

**LAWNDALE ELEMENTARY  
SCHOOL DISTRICT**

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ANNUAL FINANCIAL REPORT

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**JUNE 30, 2005**

**LAWNDALE ELEMENTARY SCHOOL DISTRICT**  
**OF LOS ANGELES COUNTY**  
**LAWNDALE, CALIFORNIA**  
**JUNE 30, 2005**

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**GOVERNING BOARD**

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Mr. Craig W. Burris	President	2007
Ms. Bonnie J. Coronado	Clerk	2005
Ms. Shirley Bennett	Member	2007
Ms. Ann Phillips	Member	2005
Ms. Shirley Rudolph	Member	2005

**ADMINISTRATION**

Mr. Joseph D. Condon, Ed.D.	Superintendent of Schools
Mr. John D. Vinke	Associate Superintendent of Business Services
Ms. Dorinda Dee	Assistant Superintendent of Educational Services
Ms. Shirley Giltzow, Ed.D.	Assistant Superintendent of Human Resources

# LAWNDALE ELEMENTARY SCHOOL DISTRICT

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JUNE 30, 2005

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***FINANCIAL SECTION***

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## **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, 2005, 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* 2004-05, prescribed in the California Code of Regulations, Title 5, Section 19810 and following. 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, 2005, and the respective changes in financial positions and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 9, 2005, 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 information on page 47, are not a required part of the basic financial statements, but are 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 on it.

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*, are presented for purposes of additional analysis and are 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, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The unaudited supplementary information listed in the table of contents, including the Combining Statements - Non-Major Governmental Funds and General Fund selected financial information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Vauried, Trine, Day & Co., LLP

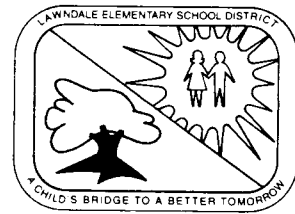
Rancho Cucamonga, California  
September 9, 2005



# LAWNDALE ELEMENTARY SCHOOL DISTRICT

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Lawndale, California 90260

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This section of Lawndale Elementary School District's (the "District") annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2005. 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 Statement No. 34.

The *Government-Wide Financial Statements* present the financial picture of the District from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business-type activities separately. These statements include all assets of the District, as well as all liabilities (including long-term debt). 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, business-type, and fiduciary.

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

The *Business-Type Activities* are prepared using the economic resources measurement focus and the accrual basis of accounting.

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

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

The Primary unit of the government is the Lawndale Elementary School District.

# LAWNDALE ELEMENTARY SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2005

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### FINANCIAL HIGHLIGHTS OF THE PAST YEAR

#### 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 program is 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, 2005

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

**Proprietary funds** - When the District charges users for the services it provides, whether to outside customers or to other departments within the District, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the *Statement of Net 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 our funds for associated student body activities, scholarships. The District's fiduciary activities are reported in separate *Statements 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.

### THE DISTRICT AS A WHOLE

#### Net Assets

The District's net assets were \$63.0 million for the fiscal year ended June 30, 2005. Of this amount, \$7.2 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.

# LAWNDALE ELEMENTARY SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2005

**Table 1**

(Amounts in thousands)	Governmental Activities		Business-Type Activities		School District Activities	
	2005	2004	2005	2004	2005	2004
Current and other assets	\$ 48,039.4	\$ 49,105.3	\$ 67.0	\$ 26.5	\$ 48,106.4	\$ 49,131.8
Capital assets	45,583.5	39,017.8	-	-	45,583.5	39,017.8
<b>Total Assets</b>	<b>93,622.9</b>	<b>88,123.1</b>	<b>67.0</b>	<b>26.5</b>	<b>93,689.9</b>	<b>88,149.6</b>
Current liabilities	8,863.1	8,105.6	6.7	-	8,869.8	8,105.6
Long-term debt	21,788.5	22,320.1	-	-	21,788.5	22,320.1
<b>Total Liabilities</b>	<b>30,651.6</b>	<b>30,425.7</b>	<b>6.7</b>	<b>-</b>	<b>30,658.3</b>	<b>30,425.7</b>
Net assets						
Invested in capital assets, net of related debt	23,683.5	16,707.8	-	-	23,683.5	16,707.8
Restricted	32,145.8	34,938.5	-	-	32,145.8	34,938.5
Unrestricted	7,142.0	6,051.1	60.3	26.5	7,202.3	6,077.6
<b>Total Net Assets</b>	<b>\$ 62,971.3</b>	<b>\$ 57,697.4</b>	<b>\$ 60.3</b>	<b>\$ 26.5</b>	<b>\$ 63,031.6</b>	<b>\$ 57,723.9</b>

The \$7.1 million in unrestricted net assets of governmental activities represents the *accumulated* results of all past years' operations. It means that if we had to pay off all of our bills *today*, including all of our non-capital liabilities (compensated absences as an example), we would have \$7.1 million left. We will need to closely monitor our expenditures in the future and adhere strictly to the budget to increase this \$7.1 million.

