



LAWNDALE ELEMENTARY SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

JUNE 30, 2010

LAWNDALE ELEMENTARY SCHOOL DISTRICT

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FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Governing Board
Lawndale Elementary School District
Lawndale, California

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, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *Standards and Procedures for Audits of California K-12 Local Educational Agencies 2009-10*, 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in the Notes to the basic financial statements, the State of California continues to suffer the effects of a recessionary economy, which directly impacts the funding requirements of the State of California to the K-12 educational community.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2010, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The required supplementary information, such as management's discussion and analysis on pages 4 through 12 and budgetary comparison and other postemployment information on pages 47 through 49, is not a required part of the basic financial statements, but is supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion.

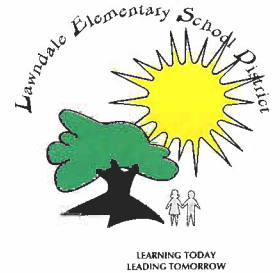
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information listed in the table of contents, including the Schedule of Expenditures of Federal Awards which is required by U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Vannish, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 10, 2010

LAWNDALE ELEMENTARY SCHOOL DISTRICT

4161 West 147th Street • Lawndale, CA 90260 • (310) 973-1300 FAX (310) 675-6462



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, 2010. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

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

The *Government-Wide Financial Statements* present the financial picture of the District from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business-type activities separately. These statements include all assets (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.

LAWNDAL E ELEMENTARY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2010

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Assets and the Statement of Activities

The *Statement of Net Assets* 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 assets and changes in them. Net assets are the difference between assets and liabilities, which is one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net assets are one indicator of whether its *financial health* 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 Assets* 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, 2010

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 Assets* and the *Statement of Revenues, Expenses, and Changes in Fund Net Assets*. 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 *Statement of Fiduciary Net Assets*. 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, 2010

FINANCIAL HIGHLIGHTS

THE DISTRICT AS A WHOLE

Net Assets

The District's net assets were \$63.0 million for governmental activities for the fiscal year ended June 30, 2010. Of this amount, \$14.4 million was unrestricted. Restricted net assets are reported separately to show legal constraints from debt covenants and enabling legislation that limit the governing board's ability to use those net assets for day-to-day operations. Our analysis below, in summary form, focuses on the net assets (Table 1) and change in net assets (Table 2) of the District's governmental and business-type activities.

Table 1

(Amounts in thousands)	Governmental Activities		Business-Type Activities		School District Activities	
	2010	2009	2010	2009	2010	2009
Assets						
Current and other assets	\$ 33,066.2	\$ 38,505.3	\$ 498.4	\$ 402.6	\$ 33,564.6	\$ 38,907.9
Capital assets	56,711.3	58,287.6	-	-	56,711.3	58,287.6
Total Assets	89,777.5	96,792.9	498.4	402.6	90,275.9	97,195.5
Liabilities						
Current liabilities	6,210.4	7,036.4	22.3	8.8	6,232.7	7,045.2
Long-term obligations	20,523.4	20,708.7	-	-	20,523.4	20,708.7
Total Liabilities	26,733.8	27,745.1	22.3	8.8	26,756.1	27,753.9
Net Assets						
Invested in capital assets, net of related debt	42,241.2	44,114.9	-	-	42,241.2	44,114.9
Restricted	6,364.3	9,069.8	-	-	6,364.3	9,069.8
Unrestricted	14,438.2	15,863.1	476.1	393.8	14,914.3	16,256.9
Total Net Assets	\$ 63,043.7	\$ 69,047.8	\$ 476.1	\$ 393.8	\$ 63,519.8	\$ 69,441.6

The \$14.4 million in unrestricted net assets of governmental activities represents the accumulated results of all past years' operations.

LAWNDALE ELEMENTARY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2010

Changes in Net Assets

The results of this year's operations for the District as a whole are reported in the *Statement of Activities* on page 14. Table 2 takes the information from the Statement, 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	
	2010	2009	2010	2009	2010	2009
Revenues						
Program revenues:						
Charges for services	\$ 498.6	\$ 484.6	\$ 202.6	\$ 185.2	\$ 701.2	\$ 669.8
Operating grants and contributions	18,400.7	18,472.1	-	-	18,400.7	18,472.1
General revenues:						
State revenue limit sources not restricted	27,804.7	29,849.1	-	-	27,804.7	29,849.1
Property taxes	5,135.4	5,179.4	-	-	5,135.4	5,179.4
Other general revenues	4,049.5	6,818.7	5.9	7.7	4,055.4	6,826.4
Total Revenues	55,888.9	60,803.9	208.50	192.9	56,097.4	60,996.8
Expenses						
Instruction-related	43,876.6	44,646.6	-	-	43,876.6	44,646.6
Student support services	5,490.8	5,265.0	-	-	5,490.8	5,265.0
Administration	3,402.0	3,490.8	-	-	3,402.0	3,490.8
Plant	4,303.4	4,515.3	-	-	4,303.4	4,515.3
Other	4,820.2	5,008.7	126.2	43.8	4,946.4	5,052.5
Total Expenses	61,893.0	62,926.4	126.2	43.8	62,019.2	62,970.2
Change in Net Assets	\$ (6,004.1)	\$ (2,122.5)	\$ 82.3	\$ 149.1	\$ (5,921.8)	\$ (1,973.4)

Governmental Activities

As reported in the *Statement of Activities* on page 14, the cost of all of our governmental activities this year was \$61.9 million. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only \$5.1 million because the cost was paid by those who benefited from the programs (\$0.5 million) or by other governments and organizations who subsidized certain programs with grants and contributions (\$18.4 million). We paid for the remaining "public benefit" portion of our governmental activities from the \$27.8 million we received in State funds, and from \$4.1 million of other revenues, like interest and general entitlements.

LAWNDALE ELEMENTARY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2010

In Table 3, we have presented the *cost* of each of the District's largest functions including Instruction, Instruction-related activities, Other pupil services, General 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	
	2010	2009	2010	2009
Instruction	\$ 38,691.2	\$ 38,994.6	\$ (27,553.7)	\$ (28,535.2)
Instruction-related activities	5,185.4	5,652.0	(2,997.9)	(2,993.0)
Other pupil services	5,490.8	5,265.0	(1,347.1)	(1,581.6)
General administration	3,402.0	3,490.8	(3,060.9)	(3,154.9)
Plant	4,303.4	4,515.3	(3,972.0)	(4,069.3)
Other	4,820.2	5,008.7	(4,062.1)	(3,635.7)
Total	\$ 61,893.0	\$ 62,926.4	\$ (42,993.7)	\$ (43,969.7)

LAWNDALE ELEMENTARY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2010

THE DISTRICT'S FUNDS

As the District completed the year, our governmental funds reported a combined fund balance of \$27.2 million, which is a decrease of \$4.6 million from last year (Table 4). This \$4.6 million decrease is the net difference in the following fund or program balances from the prior year.

The General Fund's (unrestricted and restricted) decrease of \$2.5 million reflects not only normal operations for the fiscal year but also the "net" result after an internal freeze on non-essential purchases, reductions in conference and travel expenditures, as well as a review before replacement of personnel positions.

Table 4

(Amounts in thousands)

	Fund Balance	
	June 30, 2010	June 30, 2009
General Fund	\$ 12,381.1	\$ 14,907.4
Retiree Benefits Fund	3,624.2	3,235.4
Building Fund	4,999.9	5,832.3
Child Development Fund	606.6	530.7
Cafeteria Fund	2,672.7	2,594.7
Deferred Maintenance Fund	4.2	1,656.2
Capital Facilities Fund	743.3	732.5
State School Building Fund	2.3	2.3
County School Facilities Fund	33.7	33.2
Special Reserve Fund for Capital Outlay Projects	1,047.7	1,194.2
Bond Interest and Redemption Fund	1,111.3	1,130.6
Debt Service Fund	18.6	18.3
Total	\$ 27,245.6	\$ 31,867.8

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, 2009, and the second Interim Budget report was prepared based upon the actual information through January 31, 2010. The final amendment to the budget was adopted in early spring, 2010. (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 47).

LAWNDALE ELEMENTARY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2010

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2010, the District had \$56.7 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 \$1.6 million, or 2.7 percent, from last year (Table 5).

Table 5

(Amounts in thousands)	Governmental Activities	
	2010	2009
Land and construction in progress	\$ 1,374.0	\$ 1,394.8
Buildings and improvements	54,605.0	56,425.3
Equipment	732.3	467.5
Total	\$ 56,711.3	\$ 58,287.6

We present more detailed information about our capital assets in Note 4 to the financial statements.

