



# **Lawndale Elementary School District**

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Annual Financial Report

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**June 30, 2016**

# LAWNSDALE ELEMENTARY SCHOOL DISTRICT

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# LAWNDALE ELEMENTARY SCHOOL DISTRICT

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***FINANCIAL SECTION***

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## 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 the Lawndale Elementary School District (the District) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

#### *Management's Responsibility for the Financial Statements*

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

#### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2015-2016 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, issued by the California Education Audit Appeals Panel as regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lawndale Elementary School District, as of June 30, 2016, 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 management's discussion and analysis on pages 5 through 14, budgetary comparison schedules on pages 64 and 65, schedule of other postemployment benefits funding progress on page 66, schedule of the District's proportionate share of the net pension liability on page 67, and the schedule of District contributions on page 68, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2016, on our consideration of the Lawndale Elementary School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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.

Vannex, Tine, Day & Co., LLP

Rancho Cucamonga, California  
November 29, 2016

# LAWNDALE ELEMENTARY SCHOOL DISTRICT

4161 West 147<sup>th</sup> Street • Lawndale, CA 90260 • (310) 973-1300 FAX (310) 263-6492



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, 2016, with comparative information from the fiscal year ending June 30, 2015. 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 (including capital assets) of the District, as well as all liabilities (including long-term obligations). Additionally, certain eliminations have occurred as prescribed by the statement in regards to interfund activity, payables, and receivables.

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

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

The *Proprietary Funds* are prepared using the economic resources measurement focus and the accrual basis of accounting.

The *Fiduciary Funds* are agency funds, which only report a balance sheet and do not have a measurement focus.

*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.



# LAWNDALE ELEMENTARY SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016

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### REPORTING THE DISTRICT AS A WHOLE

#### The Statement of Net Position and the Statement of Activities

The *Statement of Net Position* and the *Statement of Activities* report information about the District as a whole and about its activities. These statements include all assets 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.

# LAWNDALE ELEMENTARY SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**JUNE 30, 2016**

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**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 the associated student body activities. The District's fiduciary activities are reported in the *Fiduciary Funds Statement of 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.

# LAWNDALE ELEMENTARY SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2016

### FINANCIAL HIGHLIGHTS

#### THE DISTRICT AS A WHOLE

##### Net Position

The District's net position was \$(8.2) million for governmental activities for the fiscal year ended June 30, 2016. Of this amount, \$(39.7) million was unrestricted. Restricted net position are 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**

(Amounts in thousands)

	Governmental Activities		Business-Type Activities		School District Activities	
	2016	2015	2016	2015	2016	2015
<b>Assets</b>						
Current and other assets	\$ 26,703.1	\$ 22,012.1	\$ 432.6	\$ 473.8	\$ 27,135.7	\$ 22,485.9
Capital assets	45,901.5	47,590.9	-	-	45,901.5	47,590.9
<b>Total Assets</b>	<b>72,604.6</b>	<b>69,603.0</b>	<b>432.6</b>	<b>473.8</b>	<b>73,037.2</b>	<b>70,076.8</b>
<b>Deferred Outflows of Resources</b>	<b>12,051.5</b>	<b>3,608.7</b>	<b>-</b>	<b>-</b>	<b>12,051.5</b>	<b>3,608.7</b>
<b>Liabilities</b>						
Current liabilities	7,736.0	6,518.1	18.4	11.6	7,754.4	6,529.7
Long-term obligations	22,276.0	22,628.3	-	-	22,276.0	22,628.3
Aggregate net pension liability	52,209.7	42,620.7	-	-	52,209.7	42,620.7
<b>Total Liabilities</b>	<b>82,221.7</b>	<b>71,767.1</b>	<b>18.4</b>	<b>11.6</b>	<b>82,240.1</b>	<b>71,778.7</b>
<b>Deferred Inflows of Resources</b>	<b>10,630.8</b>	<b>11,869.9</b>	<b>-</b>	<b>-</b>	<b>10,630.8</b>	<b>11,869.9</b>
<b>Net Position</b>						
Net investment in capital assets	27,137.7	28,892.5	-	-	27,137.7	28,892.5
Restricted	4,395.5	4,082.8	-	-	4,395.5	4,082.8
Unrestricted	(39,729.6)	(43,400.6)	414.2	462.2	(39,315.4)	(42,938.4)
<b>Total Net Position</b>	<b>\$ (8,196.4)</b>	<b>\$ (10,425.3)</b>	<b>\$ 414.2</b>	<b>\$ 462.2</b>	<b>\$ (7,782.2)</b>	<b>\$ (9,963.1)</b>

# LAWNDALE ELEMENTARY SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016

### Changes in Net Position

The results of this year's operations for the District as a whole are reported in the *Statement of Activities* on page 16. Table 2 takes the information from the Statement, rounds off the numbers, and rearranges them slightly so you can see our total revenues for the year.

**Table 2**

(Amounts in thousands)

	Governmental Activities		Business-Type Activities		School District Activities	
	2016	2015	2016	2015	2016	2015
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 362.0	\$ 334.6	\$ -	\$ -	\$ 362.0	\$ 334.6
Operating grants and contributions	15,803.0	13,952.3	-	-	15,803.0	13,952.3
General revenues:						
State revenue limit sources not restricted	46,775.8	39,712.5	-	-	46,775.8	39,712.5
Property taxes	10,006.1	7,826.1	-	-	10,006.1	7,826.1
Other general revenues	7,490.2	4,300.7	100.7	94.9	7,590.9	4,395.6
<b>Total Revenues</b>	<b>80,437.1</b>	<b>66,126.2</b>	<b>100.7</b>	<b>94.9</b>	<b>80,537.8</b>	<b>66,221.1</b>
<b>Expenses</b>						
Instruction-related	55,357.0	49,866.7	-	-	55,357.0	49,866.7
Pupil services	8,010.1	7,584.0	-	-	8,010.1	7,584.0
Administration	4,865.6	4,416.4	-	-	4,865.6	4,416.4
Plant	4,689.0	4,559.6	-	-	4,689.0	4,559.6
Other	5,286.4	2,830.9	148.7	80.6	5,435.1	2,911.5
<b>Total Expenses</b>	<b>78,208.1</b>	<b>69,257.6</b>	<b>148.7</b>	<b>80.6</b>	<b>78,356.8</b>	<b>69,338.2</b>
<b>Change in Net Position</b>	<b>\$ 2,229.0</b>	<b>\$ (3,131.4)</b>	<b>\$ (48.0)</b>	<b>\$ 14.3</b>	<b>\$ 2,181.0</b>	<b>\$ (3,117.1)</b>

### Governmental Activities

As reported in the *Statement of Activities* on page 16, the cost of all of our governmental activities this year was \$78.2 million. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only \$10.0 million because the cost was paid by those who benefited from the programs (\$15.8 million) or by other governments and organizations who subsidized certain programs with grants and contributions (\$0.04 million). We paid for the remaining "public benefit" portion of our governmental activities from the \$46.8 million we received in State funds, and from \$7.5 million of other revenues, like interest and general entitlements.

# LAWNDALE ELEMENTARY SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**JUNE 30, 2016**

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In Table 3, we have presented the *cost* of each of the District's largest functions including instruction, instruction-related activities, pupil services, administration, plant, and other activities, as well as each program's *net cost* (total cost less revenues generated by these activities). As discussed on the previous page, 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**

(Amounts in thousands)

	Total Cost of Services		Net Cost of Services	
	2016	2015	2016	2015
Instruction	\$ 48,880.5	\$ 44,081.3	\$ (38,669.6)	\$ (35,714.5)
Instruction-related activities	6,476.5	5,785.4	(4,601.1)	(4,197.6)
Pupil services	8,010.1	7,584.0	(4,773.0)	(4,301.2)
Administration	4,865.6	4,416.4	(4,444.2)	(3,925.1)
Plant	4,689.0	4,559.6	(4,652.0)	(4,340.5)
Other	5,286.4	2,830.9	(4,903.2)	(2,491.8)
<b>Total</b>	<b>\$ 78,208.1</b>	<b>\$ 69,257.6</b>	<b>\$ (62,043.1)</b>	<b>\$ (54,970.7)</b>

# LAWNSDALE ELEMENTARY SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2016

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### THE DISTRICT'S FUNDS

As the District completed the year, our governmental funds reported a combined fund balance of \$19.2 million, which is an increase of \$3.5 million from last year (Table 4). This \$3.5 million increase is the net difference in the following fund or program balances from the prior year.

**Table 4**

(Amounts in thousands)

	Fund Balance	
	June 30, 2016	June 30, 2015
General Fund	\$ 12,655.5	\$ 10,207.7
Cafeteria Fund	874.0	1,793.3
Special Reserve Fund for Capital Outlay Projects	4,019.5	1,294.7
Child Development Fund	147.3	49.5
Building Fund	74.6	896.9
Capital Facilities Fund	159.2	266.8
State School Building Fund	28.0	2.8
County School Facilities Fund	35.4	35.2
Bond Interest and Redemption Fund	1,164.7	1,153.0
Debt Service Fund	19.5	19.4
<b>Total</b>	<b>\$ 19,177.7</b>	<b>\$ 15,719.3</b>

### General Fund Budgetary Highlights

Over the course of the year, the District revises its budget to reflect expected and unexpected changes in revenues and expenditures. The first Interim Budget report was prepared based upon actual information through October 31, 2015, and the second Interim Budget report was prepared based upon the actual information through January 31, 2016. (A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report on page 64.)

# LAWNSDALE ELEMENTARY SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2016

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### CAPITAL ASSET AND DEBT ADMINISTRATION

#### Capital Assets

At June 30, 2016, the District had \$45.9 million in a broad range of capital assets (net of depreciation), including land, buildings, furniture and equipment. This amount represents a net decrease (including additions, deductions, and depreciation) of approximately \$1.7 million, or 3.5 percent, from last year (Table 5).

**Table 5**

(Amounts in thousands)

	Governmental Activities	
	2016	2015
Land and construction in progress	\$ 1,686.4	\$ 2,969.3
Buildings and improvements	42,814.5	43,469.6
Equipment	1,400.6	1,152.0
<b>Total</b>	<b>\$ 45,901.5</b>	<b>\$ 47,590.9</b>

We present more detailed information about our capital assets in Note 5 to the financial statements.

#### Long-Term Obligations

At the end of this year, the District had \$18.8 million in general obligation bonds outstanding versus \$19.6 million last year, a decrease of four percent. The long-term obligations consisted of:

**Table 6**

(Amounts in thousands)

	Governmental Activities	
	2016	2015
General obligation bonds - net (financed with property taxes)	\$ 18,838.3	\$ 19,595.3
Compensated absences	514.1	486.0
Net OPEB obligation	2,923.6	2,547.0
<b>Total</b>	<b>\$ 22,276.0</b>	<b>\$ 22,628.3</b>

The District's general obligation bond rating continues to be "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 \$18.8 million is significantly below the statutorily-imposed limit.

Other obligations include compensated absences and the net OPEB obligation. We present more detailed information regarding our long-term obligations in Note 9 of the financial statements.

