$ 300,117	$ 30,367	$ 37,670
Receivables	152,463	290,073	83,633	91	113
Stores inventories	-	60,410	-	-	-
Total assets	$ 223,077	$ 655,495	$ 383,750	$ 30,458	$ 37,783
Liabilities and Fund Balances					
Liabilities					
Accounts payable	$ 248,423	$ 228,692	$ -	$ 1,250	$ -
Unearned revenue	15,273	-	-	-	-
Total liabilities	263,696	228,692	-	1,250	-
Fund Balances					
Nonspendable	-	60,904	-	-	-
Restricted	-	365,899	383,750	29,208	37,783
Assigned	-	-	-	-	-
Unassigned	(40,619)	-	-	-	-
Total fund balances	(40,619)	426,803	383,750	29,208	37,783
Total liabilities and fund balances	$ 223,077	$ 655,495	$ 383,750	$ 30,458	$ 37,783

	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Tax Override Fund	Debt Service Fund	Non-Major Governmental Funds
Assets					
Deposits and investments	$ 3,310,238	$ 2,528,533	$ 10	$ 20,772	$ 6,603,333
Receivables	9,265	-	-	62	535,700
Stores inventories	-	-	-	-	60,410
Total assets	$ 3,319,503	$ 2,528,533	$ 10	$ 20,834	$ 7,199,443
Liabilities and Fund Balances					
Liabilities					
Accounts payable	$ 62,401	$ -	$ -	$ -	$ 540,766
Unearned revenue	-	-	-	-	15,273
Total liabilities	62,401	-	-	-	556,039
Fund Balances					
Nonspendable	-	-	-	-	60,904
Restricted	-	2,528,533	10	20,834	3,366,017
Assigned	3,257,102	-	-	-	3,257,102
Unassigned	-	-	-	-	(40,619)
Total fund balances	3,257,102	2,528,533	10	20,834	6,643,404
Total liabilities and fund balances	$ 3,319,503	$ 2,528,533	$ 10	$ 20,834	$ 7,199,443

	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	State School Building Lease Purchase Fund	County School Facilities Fund
Revenues					
Federal sources	$ -	$ 3,394,772	$ -	$ -	$ -
Other State sources	1,811,495	197,388	-	-	-
Other local sources	5,688	15,289	87,486	510	633
Total revenues	1,817,183	3,607,449	87,486	510	633
Expenditures					
Current					
Instruction	1,446,112	-	-	-	-
Instruction-related activities					
Supervision of instruction	237,883	-	-	-	-
School site administration	81,082	-	-	-	-
Pupil services					
Food services	-	3,504,483	-	-	-
Administration					
All other administration	110,628	-	-	-	-
Plant services	461	-	-	-	-
Facility acquisition and construction	-	1,122	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest and other	-	-	-	-	-
Total expenditures	1,876,166	3,505,605	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	(58,983)	101,844	87,486	510	633
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	-
Other sources - proceeds from refunding bonds	-	-	-	-	-
Transfers out	-	(100,000)	-	-	-
Other uses - payment for refunding of debt	-	-	-	-	-
Net Financing Sources (Uses)	-	(100,000)	-	-	-
Net Change in Fund Balances	(58,983)	1,844	87,486	510	633
Fund Balance - Beginning	18,364	424,959	296,264	28,698	37,150
Fund Balance - Ending	$ (40,619)	$ 426,803	$ 383,750	$ 29,208	$ 37,783