Long-Term Obligations

At the end of this year, the District had \$19.5 million in bonds outstanding versus \$20.0 million last year, a decrease of 2.7 percent. The long-term obligations consisted of:

Table 6

(Amounts in thousands)	Governmental Activities	
	2010	2009
General obligation bonds (financed with property taxes)	\$ 19,470.0	\$ 20,005.0
Compensated absences	357.7	344.4
Early retirement	-	9.0
Net OPEB obligation	695.7	350.3
Total	\$ 20,523.4	\$ 20,708.7

The District's general obligation bond rating continues to be "AAA". The State limits the amount of general obligation debt that districts can issue to five percent of the assessed value of all taxable property within the District's boundaries. The District's outstanding general obligation debt of \$19.5 million is significantly below the statutorily-imposed limit.

Other obligations include compensated absences, early retirement incentive, and net OPEB obligation. We present more detailed information regarding our long-term obligations in Note 8 of the financial statements.

LAWNDALE ELEMENTARY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2010

SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2009-2010 ARE NOTED BELOW:

The District continues to implement its significant facilities improvement master plan of over \$75 million for all of its schools beginning in 1998. In the 2009-2010 fiscal year, the District focused on security camera systems and security lock systems to provide greater safety and security for its students and staff. The District also began the planning process for a 10-classroom, 2-story facility, at its Anderson School campus.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the District Budget for the 2010-2011 year, the Governing Board and management used the following criteria:

The key assumptions in our revenue forecast are:

1. A deficit on the District's revenue limit of 17.963 percent.
2. Average daily attendance (ADA) was reduced to reflect a decline in enrollment.
3. Interest earnings are reduced to reflect significant deferrals by the State on State payments to school districts.
4. Developer fee collections are based upon actual receipts due to the decline in new housing units to be constructed.
5. Federal income was increased temporarily to reflect the Federal jobs act one-time stimulus funding.
6. All schools and departments continue to budget their 10 percent reduction.
7. Staff development "buy back" days were eliminated.
8. Transfers to other funds including the Deferred Maintenance Fund, Early Retiree Fund and Food Services "Meals for Needy" were temporarily suspended.

Expenditures are based on the following forecasts:

	Staffing Ratio	Enrollment
Grades kindergarten	30:1	581
Grades first through third	22:1	2,033
Grades four and five	32:1	1,203
Grades six through eight	34:1	1,810

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, in Lawndale, California 90260, or e-mail at john_vinke@lawndale.k12.ca.us.

LAWNDALE ELEMENTARY SCHOOL DISTRICT

STATEMENT OF NET ASSETS JUNE 30, 2010

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Deposits and investments	\$ 25,627,267	\$ 495,278	\$ 26,122,545
Receivables	7,144,500	3,091	7,147,591
Stores inventories	98,372	-	98,372
Other current assets	196,085	-	196,085
Capital assets:			
Land and construction in progress	1,374,005	-	1,374,005
Other capital assets	81,528,514	-	81,528,514
Less: Accumulated depreciation	(26,191,237)	-	(26,191,237)
Total Capital Assets	56,711,282	-	56,711,282
Total Assets	89,777,506	498,369	90,275,875
LIABILITIES			
Accounts payable	5,674,155	22,308	5,696,463
Interest payable	389,765	-	389,765
Deferred revenue	146,478	-	146,478
Long-term obligations:			
Current portion of long-term obligations	555,000	-	555,000
Noncurrent portion of long-term obligations	19,968,382	-	19,968,382
Total Long-Term Obligations	20,523,382	-	20,523,382
Total Liabilities	26,733,780	22,308	26,756,088
NET ASSETS			
Invested in capital assets, net of related debt	42,241,182	-	42,241,182
Restricted for:			
Debt service	740,149	-	740,149
Capital projects	779,239	-	779,239
Educational programs	1,561,419	-	1,561,419
Other activities	3,283,487	-	3,283,487
Unrestricted	14,438,250	476,061	14,914,311
Total Net Assets	\$ 63,043,726	\$ 476,061	\$ 63,519,787

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

LAWNDALE ELEMENTARY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2010

Functions/Programs	Expenses	Program Revenues	
		Charges for Services and Sales	Operating Grants and Contributions
Governmental Activities:			
Instruction	\$ 38,691,181	\$ 41,319	\$ 11,096,166
Instruction-related activities:			
Supervision of instruction	1,642,062	4,204	1,301,037
Instructional library, media, and technology	510,665	-	310,990
School site administration	3,032,662	-	571,235
Pupil services:			
Home-to-school transportation	855,243	147,816	397,159
Food services	2,856,346	249,097	2,387,863
All other pupil services	1,779,201	3,494	958,310
General administration:			
Data processing	265,570	-	-
All other general administration	3,136,479	8,979	332,149
Plant services	4,303,429	20,914	310,512
Ancillary services	8,833	-	8,833
Community services	45,196	-	36,898
Interest on long-term obligations	948,215	-	-
Other outgo	3,817,910	22,797	689,514
Total Governmental Activities	61,892,992	498,620	18,400,666
Business-Type Activities			
Enterprise services	126,177	202,541	-
Total Business-Type Activities	126,177	202,541	-
Total School District	\$ 62,019,169	\$ 701,161	\$ 18,400,666

General revenues and subventions:

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

Subtotal, General Revenues

Change in Net Assets

Net Assets - Beginning

Net Assets - Ending

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

Net (Expenses) Revenues and Changes in Net Assets		
Governmental Activities	Business- Type Activities	Total
\$ (27,553,696)	\$ -	\$ (27,553,696)
(336,821)	-	(336,821)
(199,675)	-	(199,675)
(2,461,427)	-	(2,461,427)
(310,268)	-	(310,268)
(219,386)	-	(219,386)
(817,397)	-	(817,397)
(265,570)	-	(265,570)
(2,795,351)	-	(2,795,351)
(3,972,003)	-	(3,972,003)
-	-	-
(8,298)	-	(8,298)
(948,215)	-	(948,215)
(3,105,599)	-	(3,105,599)
(42,993,706)	-	(42,993,706)
-	76,364	76,364
-	76,364	76,364
(42,993,706)	76,364	(42,917,342)
3,638,677	-	3,638,677
1,448,448	-	1,448,448
48,319	-	48,319
27,804,697	-	27,804,697
352,799	5,920	358,719
3,696,655	-	3,696,655
36,989,595	5,920	36,995,515
(6,004,111)	82,284	(5,921,827)
69,047,837	393,777	69,441,614
\$ 63,043,726	\$ 476,061	\$ 63,519,787

LAWNDALE ELEMENTARY SCHOOL DISTRICT

GOVERNMENTAL FUNDS BALANCE SHEET JUNE 30, 2010

	General Fund	Retiree Benefits Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Deposits and investments	\$ 10,990,296	\$ 3,613,175	\$ 5,007,447	\$ 6,016,349	\$ 25,627,267
Receivables	6,465,972	11,054	16,901	650,573	7,144,500
Stores inventories	78,748	-	-	19,624	98,372
Other current assets	196,085	-	-	-	196,085
Total Assets	<u>\$ 17,731,101</u>	<u>\$ 3,624,229</u>	<u>\$ 5,024,348</u>	<u>\$ 6,686,546</u>	<u>\$ 33,066,224</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 5,205,743	\$ -	\$ 24,448	\$ 443,964	\$ 5,674,155
Deferred revenue	144,250	-	-	2,228	146,478
Total Liabilities	<u>5,349,993</u>	<u>-</u>	<u>24,448</u>	<u>446,192</u>	<u>5,820,633</u>
FUND BALANCE					
Reserved for:					
Revolving cash	15,000	-	-	743	15,743
Stores inventories	78,748	-	-	19,624	98,372
Legally restricted	1,561,419	-	-	-	1,561,419
Unreserved:					
Designated	10,725,941	3,624,229	4,999,900	5,090,073	24,440,143
Undesignated, reported in:					
Debt service funds	-	-	-	1,129,914	1,129,914
Total Fund Balance	<u>12,381,108</u>	<u>3,624,229</u>	<u>4,999,900</u>	<u>6,240,354</u>	<u>27,245,591</u>
Total Liabilities and Fund Balances	<u>\$ 17,731,101</u>	<u>\$ 3,624,229</u>	<u>\$ 5,024,348</u>	<u>\$ 6,686,546</u>	<u>\$ 33,066,224</u>

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

LAWNDALE ELEMENTARY SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS JUNE 30, 2010

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

Total Fund Balance - Governmental Funds **\$ 27,245,591**

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	\$ 82,902,519	
Accumulated depreciation is	<u>(26,191,237)</u>	
Total Net Capital Assets		56,711,282

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. (389,765)

Long-term obligations, including general obligation bonds, are not due and payable in the current period and, therefore, are not reported as obligations in the funds.