# LAWNSDALE ELEMENTARY SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2016

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### Net Pension Liability (NPL)

At year-end, the District had a net pension liability of \$52.2 million. The District has therefore recorded its proportionate share of net pension liabilities for CalSTRS and CalPERS.

### SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2015-2016 ARE NOTED BELOW:

The District has completed its significant facilities improvement master plan of over \$75 million for all of its schools which began in 1998. In the 2015-2016 fiscal year, the District completed the comprehensive kitchen upgrades and food service equipment for the remaining three of five kitchens (Anderson, Green, and Twain) with a budget of \$1.1 million.

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

In considering the District Budget for the 2016-2017 year, the Governing Board and management used the following criteria:

The key assumptions in our revenue forecast are:

1. Continued implementation of the Local Control Funding Formula. The District also revised and adopted a Local Control Accountability Plan (LCAP) using stakeholder input to develop goals to enhance student achievement.
2. Average daily attendance (ADA) enrollments were down 187 from the prior year.
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 \$294,765 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:

	<u>Staffing Ratio</u>	<u>Enrollment</u>
Grades Pre-K and K through third	24:1	2,352
Grades four and five	30:1	1,253
Grades six, seven and eight	30:1	1,862
Special Education (Ungraded)	14:1	117



# **LAWNDALE ELEMENTARY SCHOOL DISTRICT**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2016**

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### **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 Associate Superintendent, Business Services, at Lawndale School District, Lawndale, California 90260, or e-mail at [john\\_vinke@lawndalesd.net](mailto:john_vinke@lawndalesd.net).

# LAWNSDALE ELEMENTARY SCHOOL DISTRICT

## STATEMENT OF NET POSITION JUNE 30, 2016

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Deposits and investments	\$ 22,899,682	\$ 430,442	\$ 23,330,124
Receivables	3,716,302	2,215	3,718,517
Stores inventories	84,904	-	84,904
Other current assets	2,219	-	2,219
Capital assets:			
Land and construction in progress	1,686,365	-	1,686,365
Other capital assets	93,766,153	-	93,766,153
Less: Accumulated depreciation	(49,551,041)	-	(49,551,041)
Total Capital Assets	<u>45,901,477</u>	<u>-</u>	<u>45,901,477</u>
<b>Total Assets</b>	<u><u>72,604,584</u></u>	<u><u>432,657</u></u>	<u><u>73,037,241</u></u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows of resources related to pensions	<u>12,051,495</u>	<u>-</u>	<u>12,051,495</u>
<b>LIABILITIES</b>			
Accounts payable	7,501,367	18,453	7,519,820
Accrued interest payable	210,609	-	210,609
Unearned revenue	24,042	-	24,042
Long-term obligations:			
Current portion of long-term obligations other than pensions	725,000	-	725,000
Noncurrent portion of long-term obligations other than pensions	<u>21,550,959</u>	<u>-</u>	<u>21,550,959</u>
Total Long-Term Obligations	<u>22,275,959</u>	<u>-</u>	<u>22,275,959</u>
Aggregate net pension liability	<u>52,209,672</u>	<u>-</u>	<u>52,209,672</u>
<b>Total Liabilities</b>	<u><u>82,221,649</u></u>	<u><u>18,453</u></u>	<u><u>82,240,102</u></u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources related to pensions	<u>10,630,789</u>	<u>-</u>	<u>10,630,789</u>
<b>NET POSITION</b>			
Net investment in capital assets	27,137,677	-	27,137,677
Restricted for:			
Debt service	973,678	-	973,678
Capital projects	222,657	-	222,657
Educational programs	2,204,818	-	2,204,818
Other activities	994,430	-	994,430
Unrestricted	<u>(39,729,619)</u>	<u>414,204</u>	<u>(39,315,415)</u>
<b>Total Net Position</b>	<u><u>\$ (8,196,359)</u></u>	<u><u>\$ 414,204</u></u>	<u><u>\$ (7,782,155)</u></u>

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

# LAWNSDALE ELEMENTARY SCHOOL DISTRICT

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenues	
		Charges for Services and Sales	Operating Grants and Contributions
<b>Governmental Activities:</b>			
Instruction	\$ 48,880,492	\$ 172,759	\$ 10,038,165
Instruction-related activities:			
Supervision of instruction	2,332,966	13,541	1,781,091
Instructional library, media, and technology	716,036	-	-
School site administration	3,427,519	-	80,810
Pupil services:			
Home-to-school transportation	822,188	-	86,485
Food services	3,664,288	129,123	2,241,336
All other pupil services	3,523,632	19,282	760,869
General administration:			
Data processing	835,887	-	-
All other general administration	4,029,783	5,511	415,942
Plant services	4,688,957	141	36,829
Community services	294,732	-	37,926
Enterprise services	562	-	-
Interest on long-term obligations	703,412	-	-
Other outgo	4,287,689	21,681	323,576
<b>Total Governmental Activities</b>	<b>78,208,143</b>	<b>362,038</b>	<b>15,803,029</b>
<b>Business-Type Activities</b>			
Enterprise services	148,669	-	-
<b>Total School District</b>	<b>\$ 78,356,812</b>	<b>\$ 362,038</b>	<b>\$ 15,803,029</b>

### General revenues and subventions:

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

### Total General Revenues and Subventions

### Change in Net Position

Net Position - Beginning

Net Position - Ending

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

**Net (Expenses) Revenues and  
Changes in Net Position**

<b>Governmental Activities</b>	<b>Business- Type Activities</b>	<b>Total</b>
\$ (38,669,568)	\$ -	\$ (38,669,568)
(538,334)	-	(538,334)
(716,036)	-	(716,036)
(3,346,709)	-	(3,346,709)
(735,703)	-	(735,703)
(1,293,829)	-	(1,293,829)
(2,743,481)	-	(2,743,481)
(835,887)	-	(835,887)
(3,608,330)	-	(3,608,330)
(4,651,987)	-	(4,651,987)
(256,806)	-	(256,806)
(562)	-	(562)
(703,412)	-	(703,412)
(3,942,432)	-	(3,942,432)
(62,043,076)	-	(62,043,076)
-	(148,669)	(148,669)
(62,043,076)	(148,669)	(62,191,745)
6,972,617	-	6,972,617
1,475,220	-	1,475,220
1,558,302	-	1,558,302
46,775,782	-	46,775,782
89,801	3,586	93,387
7,400,327	97,065	7,497,392
64,272,049	100,651	64,372,700
2,228,973	(48,018)	2,180,955
(10,425,332)	462,222	(9,963,110)
\$ (8,196,359)	\$ 414,204	\$ (7,782,155)

# LAWNSDALE ELEMENTARY SCHOOL DISTRICT

## GOVERNMENTAL FUNDS BALANCE SHEET JUNE 30, 2016

	General Fund	Cafeteria Fund	Special Reserve Fund for Capital Outlay Projects
<b>ASSETS</b>			
Deposits and investments	\$ 15,441,354	\$ 520,060	\$ 4,318,752
Receivables	2,840,631	543,620	7,272
Stores inventories	58,748	26,156	-
Other current assets	2,219	-	-
<b>Total Assets</b>	<u>\$ 18,342,952</u>	<u>\$ 1,089,836</u>	<u>\$ 4,326,024</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 5,663,464	\$ 215,869	\$ 306,512
Unearned revenue	24,042	-	-
<b>Total Liabilities</b>	<u>5,687,506</u>	<u>215,869</u>	<u>306,512</u>
<b>Fund Balances:</b>			
Nonspendable	73,748	26,825	-
Restricted	2,204,818	847,142	-
Assigned	3,230,031	-	4,019,512
Unassigned	7,146,849	-	-
<b>Total Fund Balances</b>	<u>12,655,446</u>	<u>873,967</u>	<u>4,019,512</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 18,342,952</u>	<u>\$ 1,089,836</u>	<u>\$ 4,326,024</u>

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

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<b>Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 2,619,516	\$ 22,899,682
324,779	3,716,302
-	84,904
-	2,219
\$ 2,944,295	\$ 26,703,107

\$ 1,315,522	\$ 7,501,367
-	24,042
1,315,522	7,525,409

-	100,573
1,628,773	4,680,733
-	7,249,543
-	7,146,849
1,628,773	19,177,698

\$ 2,944,295	\$ 26,703,107
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**LAWNDALE ELEMENTARY SCHOOL DISTRICT**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2016**

<b>Total Fund Balance - Governmental Funds</b>	<b>\$ 19,177,698</b>
<b>Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:</b>	
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:	\$ 95,452,518
Accumulated depreciation is:	<u>(49,551,041)</u>
Total Net Capital Assets	45,901,477
Expenditures relating to contributions made to pension plans were recognized on the modified accrual basis, but are not recognized on the accrual basis.	4,575,077
The net change in proportionate share of net pension liability as of the measurement date is not recognized as an expenditure under the modified accrual basis, but is recognized on the accrual basis over the expected remaining service life of members receiving pension benefits.	1,170,493
The difference between projected and actual earnings on pension plan investments are not recognized on the modified accrual basis, but are recognized on the accrual basis as an adjustment to pension expense.	(3,619,591)
The differences between expected and actual experience in the measurement of the total pension liability are not recognized on the modified accrual basis, but are recognized on the accrual basis over the expected average remaining service life of members receiving pension benefits.	121,770
The changes of assumptions is not recognized as an expenditure under the modified accrual basis, but is recognized on the accrual basis over the expected average remaining service life of members receiving pensions benefits.	(827,043)
Net pension liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.	(52,209,672)
In governmental funds, unmatured interest on long-term obligations is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term obligations is recognized when it is incurred.	(210,609)
Long-term obligations at year-end consist of:	
General obligation bonds	18,838,341
Compensated absences	514,065
Other postemployment benefits (OPEB)	<u>2,923,553</u>
Total Long-Term Obligations	(22,275,959)
<b>Total Net Position - Governmental Activities</b>	<b><u><u>\$ (8,196,359)</u></u></b>

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

# LAWNSDALE ELEMENTARY SCHOOL DISTRICT

## GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2016

	<b>General Fund</b>	<b>Cafeteria Fund</b>	<b>Special Reserve Fund for Capital Outlay Projects</b>
<b>REVENUES</b>			
Local Control Funding Formula	\$ 49,552,352	\$ -	\$ -
Federal sources	4,284,821	3,090,173	-
Other State sources	12,153,982	210,904	-
Other local sources	2,633,328	221,072	1,089,073
<b>Total Revenues</b>	<b>68,624,483</b>	<b>3,522,149</b>	<b>1,089,073</b>
<b>EXPENDITURES</b>			
Current:			
Instruction	43,403,934	-	-
Instruction-related activities:			
Supervision of instruction	2,061,204	-	-
Instructional library, media, and technology	725,274	-	-
School site administration	3,281,028	-	-
Pupil services:			
Home-to-school transportation	729,875	-	-
Food services	4,836	3,414,976	-
All other pupil services	3,331,516	-	-
General administration:			
Data processing	820,704	-	-
All other general administration	3,312,760	134,000	-
Plant services	4,617,081	145	20,500
Facility acquisition and construction	306,580	1,306,516	458,164
Community services	294,732	-	-
Other outgo	758,645	-	-
Debt service			
Principal	-	-	-
Interest and other	-	-	-
<b>Total Expenditures</b>	<b>63,648,169</b>	<b>4,855,637</b>	<b>478,664</b>
<b>Excess (Deficiency) of Revenues</b>	<b>4,976,314</b>	<b>(1,333,488)</b>	<b>610,409</b>
<b>Other Financing Sources (Uses)</b>			
Transfers in	-	414,151	2,114,445
Transfers out	(2,528,596)	-	-
<b>Net Financing Sources (Uses)</b>	<b>(2,528,596)</b>	<b>414,151</b>	<b>2,114,445</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>2,447,718</b>	<b>(919,337)</b>	<b>2,724,854</b>
<b>Fund Balances - Beginning</b>	<b>10,207,728</b>	<b>1,793,304</b>	<b>1,294,658</b>
<b>Fund Balances - Ending</b>	<b>\$ 12,655,446</b>	<b>\$ 873,967</b>	<b>\$ 4,019,512</b>