### 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.

# LAWNDALE ELEMENTARY SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2005

**Table 2**

(Amounts in thousands)	Governmental Activities		Business-Type Activities		School District Activities	
	2005	2004	2005	2004	2005	2004
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 513.5	\$ 637.5	\$ 88.1	\$ 145.4	\$ 601.6	\$ 782.9
Operating grants and contributions	15,961.2	15,219.6	-	-	15,961.2	15,219.6
Capital grants and contributions	5,146.3	5,442.7	-	-	5,146.3	5,442.7
General revenues:						
State revenue limit sources	27,789.2	23,820.4	-	-	27,789.2	23,820.4
Property taxes	5,973.4	10,722.5	-	-	5,973.4	10,722.5
Other general revenues	3,690.1	606.7	1.5	0.8	3,691.6	607.5
<b>Total Revenues</b>	<b>59,073.7</b>	<b>56,449.4</b>	<b>89.6</b>	<b>146.2</b>	<b>59,163.3</b>	<b>56,595.6</b>
<b>Expenses</b>						
Instruction-related	37,481.1	34,142.3	-	-	37,481.1	34,142.3
Student support services	3,985.7	4,013.5	-	-	3,985.7	4,013.5
Administration	3,304.7	3,093.6	-	-	3,304.7	3,093.6
Maintenance and operations	4,258.9	4,241.1	-	-	4,258.9	4,241.1
Other	3,146.2	4,698.4	55.7	134.2	3,201.9	4,832.6
<b>Total Expenses</b>	<b>52,176.6</b>	<b>50,188.9</b>	<b>55.7</b>	<b>134.2</b>	<b>52,232.3</b>	<b>50,323.1</b>
<b>Excess</b>						
<b>Change in Net Assets</b>	<b>\$ 6,897.1</b>	<b>\$ 6,260.5</b>	<b>\$ 33.9</b>	<b>\$ 12.0</b>	<b>\$ 6,931.0</b>	<b>\$ 6,272.5</b>

### Governmental Activities

As reported in the *Statement of Activities* on page 14, the cost of all of our governmental activities this year was \$52.2 million. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only \$6.0 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 (\$21.1 million). We paid for the remaining "public benefit" portion of our governmental activities with \$30.5 million in State funds, and with other revenues, like interest and general entitlements.

In Table 3, we have presented the cost of each of the District's five largest functions: instruction, instruction-related activities, other pupil services, general administration and maintenance and operation, as well as each program's *net* cost (total cost less revenues generated by the activities). As discussed above, net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

# LAWNDALE ELEMENTARY SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2005

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**Table 3**

(Amounts in thousands)	Total Cost of Services		Net Cost of Services	
	2005	2004	2005	2004
Instruction	\$ 33,049.6	\$ 29,660.8	\$ (18,304.0)	\$ (15,554.6)
Instruction-related activities	4,431.5	4,481.5	(2,703.2)	(2,648.6)
Other pupil services	3,985.7	4,013.5	(692.7)	(631.8)
General administration	3,304.7	3,093.6	(2,163.5)	(2,195.1)
Maintenance and operations	4,258.9	4,241.1	(3,976.9)	(3,912.0)
Other	3,146.2	4,698.4	(2,715.2)	(3,947.1)
<b>Totals</b>	<b>\$ 52,176.6</b>	<b>\$ 50,188.9</b>	<b>\$ (30,555.5)</b>	<b>\$ (28,889.2)</b>

### THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of \$40.1 million, which is a decrease of \$1.8 million from last year (Table 4). The largest component of this decrease, (\$4.25) million for our facilities and capital improvements fund balances, is related to actual completed construction which is part of the District's facilities master plan. The District is near completion of its new Smith Elementary School budgeted at \$12 million and is well underway on its new Addams Middle School budgeted at \$16 million. The general fund reflected an interim increase of \$1.7 million which includes a one-time audit adjustment of \$342,000 for vacation accruals to meet GASB technical reporting requirements, and the delay in increased operational costs for the new Smith School and Addams of approximately \$0.7 million annually. Lastly, the Cafeteria Fund reflects an increase of \$345,000 as they plan for upgraded equipment requirements; the Retiree Benefits Fund reflects an increase of \$337,000 in anticipation of future medical costs, and The Child Development Fund reflects an increase of \$18,900.