Long-term obligations at year-end consist of:

General obligation bonds	19,470,000	
Net other postemployment benefits obligation	695,669	
Compensated absences	<u>357,713</u>	
Total Long-Term Obligations		<u>(20,523,382)</u>
Total Net Assets - Governmental Activities		<u><u>\$ 63,043,726</u></u>

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

LAWNDALE ELEMENTARY SCHOOL DISTRICT

GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE FOR THE YEAR ENDED JUNE 30, 2010

	General Fund	Retiree Benefits Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES					
Revenue limit sources	\$ 26,622,531	\$ -	\$ -	\$ -	\$ 26,622,531
Federal sources	6,378,944	-	-	2,502,936	8,881,880
Other State sources	12,132,314	-	-	2,328,280	14,460,594
Other local sources	2,319,389	46,173	75,522	1,903,200	4,344,284
Total Revenues	47,453,178	46,173	75,522	6,734,416	54,309,289
EXPENDITURES					
Current					
Instruction	34,297,260	-	-	1,605,782	35,903,042
Instruction-related activities:					
Supervision of instruction	1,418,413	-	-	223,649	1,642,062
Instructional library, media and technology	510,665	-	-	-	510,665
School site administration	2,949,813	-	-	82,849	3,032,662
Pupil services:					
Home-to-school transportation	791,559	-	-	-	791,559
Food services	-	-	-	2,697,136	2,697,136
All other pupil services	1,715,517	-	-	-	1,715,517
General administration:					
Data processing	265,570	-	-	-	265,570
All other general administration	2,709,589	-	-	158,812	2,868,401
Plant services	3,922,965	-	-	415,107	4,338,072
Facility acquisition and construction	-	-	907,896	474,232	1,382,128
Ancillary services	8,833	-	-	-	8,833
Community services	45,196	-	-	-	45,196
Other outgo	2,238,318	-	-	-	2,238,318
Debt service					
Principal	-	-	-	535,000	535,000
Interest and other	-	-	-	957,343	957,343
Total Expenditures	50,873,698	-	907,896	7,149,910	58,931,504
Excess (Deficiency) of Revenues Over Expenditures	(3,420,520)	46,173	(832,374)	(415,494)	(4,622,215)
Other Financing Sources (Uses)					
Transfers in	1,236,887	342,705	-	-	1,579,592
Transfers out	(342,705)	-	-	(1,236,887)	(1,579,592)
Net Financing Sources (Uses)	894,182	342,705	-	(1,236,887)	-
NET CHANGE IN FUND BALANCES	(2,526,338)	388,878	(832,374)	(1,652,381)	(4,622,215)
Fund Balance - Beginning	14,907,446	3,235,351	5,832,274	7,892,735	31,867,806
Fund Balance - Ending	\$ 12,381,108	\$ 3,624,229	\$ 4,999,900	\$ 6,240,354	\$ 27,245,591

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

LAWNDALE 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, 2010

Total Net Change in Fund Balances - Governmental Funds **\$ (4,622,215)**

**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 Assets and allocated over their estimated useful lives as annual depreciation expenses in the Statements of Activities.

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

Capital outlays	\$ 1,607,823	
Depreciation expense	<u>(3,184,205)</u>	
		(1,576,382)

In the Statement of Activities, certain operating expenses - compensated absences (vacations) and special termination benefits (early retirement) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). Vacation earned was more than the amounts used by \$13,342. Early retirement incentive paid was \$9,000.

(4,342)

Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term obligations in the Statement of Net Assets and does not affect the Statement of Activities:

Principal payment on general obligation bonds	535,000
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Contributions for postemployment benefits are recorded as an expense in the governmental funds when paid. However, in the Statement of Activities the expense is equal to the benefit earned. The actual amount of the contribution was less than the annual OPEB cost.

(345,300)

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.

9,128

Change in Net Assets of Governmental Activities

\$ (6,004,111)

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

LAWNDALE ELEMENTARY SCHOOL DISTRICT

PROPRIETARY FUNDS STATEMENT OF NET ASSETS JUNE 30, 2010

	Business-Type Activities Enterprise Fund Child Care
ASSETS	
Current Assets	
Deposits and investments	\$ 495,278
Receivables	3,091
Total Assets	<u>498,369</u>
LIABILITIES	
Current Liabilities	
Accounts payable	<u>22,308</u>
NET ASSETS	
Unrestricted	476,061
Total Net Assets	<u><u>\$ 476,061</u></u>

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 ASSETS

FOR THE YEAR ENDED JUNE 30, 2010

	Business-Type Activities Enterprise Fund Child Care
OPERATING REVENUES	
Local and intermediate sources	\$ 202,541
OPERATING EXPENSES	
Payroll costs	87,744
Professional and contract services	13,408
Supplies and materials	9,770
Other operating cost	15,255
Total Operating Expenses	126,177
Operating Income	76,364
NONOPERATING REVENUES	
Interest income	5,920
Change in Net Assets	82,284
Total Net Assets - Beginning	393,777
Total Net Assets - Ending	\$ 476,061

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, 2010

	Business-Type Activities Enterprise Fund Child Care
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from user charges	\$ 219,614
Cash payments for other operating expenses	(112,665)
Net Cash Provided by Operating Activities	<u>106,949</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	<u>5,920</u>
Net Change in Cash and Cash Equivalents	112,869
Cash and Cash Equivalents - Beginning	<u>382,409</u>
Cash and Cash Equivalents - Ending	<u><u>\$ 495,278</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ 76,364
Changes in assets and liabilities:	
Receivables	17,073
Accounts payable	<u>13,512</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 106,949</u></u>

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

LAWNDALE ELEMENTARY SCHOOL DISTRICT

FIDUCIARY FUNDS

STATEMENT OF NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Agency Funds</u>
ASSETS	
Deposits and investments	<u>\$ 19,298</u>
LIABILITIES	
Due to student groups	<u>\$ 19,298</u>

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

LAWNDALE ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

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 seven 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 a 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 GASB Statement No. 39. The criterion that establishes financial accountability as a result of fiscal dependency was not met. Therefore, the charter is determined not to be a component unit and is not included as part of these financial statements.

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

Basis of Presentation - Fund Accounting

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

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

Major Governmental Funds

General Fund The General Fund is the chief operating fund for the district. It is used to account for the ordinary operations of the district. All transactions except those required or permitted by law to be in another fund are accounted for in this fund.

LAWNDALE ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

Retiree Benefits Fund The Retiree Benefits Fund is used pursuant to *Education Code* Section 42840 to account for amounts the District has earmarked for the future cost of postemployment benefits but has not contributed irrevocably to a separate trust for the postemployment benefit plan.

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

Non-Major Governmental Funds

Special Revenue Funds The Special Revenue Funds are established to account for the proceeds from specific revenue sources (other than trusts or for major capital projects) that are restricted to the financing of particular activities:

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

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

Deferred Maintenance Fund The Deferred Maintenance Fund is used to account separately for State apportionments and the District's contributions for deferred maintenance purposes (*Education Code* Sections 17582-17587) and for items of maintenance approved by the State Allocation Board, except for State apportionments which, as a result of Senate Bill 4 of the 2009-10 Third Extraordinary Session (SBX3 4), may be used for any educational purpose.

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

Capital Facilities Fund The Capital Facilities Fund is used primarily to account separately for monies received from fees levied on developers or other agencies as a condition of 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.).

LAWNDALE ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

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), or the 2004 State School Facilities Fund (Proposition 55) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code* Section 17070 et seq.).

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

Debt Service Funds The Debt Service funds are used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs. The District maintains the following debt service funds:

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 tax levies to be financed from ad valorem tax levies.

Debt Service Fund The Debt Service Fund was used to accumulate the resources for the payment of debt.

Proprietary Funds Proprietary Fund reporting focuses on the determination of operating income, changes in net assets, 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 Fund Fiduciary Fund reporting focuses on net assets and changes in net assets. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. 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.

LAWNDALE ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

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

Net assets should be reported as restricted when constraints placed on net asset 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 assets restricted for other purposes result from special revenue funds and the restrictions on their net asset 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 balance reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting, and the governmental fund financial statements, prepared using the flow of current financial resources measurement focus and the modification accrual basis of accounting.

Proprietary Funds Proprietary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of this fund are included in the statement of net assets. The statement of changes in fund net assets 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.

LAWNDALE ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

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 45 or 60 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.

Deferred Revenue Deferred 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 deferred revenue is removed from the balance sheet and revenue is recognized.

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

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

Cash and Cash Equivalents

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

LAWNDALE ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

Investments

Investments held at June 30, 2010, 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 assets. 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.

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.

LAWNDAL ELEMEN TARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

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.