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



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<b>Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ -	\$ 49,552,352
85,999	7,460,993
3,287,842	15,652,728
1,515,411	5,458,884
<u>4,889,252</u>	<u>78,124,957</u>
1,806,014	45,209,948
251,016	2,312,220
-	725,274
67,310	3,348,338
-	729,875
14,061	3,433,873
-	3,331,516
-	820,704
128,766	3,575,526
19,584	4,657,310
921,908	2,993,168
-	294,732
1,000,448	1,759,093
700,000	700,000
774,963	774,963
<u>5,684,070</u>	<u>74,666,540</u>
<u>(794,818)</u>	<u>3,458,417</u>
-	2,528,596
-	<u>(2,528,596)</u>
-	-
(794,818)	3,458,417
2,423,591	15,719,281
<u>\$ 1,628,773</u>	<u>\$ 19,177,698</u>

**LAWNSDALE ELEMENTARY SCHOOL DISTRICT**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2016**

**Total Net Change in Fund Balances - Governmental Funds** **\$ 3,458,417**  
**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 Statements of Activities.

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

Depreciation expense	\$ (4,726,687)	
Capital outlays	<u>3,037,263</u>	(1,689,424)

In the Statement of Activities, compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, the related expenditures are measured by the amount of financial resources used (essentially, the amounts actually paid).

Vacation earned was more than the amounts used by \$28,011. (28,011)

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

93,034

Governmental funds report the effect of premiums, discounts, issuance costs, and the deferred amount on a refunding when the debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities:

Premium on issuance		56,967
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Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term obligations in the Statement of Net Position and does not affect the Statement of Activities.

700,000

Contributions for postemployment benefits are recorded as an expense in the governmental funds when paid. However, the difference between the annual OPEB expense and the actual contribution made, if less, is recorded in the government-wide statements as an expense. The actual amount of the contribution was less than the annual OPEB expense.

(376,594)

Interest on long-term obligations in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

14,584

**Change in Net Position of Governmental Activities**

\$ 2,228,973

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

**LAWNDALE ELEMENTARY SCHOOL DISTRICT**

**PROPRIETARY FUNDS  
STATEMENT OF NET POSITION  
JUNE 30, 2016**

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	<b>Business-Type Activities Enterprise Fund</b>
	<b>Child Care Fund</b>
	<hr/>
<b>ASSETS</b>	
<b>Current Assets</b>	
Deposits and investments	\$ 430,442
Receivables	2,215
<b>Total Current Assets</b>	<hr/> 432,657 <hr/>
<b>LIABILITIES</b>	
<b>Current Liabilities</b>	
Accounts payable	<hr/> 18,453 <hr/>
<b>NET POSITION</b>	
Unrestricted	<hr/> \$ 414,204 <hr/> <hr/>

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

**LAWNDALE ELEMENTARY SCHOOL DISTRICT**

**PROPRIETARY FUNDS  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
IN FUND NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2016**

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	<b>Business-Type Activities Enterprise Fund</b>
	<b>Child Care Fund</b>
<b>OPERATING REVENUES</b>	
Local and intermediate sources	\$ 97,065
<b>OPERATING EXPENSES</b>	
Payroll costs	56,521
Supplies and materials	39,789
Other operating cost	52,359
<b>Total Operating Expenses</b>	148,669
<b>Operating Loss</b>	(51,604)
<b>NONOPERATING REVENUES</b>	
Interest income	3,586
<b>Change in Net Position</b>	(48,018)
<b>Total Net Position - Beginning</b>	462,222
<b>Total Net Position - Ending</b>	\$ 414,204

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

# LAWNDALE ELEMENTARY SCHOOL DISTRICT

## PROPRIETARY FUNDS STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2016

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	<b>Business-Type Activities Enterprise Fund Child Care Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from user charges	\$ 97,065
Cash payments for other operating expenses	(141,833)
Net Cash Used by Operating Activities	<u>(44,768)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest on investments	<u>2,737</u>
Net Change in Cash and Cash Equivalents	(42,031)
Cash and Cash Equivalents - Beginning	472,473
Cash and Cash Equivalents - Ending	<u>\$ 430,442</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES</b>	
Operating loss	\$ (51,604)
Changes in liabilities:	
Accounts payable	<u>6,836</u>
<b>NET CASH USED BY OPERATING ACTIVITIES</b>	<u>\$ (44,768)</u>

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

**LAWNDALE ELEMENTARY SCHOOL DISTRICT**

**FIDUCIARY FUNDS  
STATEMENT OF NET POSITION  
JUNE 30, 2016**

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	<u>Agency Funds</u>
<b>ASSETS</b>	
Deposits and investments	\$ 41,237
	<u>41,237</u>
<b>LIABILITIES</b>	
Due to student groups	\$ 41,237
	<u>41,237</u>

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

# LAWNDALE ELEMENTARY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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### 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 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 Lawndale Elementary, 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, 2014.

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:

# LAWNDALE ELEMENTARY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

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### 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. Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects and Fund 14 Deferred Maintenance Fund are not substantially composed of restricted or committed revenue sources. While these funds are authorized by statute and will remain open for internal reporting purposes, these funds function effectively as an extension of the General Fund, and accordingly have been combined with the General Fund for presentation in these audited financial statements.

As a result, the General Fund reflects an increase in assets and fund balance of \$2,894,958, and \$2,894,958 respectively, and an increase in revenues of \$22,243.

**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).

**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).

### Non-Major Governmental Funds

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

**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.

**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.

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

**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.



# LAWNDALE ELEMENTARY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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**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 approving a development (*Education Code* Sections 17620-17626). 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 Fund** The State School Building Fund is used primarily to account separately for State apportionments for the reconstruction, remodeling, or replacing 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), or the 2006 State School Facilities Fund (Proposition 1D) 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.).

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

**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) tax levies to be financed from ad valorem tax levies.

**Debt Service Fund** This fund is used for the accumulation of resources for and the retirement of principal and interest on general long-term obligations.

**Proprietary Funds** Proprietary Fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. The District applies all GASB pronouncements, as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. Proprietary funds 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.

# LAWNSDALE ELEMENTARY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2016**

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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 present a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and for each governmental function, and excludes fiduciary activity. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the Statement of Activities, 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 governmental 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.

# LAWNDALE ELEMENTARY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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**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. Generally, available is defined as collectible within 90 days. However, to achieve comparability of reporting among California school districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to State-aid apportionments, the California Department of Education has defined available for school districts as collectible within one year. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

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

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

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

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

# LAWNSDALE ELEMENTARY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

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### **Cash and Cash Equivalents**

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

### **Investments**

Investments held at June 30, 2016, 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-type funds when used.

### **Capital Assets and Depreciation**

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. 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 estimated fair market 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.

### **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 financial statements. 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.

# LAWNSDALE ELEMENTARY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2016**

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

### **Accrued Liabilities and Long-Term Obligations**

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

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

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

In the government-wide financial statements, long-term obligations are reported as liabilities in the statement of net position. Debt premiums and discounts, as well as issuance costs related to prepaid insurance costs are amortized over the life of the bonds using the straight-line method.

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

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

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

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

# LAWNSDALE ELEMENTARY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

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### **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 (the 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.

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

As of June 30, 2016, 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.

**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.

**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.

**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 Superintendent or Chief Business Official 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.

# LAWNSDALE ELEMENTARY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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### Net Position

Net position represents the difference between assets and liabilities. Net position net of investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report \$4,395,583 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 non-operating 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.

### Budgetary Data

The budgetary process is prescribed by provisions of the *California Education Code* and requires the governing board to hold a public hearing and adopt an operating budget no later than July 1 of each year. The District's governing board satisfied these requirements. 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.

# LAWNDALE ELEMENTARY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

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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. For budget purposes, on behalf payments have not been included as revenue and expenditures as required under generally accepted accounting principles.

### **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.

### **Parcel Tax**

In November 2012 local voters passed Local Classrooms Funding Authority - Measure CL Parcel Tax to protect academic quality in local K-12 schools; maintain math, science, English programs; provide education for students with disabilities/special needs, support computer technology and school security, prepare students for college/careers, and retain excellent teachers. Local Classrooms Funding Authority levied a special tax of 2¢/square foot of lot for residential property, and 7.5¢/square foot for other property types; requiring citizens oversight, audits, senior exemptions and no money for administrator salaries. The District received \$1,364,263 in parcel tax receipts.

### **Change in Accounting Principles**

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

The District has implemented the provisions of this Statement as of June 30, 2016.

In June 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of State and local governments for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.



# LAWNDALE ELEMENTARY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2016**

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This Statement establishes requirements for defined benefit pensions that are not within the scope of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment to GASB Statement No. 27*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of GASB Statement No. 68. It also amends certain provisions of GASB Statement No. 67, *Financial Reporting for Pension Plans—an amendment to GASB Statement No. 25*, and GASB Statement No. 68 for pension plans and pensions that are within their respective scopes.

The provisions in this Statement, effective as of June 30, 2016, include the provisions for assets accumulated for purposes of providing pensions through defined benefit plans and the amended provisions of GASB Statements No. 67 and No. 68. The District has implemented these provisions as of June 30, 2016. The provisions in this Statement related to defined benefit pensions that are not within the scope of GASB Statement No. 68 are effective for periods beginning after June 15, 2016.

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of State and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

This Statement supersedes GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*.

The District has implemented the provisions of this Statement as of June 30, 2016.

In December 2015, the GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance prevents the external investment pool from measuring all of its investments at amortized cost for financial reporting purposes. Professional judgment is required to determine if instances of noncompliance with the criteria established by this Statement during the reporting period, individually or in the aggregate, were significant.

If an external investment pool does not meet the criteria established by this Statement, that pool should apply the provisions in paragraph 16 of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, as amended. If an external investment pool meets the criteria in this Statement and measures all of its investments at amortized cost, the pool's participants also should measure their investments in that external investment pool at amortized cost for financial reporting purposes. If an external investment pool does not meet the criteria in this Statement, the pool's participants should measure their investments in that pool at fair value, as provided in paragraph 11 of GASB Statement No. 31, as amended.