	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Tax Override Fund	Debt Service Fund	Non-Major Governmental Funds
Revenues					
Federal sources	$ -	$ -	$ -	$ -	$ 3,394,772
Other State sources	-	17,345	-	-	2,026,228
Other local sources	53,006	2,683,419	-	349	2,846,380
Total revenues	53,006	2,700,764	-	349	8,267,380
Expenditures					
Current					
Instruction	-	-	-	-	1,446,112
Instruction-related activities					
Supervision of instruction	-	-	-	-	237,883
School site administration	-	-	-	-	81,082
Pupil services					
Food services	-	-	-	-	3,504,483
Administration					
All other administration	-	-	-	-	110,628
Plant services	79,669	-	-	-	80,130
Facility acquisition and construction	76,469	-	-	-	77,591
Debt service					
Principal	-	1,635,000	-	-	1,635,000
Interest and other	-	1,597,852	-	-	1,597,852
Total expenditures	156,138	3,232,852	-	-	8,770,761
Excess (Deficiency) of Revenues Over Expenditures	(103,132)	(532,088)	-	349	(503,381)
Other Financing Sources (Uses)					
Transfers in	214,445	-	-	-	214,445
Other sources - proceeds from refunding bonds	-	9,389,388	-	-	9,389,388
Transfers out	-	-	-	-	(100,000)
Other uses - payment for refunding of debt	-	(9,200,831)	-	-	(9,200,831)
Net Financing Sources (Uses)	214,445	188,557	-	-	303,002
Net Change in Fund Balances	111,313	(343,531)	-	349	(200,379)
Fund Balance - Beginning	3,145,789	2,872,064	10	20,485	6,843,783
Fund Balance - Ending	$ 3,257,102	$ 2,528,533	$ 10	$ 20,834	$ 6,643,404

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 District under programs of the federal government for the year ended June 30, 2020. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net position of the District.

Summary of Significant Accounting Policies
Expenditures reported in the schedule are reported on the modified accrual basis of accounting, except for subrecipient expenditures, which are recorded on the cash basis. 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.

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

Food Donation
Nonmonetary assistance is reported in this schedule at the fair market value of the commodities received and disbursed. At June 30, 2020, the District had food commodities totaling $246,874.

SEFA Reconciliation
The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances and the related expenditures reported on the Schedule of Expenditures of Federal Awards.

	CFDA Number	Amount
Total Federal Revenues from the Statement of Revenues, Expenditures, and Changes in Fund Balances:		$ 26,488,894
ESSA: Title II, Part A, Supporting Effective Instruction	84.367	(73,545)
ESSA: Title III, English Learner Student Program	84.365	(19,283)
ESSA: Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	(31,700)
Child Nutrition: NSLP Equipment Assistance Grants	10.579	(46,292)
Total Schedule of Expenditures of Federal Awards		$ 26,318,074

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 46206.

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

Due to school closures caused by COVID-19, the District filed the COVID-19 School Closure Certification certifying that schools were closed for 59 days due to the pandemic. As a result, the District received credit for these 59 days in meeting the annual instructional days requirement. In addition, planned minutes covered by the COVID-19 School Certification were included in the Actual Minutes column but were not actually offered due to the COVID-19 school closure.

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 School District, and displays information for each Charter School on whether or not the Charter School is included in the School District audit.

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

The Non-Major Governmental Funds Combining Balance Sheet and Combining Statement of Revenues, Expenditures, and Changes in Fund Balances 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, 2020

Lawndale Elementary School District

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

Governing Board
Lawndale Elementary School District
Lawndale, 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, the business-type activities, each major fund, and the aggregate remaining fund information of Lawndale Elementary School District (the District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 31, 2021.

Internal Control over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-001 that we consider to be a material weakness.

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

Lawndale Elementary School District's Response to Finding
The District's response to the finding identified in our audit is 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 the financial statements and, accordingly, we express no opinion on it.

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
March 31, 2021

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

Governing Board
Lawndale Elementary School District
Lawndale, California

Report on Compliance for Each Major Federal Program
We have audited Lawndale Elementary School District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2020. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

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

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

Opinion on Each Major Federal Program
In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2020.