# LAWNDALE ELEMENTARY SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2005

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**Table 4**

(Amounts in thousands)

	Fund Balance	
	June 30, 2005	June 30, 2004
General	\$ 9,604.8	\$ 7,883.8
Building	16,163.8	21,776.3
County School Facilities	5,287.1	5,472.2
Child Development	442.1	423.2
Cafeteria	1,486.3	1,141.2
Deferred Maintenance	1,398.8	1,001.7
Retiree Benefits	1,987.9	1,650.9
Capital Facilities	315.8	228.8
State School Building Lease-Purchase	1,300.0	0.6
Special Reserve Capital Outlay	890.3	980.4
Bond Interest and redemption	1,182.6	1,334.2
Other	15.6	15.2
<b>Totals</b>	<b>\$ 40,075.1</b>	<b>\$ 41,908.5</b>

### General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The 1<sup>st</sup> Interim Budget report was prepared based upon actual information through October 31, 2004, and the 2<sup>nd</sup> Interim Budget Report was prepared based upon the actual information through January 31, 2005. The final amendments to the budget were adopted in late spring of 2005 (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).

### CAPITAL ASSET AND DEBT ADMINISTRATION

#### Capital Assets

At June 30, 2005, the District had \$45.6 million in a broad range of capital assets (net of depreciation), including land, buildings, furniture, and equipment. This amount represents a net increase (including additions, deductions, and depreciation) of just over \$4.9 million, or 12 percent, from last year (Table 5).

# LAWNDALE ELEMENTARY SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2005

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**Table 5**

(Amounts in thousands)	Governmental Activities	
	2005	2004
Land and construction in progress	\$ 12,281.9	\$ 10,502.2
Buildings and improvements	32,862.5	29,391.4
Equipment	439.1	747.5
<b>Totals</b>	<b>\$ 45,583.5</b>	<b>\$ 40,641.1</b>

This year's addition of over \$4.9 million mostly reflects the District's facilities and construction program accomplishments including the nearly complete new Smith Elementary School budgeted at \$12 million and its new Addams Middle School budgeted at \$16 million well into construction. We present more detailed information about our capital assets in Note 4 to the financial statements.

### Long-Term Debt

At the end of this year, the District had \$21.9 million in bonds outstanding versus \$22.3 million last year, a decrease of two percent. The long-term debt consisted of:

**Table 6**

(Amounts in thousands)	Governmental Activities	
	2005	2004
General obligation bonds (financed with property taxes)	\$ 21,900.0	\$ 22,310.0
Compensated absences	313.5	389.1
Early retirement	31.0	77.0
<b>Totals</b>	<b>\$ 22,244.5</b>	<b>\$ 22,776.1</b>

The District's general obligation bond rating continues to be "AAA". The State limits the amount of general obligation debt that District's 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 \$21.9 million is significantly below this \$26 million statutorily-imposed limit.

Other obligations include compensated absences payable, post-employment benefits (not including health benefits) and other long-term debt. We present more detailed information regarding our long-term liabilities in Note 7 of the financial statements.



# LAWNDALE ELEMENTARY SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2005

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### SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2004-2005 ARE NOTED BELOW:

The District continued to implement its significant facilities improvement master plan of over \$60 million for all of its schools in the 2004-05 fiscal year with the near completion of its new Smith Elementary School budgeted at \$12 million and continued construction of its new Addams Middle School budgeted at \$16 million. These facilities are essential to the planned conversion from K-6 elementary schools with one 7<sup>th</sup> and 8<sup>th</sup> grade middle school to two (2) 6,7,8 middle schools, and K-5 elementary schools.

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

In considering the District Budget for the 2005-2006 year, the Governing Board and management used the following criteria:

The key assumptions in our revenue forecast are:

1. A COLA on the District's revenue limit of 4.23 percent and an additional 1.13 percent for deficit reduction.
2. ADA is reduced by approximately 50 to reflect continuing declining enrollments.
3. Interest earnings will maintain consistent with the prior year.
4. Developer fee collections are based on approximate new housing units to be constructed.
5. Federal income will decrease slightly due to declining enrollment for the population of qualified students.
6. State income will decrease slightly due to declining enrollment for the population of qualified students.
7. Charges to other funds will increase slightly to reflect a 9 percent increase on medical benefits for eligible employees charged to other funds.