# LAWNSDALE ELEMENTARY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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This Statement establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Those disclosures, for both the qualifying external investment pools and their participants, include information about any limitations or restrictions on participant withdrawals.

The District has implemented the provisions of this Statement as of June 30, 2016.

### **New Accounting Pronouncements**

In June 2015, the GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement No. 43, and Statement No. 50, *Pension Disclosures*.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2016. Early implementation is encouraged.

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

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

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2017. Early implementation is encouraged.

# LAWDALE ELEMENTARY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2016**

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In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements:

- Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients
- The gross dollar amount of taxes abated during the period
- Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement

The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015. Early implementation is encouraged.

In December 2015, the GASB issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment to GASB Statement No. 27*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to State or local governmental employers whose employees are provided with such pensions.

Prior to the issuance of this Statement, the requirements of GASB Statement No. 68 applied to the financial statements of all State and local governmental employers whose employees are provided with pensions through pension plans that are administered through trusts that meet the criteria in paragraph 4 of that Statement.

This Statement amends the scope and applicability of GASB Statement No. 68 to exclude pensions provided to employees of State or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a State or local governmental pension plan; (2) is used to provide defined benefit pensions both to employees of State or local governmental employers and to employees of employers that are not State or local governmental employers; and (3) has no predominant State or local governmental employer (either individually or collectively with other State or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. Early implementation is encouraged.

In January 2016, the GASB issued Statement No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of GASB Statement No. 14, *The Financial Reporting Entity*. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units—an amendment of GASB Statement No. 14*.

# LAWNDALE ELEMENTARY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2016**

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The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. Early implementation is encouraged.

In March 2016, the GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period.

The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively. Early implementation is encouraged.

In March 2016, the GASB issued Statement No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to GASB Statement No. 67, *Financial Reporting for Pension Plans—an amendment to GASB Statement No. 25*, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment to GASB Statement No. 27*, and GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information; (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes; and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal yearend. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Early implementation is encouraged.

# LAWNDALE ELEMENTARY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

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### NOTE 2 - DEPOSITS AND INVESTMENTS

#### Summary of Deposits and Investments

Deposits and investments as of June 30, 2016, are classified in the accompanying financial statements as follows:

Governmental activities	\$ 22,899,682
Business-type activities	430,442
Fiduciary funds	41,237
Total Deposits and Investments	<u>\$ 23,371,361</u>

Deposits and investments as of June 30, 2016, consist of the following:

Cash on hand and in banks	\$ 47,237
Cash in revolving	15,669
Investments	23,308,455
Total Deposits and Investments	<u>\$ 23,371,361</u>

#### Policies and Practices

The District is authorized under *California Government Code* to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations. The District's investment policies do not address risk criteria included in GASB Statement No. 40.

#### 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.

The District is an involuntary participant in the Los Angeles County Investment Pool. The pool is managed by the Los Angeles County Treasurer and is not registered as an investment company with the Securities Exchange Commission. Oversight of the pool is the responsibility of the County Treasury Oversight Committee. *California Government Code* statutes and the County Treasury Oversight Committee set forth the various investment policies that the Treasurer follows.

# LAWNDALE ELEMENTARY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2016**

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As provided by the Government Code, the cash balances of substantially all funds are pooled and invested by the County Treasurer for the purpose of increasing interest earnings through investment activities. Interest earned on pooled investments is deposited to the participating funds, based upon the funds average daily deposit balance during the allocation period.

### General Authorizations

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

<u>Authorized Investment Type</u>	<u>Maximum Remaining Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment In One Issuer</u>
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 purchasing 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 \$23,335,685 with the Los Angeles County Investment Pool that has an average weighted maturity of 608 days.

# LAWNDALE ELEMENTARY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2016**

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### **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, 2016.

### **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, 2016, the District did not have any deposits exposed to custodial credit risk because all balances were FDIC insured.

### **NOTE 3 - FAIR VALUE MEASUREMENTS**

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

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

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

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

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

**LAWNDALE ELEMENTARY SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

The District's fair value measurements are as follows at June 30, 2016:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Uncategorized</u>
Los Angeles County Pool	<u>\$ 23,335,685</u>	<u>\$ 23,335,685</u>

All assets have been valued using a market approach, with quoted market prices.

**NOTE 4 - RECEIVABLES**

Receivables at June 30, 2016, consisted of intergovernmental grants, entitlements, interest, and other local sources. All receivables are considered collectible in full.

	General Fund	Cafeteria Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Activities	Enterprise Fund
Federal Government						
Categorical aid	\$ 1,222,546	\$ 496,510	\$ -	\$ -	\$ 1,719,056	\$ -
State Government						
Categorical aid	699,018	36,436	-	321,414	1,056,868	-
Lottery	637,728	-	-	-	637,728	-
Local Receivables						
Interest	22,383	4,681	5,246	2,859	35,169	2,215
Other	258,956	5,993	2,026	506	267,481	-
Total	<u>\$ 2,840,631</u>	<u>\$ 543,620</u>	<u>\$ 7,272</u>	<u>\$ 324,779</u>	<u>\$ 3,716,302</u>	<u>\$ 2,215</u>



# LAWNDALE ELEMENTARY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

### NOTE 5 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2016, was as follows:

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
<b>Governmental Activities</b>				
Capital Assets Not Being Depreciated:				
Land	\$ 1,370,117	\$ -	\$ -	\$ 1,370,117
Construction in progress	1,599,154	313,841	1,596,747	316,248
Total Capital Assets Not Being Depreciated	<u>2,969,271</u>	<u>313,841</u>	<u>1,596,747</u>	<u>1,686,365</u>
Capital Assets Being Depreciated:				
Land improvements	763,149	-	-	763,149
Buildings and improvements	83,805,791	3,829,979	-	87,635,770
Furniture and equipment	4,877,044	490,190	-	5,367,234
Total Capital Assets Being Depreciated	<u>89,445,984</u>	<u>4,320,169</u>	<u>-</u>	<u>93,766,153</u>
Total Capital Assets	<u>92,415,255</u>	<u>4,634,010</u>	<u>1,596,747</u>	<u>95,452,518</u>
Less Accumulated Depreciation:				
Land improvements	578,547	10,609	-	589,156
Buildings and improvements	40,520,751	4,474,541	-	44,995,292
Furniture and equipment	3,725,056	241,537	-	3,966,593
Total Accumulated Depreciation	<u>44,824,354</u>	<u>4,726,687</u>	<u>-</u>	<u>49,551,041</u>
Governmental Activities Capital Assets, Net	<u>\$ 47,590,901</u>	<u>\$ (92,677)</u>	<u>\$ 1,596,747</u>	<u>\$ 45,901,477</u>

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

<b>Governmental Activities</b>	
Instruction	\$ 3,886,073
Home-to-school transportation	90,847
Food services	227,116
All other pupil services	90,847
All other general administration	404,839
Plant services	26,965
Total Depreciation Expenses Governmental Activities	<u>\$ 4,726,687</u>

**LAWDALE ELEMENTARY SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2016**

**NOTE 6 - INTERFUND TRANSACTIONS**

**Operating Transfers**

Interfund transfers for the year ended June 30, 2016, consisted of the following:

<u>Transfer To</u>	<u>Transfer From</u>
	<u>General Fund</u>
Cafeteria Fund	\$ 414,151
Special Reserve Fund for Capital Outlay Projects	2,114,445
	<u>\$ 2,528,596</u>
The General Fund transferred to the Cafeteria Fund for reimbursement of expenditures.	\$ 414,151
The General Fund transferred to the Special Reserve Fund for Capital Outlay Projects for capital expenditures.	2,114,445
Total	<u>\$ 2,528,596</u>

**NOTE 7 - ACCOUNTS PAYABLE**

Accounts payable at June 30, 2016, consisted of the following:

	General	Cafeteria	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Activities	Enterprise Fund
	<u>Fund</u>	<u>Fund</u>				
Salaries and benefits	\$ 4,008,527	\$ 109,866	\$ -	\$ 287,899	\$ 4,406,292	\$ 12,093
LCFF principal apportionment	852,223	-	-	-	852,223	-
Construction	-	89,683	306,512	1,514	397,709	-
Other Agencies				1,000,448	1,000,448	
Vendor payables	802,714	16,320	-	25,661	844,695	6,360
Total	<u>\$ 5,663,464</u>	<u>\$ 215,869</u>	<u>\$ 306,512</u>	<u>\$ 1,315,522</u>	<u>\$ 7,501,367</u>	<u>\$ 18,453</u>

# LAWNDALE ELEMENTARY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

### NOTE 8 - UNEARNED REVENUE

Unearned revenue at June 30, 2016, consists of the following:

	General Fund
Federal financial assistance	\$ 7,669
State categorical aid	16,370
Other local	3
Total	<u>\$ 24,042</u>

### NOTE 9 - LONG-TERM OBLIGATIONS

#### Summary

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

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016	Due in One Year
General obligation bonds	\$ 18,850,000	\$ -	\$ 700,000	\$ 18,150,000	\$ 725,000
Premium on debt	745,308	-	56,967	688,341	-
Compensated absences	486,054	28,011	-	514,065	-
Net OPEB obligation	2,546,959	620,081	243,487	2,923,553	-
	<u>\$ 22,628,321</u>	<u>\$ 648,092</u>	<u>\$ 1,000,454</u>	<u>\$ 22,275,959</u>	<u>\$ 725,000</u>

Payments on the general obligation bonds are paid from the Bond Interest and Redemption Fund with local revenues. The accrued vacation is paid by the fund for which the employee worked. Net OPEB obligations are paid from the General Fund.

#### General Obligation Bonds

##### 1998, General Obligation Bonds, Series B

In November 2002, the District issued, in the amount of \$13,000,000, the General Obligation Bonds, Election of 1998, Series B. The bonds bear interest rates of 3.50 to 5.25 percent and mature through the fiscal year 2033. 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, 2016, the principal balance outstanding was \$4,895,000.

# LAWNDALE ELEMENTARY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2016**

### 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 interest rates of 3.00 to 4.25 percent and mature through the fiscal year 2028. 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, 2016, the principal balance outstanding was \$3,000,000.

### 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 interest rates of 1.50 to 4.25 percent and mature through the fiscal year 2029. At June 30, 2016, the principal balance outstanding was \$10,255,000.