Fund Balance Reserves and Designations

The District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for revolving cash accounts, stores inventories, and legally restricted grants and entitlements.

Designations of fund balances consist of that portion of the fund balance that has been designated (set aside) by the governing board to provide for specific purposes or uses. Fund balance designations have been established for economic uncertainties, and other purposes.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt 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 assets are 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 assets are available. The government-wide financial statements reports \$6,364,294 of restricted net assets.

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.

LAWNDALE ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

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.

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.

New Accounting Pronouncements

In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The requirements of this Statement are effective for the financial statements for periods beginning after June 15, 2010. Early implementation is encouraged.

LAWNDALE ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

NOTE 2 - DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

Deposits and investments as of June 30, 2010, are classified in the accompanying financial statements as follows:

Governmental activities	\$ 25,627,267
Business-type activities	495,278
Fiduciary funds	19,298
Total Deposits and Investments	<u>\$ 26,141,843</u>

Deposits and investments as of June 30, 2010, consist of the following:

Cash on hand and in banks	\$ 56,429
Cash in revolving	15,743
Investments	26,069,671
Total Deposits and Investments	<u>\$ 26,141,843</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 Districts 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, 2010

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:

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Pool.

LAWNDALE ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

Weighted Average Maturity

The District monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. Information about the weighted average maturity of the District's portfolio is presented in the following schedule:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity In Days</u>
Los Angeles County Investment Pool	<u>\$ 26,221,284</u>	536

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 County Pool is not required to be rated.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 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, 2010, the District did not have any deposits exposed to custodial credit risk because all balances were FDIC insured.

LAWNDALE ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

NOTE 3 - RECEIVABLES

Receivables at June 30, 2010, consisted of intergovernmental grants, entitlements, interest, and other local sources. All receivables are considered collectible in full.

	General Fund	Retiree Benefits Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Activities	Enterprise Fund
Federal Government						
Categorical aid	\$ 1,195,226	\$ -	\$ -	\$ 526,916	\$ 1,722,142	\$ -
State Government						
Apportionment	3,470,219	-	-	-	3,470,219	-
Categorical aid	206,281	-	-	84,349	290,630	-
Lottery	354,337	-	-	-	354,337	-
Other State	704,072	-	-	-	704,072	-
Local Receivables						
Categorical aid	444,796	-	-	-	444,796	-
Interest	35,233	11,054	16,901	17,514	80,702	3,091
Other	55,808	-	-	21,794	77,602	-
Total	<u>\$ 6,465,972</u>	<u>\$ 11,054</u>	<u>\$ 16,901</u>	<u>\$ 650,573</u>	<u>\$ 7,144,500</u>	<u>\$ 3,091</u>

LAWNDALE ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2010, was as follows:

	Balance July 1, 2009	Additions	Deductions	Balance June 30, 2010
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land	\$ 1,370,117	\$ -	\$ -	\$ 1,370,117
Construction in progress	24,669	3,888	24,669	3,888
Total Capital Assets Not Being Depreciated	1,394,786	3,888	24,669	1,374,005
Capital Assets Being Depreciated:				
Land improvements	548,500	41,800	-	590,300
Buildings and improvements	75,924,545	1,226,157	-	77,150,702
Furniture and equipment	3,426,865	360,647	-	3,787,512
Total Capital Assets Being Depreciated	79,899,910	1,628,604	-	81,528,514
Total Capital Assets	81,294,696	1,632,492	24,669	82,902,519
Less Accumulated Depreciation:				
Land improvements	548,500	-	-	548,500
Buildings and improvements	19,499,203	3,088,331	-	22,587,534
Furniture and equipment	2,959,329	95,874	-	3,055,203
Total Accumulated Depreciation	23,007,032	3,184,205	-	26,191,237
Governmental Activities Capital Assets, Net	\$ 58,287,664	\$ (1,551,713)	\$ 24,669	\$ 56,711,282

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

Governmental Activities	
Instruction	\$ 2,451,839
Home-to-school transportation	63,684
Food services	159,210
All other pupil services	63,684
All other general administration	254,736
Plant services	191,052
Total Depreciation Expenses Governmental Activities	<u>\$ 3,184,205</u>

LAWNDALE ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010

NOTE 5 - INTERFUND TRANSACTION

Operating Transfers

Interfund transfers for the year ended June 30, 2010, consisted of the following:

Transfer To	Transfer From		
	General Fund	Non-Major Governmental Funds	Total
General Fund	\$ -	\$ 1,236,887	\$ 1,236,887
Retiree Benefits Fund	342,705	-	342,705
Total	<u>\$ 342,705</u>	<u>\$ 1,236,887</u>	<u>\$ 1,579,592</u>

The General Fund transferred to the Retiree Benefits Fund for District contribution. \$ 342,705

The Non-Major Governmental Deferred Maintenance Fund transferred to the General Fund for approved flexibility transfers.

Total \$ 1,236,887
\$ 1,579,592

NOTE 6 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2010, consisted of the following:

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Activities	Enterprise Fund
Salaries and benefits	\$ 3,269,891	\$ -	\$ 236,181	\$ 3,506,072	\$ 8,593
Special Education excess costs	431,566	-	-	431,566	-
Vendor payables	1,504,286	24,448	207,783	1,736,517	13,715
Total	<u>\$ 5,205,743</u>	<u>\$ 24,448</u>	<u>\$ 443,964</u>	<u>\$ 5,674,155</u>	<u>\$ 22,308</u>

LAWNDALE ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010

NOTE 7 - DEFERRED REVENUE

Deferred revenue at June 30, 2010, consists of the following:

	General Fund	Non-Major Governmental Funds	Total Governmental Activities
Federal financial assistance	\$ 114,704	\$ -	\$ 114,704
State categorical aid	29,402	-	29,402
Other local	144	2,228	2,372
Total	<u>\$ 144,250</u>	<u>\$ 2,228</u>	<u>\$ 146,478</u>

NOTE 8 - LONG-TERM OBLIGATIONS

Summary

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

	Balance July 1, 2009	Additions	Deductions	Balance June 30, 2010	Due in One Year
General obligation bonds	\$ 20,005,000	\$ -	\$ 535,000	\$ 19,470,000	\$ 555,000
Compensated absences	344,371	13,342	-	357,713	-
Net OPEB obligation	350,369	530,488	185,188	695,669	-
Early retirement incentive	9,000	-	9,000	-	-
	<u>\$ 20,708,740</u>	<u>\$ 543,830</u>	<u>\$ 729,188</u>	<u>\$ 20,523,382</u>	<u>\$ 555,000</u>

Payments on the general obligation bonds are made by the bond interest and redemption fund with local revenues. The accrued vacation is paid by the fund for which the employee worked. Early retirement and net OPEB obligation are made by the General Fund.

Bonded Debt

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2009	Bonds Outstanding June 30, 2010	Due in One Year
6/1/1999	8/1/2028	3.5%-5.25%	\$ 10,000,000	\$ 8,270,000	\$ 8,010,000	\$ 270,000
11/6/2002	8/1/2032	3.5%-5.25%	13,000,000	11,735,000	11,460,000	285,000
				<u>\$ 20,005,000</u>	<u>\$ 19,470,000</u>	<u>\$ 555,000</u>

LAWNDALE ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010

Debt Service Requirements to Maturity

The bonds mature through 2029 as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2011	\$ 270,000	\$ 400,380	\$ 670,380
2012	280,000	387,795	667,795
2013	295,000	374,279	669,279
2014	305,000	359,876	664,876
2015	320,000	344,640	664,640
2016-2020	1,845,000	1,462,099	3,307,099
2021-2025	2,350,000	927,054	3,277,054
2026-2029	2,345,000	251,290	2,596,290
Total	<u>\$ 8,010,000</u>	<u>\$ 4,507,413</u>	<u>\$ 12,517,413</u>

The bonds mature through 2033 as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2011	\$ 285,000	\$ 535,055	\$ 820,055
2012	300,000	524,773	824,773
2013	310,000	513,445	823,445
2014	325,000	501,055	826,055
2015	340,000	487,543	827,543
2016-2020	1,965,000	2,194,501	4,159,501
2021-2025	2,470,000	1,675,385	4,145,385
2026-2030	3,155,000	987,090	4,142,090
2031-2033	2,310,000	177,250	2,487,250
Total	<u>\$ 11,460,000</u>	<u>\$ 7,596,097</u>	<u>\$ 19,056,097</u>

Compensated Absences

The long-term portion of accumulated unpaid employee vacation for the District at June 30, 2010, amounted to \$357,713.