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

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

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

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

Eide Bailly LLP

Rancho Cucamonga, California
March 31, 2021

Independent Auditor's Report on State Compliance

Governing Board
Lawndale Elementary School District
Lawndale, California

Report on State Compliance
We have audited Lawndale Elementary School District's (the District) compliance with the types of compliance requirements described in the *2019-2020 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting,* applicable to the state laws and regulations listed in the table below for the year ended June 30, 2020.

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

Auditor's Responsibility
Our responsibility is to express an opinion on the District's compliance with state laws and regulations based on our audit of the types of compliance requirements referred to below. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of the *2019-2020 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements listed below has occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

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

We did not perform procedures for Independent Study because the independent study ADA was under the level that requires testing.

We did not perform Continuation Education procedures because the program is not offered by the District.

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

The District does not have any Juvenile Court Schools; therefore, we did not perform procedures related to Juvenile Court Schools.

The District does not have any Middle or Early College High Schools; therefore, we did not perform procedures related to Middle or Early College High Schools.

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

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

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

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

Unmodified Opinion
In our opinion, the District complied with the laws and regulations of the state programs referred to above for the year ended June 30, 2020.

The purpose of this report on state compliance is solely to describe the results of our testing based on the requirements of the *2019-2020 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
March 31, 2021

FINANCIAL STATEMENTS

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	Yes
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:	No

Identification of major programs:

Name of Federal Program or Cluster	CFDA Number
Special Education Cluster (IDEA)	84.027, 84.027A, 84.173, 84.173A

Dollar threshold used to distinguish between type A and type B programs:	$789,542
Auditee qualified as low-risk auditee?	Yes

STATE COMPLIANCE

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

The following finding represents a material weakness related to the financial statements that is required to be reported in accordance with *Government Auditing Standards*. The finding has been coded as follows:

Five Digit Code	AB 3627 Finding Type
30000	Internal Control

2020-001 30000

Criteria or Specific Requirement
The accounting system used to record the financial affairs of local educational agencies (LEAs) shall be in accordance with the definitions, instructions, and procedures published in the California School Accounting Manual. LEAs are also required to present their financial statements in accordance with generally accepted accounting principles (GAAP).

Condition
Material Weakness - Several year-end adjustments were identified during the audit that resulted in audit adjustments to the original District trial balance. There were material audit adjustments proposed and posted to accounts receivable, accounts payable, and unearned revenue accounts.

Questioned Costs
There are no questioned costs associated with this finding.

Context
Several adjustments and reclassification entries were posted to ensure accuracy and correct classification of account balances.

Effect
Material adjustments to the general ledger were proposed as a result of audit procedures performed. These adjustments were accepted by management to ensure the financial statements were presented fairly in accordance with GAAP.

Cause
The internal controls in place during the closing process, including preparation and review of account reconciliations and posting of journal entries, were not performed, or were not performed in a timely manner to ensure accurate reporting of balances for reporting.

Repeat Finding (Yes or No): No

Recommendation
We recommend that all account balances are reconciled and reviewed by appropriate personnel prior to closing the fiscal year ledgers to ensure proper financial reporting. All journal entries posted to the ledger should be reviewed and approved by appropriate personnel. Additionally, policies and procedures should be implemented to ensure that these accounts are reconciled and reviewed throughout the year on a regular basis in order to facilitate timely and accurate reporting at year-end.

View of Responsible Officials and Corrective Action Plan

The District has taken actions to develop and implement a robust year close process that includes a detailed year-end close checklist to help ensure all year-end transactions are performed timely and posted accurately to the general ledger. The Accounting and Budgeting Department is responsible for the preparation and oversight of year end transactions. The Director is responsible for reviewing and approving all journal entries prior to them being posted to the general ledger by staff. The District has taken actions to review and reconcile outstanding accruals by developing an accrual tracking document. This accrual tracking document has been and will be reconciled on a monthly basis by all staff. Each staff member has full access to this document and is responsible for reconciling and clearing accruals throughout the year. The District will continue to follow their internal controls to ensure the year end close process is carried out based on following their policies and procedure.

None reported.

None reported.

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