### Bonded Debt

The outstanding general obligation bonded debt is as follows:

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds			Bonds	
					Outstanding July 1, 2015	Issued	Redeemed	Outstanding June 30, 2016	Due in One Year
1998, Series B	11/6/2002	8/1/2032	3.50-5.25%	\$ 13,000,000	\$ 4,895,000	\$ -	\$ -	\$ 4,895,000	\$ -
1998, Series C	8/25/2010	8/1/2027	3.00-4.25%	3,000,000	3,000,000	-	-	3,000,000	-
2010 Refunding	8/25/2010	8/1/2028	1.50-4.25%	13,170,000	10,955,000	-	700,000	10,255,000	725,000
					<u>\$ 18,850,000</u>	<u>\$ -</u>	<u>\$ 700,000</u>	<u>\$ 18,150,000</u>	<u>\$ 725,000</u>

### Debt Service Requirements to Maturity

The 1998 Series B bonds mature through 2033 as follows:

#### Series B

Fiscal Year	Interest to		
	Principal	Maturity	Total
2027-2031	\$ 3,315,000	\$ 825,625	\$ 4,140,625
2032-2033	1,580,000	80,000	1,660,000
Total	<u>\$ 4,895,000</u>	<u>\$ 905,625</u>	<u>\$ 5,800,625</u>

# LAWNDALE ELEMENTARY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

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The 1998 Series C bonds mature through 2028 as follows:

### Series C

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2017	\$ -	\$ 119,475	\$ 119,475
2018	-	119,475	119,475
2019	50,000	118,725	168,725
2020	95,000	116,550	211,550
2021	145,000	112,950	257,950
2022-2026	1,655,000	413,200	2,068,200
2027-2028	1,055,000	44,313	1,099,313
Total	<u>\$ 3,000,000</u>	<u>\$ 1,044,688</u>	<u>\$ 4,044,688</u>

The 2010 Refunding bonds mature through 2029 as follows:

### Refunding

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2017	\$ 725,000	\$ 385,988	\$ 1,110,988
2018	765,000	356,188	1,121,188
2019	790,000	325,088	1,115,088
2020	820,000	296,988	1,116,988
2021	845,000	267,788	1,112,788
2022-2026	4,710,000	822,325	5,532,325
2027-2029	1,600,000	101,906	1,701,906
Total	<u>\$ 10,255,000</u>	<u>\$ 2,556,271</u>	<u>\$ 12,811,271</u>

### Compensated Absences

The long-term portion of accumulated unpaid employee vacation for the District at June 30, 2016, amounted to \$514,065.

### Other Postemployment Benefits (OPEB) Obligation

The District's annual required contribution for the year ended June 30, 2016, was \$643,175, and contributions made by the District during the year were \$243,487. Interest on the net OPEB obligation and adjustments to the annual required contribution were \$101,878 and \$(124,972), respectively, which resulted in an increase to the net OPEB obligation of \$376,594. As of June 30, 2016, the net OPEB obligation was \$2,923,553. See Note 12 for additional information regarding the OPEB obligation and the postemployment benefits plan.

**LAWNSDALE ELEMENTARY SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 10 - FUND BALANCES**

Fund balances are composed of the following elements:

	General Fund	Cafeteria Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total
<b>Nonspendable</b>					
Revolving cash	\$ 15,000	\$ 669	\$ -	\$ -	\$ 15,669
Stores inventories	58,748	26,156	-	-	84,904
Total Nonspendable	73,748	26,825	-	-	100,573
<b>Restricted</b>					
Legally restricted programs	2,204,818	847,142	-	147,288	3,199,248
Capital projects	-	-	-	297,198	297,198
Debt services	-	-	-	1,184,287	1,184,287
Total Restricted	2,204,818	847,142	-	1,628,773	4,680,733
<b>Assigned</b>					
Retiree benefits	2,890,593	-	-	-	2,890,593
Deferred maintenance	4,365	-	-	-	4,365
Capital projects	-	-	4,019,512	-	4,019,512
Measure CL carryover	313,877	-	-	-	313,877
USC Grant	21,196	-	-	-	21,196
Total Assigned	3,230,031	-	4,019,512	-	7,249,543
<b>Unassigned</b>					
Reserve for economic uncertainties	7,146,849	-	-	-	7,146,849
Total Unassigned	7,146,849	-	-	-	7,146,849
Total	\$ 12,655,446	\$ 873,967	\$ 4,019,512	\$ 1,628,773	\$ 19,177,698

**NOTE 11 - EXPENDITURES (BUDGET VERSUS ACTUAL)**

At June 30, 2016, the District's Cafeteria Fund exceeded the budgeted amount in totals as follows:

	Expenditures		
	Budget	Actual	Excess
Cafeteria Fund	\$ 4,847,095	\$ 4,855,637	\$ 8,542

# LAWNDALE ELEMENTARY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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### NOTE 12 - POSTEMPLOYMENT HEALTH CARE PLAN AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) OBLIGATION

#### Plan Description

The Postemployment Benefits Plan (the Plan) is a single-employer defined benefit healthcare plan administered by the District. The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Membership of the Plan consists of 53 retirees and beneficiaries currently receiving benefits, terminated Plan members entitled to, but not yet receiving benefits, and 371 active Plan members.

#### Contribution Information

The contribution requirements of plan members and the District are established and may be amended by the District and applicable groups. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2015-2016, the District contributed \$243,487 to the Plan, all of which was used for current premiums which represented 100 percent of total premiums.

#### Annual OPEB Cost and Net OPEB Obligation

The District's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial accrued liabilities (UAAL) (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation to the Plan:

Annual required contribution	\$	643,175
Interest on net OPEB obligation		101,878
Adjustment to annual required contribution		(124,972)
Annual OPEB cost (expense)		<u>620,081</u>
Contributions made		<u>(243,487)</u>
Increase in net OPEB obligation		376,594
Net OPEB obligation, beginning of year		<u>2,546,959</u>
Net OPEB obligation, end of year	\$	<u><u>2,923,553</u></u>

#### Trend Information

Trend information for annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation is as follows:

Year Ended June 30,	Annual OPEB Cost	Actual Contribution	Percentage Contributed	Net OPEB Obligation
2014	\$ 611,452	\$ 229,628	38%	\$ 2,161,018
2015	604,644	218,703	36%	2,546,959
2016	620,081	243,487	39%	2,923,553

# LAWNDALE ELEMENTARY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

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### Funded Status and Funding Progress

A schedule of funding progress as of the most recent valuation is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
July 1, 2013	\$ -	\$ 5,534,711	\$ 5,534,711	0%	\$ 23,895,812	23%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, investment returns, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

### Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2013, actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a four percent investment rate of return (net of administrative expenses). The District has not formed an irrevocable trust and currently funds the benefits on a pay-as-you-go basis. Health care cost trend rates changed from an initial five percent to an ultimate eight percent. The UAAL is being amortized at a level dollar method using a 30 year amortization period. The actuarial value of assets was not determined in this actuarial valuation as there were none.



# LAWNDALE ELEMENTARY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

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### NOTE 13 - RISK MANAGEMENT

#### Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2016, 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 2016, 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:

<u>Insurance Program / Company Name</u>	<u>Type of Coverage</u>	<u>Limits</u>
<u>Workers' Compensation Program</u>		
Alliance of Schools for Cooperative Insurance Programs (ASCIP)	Workers' Compensation	\$ 1,000,000
<u>Property and Liability Program</u>		
Alliance of Schools for Cooperative Insurance Programs (ASCIP)	General and Automotive	\$ 1,000,000
Alliance of Schools for Cooperative Insurance Programs (ASCIP)	Comprehensive Crime	\$ 3,250,000
<u>Excess Property and Liability Program</u>		
Schools Excess Liability Fund (SELF)	Excess Property and Liability	\$ 14,000,000

**LAWNDALE ELEMENTARY SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

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**NOTE 14 - EMPLOYEE RETIREMENT SYSTEMS**

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic employees are members of CalSTRS and classified employees are members of CalPERS.

For the fiscal year ended June 30, 2016, the District reported net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

<u>Pension Plan</u>	<u>Collective Net Pension Liability</u>	<u>Collective Deferred Outflows of Resources</u>	<u>Collective Deferred Inflows of Resources</u>	<u>Collective Pension Expense</u>
CalSTRS	\$ 38,749,301	\$ 7,308,442	\$ 6,859,289	\$ 3,136,143
CalPERS	13,460,371	4,743,053	3,771,500	1,345,901
Total	<u>\$ 52,209,672</u>	<u>\$ 12,051,495</u>	<u>\$ 10,630,789</u>	<u>\$ 4,482,044</u>

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, 2014, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publically 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.

# LAWNSDALE ELEMENTARY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2016**

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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, 2016, are summarized as follows:

	STRP Defined Benefit Program	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	9.20%	8.56%
Required employer contribution rate	10.73%	10.73%
Required State contribution rate	7.12589%	7.12589%

### 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, 2016, are presented above, and the District's total contributions were \$3,262,886.

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

At June 30, 2016, 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	\$ 38,749,301
State's proportionate share of net pension liability associated with the District	20,494,109
Total	<u>\$ 59,243,410</u>

The net pension liability was measured as of June 30, 2015. 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, 2015 and June 30, 2014, was 0.0576 percent and 0.0560 percent, respectively, resulting in a net increase in the proportionate share of 0.0016 percent.

# LAWNDALE ELEMENTARY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2016**

For the year ended June 30, 2016, the District recognized pension expense of \$3,136,143. In addition, the District recognized pension expense and revenue of \$1,587,499 for support provided by the State. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 3,262,886	\$ -
Net change in proportionate share of net pension liability	992,474	-
Difference between projected and actual earnings on pension plan investments	3,053,082	6,211,779
Differences between expected and actual experience in the measurement of the total pension liability	-	647,510
Total	<u>\$ 7,308,442</u>	<u>\$ 6,859,289</u>

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) Amortization
2017	\$ (1,307,323)
2018	(1,307,323)
2019	(1,307,323)
2020	763,272
Total	<u>\$ (3,158,697)</u>

**LAWNDALE ELEMENTARY SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2016**

The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability and differences between expected and actual experience in the measurement of the total pension liability 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 2014-2015 measurement period is 7 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) Amortization
2017	\$ 57,494
2018	57,494
2019	57,494
2020	57,494
2021	57,494
Thereafter	57,494
<b>Total</b>	<b>\$ 344,964</b>

**Actuarial Methods and Assumptions**

Total pension liability for STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2014, and rolling forward the total pension liability to June 30, 2015. The financial reporting actuarial valuation as of June 30, 2014, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2014
Measurement date	June 30, 2015
Experience study	July 1, 2006 through June 30, 2010
Actuarial cost method	Entry age normal
Discount rate	7.60%
Investment rate of return	7.60%
Consumer price inflation	3.00%
Wage growth	3.75%

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on RP2000 series tables adjusted to fit CalSTRS experience.

# LAWNDALE ELEMENTARY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2016**

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. Based on the model for CalSTRS consulting actuary's investment practice, a best estimate range was determined by assuming the portfolio is re-balanced annually and that the annual returns are lognormally distributed and independent from year to year to develop expected percentiles for the long-term distribution of annualized returns. The assumed asset allocation is based on Teachers' Retirement Board of the California State Teachers' Retirement System (board) policy for target asset allocation in effect on February 2, 2012, the date the current experience study was approved by the board. Best estimates of 10-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	47%	4.50%
Private equity	12%	6.20%
Real estate	15%	4.35%
Inflation sensitive	5%	3.20%
Fixed income	20%	0.20%
Cash/liquidity	1%	0.00%

### Discount Rate

The discount rate used to measure the total pension liability was 7.60 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 (7.60 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 (6.60%)	\$ 58,508,429
Current discount rate (7.60%)	38,749,301
1% increase (8.60%)	22,327,872

# LAWNDALE ELEMENTARY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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### 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, 2014, annual actuarial valuation report, Schools Pool Actuarial Valuation, 2014. This report and CalPERS audited financial information are publically 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, 2016, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.000%	6.000%
Required employer contribution rate	11.847%	11.847%

# LAWNSDALE ELEMENTARY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2016**

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### 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, 2016, are presented above, and the total District contributions were \$1,312,191.