LAWNDALE ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

Other Postemployment Benefits (OPEB) Obligation

The District implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, during the year ended June 30, 2009. The District's annual required contribution (ARC) was \$535,762 for the year ended June 30, 2010. The District made a contribution of \$185,188. Interest on the net OPEB obligation and adjustments to the annual required contribution were \$17,518 and (\$22,792), respectively, which resulted in an increase to the net OPEB obligation of \$345,300. See Note 10 for additional information regarding the OPEB obligation and the postemployment benefits plan. The OPEB obligation for the District at June 30, 2010, amounted to \$695,669.

Early Retirement Incentive

The District has an early retirement plan for employees of the District meeting certain negotiated criteria. An early retirement plan was implemented in 2003-2004, and another in 2005-2006, as cost saving strategies for the current and subsequent years. A total of nine employees met the negotiated criteria and only one employee was still participating in the plan during the current fiscal year. The final payment of \$9,000 was made during the current fiscal year. As of year-end, the District has no liability related to the early retirement incentive.

NOTE 9 - FUND BALANCES

Fund balances with reservations/designations are composed of the following elements:

	General Fund	Retiree Benefits Fund	Building Fund	Non-Major Governmental Funds
Reserved				
Revolving cash	\$ 15,000	\$ -	\$ -	\$ 743
Stores inventories	78,748	-	-	19,624
Restricted programs	1,561,419	-	-	-
Total Reserved	1,655,167	-	-	20,367
Unreserved				
Designated				
Economic uncertainties	10,626,880	-	-	3,258,926
Other designation	99,061	3,624,229	4,999,900	1,831,147
Total Designated	10,725,941	3,624,229	4,999,900	5,090,073
Undesignated	-	-	-	1,129,914
Total Unreserved	10,725,941	3,624,229	4,999,900	6,219,987
Total	\$ 12,381,108	\$ 3,624,229	\$ 4,999,900	\$ 6,240,354

LAWNDALE ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

NOTE 10 - POSTEMPLOYMENT HEALTH CARE PLAN AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) OBLIGATION

Plan Description

The Postemployment Benefit 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 retirees and beneficiaries currently receiving benefits, terminated Plan members entitled to, but not yet receiving benefits, and 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 2009-2010, the District contributed \$185,188 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	\$ 535,762
Interest on net OPEB obligation	17,518
Adjustment to annual required contribution	<u>(22,792)</u>
Annual OPEB cost (expense)	530,488
Contributions made	<u>(185,188)</u>
Increase in net OPEB obligation	345,300
Net OPEB obligation, beginning of year	<u>350,369</u>
Net OPEB obligation, end of year	<u><u>\$ 695,669</u></u>

LAWNDALE ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

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
2009	\$ 501,414	\$ 151,045	30%	\$ 350,369
2010	530,488	185,188	35%	695,669

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 Accrued Liability (AAL) - Unprojected 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, 2007	\$ -	\$ 3,606,059	\$ 3,606,059	0%	\$ 25,134,503	14%
July 1, 2009	-	4,159,207	4,159,207	0%	24,190,675	17%

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, 2009, actuarial valuation, the unprojected unit credit method was used. The actuarial assumptions included a five 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 10 percent to an ultimate 5 percent. The UAAL is being amortized at a level dollar method using a 30 year amortization period.

LAWNDALE ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

NOTE 11 - RISK MANAGEMENT

Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2010, 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 2010, the District participated in the Alliance of Schools for Cooperative Insurance Programs (ASCIP) joint powers authorities' insurance purchasing pool. The intent of the ASCIP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the pool. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in the pool. Each participant pays its workers' compensation premium based on its individual rate. A participant will then either receive a refund or credit from ASCIP or will be required to contribute to the "equity-pooling fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the pool. Participation in the pool is limited to districts that can meet the ASCIP selection criteria.

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

Insurance Program / Company Name	Type of Coverage	Limits
<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, 2010

NOTE 12 - EMPLOYEE RETIREMENT SYSTEMS

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

CalSTRS

Plan Description

The District contributes to the CalSTRS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and survivor benefits to beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 7919 Folsom Blvd., Sacramento, California 95826.

Funding Policy

Active plan members are required to contribute 8.0 percent of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2009-2010 was 8.25 percent of annual payroll. The contribution requirements of the plan members are established by State statute. The District's contributions to CalSTRS for the fiscal years ending June 30, 2010, 2009, and 2008, were \$1,995,730, \$2,073,547, and \$2,310,012, respectively, and equal 100 percent of the required contributions for each year.

CalPERS

Plan Description

The District contributes to the School Employer Pool under CalPERS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and survivor benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Laws. CalPERS issue a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95811.

Funding Policy

Active plan members are required to contribute 7.0 percent of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2009-2010 was 9.709 percent of annual payroll. The contribution requirements of the plan members are established by State statute. The District's contributions to CalPERS for the fiscal years ending June 30, 2010, 2009, and 2008, were \$874,661, \$791,919, and \$749,867, respectively, and equal 100 percent of the required contributions for each year.

LAWNDALE ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

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 \$1,032,216 (4.267 percent of annual payroll.) No contributions were made for CalPERS for the year ended June 30, 2010. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. As a result these amounts have been recorded in these financial statements. On behalf payments have been excluded from the calculation of available reserves and in the budget amounts reported in the *General Fund - Budgetary Comparison Schedule*.

NOTE 13 - COMMITMENTS AND CONTINGENCIES

Grants

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2010.

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, 2010.

NOTE 14 - PARTICIPATION IN JOINT POWER AUTHORITY

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

LAWNDALE ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

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, 2010, the District made payments of \$1,156,761 to the ASCIP.

NOTE 15 - FISCAL ISSUES RELATING TO BUDGET REDUCTIONS

The State of California continues to suffer the effects of a recessionary economy. California school districts are reliant on the State of California to appropriate the funding necessary to continue the level of educational services expected by the State constituency. With the implementation of education trailer bill Senate Bill 16 of the 2009-2010 Fourth Extraordinary Session (SBX4 16) (Chapter 23, Statutes of 2009), 25 percent of current year appropriations have now been deferred to a subsequent period, creating significant cash flow management issues for districts in addition to requiring substantial budget reductions, ultimately impacting the ability of California school districts to meet their goals for educational services.

NOTE 16 - SUBSEQUENT EVENTS

General Obligation Bond Issuance

In August 2010, the District issued the 2010 General Obligation Refunding Bonds in the amount of \$13,170,000, and the General Obligation Bonds, 1998 Election, Series C in the amount of \$3,000,000. The proceeds of the Refunding Bonds will be used to advance refund principal amounts of the District's outstanding general obligations. The proceeds of the Series C Bonds will be used to finance the repair and refurbishment of existing school facilities and the construction and acquisition of new classrooms and school facilities.

REQUIRED SUPPLEMENTARY INFORMATION

LAWNDALE ELEMENTARY SCHOOL DISTRICT

GENERAL FUND BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts (GAAP Basis)		Actual (GAAP Basis)	Variances - Positive (Negative) Final to Actual
	Original	Final		
REVENUES				
Revenue limit sources	\$ 28,395,248	\$ 28,395,248	\$ 26,622,531	\$ (1,772,717)
Federal sources	3,701,851	3,701,851	6,378,944	2,677,093
Other State sources	11,301,193	11,301,193	12,132,314	831,121
Other local sources	1,561,269	1,561,269	2,319,389	758,120
Total Revenues ¹	44,959,561	44,959,561	47,453,178	2,493,617
EXPENDITURES				
Current				
Certificated salaries	24,305,968	24,777,417	25,175,723	(398,306)
Classified salaries	8,947,983	8,927,447	8,744,487	182,960
Employee benefits	7,566,447	7,667,249	7,446,693	220,556
Books and supplies	2,017,223	2,806,262	1,959,008	847,254
Services and operating expenditures	5,565,462	5,967,902	5,390,547	577,355
Other outgo	1,866,427	2,065,410	2,079,505	(14,095)
Capital outlay	-	77,735	77,735	-
Total Expenditures ¹	50,269,510	52,289,422	50,873,698	1,415,724
Excess (Deficiency) of Revenues Over Expenditures	(5,309,949)	(7,329,861)	(3,420,520)	3,909,341
Other Financing Sources (Uses)				
Transfers in	-	-	1,236,887	1,236,887
Transfers out	-	-	(342,705)	(342,705)
Net Financing Sources (Uses)	-	-	894,182	894,182
NET CHANGE IN FUND BALANCES	(5,309,949)	(7,329,861)	(2,526,338)	4,803,523
Fund Balance - Beginning	14,907,446	14,907,446	14,907,446	-
Fund Balance - Ending	\$ 9,597,497	\$ 7,577,585	\$ 12,381,108	\$ 4,803,523

¹ On behalf payments of \$1,032,216 are included in the actual revenues and expenditures, but have not been included in the budget amounts.