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

As of June 30, 2016, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$13,460,371. The net pension liability was measured as of June 30, 2015. 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, 2015 and June 30, 2014, was 0.0913 percent and 0.0873 percent, respectively, resulting in a net increase in the proportionate share of 0.0040 percent.

For the year ended June 30, 2016, the District recognized pension expense of \$1,345,901. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 1,312,191	\$ -
Net change in proportionate share of net pension liability	450,859	272,840
Difference between projected and actual earnings on pension plan investments	2,210,723	2,671,617
Differences between expected and actual experience in the measurement of the total pension liability	769,280	-
Changes of assumptions	-	827,043
Total	<u>\$ 4,743,053</u>	<u>\$ 3,771,500</u>



# LAWNSDALE ELEMENTARY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2016**

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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
2017	\$ (337,858)
2018	(337,858)
2019	(337,858)
2020	552,680
Total	\$ (460,894)

The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability 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 2014-2015 measurement period is 3.9 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2017	\$ (869)
2018	(869)
2019	121,994
Total	\$ 120,256

### Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2014, and rolling forward the total pension liability to June 30, 2015. The financial reporting actuarial valuation as of June 30, 2014, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2014
Measurement date	June 30, 2015
Experience study	July 1, 1997 through June 30, 2011
Actuarial cost method	Entry age normal
Discount rate	7.65%
Investment rate of return	7.65%
Consumer price inflation	2.75%
Wage growth	Varies by entry age and service

# LAWDALE ELEMENTARY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2016**

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Mortality assumptions are based on mortality rates resulting from the most recent CalPERS experience study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include five years of projected ongoing mortality improvement using Scale AA published by the Society of Actuaries.

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 (11-60 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 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 equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global equity	51%	5.25%
Global fixed income	19%	0.99%
Private equity	10%	6.83%
Real estate	10%	4.50%
Inflation sensitive	6%	0.45%
Infrastructure and Forestland	2%	4.50%
Liquidity	2%	-0.55%

### Discount Rate

The discount rate used to measure the total pension liability was 7.65 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:

<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% decrease (6.65%)	\$ 21,907,876
Current discount rate (7.65%)	13,460,371
1% increase (8.65%)	6,435,707

# LAWNDALE ELEMENTARY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

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### **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 Social Security as its alternative plan. Contributions made by the District and an employee vest immediately. The District and employees combined contribution rate is 6.2 percent of employees earnings based on a contribution formula.

### **On Behalf Payments**

The State of California makes contributions to CalSTRS and CalPERS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of \$1,803,936 (7.12589 percent of annual payroll.) Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements. On behalf payments have been included in the calculation of available reserves, but have not been included in the budgeted amounts reported in the *General Fund - Budgetary Comparison Schedule*.

## **NOTE 15 - COMMITMENTS AND CONTINGENCIES**

### **Grants**

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2016.

### **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, 2016.

# **LAWNDALE ELEMENTARY SCHOOL DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2016**

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### **NOTE 16 - 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, 2016, the District made payments of \$1,386,590 to the ASCIP.

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***REQUIRED SUPPLEMENTARY INFORMATION***

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# LAWNDALE ELEMENTARY SCHOOL DISTRICT

## GENERAL FUND BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual (GAAP Basis)	Variances - Positive (Negative)
	Original	Final		Final to Actual
<b>REVENUES</b>				
Local Control Funding Formula	\$ 49,779,767	\$ 49,406,546	\$ 49,552,352	\$ 145,806
Federal sources	3,545,373	4,658,526	4,284,821	(373,705)
Other State sources	6,826,190	9,476,579	12,153,982	2,677,403
Other local sources	1,981,916	2,222,285	2,633,328	411,043
<b>Total Revenues</b> <sup>1</sup>	<u>62,133,246</u>	<u>65,763,936</u>	<u>68,624,483</u>	<u>2,860,547</u>
<b>EXPENDITURES</b>				
Current				
Certificated salaries	30,101,531	30,663,331	32,108,790	(1,445,459)
Classified salaries	10,224,885	10,973,701	10,567,414	406,287
Employee benefits	10,106,494	10,663,550	10,485,141	178,409
Books and supplies	3,645,077	4,398,061	3,997,280	400,781
Services and operating expenditures	5,753,438	6,883,867	5,657,696	1,226,171
Other outgo	866,902	804,796	495,879	308,917
Capital outlay	-	388,009	335,969	52,040
<b>Total Expenditures</b> <sup>1</sup>	<u>60,698,327</u>	<u>64,775,315</u>	<u>63,648,169</u>	<u>1,127,146</u>
<b>Excess of Revenues Over Expenditures</b>	<u>1,434,919</u>	<u>988,621</u>	<u>4,976,314</u>	<u>3,987,693</u>
<b>Other Financing Uses</b>				
Transfers out	(214,445)	(2,514,445)	(2,528,596)	(14,151)
<b>NET CHANGE IN FUND BALANCES</b>	<u>1,220,474</u>	<u>(1,525,824)</u>	<u>2,447,718</u>	<u>3,973,542</u>
<b>Fund Balances - Beginning</b>	<u>10,207,728</u>	<u>10,207,728</u>	<u>10,207,728</u>	<u>-</u>
<b>Fund Balances - Ending</b>	<u>\$ 11,428,202</u>	<u>\$ 8,681,904</u>	<u>\$ 12,655,446</u>	<u>\$ 3,973,542</u>

<sup>1</sup> On behalf payments of \$1,803,936 are included in the actual revenues and expenditures, but have not been included in the budgeted amounts. In addition, due to the consolidation of Fund 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 budget.

See accompanying note to required supplementary information.

# LAWNDALE ELEMENTARY SCHOOL DISTRICT

## CAFETERIA BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual (GAAP Basis)	Variances - Positive (Negative)
	Original	Final		Final to Actual
<b>REVENUES</b>				
Federal sources	\$ 2,763,890	\$ 2,974,108	\$ 3,090,173	\$ 116,065
Other State sources	272,265	211,591	210,904	(687)
Other local sources	212,444	240,717	221,072	(19,645)
<b>Total Revenues</b>	<b>3,248,599</b>	<b>3,426,416</b>	<b>3,522,149</b>	<b>95,733</b>
<b>EXPENDITURES</b>				
Current				
Classified salaries	1,536,137	1,336,475	1,277,282	59,193
Employee benefits	460,579	383,701	379,288	4,413
Books and supplies	1,593,750	1,588,552	1,662,451	(73,899)
Services and operating expenditures	72,500	101,720	99,969	1,751
Other outgo	130,000	134,000	134,000	-
Capital outlay	423,462	1,302,647	1,302,647	-
<b>Total Expenditures</b>	<b>4,216,428</b>	<b>4,847,095</b>	<b>4,855,637</b>	<b>(8,542)</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(967,829)</b>	<b>(1,420,679)</b>	<b>(1,333,488)</b>	<b>87,191</b>
<b>Other Financing Sources</b>				
Transfers in	-	400,000	414,151	14,151
<b>NET CHANGE IN FUND BALANCES</b>	<b>(967,829)</b>	<b>(1,020,679)</b>	<b>(919,337)</b>	<b>101,342</b>
<b>Fund Balance - Beginning</b>	<b>1,793,304</b>	<b>1,793,304</b>	<b>1,793,304</b>	<b>-</b>
<b>Fund Balance - Ending</b>	<b>\$ 825,475</b>	<b>\$ 772,625</b>	<b>\$ 873,967</b>	<b>\$ 101,342</b>

See accompanying note to required supplementary information.

**LAWNDALE ELEMENTARY SCHOOL DISTRICT**

**SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB) FUNDING  
PROGRESS  
FOR THE YEAR ENDED JUNE 30, 2016**

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Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b - a] / c)
July 1, 2009	\$ -	\$ 4,159,207	\$ 4,159,207	0%	\$ 24,190,675	17%
July 1, 2011	-	4,941,563	4,941,563	0%	23,537,702	21%
July 1, 2013	-	5,534,711	5,534,711	0%	23,895,812	23%

See accompanying note to required supplementary information.



**LAWNDALE ELEMENTARY SCHOOL DISTRICT**

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE  
NET PENSION LIABILITY  
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>2016</u>	<u>2015</u>
<b>CalSTRS</b>		
District's proportion of the net pension liability	<u>0.0576%</u>	<u>0.0560%</u>
District's proportionate share of the net pension liability	\$ 38,749,301	\$ 32,705,162
State's proportionate share of the net pension liability associated with the District	<u>20,494,109</u>	<u>19,748,789</u>
Total	<u>\$ 59,243,410</u>	<u>\$ 52,453,951</u>
District's covered - employee payroll	<u>\$ 26,259,617</u>	<u>\$ 25,289,611</u>
District's proportionate share of the net pension liability as a percentage of its covered - employee payroll	<u>147.56%</u>	<u>129.32%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>74%</u>	<u>77%</u>
<b>CalPERS</b>		
District's proportion of the net pension liability	<u>0.0913%</u>	<u>0.0873%</u>
District's proportionate share of the net pension liability	<u>\$ 13,460,371</u>	<u>\$ 9,915,554</u>
District's covered - employee payroll	<u>\$ 10,847,944</u>	<u>\$ 9,198,947</u>
District's proportionate share of the net pension liability as a percentage of its covered - employee payroll	<u>124.08%</u>	<u>107.79%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>79%</u>	<u>83%</u>

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

See accompanying note to required supplementary information.

# LAWNDALE ELEMENTARY SCHOOL DISTRICT

## SCHEDULE OF DISTRICT CONTRIBUTIONS FOR THE YEAR ENDED JUNE 30, 2016

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	<u>2016</u>	<u>2015</u>
<b>CalSTRS</b>		
Contractually required contribution	\$ 3,262,886	\$ 2,331,854
Contributions in relation to the contractually required contribution	<u>3,262,886</u>	<u>2,331,854</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered - employee payroll	<u>\$ 30,409,003</u>	<u>\$ 26,259,617</u>
Contributions as a percentage of covered - employee payroll	<u>10.73%</u>	<u>8.88%</u>
<b>CalPERS</b>		
Contractually required contribution	\$ 1,312,191	\$ 1,276,803
Contributions in relation to the contractually required contribution	<u>1,312,191</u>	<u>1,276,803</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered - employee payroll	<u>\$ 11,073,342</u>	<u>\$ 10,847,944</u>
Contributions as a percentage of covered - employee payroll	<u>11.85%</u>	<u>11.77%</u>

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

See accompanying note to required supplementary information.

# LAWNDALE ELEMENTARY SCHOOL DISTRICT

## NOTE TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2016

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### NOTE 1 - PURPOSE OF SCHEDULES

#### **Budgetary Comparison Schedules**

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

#### **Schedule of Other Postemployment Benefits (OPEB) Funding Progress**

This schedule is intended to show trends about the funding progress of the District's actuarially determined liability for postemployment benefits other than pensions.

#### **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 positions 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.

#### **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.

#### **Changes in Benefit Terms**

There were no changes in benefit terms since the previous valuation for either CalSTRS or CalPERS.

#### **Changes in Assumptions**

The CalSTRS plan rate of investment return assumption was not changed from the previous valuation. The CalPERS plan rate of investment return assumption was changed from 7.50 percent to 7.65 percent since the previous valuation.

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*SUPPLEMENTARY INFORMATION*

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# LAWNDALE ELEMENTARY SCHOOL DISTRICT

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2016

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>			
Passed through California Department of Education (CDE)			
No Child Left Behind Act			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	\$ 1,871,655
Title II, Part A, Improving Teacher Quality Local Grants	84.367	14341	290,445
Title III, Limited English Proficient (LEP) Student Program	84.365	14346	236,744
Passed through Los Angeles County Office of Education			
Title X, McKinney - Vento Homeless Children Assistance Grants	84.196	14332	2,500
Special Education (IDEA) Cluster			
Basic Local Assistance Entitlement, Part B, Section 611	84.027	13379	892,607
Mental Health Allocation Plan, Part B, Section 611	84.027A	15197	30,001
Preschool Grants, Part B, Section 619	84.173	13430	108,935
Preschool Local Entitlement, Part B, Section 611	84.027A	13682	222,820
Preschool Staff Development, Part B, Section 619	84.173A	13431	523
Total Special Education (IDEA) Cluster			<u>1,254,886</u>
Total U.S. Department of Education			<u>3,656,230</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
Passed through CDE			
Child Development: Federal Child Care, Center-Based	93.596	13609	85,999
Passed through California Department of Health Services			
Medicaid Cluster			
Medi-Cal Administrative Activities	93.778	10060	259,676
Medi-Cal Billing Option	93.778	10013	29,335
Total Medicaid Cluster			<u>289,011</u>
Total U.S. Department of Health and Human Services			<u>375,010</u>

See accompanying note to supplementary information.

**LAWNDALE ELEMENTARY SCHOOL DISTRICT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2016**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Passed through CDE			
Child Nutrition Cluster			
National School Lunch Program	10.555	13391	\$ 2,114,866
Meal Supplement	10.555	13391	137,778
Especially Needy Breakfast Program	10.553	13526	422,083
Summer Seamless Option	10.559	13004	107,662
Commodities	10.555	13396	<u>160,299</u>
Total Child Nutrition Cluster			<u>2,942,688</u>
Child Nutrition - Centers and Family Day Care	10.558	13393	147,485
Passed through Los Angeles County Department of Health			
Nutrition Education Obesity Prevention	10.561	[1]	<u>350,626</u>
Total U.S. Department of Agriculture			<u>3,440,799</u>
Total Expenditures of Federal Awards			<u><u>\$ 7,472,039</u></u>

[1] Pass-Through Entity Identifying Number is not available.

See accompanying note to supplementary information.

# LAWNDALE ELEMENTARY SCHOOL DISTRICT

## LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE JUNE 30, 2016

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### 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

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Mrs. Shirley Rudolph	President	2017
Mrs. Cathy Burris	Clerk	2019
Mrs. Shirley Bennett	Trustee	2019
Ms. Bonnie J. Coronado	Trustee	2017
Mrs. Ann Phillips	Trustee	2017

### ADMINISTRATION

Dr. Ellen Dougherty	Superintendent of Schools
Mr. John D. Vinke	Deputy Superintendent
Dr. Betsy Hamilton	Assistant Superintendent of Educational Services
Mr. Steven Miller	Assistant Superintendent of Human Resources

See accompanying note to supplementary information.

**LAWNDALE ELEMENTARY SCHOOL DISTRICT**

**SCHEDULE OF AVERAGE DAILY ATTENDANCE  
FOR THE YEAR ENDED JUNE 30, 2016**

	Final Report	
	Second Period Report	Annual Report
Regular ADA		
Transitional kindergarten through third	2,331.20	2,331.48
Fourth through sixth	1,897.89	1,892.07
Seventh and eighth	1,229.31	1,227.51
Total Regular ADA	<u>5,458.40</u>	<u>5,451.06</u>
Extended Year Special Education		
Transitional kindergarten through third	6.82	6.82
Fourth through sixth	3.29	3.29
Seventh and eighth	0.90	0.90
Total Extended Year Special Education	<u>11.01</u>	<u>11.01</u>
Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	1.92	2.14
Fourth through sixth	4.71	4.58
Seventh and eighth	0.93	0.91
Total Special Education, Nonpublic, Nonsectarian Schools	<u>7.56</u>	<u>7.63</u>
Total ADA	<u><u>5,476.97</u></u>	<u><u>5,469.70</u></u>

See accompanying note to supplementary information.



**LAWNDALE ELEMENTARY SCHOOL DISTRICT**

**SCHEDULE OF INSTRUCTIONAL TIME  
FOR THE YEAR ENDED JUNE 30, 2016**

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Grade Level	1986-87	2015-16	Number of Days		Status
	Minutes Requirement	Actual Minutes	Traditional Calendar	Multitrack Calendar	
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 - 6	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
Grades 7 - 8	54,000				
Grade 7		59,600	180	N/A	Complied
Grade 8		59,600	180	N/A	Complied

See accompanying note to supplementary information.

# LAWNDALE ELEMENTARY SCHOOL DISTRICT

## RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

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

	Non-Major Governmental Special Education Pass-Through Fund
FUND BALANCE	
Balance, June 30, 2016, Unaudited Actuals	\$ 1,000,448
Increase in:	
Accounts payable	(1,000,448)
Balance, June 30, 2016, Audited Financial Statement	<u>\$ -</u>

See accompanying note to supplementary information.

# LAWDALE ELEMENTARY SCHOOL DISTRICT

## SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2016

	(Budget) 2017 <sup>1</sup>	2016	2015	2014
GENERAL FUND <sup>4</sup>				
Revenues	\$ 69,429,484	\$ 68,602,240	\$ 57,347,995	\$ 50,109,244
Other sources and transfers in	343,486	243,486	-	237,462
Total Revenues and Other Sources	69,772,970	68,845,726	57,347,995	50,346,706
Expenditures	69,699,560	63,648,169	56,324,673	50,876,504
Other uses and transfers out	214,445	2,823,361	944,658	281,228
Total Expenditures and Other Uses	69,914,005	66,471,530	57,269,331	51,157,732
INCREASE (DECREASE) IN FUND BALANCE	\$ (141,035)	\$ 2,374,196	\$ 78,664	\$ (811,026)
ENDING FUND BALANCE	\$ 9,619,453	\$ 9,760,488	\$ 7,386,292	\$ 7,307,628
AVAILABLE RESERVES <sup>2</sup>	\$ 7,295,814	\$ 7,146,849	\$ 5,889,247	\$ 5,590,383
AVAILABLE RESERVES AS A PERCENTAGE OF TOTAL OUTGO <sup>3</sup>	10.44%	10.75%	10.53%	11.21%
LONG-TERM OBLIGATIONS	N/A	\$ 22,275,959	\$ 22,628,321	\$ 22,963,034
K-12 AVERAGE DAILY ATTENDANCE AT P-2	5,477	5,477	5,565	5,603

The General Fund balance has increased by \$2,452,860 over the past two years. The fiscal year 2016-2017 budget projects a decrease of \$141,035 (1.4 percent). For a district this size, the State recommends available reserves of at least three percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred an operating surplus in two of the past three years, but anticipates incurring an operating deficit during the 2016-2017 fiscal year. Total long-term obligations have decreased by \$687,075 over the past two years.

Average daily attendance has decreased by 126 over the past two years. No change in ADA is anticipated during fiscal year 2016-2017.

<sup>1</sup> Budget 2017 is included for analytical purposes only and has not been subjected to audit.

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

<sup>3</sup> On behalf payments of \$1,357,043 and \$1,287,712 have been excluded from the calculation of available reserves for the fiscal years ending June 30, 2015 and 2014, respectively.

<sup>4</sup> General Fund amounts do not include activity related to the consolidation of the Deferred Maintenance Fund, and Special Reserve Fund for Other Than Capital Outlay Projects as required by GASB Statement No. 54.

See accompanying note to supplementary information.

**LAWNDALE ELEMENTARY SCHOOL DISTRICT**

**SCHEDULE OF CHARTER SCHOOLS  
FOR THE YEAR ENDED JUNE 30, 2016**

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<u>Name of Charter School</u>	<u>Included in Audit Report</u>
Environmental Charter School (0353)	No

See accompanying note to supplementary information.

**LAWNDALE ELEMENTARY SCHOOL DISTRICT**

**NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2016**

	<b>Special Education Pass-Through Fund</b>	<b>Child Development Fund</b>	<b>Building Fund</b>	<b>Capital Facilities Fund</b>
<b>ASSETS</b>				
Deposits and investments	\$ 1,000,000	\$ 118,249	\$ 75,705	\$ 177,533
Receivables	448	323,118	350	603
<b>Total Assets</b>	<u>\$ 1,000,448</u>	<u>\$ 441,367</u>	<u>\$ 76,055</u>	<u>\$ 178,136</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	<u>\$ 1,000,448</u>	<u>\$ 294,079</u>	<u>\$ 1,514</u>	<u>\$ 18,922</u>
<b>Fund Balances:</b>				
Restricted	<u>-</u>	<u>147,288</u>	<u>74,541</u>	<u>159,214</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 1,000,448</u>	<u>\$ 441,367</u>	<u>\$ 76,055</u>	<u>\$ 178,136</u>

See accompanying note to supplementary information.

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<b>State School Building Fund</b>	<b>County School Facilities Fund</b>	<b>Bond Interest and Redemption Fund</b>	<b>Tax Override Fund</b>	<b>Debt Service Fund</b>	<b>Non-Major Governmental Funds</b>
\$ 28,477	\$ 35,326	\$ 1,164,738	\$ 9	\$ 19,479	\$ 2,619,516
89	110	-	-	61	324,779
<u>\$ 28,566</u>	<u>\$ 35,436</u>	<u>\$ 1,164,738</u>	<u>\$ 9</u>	<u>\$ 19,540</u>	<u>\$ 2,944,295</u>
\$ 559	\$ -	\$ -	\$ -	\$ -	\$ 1,315,522
28,007	35,436	1,164,738	9	19,540	1,628,773
<u>\$ 28,566</u>	<u>\$ 35,436</u>	<u>\$ 1,164,738</u>	<u>\$ 9</u>	<u>\$ 19,540</u>	<u>\$ 2,944,295</u>

**LAWNSDALE ELEMENTARY SCHOOL DISTRICT**

**NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2016**

	<b>Special Education Pass-Through Fund</b>	<b>Child Development Fund</b>	<b>Building Fund</b>	<b>Capital Facilities Fund</b>
<b>REVENUES</b>				
Federal sources	\$ -	\$ 85,999	\$ -	\$ -
Other State sources	1,000,000	2,275,827	-	-
Other local sources	448	4,553	2,388	7,753
<b>Total Revenues</b>	<b>1,000,448</b>	<b>2,366,379</b>	<b>2,388</b>	<b>7,753</b>
<b>EXPENDITURES</b>				
Current				
Instruction	-	1,806,014	-	-
Instruction-related activities:				
Supervision of instruction	-	251,016	-	-
School site administration	-	67,310	-	-
Pupil services:				
Food services	-	14,061	-	-
General administration:				
All other general administration	-	128,766	-	-
Plant services	-	1,446	15,494	2,644
Facility acquisition and construction	-	-	809,264	112,644
Other outgo	1,000,448	-	-	-
Debt service				
Principal	-	-	-	-
Interest and other	-	-	-	-
<b>Total Expenditures</b>	<b>1,000,448</b>	<b>2,268,613</b>	<b>824,758</b>	<b>115,288</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>-</b>	<b>97,766</b>	<b>(822,370)</b>	<b>(107,535)</b>
<b>Fund Balances - Beginning</b>	<b>-</b>	<b>49,522</b>	<b>896,911</b>	<b>266,749</b>
<b>Fund Balances - Ending</b>	<b>\$ -</b>	<b>\$ 147,288</b>	<b>\$ 74,541</b>	<b>\$ 159,214</b>

See accompanying note to supplementary information.