LAWNDALE ELEMENTARY SCHOOL DISTRICT

RETIREE BENEFITS FUND BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts (GAAP Basis)		Actual	Variances - Positive (Negative) Final to Actual
	Original	Final	(GAAP Basis)	
REVENUES				
Other local sources	\$ 27,000	\$ 27,000	\$ 46,173	\$ 19,173
Other Financing Sources (Uses)				
Transfers in	-	-	342,705	342,705
NET CHANGE IN FUND BALANCES	27,000	27,000	388,878	361,878
Fund Balance - Beginning	3,235,351	3,235,351	3,235,351	-
Fund Balance - Ending	<u>\$ 3,262,351</u>	<u>\$ 3,262,351</u>	<u>\$ 3,624,229</u>	<u>\$ 361,878</u>

LAWNDALE ELEMENTARY SCHOOL DISTRICT**SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB) FUNDING
PROGRESS
FOR THE YEAR ENDED JUNE 30, 2010**

Schedule of Funding Progress						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) - Unprojected 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, 2007	\$ -	\$ 3,606,059	\$ 3,606,059	0%	\$ 25,134,503	14%
July 1, 2009	-	4,159,207	4,159,207	0%	24,190,675	17%

SUPPLEMENTARY INFORMATION

LAWNDAL ELEMEN TARY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2010

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed through the California Department of Education (CDE):			
No Child Left Behind Act			
Title I, Part A Cluster			
Title I, Part A - Basic Grants Low-Income and Neglected	84.010	14981	\$ 1,719,453
Title I, Part A - Basic Grants Low Income and Neglected-ARRA	84.389	15005	288,548
Title I, Program Improvement LEA Corrective Action			
Extensive Performance Problems	84.010	14955	61,210
Total Title I, Part A Cluster			<u>2,069,211</u>
State Fiscal Stabilization Fund-ARRA	84.394	25008	1,799,171
Title II, Part A - Improving Teacher Quality Local Grants	84.367	14341	233,331
Title II, Part D - Enhancing Education Through Technology			
Formula Grants	84.318	14334	12,331
Title II, Part D - Enhancing Education Through Technology			
Competitive Grants	84.318	14368	127,334
Title III, Limited English Proficient Student Program	84.365	10084	375,518
Title IV, Part A - Safe and Drug Free Schools	84.186	14347	36,137
Title IV, Part B - 21st Century Community Learning Centers			
Program-Core	84.287	14349	320,328
Title IV, Part B - 21st Century Community Learning Centers			
Program-Direct Access	84.287	14788	8,833
Title IV, Part B - 21st Century Community Learning Centers			
Program-Family Literacy	84.287	14765	28,600
Title V, Innovative Education Strategies	84.298A	14354	9,498
Individuals with Disabilities Education Act			
Special Education (IDEA) Cluster			
Basic Local Assistance Entitlement, Part B, Section 611	84.027	13379	935,144
Basic Local Assistance-ARRA, Part B, Section 611	84.391	15003	682,286
Preschool Grants, Part B, Section 619	84.173	13430	101,852
Preschool Grants-ARRA, Part B, Section 619	84.392	15000	29,210
Preschool Local Entitlement, Part B, Section 611	84.027A	13682	206,702
Preschool Local Entitlement-ARRA, Part B, Section 611	84.391	15002	125,800
Preschool Staff Development, Part B, Section 619	84.173A	13431	413
Total Special Education (IDEA) Cluster			<u>2,081,407</u>
Total U.S. Department of Education			<u>7,101,699</u>

See accompanying note to supplementary information.

LAWNDALE ELEMENTARY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2010

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through the CDE:			
Child Development Quality Improvement Activities	93.575	14530	\$ 1,781
Medicaid Cluster			
Medi-cal Billing Options	93.778	10013	196,122
Medi-cal Administrative Activities	93.778	10013	38,138
Total Medicaid Cluster			<u>234,260</u>
Total U.S. Department of Health and Human Services			<u>236,041</u>
U.S. DEPARTMENT OF AGRICULTURE:			
Passed through the CDE:			
Child Nutrition Cluster			
National School Lunch Program	10.555	13390	1,784,615
Meal Supplement	10.555	13390	172,562
Especially Needy Breakfast Program	10.553	13390	395,021
Summer Seamless Option	10.559	13390	52,273
Commodities	10.555	[1]	96,684
Total U.S. Department of Agriculture			<u>2,501,155</u>
Total Expenditures of Federal Awards			<u>\$ 9,838,895</u>

[1] Pass-through identification number was not available.

See accompanying note to supplementary information.

LAWNDALE ELEMENTARY SCHOOL DISTRICT

LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE JUNE 30, 2010

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 seven 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>
Ms. Bonnie J. Coronado	President	2013
Mrs. Shirley Rudolph	Clerk	2013
Mrs. Shirley Bennett	Trustee	2011
Mrs. Cathy Burris	Trustee	2011
Mrs. Ann Phillips	Trustee	2013

ADMINISTRATION

Dr. Ellen Dougherty, Ed.D.	Superintendent of Schools
Mr. John D. Vinke	Associate Superintendent of Business Services
Ms. Betsy Hamilton	Assistant Superintendent of Educational Services
Mr. Rick Bagley	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, 2010

	Second Period Report	Annual Report
ELEMENTARY		
Kindergarten	624	626
First through third	1,891	1,887
Fourth through sixth	1,744	1,744
Seventh and eighth	1,215	1,211
Home and hospital	2	2
Special education	146	147
Total K-8	<u>5,622</u>	<u>5,617</u>

See accompanying note to supplementary information.

LAWNDALE ELEMENTARY SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME FOR THE YEAR ENDED JUNE 30, 2010

Grade Level	1982-83	Reduced 1982-83	1986-87	Reduced 1986-87	2009-10	Number of Days		Status
	Actual Minutes	Actual Minutes	Minutes Requirement	Minutes Requirement	Actual Minutes	Traditional Calendar	Multitrack Calendar	
Kindergarten	32,400	31,500	36,000	35,000	36,000	180	N/A	Complied
Grades 1 - 3	43,200	42,000	50,400	49,000				
Grades 1					50,400	180	N/A	Complied
Grades 2					50,400	180	N/A	Complied
Grades 3					50,400	180	N/A	Complied
Grades 4 - 6	48,600	47,250	50,400	49,000				
Grades 4					54,020	180	N/A	Complied
Grades 5					54,020	180	N/A	Complied
Grades 6					59,460	180	N/A	Complied
Grades 7 - 8	54,000	52,500	54,000	52,500				
Grades 7					59,460	180	N/A	Complied
Grades 8					59,460	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, 2010

There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2010.

See accompanying note to supplementary information.

LAWNDALE ELEMENTARY SCHOOL DISTRICT

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2010

	(Budget) 2011 ¹	2010	2009	2008
GENERAL FUND				
Revenues	\$ 43,228,765	\$ 47,453,178	\$ 51,426,881	\$ 52,066,972
Other sources	-	1,236,887	-	-
Total Revenues and Other Sources	43,228,765	48,690,065	51,426,881	52,066,972
Expenditures	48,821,152	50,873,698	51,903,662	52,015,088
Other uses and transfers out	-	342,705	457,049	729,455
Total Expenditures and Other Uses	48,821,152	51,216,403	52,360,711	52,744,543
DECREASE IN FUND BALANCE	\$ (5,592,387)	\$ (2,526,338)	\$ (933,830)	\$ (677,571)
ENDING FUND BALANCE	\$ 6,788,721	\$ 12,381,108	\$ 14,907,446	\$ 15,841,276
AVAILABLE RESERVES ²	\$ 5,388,624	\$ 10,626,880	\$ 11,966,258	\$ 12,713,883
AVAILABLE RESERVES AS A PERCENTAGE OF TOTAL OUTGO ³	11.04%	21.18%	23.36%	24.63%
LONG-TERM OBLIGATIONS	N/A	\$ 20,523,382	\$ 20,708,740	\$ 20,880,658
K-12 AVERAGE DAILY ATTENDANCE AT P-2	5,622	5,622	5,609	5,580

The General Fund balance has decreased by \$3,460,168 over the past two years. The fiscal year 2010-2011 budget projects a further decrease of \$5,592,387 (45 percent). For a district this size, the State recommends available reserves of at least three percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating deficits in all of the past three years and anticipates incurring an operating deficit during the 2010-2011 fiscal year. Total long-term obligations have decreased by \$357,276 over the past two years.

Average daily attendance has increased by 42 over the past two years. No growth of ADA is anticipated during fiscal year 2010-2011.

¹ Budget 2011 is included for analytical purposes only and has not been subjected to audit.

² Available reserves consist of all undesignated fund balances and all funds designated for economic uncertainty contained within the General Fund.