<b>School State Building Fund</b>	<b>County School Facilities Fund</b>	<b>Bond Interest and Redemption Fund</b>	<b>Tax Override Fund</b>	<b>Debt Service Fund</b>	<b>Non-Major Governmental Funds</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 85,999
-	-	12,015	-	-	3,287,842
25,194	277	1,474,645	-	153	1,515,411
<u>25,194</u>	<u>277</u>	<u>1,486,660</u>	<u>-</u>	<u>153</u>	<u>4,889,252</u>
-	-	-	-	-	1,806,014
-	-	-	-	-	251,016
-	-	-	-	-	67,310
-	-	-	-	-	14,061
-	-	-	-	-	128,766
-	-	-	-	-	19,584
-	-	-	-	-	921,908
-	-	-	-	-	1,000,448
-	-	700,000	-	-	700,000
-	-	774,963	-	-	774,963
-	-	<u>1,474,963</u>	-	-	<u>5,684,070</u>
25,194	277	11,697	-	153	(794,818)
2,813	35,159	1,153,041	9	19,387	2,423,591
<u>\$ 28,007</u>	<u>\$ 35,436</u>	<u>\$ 1,164,738</u>	<u>\$ 9</u>	<u>\$ 19,540</u>	<u>\$ 1,628,773</u>



# LAWNSDALE ELEMENTARY SCHOOL DISTRICT

## GENERAL FUND SELECTED FINANCIAL INFORMATION THREE-YEAR SUMMARY OF REVENUES, EXPENDITURES, AND CHANGES OF FUND BALANCE FOR THE YEAR ENDED JUNE 30, 2016

(Amounts in thousands)

	Actual Results for the Years					
	2015-2016		2014-2015		2013-2014	
	Amount	Percent of Revenue	Amount	Percent of Revenue	Amount	Percent of Revenue
<b>REVENUES<sup>1</sup></b>						
Federal revenue	\$ 4,285	6.2	\$ 3,825	6.7	\$ 3,725	7.4
State and local revenue included in Local Control Funding Formula	49,552	72.3	43,356	75.6	36,670	73.2
Other State revenue	12,154	17.7	7,848	13.7	7,200	14.4
Other local revenue	2,611	3.8	2,319	4.0	2,514	5.0
<b>Total Revenues</b>	<b>68,602</b>	<b>100.0</b>	<b>57,348</b>	<b>100.0</b>	<b>50,109</b>	<b>100.0</b>
<b>EXPENDITURES<sup>1</sup></b>						
Salaries and Benefits						
Certificated salaries	32,109	46.8	27,509	48.0	25,315	50.5
Classified salaries	10,567	15.4	9,334	16.3	8,561	17.1
Employee benefits	10,485	15.3	10,176	17.7	7,995	16.0
<b>Total Salaries and Benefits</b>	<b>53,161</b>	<b>77.5</b>	<b>47,019</b>	<b>82.0</b>	<b>41,871</b>	<b>83.6</b>
Books and supplies	3,997	5.8	3,059	5.3	2,708	5.4
Services and operating expenses	5,658	8.2	5,396	9.4	5,410	10.8
Capital outlay	336	0.5	-	0.0	114	0.2
Other outgo	496	0.7	851	1.5	773	1.5
<b>Total Expenditures</b>	<b>63,648</b>	<b>92.7</b>	<b>56,325</b>	<b>98.2</b>	<b>50,876</b>	<b>101.5</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>4,954</b>	<b>7.3</b>	<b>1,023</b>	<b>1.8</b>	<b>(767)</b>	<b>(1.5)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	243	0.4	-	0.0	237	0.5
Transfers out	(2,823)	(4.1)	(945)	(1.6)	(281)	(0.6)
<b>CHANGE IN FUND BALANCE</b>	<b>2,374</b>	<b>3.6</b>	<b>78</b>	<b>0.2</b>	<b>(811)</b>	<b>(1.6)</b>
<b>FUND BALANCE, BEGINNING</b>	<b>7,386</b>		<b>7,308</b>		<b>8,119</b>	
<b>FUND BALANCE, ENDING</b>	<b>\$ 9,760</b>		<b>\$ 7,386</b>		<b>\$ 7,308</b>	

<sup>1</sup> 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.

See accompanying note to supplementary information.

# LAWNDALE ELEMENTARY SCHOOL DISTRICT

## NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2016

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### NOTE 1 - PURPOSE OF SCHEDULES

#### Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. The District has not elected to use the ten percent de minimis cost rate as covered in Section 200.414 Indirect (F&A) costs of the Uniform Guidance.

The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts consist primarily of Medi-Cal Administrative Activities funds that in the previous period were recorded as revenues but were unspent. These unspent balances have been expended in the current period. In addition, Medi-Cal Billing Option funds have been recorded in the current period as revenues that have not been expended as of June 30, 2016. These unspent balances are reported as legally restricted ending balances within the General Fund.

	<u>CFDA Number</u>	<u>Amount</u>
Total Federal Revenues From the Statement of Revenues, Expenditures, and Changes in Fund Balances:		\$ 7,460,993
Medi-Call Administrative Activities	93.778	33,819
Medi-Cal Billing Option	93.778	(22,773)
Total Schedule of Expenditures of Federal Awards		<u>\$ 7,472,039</u>

#### 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.

# LAWNDALE ELEMENTARY SCHOOL DISTRICT

## NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2016

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### **Schedule of Instructional Time**

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. The District neither met nor exceeded its target funding. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of *Education Code* Sections 46200 through 46206.

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

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

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

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

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

### **Schedule of Charter Schools**

This schedule lists all Charter Schools chartered by the 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.

### **General Fund Selected Financial Information**

This schedule provides a comparison of revenues and expenditures as a percentage of total revenue for the General Fund for the past three years.

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***INDEPENDENT AUDITOR'S REPORTS***

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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 the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lawndale Elementary School District (the District) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Lawndale Elementary School District's basic financial statements, and have issued our report thereon dated November 29, 2016.

**Internal Control Over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

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

## **Purpose of This Report**

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

Vauinek, Tine, Day & Co., LLP.

Rancho Cucamonga, California  
November 29, 2016



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR  
EACH MAJOR PROGRAM AND 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 Lawndale Elementary School District's major Federal programs for the year ended June 30, 2016. Lawndale Elementary School District's major Federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

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

In our opinion, Lawndale Elementary School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2016.

## Report on Internal Control Over Compliance

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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.

Vavinek, Tine, Day & Co., LLP

Rancho Cucamonga, California  
November 29, 2016





## 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 as identified in the *2015-2016 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* that could have a direct and material effect on each of the Lawndale Elementary School District's State government programs as noted below for the year ended June 30, 2016.

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

Management is responsible for compliance with the requirements of State laws, regulations, and the terms and conditions of its State awards applicable to its State programs.

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

Our responsibility is to express an opinion on compliance of each of Lawndale Elementary School District's State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2015-2016 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. These standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the applicable government programs noted below. An audit includes examining, on a test basis, evidence about Lawndale Elementary School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Lawndale Elementary School District's compliance with those requirements.

### ***Unmodified Opinion on Each of the Programs***

In our opinion, Lawndale Elementary School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the government programs noted below that were audited for the year ended June 30, 2016.

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

	Procedures Performed
<b>LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS</b>	
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
<b>SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS</b>	
Educator Effectiveness	Yes
California Clean Energy Jobs Act	Yes, see below
After 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
Immunizations	Yes, see below
<b>CHARTER SCHOOLS</b>	
Attendance	No, see below
Mode of Instruction	No, see below
Non Classroom-Based Instruction/Independent Study for Charter Schools	No, see below
Determination of Funding for Non Classroom-Based Instruction	No, see below
Annual Instruction Minutes Classroom-Based	No, see below
Charter School Facility Grant Program	No, see below

The District does not offer an Independent Study Program; therefore, we did not perform procedures related to the Independent Study Program within the Attendance Accounting Program.

The District does not offer a Continuation Education Program; therefore, we did not perform procedures related to the Continuation Education Attendance Program.

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

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

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

The District did not expend any California Clean Energy Jobs Act Funding; therefore, we did not perform any procedures for the California Clean Energy Jobs Act.

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

The District did not have any schools listed on the immunization assessment reports; therefore, we did not perform any related procedures.

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

*Vauinek, Tine, Day & Co. LLP.*

Rancho Cucamonga, California  
November 29, 2016

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***SCHEDULE OF FINDINGS AND QUESTIONED COSTS***

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**LAWNDALE ELEMENTARY SCHOOL DISTRICT**

**SUMMARY OF AUDITOR'S RESULTS  
FOR THE YEAR ENDED JUNE 30, 2016**

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**FINANCIAL STATEMENTS**

Type of auditor's report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness identified?	<u>No</u>
Significant deficiency identified?	<u>None reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

**FEDERAL AWARDS**

Internal control over major Federal programs:	
Material weakness identified?	<u>No</u>
Significant deficiency identified?	<u>None reported</u>
Type of auditor's report issued on compliance for major Federal programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Section 200.516(a) of the Uniform Guidance?	<u>No</u>

Identification of major Federal programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>10.553, 10.555, 10.559</u>	<u>Child Nutrition Cluster</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

**STATE AWARDS**

Type of auditor's report issued on compliance for State programs:	<u>Unmodified</u>
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**LAWNDALE ELEMENTARY SCHOOL DISTRICT**

**FINANCIAL STATEMENT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2016**

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None reported.

**LAWNDALE ELEMENTARY SCHOOL DISTRICT**

**FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2016**

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None reported.

**LAWNDALE ELEMENTARY SCHOOL DISTRICT**

**STATE AWARDS FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2016**

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None reported.



# LAWNDALE ELEMENTARY SCHOOL DISTRICT

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2016

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Except as specified in previous sections of this report, summarized below is the current status of all audit findings reported in the prior year's Schedule of Findings and Questioned Costs.

### *Financial Statement Findings*

None reported.

### *Federal Awards Findings*

None reported.

### *State Awards Findings*

None reported.