³ On behalf payments of \$1,032,216, \$1,135,326, and \$1,120,265 have been excluded from the calculation of available reserves for the fiscal years ending June 30, 2010, 2009, and 2008, respectively

See accompanying note to supplementary information.

LAWNDALE ELEMENTARY SCHOOL DISTRICT

**SCHEDULE OF CHARTER SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2010**

Name of Charter School	Included in Audit Report
Environmental Charter School	No

See accompanying note to supplementary information.

LAWNDALE ELEMENTARY SCHOOL DISTRICT

NON-MAJOR GOVERNMENTAL FUNDS COMBINING BALANCE SHEET JUNE 30, 2010

	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund
ASSETS			
Deposits and investments	\$ 761,544	\$ 2,277,749	\$ 1,209
Receivables	65,674	574,408	4,194
Stores inventories	-	19,624	-
Total Assets	\$ 827,218	\$ 2,871,781	\$ 5,403
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 218,365	\$ 199,113	\$ 1,209
Deferred revenue	2,228	-	-
Total Liabilities	220,593	199,113	1,209
FUND BALANCES			
Reserved for:			
Revolving cash	-	743	-
Stores inventories	-	19,624	-
Unreserved:			
Designated	606,625	2,652,301	4,194
Undesignated, reported in:			
Debt service funds	-	-	-
Total Fund Balance	606,625	2,672,668	4,194
Total Liabilities and Fund Balances	\$ 827,218	\$ 2,871,781	\$ 5,403

See accompanying note to supplementary information.

Capital Facilities Fund	State School Building Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Tax Override Fund
\$ 740,742 2,501 -	\$ 27,468 93 -	\$ 33,599 113 -	\$ 1,044,186 3,528 -	\$ 1,111,316 - -	\$ 9 - -
<u>\$ 743,243</u>	<u>\$ 27,561</u>	<u>\$ 33,712</u>	<u>\$ 1,047,714</u>	<u>\$ 1,111,316</u>	<u>\$ 9</u>
\$ - - -	\$ 25,277 - 25,277	\$ - - -	\$ - - -	\$ - - -	\$ - - -
- -	- -	- -	- -	- -	- -
743,243	2,284	33,712	1,047,714	-	-
-	-	-	-	1,111,316	9
<u>743,243</u>	<u>2,284</u>	<u>33,712</u>	<u>1,047,714</u>	<u>1,111,316</u>	<u>9</u>
<u>\$ 743,243</u>	<u>\$ 27,561</u>	<u>\$ 33,712</u>	<u>\$ 1,047,714</u>	<u>\$ 1,111,316</u>	<u>\$ 9</u>

LAWNDALE ELEMENTARY SCHOOL DISTRICT

NON-MAJOR GOVERNMENTAL FUNDS COMBINING BALANCE SHEET, CONTINUED JUNE 30, 2010

	Debt Service Fund	Total Non-Major Governmental Funds
ASSETS		
Deposits and investments	\$ 18,527	\$ 6,016,349
Receivables	62	650,573
Stores inventories	-	19,624
Total Assets	<u>\$ 18,589</u>	<u>\$ 6,686,546</u>
LIABILITIES FUND BALANCES		
LIABILITIES		
Accounts payable	\$ -	\$ 443,964
Deferred revenue	-	2,228
Total Liabilities	<u>-</u>	<u>446,192</u>
FUND BALANCES		
Reserved:		
Revolving cash	-	743
Stores inventories	-	19,624
Unreserved:		
Designated	-	5,090,073
Undesignated, reported in:		
Debt service funds	18,589	1,129,914
Total Fund Balance	<u>18,589</u>	<u>6,240,354</u>
Total Liabilities and Fund Balances	<u>\$ 18,589</u>	<u>\$ 6,686,546</u>

See accompanying note to supplementary information.

LAWNDALE ELEMENTARY SCHOOL DISTRICT

NON-MAJOR GOVERNMENTAL FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE FOR THE YEAR ENDED JUNE 30, 2010

	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund
REVENUES			
Federal sources	\$ 1,781	\$ 2,501,155	\$ -
Other State sources	2,131,900	181,556	-
Other local sources	17,348	381,275	19,377
Total Revenues	2,151,029	3,063,986	19,377
EXPENDITURES			
Current			
Instruction	1,605,782	-	-
Instruction-related activities:			
Supervision of instruction	223,649	-	-
School site administration	82,849	-	-
Pupil services:			
Food services	20,686	2,676,450	-
General administration:			
All other general administration	65,824	92,988	-
Plant services	76,333	216,599	95,187
Facility acquisition and construction	-	-	339,280
Debt service			
Principal	-	-	-
Interest and other	-	-	-
Total Expenditures	2,075,123	2,986,037	434,467
Excess (Deficiency) of			
Revenues Over Expenditures	75,906	77,949	(415,090)
Other Financing Sources			
Transfers out	-	-	(1,236,887)
Net Financing Sources	-	-	(1,236,887)
NET CHANGE IN FUND BALANCES	75,906	77,949	(1,651,977)
Fund Balance - Beginning	530,719	2,594,719	1,656,171
Fund Balance - Ending	\$ 606,625	\$ 2,672,668	\$ 4,194

See accompanying note to supplementary information.

Capital Facilities Fund	State School Building Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Tax Override Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	14,824	-
10,701	195	474	15,321	1,458,248	-
10,701	195	474	15,321	1,473,072	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	178	-	26,810	-	-
-	-	-	134,952	-	-
-	-	-	-	535,000	-
-	-	-	-	957,343	-
-	178	-	161,762	1,492,343	-
10,701	17	474	(146,441)	(19,271)	-
-	-	-	-	-	-
-	-	-	-	-	-
10,701	17	474	(146,441)	(19,271)	-
732,542	2,267	33,238	1,194,155	1,130,587	9
\$ 743,243	\$ 2,284	\$ 33,712	\$ 1,047,714	\$ 1,111,316	\$ 9

LAWNDALE ELEMENTARY SCHOOL DISTRICT

NON-MAJOR GOVERNMENTAL FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE, CONTINUED FOR THE YEAR ENDED JUNE 30, 2010

	Debt Service Fund	Total Non-Major Governmental Funds
REVENUES		
Federal sources	\$ -	\$ 2,502,936
Other State sources	-	2,328,280
Other local sources	261	1,903,200
Total Revenues	<u>261</u>	<u>6,734,416</u>
EXPENDITURES		
Current		
Instruction	-	1,605,782
Instruction-related activities:		
Supervision of instruction	-	223,649
School site administration	-	82,849
Pupil services:		
Food services	-	2,697,136
General administration:		
All other general administration	-	158,812
Plant services	-	415,107
Facility acquisition and construction	-	474,232
Debt service		
Principal	-	535,000
Interest and other	-	957,343
Total Expenditures	<u>-</u>	<u>7,149,910</u>
Excess (Deficiency) of		
Revenues Over Expenditures	<u>261</u>	<u>(415,494)</u>
Other Financing Sources		
Transfers out	-	(1,236,887)
Net Financing Sources	<u>-</u>	<u>(1,236,887)</u>
NET CHANGE IN FUND BALANCES	<u>261</u>	<u>(1,652,381)</u>
Fund Balance - Beginning	<u>18,328</u>	<u>7,892,735</u>
Fund Balance - Ending	<u>\$ 18,589</u>	<u>\$ 6,240,354</u>

See accompanying note to supplementary information.

LAWNDAL E 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, 2010

	Actual Results for the Years					
	2009-2010		2008-2009		2007-2008	
	Amount	Percent of Revenue	Amount	Percent of Revenue	Amount	Percent of Revenue
REVENUES						
Federal revenue	\$ 6,379	13.4	\$ 5,507	10.9	\$ 4,006	7.9
State and local revenue included in revenue limit	26,623	56.1	30,525	60.7	31,378	61.6
Other State revenue	12,132	25.6	12,700	23.0	14,060	25.4
Other local revenue	2,319	4.9	2,695	5.4	2,623	5.1
Total Revenues	47,453	100.0	51,427	100.0	52,067	100.0
EXPENDITURES						
Salaries and Benefits						
Certificated salaries	25,176	53.1	25,176	47.8	25,653	49.3
Classified salaries	8,744	18.4	8,538	17.0	8,400	16.1
Employee benefits	7,447	15.7	7,300	14.5	7,058	13.6
Total Salaries and Benefits	41,367	87.2	41,014	79.3	41,111	79.0
Books and supplies	1,959	4.1	3,094	6.1	3,422	6.5
Contracts and operating expenses	5,391	11.3	5,763	11.5	5,808	11.2
Capital outlay	77	0.2	355	0.7	145	0.3
Other outgo	2,080	4.4	1,678	3.3	1,529	2.9
Total Expenditures	50,874	107.2	51,904	100.9	52,015	99.9
EXCESS OF REVENUES OVER (UNDER)EXPENDITURES	(3,421)	(7.2)	(477)	(0.9)	52	0.1
OTHER FINANCING SOURCES (USES)						
Transfers in	1,237	2.6				
Transfers out	(342)	(0.7)	(457)	(0.9)	(730)	(1.4)
DECREASE IN FUND BALANCE	(2,526)	(5.3)	(934)	(1.8)	(678)	(1.3)
FUND BALANCE, BEGINNING	14,907		15,841		16,519	
FUND BALANCE, ENDING	\$ 12,381		\$ 14,907		\$ 15,841	

See accompanying note to supplementary information.

LAWNDALE ELEMENTARY SCHOOL DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2010

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 the United States Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Reconciliation of Federal Revenues and Expense

The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts represent Federal funds that have been recorded as revenues that have not been expended by June 30, 2010. The unspent balances are reported as legally restricted ending balances within the General Fund.

Description	CFDA Number	Amount
Total Federal Revenues From the Statement of Revenues, Expenditures, and Changes in Fund Balance		\$ 8,881,880
American Recovery and Reinvestment Act: State Stabilization Fund	84.394	941,502
Medi-Cal Billing Option	93.778	15,513
Total Schedule of Expenditures of Federal Awards		<u>\$ 9,838,895</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, 2010

Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. 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 either the 1982-1983 actual minutes or the 1986-1987 requirements, whichever is greater, as required by *Education Code* Section 46201. Senate Bill 2 of the 2009-2010 Fourth Extraordinary Session (SBX4 2) allows for an equivalent five-day reduction to the required number of instructional minutes for the fiscal years 2009-2010 through 2012-2013.

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 Balance

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

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.

INDEPENDENT AUDITORS' REPORTS



**INDEPENDENT AUDITORS' 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 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 as of and for the year ended June 30, 2010, which collectively comprise Lawndale Elementary School District's basic financial statements and have issued our report thereon dated December 10, 2010. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Lawndale Elementary School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Lawndale Elementary School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Lawndale Elementary School District's internal control over financial reporting.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lawndale Elementary School District's financial statements are free of 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*.

This report is intended solely for the information and use of the governing board, management, the California Department of Education, the State Controller's Office, Federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Vaurineh, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 10, 2010



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Governing Board
Lawndale Elementary School District
Lawndale, California

Compliance

We have audited the compliance of Lawndale Elementary School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2010. Lawndale Elementary School District's major Federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major Federal programs is the responsibility of Lawndale Elementary School District's management. Our responsibility is to express an opinion on Lawndale Elementary School District's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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. Our audit does not provide a legal determination of Lawndale Elementary School District's compliance with those requirements.

In our opinion, Lawndale Elementary School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

The management of Lawndale Elementary School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to Federal programs. In planning and performing our audit, we considered Lawndale Elementary School District's internal control over compliance with the requirements that could have a direct and material effect on a major Federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the governing board, management, the California Department of Education, the State Controller's Office, Federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Vannet, Trine, Day & Co., LLP

Rancho Cucamonga, California

December 10, 2010



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Governing Board
Lawndale Elementary School District
Lawndale, California

We have audited 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 as of and for the year ended June 30, 2010, and have issued our report thereon dated December 10, 2010. 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 *Standards and Procedures for Audits of California K-12 Local Educational Agencies 2009-10*, 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

Compliance with the requirements of laws, regulations, contracts, and grants listed below is the responsibility of Lawndale Elementary School District's management. In connection with the audit referred to above, we selected and tested transactions and records to determine the Lawndale Elementary School District's compliance with the State laws and regulations applicable to the following items:

	Procedures in Audit Guide	Procedures Performed
Attendance Accounting:		
Attendance reporting	8	Yes
Kindergarten continuance	3	Yes
Independent study	23	Not Applicable
Continuation education	10	Not Applicable
Instructional Time:		
School districts	6	Yes
County offices of education	3	Not Applicable
Instructional Materials:		
General requirements	8	Yes
Ratios of Administrative Employees to Teachers	1	Yes
Classroom Teacher Salaries	1	Yes
Early retirement incentive	4	Not Applicable
Gann limit calculation	1	Yes
School Accountability Report Card	3	Yes
Public hearing requirement - receipt of funds	1	Yes

	Procedures in Audit Guide	Procedures Performed
Class Size Reduction Program (including in Charter Schools):		
General requirements	7	Yes
Option one classes	3	Yes
Option two classes	4	Yes
District or charter schools with only one school serving K-3	4	Not Applicable
After School Education and Safety Program:		
General requirements	4	Yes
After school	4	Yes
Before school	5	Yes
Charter Schools:		
Contemporaneous records of attendance	1	Not Applicable
Mode of instruction	1	Not Applicable
Non classroom-based instruction/independent study	15	Not Applicable
Determination of funding for non classroom-based instruction	3	Not Applicable
Annual instruction minutes classroom based	3	Not Applicable

Based on our audit, we found that for the items tested, the Lawndale Elementary School District complied with the State laws and regulations referred to above. Further, based on our audit, for items not tested, nothing came to our attention to indicate that the Lawndale Elementary School District had not complied with the laws and regulations. Our audit does not provide a legal determination on Lawndale Elementary School District's compliance with the State laws and regulations referred to above.

This report is intended solely for the information and use of the governing board, management, the California Department of Education, the State Controller's Office, the California Department of Finance, Federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Vannest, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 10, 2010

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

LAWNDAL ELEMEN TARY SCHOOL DISTRICT

SUMMARY OF AUDITORS' RESULTS FOR THE YEAR ENDED JUNE 30, 2010

FINANCIAL STATEMENTS

Type of auditors' report issued:	<u>Unqualified</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>None reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

Internal control over major programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>None reported</u>
Type of auditors' report issued on compliance for major programs:	<u>Unqualified</u>
Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133	<u>No</u>
Identification of major programs	

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>84.010 and 84.389 (ARRA)</u>	<u>Title I, Part A Cluster (including ARRA)</u>
<u>84.394 (ARRA)</u>	<u>State Fiscal Stabilization Fund-ARRA</u>
<u>84.365</u>	<u>Title III, Limited English Proficient Student Program</u>
<u>84.287</u>	<u>Title IV, Part B, 21st Century Community Learning Centers Program - Core</u>
<u>84.287</u>	<u>Title IV, Part B, 21st Century Community Learning Centers Program - Direct Access</u>
<u>84.287</u>	<u>Title IV, Part B, 21st Century Community Learning Centers Program - Family Literacy</u>
<u>84.027, 84.027A, 84.173, 84.173A, 84.391 (ARRA) and 84.392 (ARRA)</u>	<u>Special Education (IDEA) Cluster (including ARRA)</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 300,000</u>
Auditee qualified as low-risk auditee?	<u>No</u>

STATE AWARDS

Internal control over State programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>None reported</u>
Type of auditors' report issued on compliance for State programs:	<u>Unqualified</u>

LAWNDALE ELEMENTARY SCHOOL DISTRICT

**FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2010**

None reported.

LAWNDALE ELEMENTARY SCHOOL DISTRICT

**FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010**

None reported.

LAWNDALE ELEMENTARY SCHOOL DISTRICT

**STATE AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010**

None reported.

LAWNDALE ELEMENTARY SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2010

The following findings represent instances of noncompliance and/or questioned costs relating to State program laws and regulations. The findings have been coded as follows:

<u>Five Digit Code</u>	<u>AB 3627 Finding Type</u>
10000	Attendance
40000	State Compliance

2009-1 10000 and 40000

Attendance Reporting

Criteria

All teachers that teach any class which has more than 20 percent of the pupils being English Learners must possess the necessary credentials to instruct limited English-proficient pupils.

Education Code Sections 44253.3, 44253.4, or 44253.10

Condition

One teacher at Billy Mitchell Elementary School whose class exceeded the 20 percent threshold noted above did not possess the necessary credentials to instruct such pupils.

Effect

The District is not in compliance with State requirements related to attendance reporting.

Cause

The District does not have a control in place to ensure that all teachers teaching classes with more than 20 percent of English Learners have the appropriate credentials.

Context

Out of six teachers tested whose class had exceeded the 20 percent threshold, one teacher was noted as not having the necessary credentials.

Questioned Costs

None.

Recommendation

The District should implement a procedure to ensure that when teachers are assigned to classes where over 20 percent of the students are English Learners, the teacher's credentials are reviewed and verified to ensure they meet the minimum qualifications to teach the class.

LAWNDALE ELEMENTARY SCHOOL DISTRICT

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2010**

Current Status

Implemented.