Expenditures are based on the following forecasts:

	Staffing Ratio	Enrollment
Grades kindergarten through third	30:1	610
Grades four through eight	20:1	2,180
Grades nine through twelve	30:1	3,277

The new items specifically addressed in the budget are reductions in revenue and expenses to reflect declining enrollment trends which are expected to continue for the next few years. For example, we anticipate a decline of approximately 50 students in the 2005-06 year. Declining enrollment is a new phenomenon for our District that presents a unique challenge to balance budgets when revenues losses outpace expenditure reduction options.

### 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](mailto:john_vinke@lawndale.k12.ca.us).

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# LAWNDALE ELEMENTARY SCHOOL DISTRICT

## STATEMENT OF NET ASSETS JUNE 30, 2005

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Deposits and investments	\$ 43,450,448	\$ 66,623	\$ 43,517,071
Receivables	4,394,073	415	4,394,488
Stores inventories	63,525	-	63,525
Other current assets	131,272	-	131,272
Capital Assets:			
Land and construction in progress	12,281,935	-	12,281,935
Other capital assets	47,566,442	-	47,566,442
Less: Accumulated depreciation	(14,264,847)	-	(14,264,847)
Total Capital Assets	45,583,530	-	45,583,530
<b>Total Assets</b>	<b>93,622,848</b>	<b>67,038</b>	<b>93,689,886</b>
<b>LIABILITIES</b>			
Accounts payable	6,977,310	6,682	6,983,992
Interest payable	442,861	-	442,861
Deferred revenue	986,914	-	986,914
Long-term liabilities:			
Current portion of long-term obligations	456,000	-	456,000
Noncurrent portion of long-term obligations	21,788,505	-	21,788,505
Total Long-Term Liabilities	22,244,505	-	22,244,505
<b>Total Liabilities</b>	<b>30,651,590</b>	<b>6,682</b>	<b>30,658,272</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	23,683,530	-	23,683,530
Restricted for:			
Debt service	1,198,116	-	1,198,116
Capital projects	23,957,041	-	23,957,041
Educational programs	1,675,529	-	1,675,529
Other activities	5,315,111	-	5,315,111
Unrestricted	7,141,931	60,356	7,202,287
<b>Total Net Assets</b>	<b>\$ 62,971,258</b>	<b>\$ 60,356</b>	<b>\$ 63,031,614</b>

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

# LAWNDALE ELEMENTARY SCHOOL DISTRICT

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2005

Functions/Programs	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
Instruction	\$ 33,049,623	\$ -	\$ 9,599,309	\$ 5,146,269
Instruction-related activities:				
Supervision of instruction	1,068,781	-	901,252	-
Instructional library, media, and technology	502,799	-	406,532	-
School site administration	2,859,936	-	420,578	-
Pupil services:				
Home-to-school transportation	682,542	121,240	399,494	-
Food services	2,223,050	352,191	1,828,815	-
All other pupil services	1,080,152	-	591,294	-
General administration:				
Data processing	109,430	-	-	-
All other general administration	3,195,223	6,733	1,134,405	-
Plant services	3,926,976	33,358	248,658	-
Facility acquisition and construction	331,895	-	-	-
Community services	39,776	-	29,868	-
Enterprise services	159,472	-	-	-
Interest on long-term debt	1,076,758	-	-	-
Other outgo	1,870,139	-	401,038	-
<b>Total Governmental Activities</b>	<b>52,176,552</b>	<b>513,522</b>	<b>15,961,243</b>	<b>5,146,269</b>
<b>Business-Type Activities</b>				
Enterprise services	55,654	88,060	-	-
<b>Total School District</b>	<b>\$ 52,232,206</b>	<b>\$ 601,582</b>	<b>\$ 15,961,243</b>	<b>\$ 5,146,269</b>

### General revenues and subventions:

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

### Subtotal, General Revenues

### Change in Net Assets

Net Assets - Beginning  
 Prior Period Adjustment  
 Beginning Net Assets as Restated  
 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
\$ (18,304,045)	\$ -	\$ (18,304,045)
(167,529)	-	(167,529)
(96,267)	-	(96,267)
(2,439,358)	-	(2,439,358)
(161,808)	-	(161,808)
(42,044)	-	(42,044)
(488,858)	-	(488,858)
(109,430)	-	(109,430)
(2,054,085)	-	(2,054,085)
(3,644,960)	-	(3,644,960)
(331,895)	-	(331,895)
(9,908)	-	(9,908)
(159,472)	-	(159,472)
(1,076,758)	-	(1,076,758)
(1,469,101)	-	(1,469,101)
(30,555,518)	-	(30,555,518)
-	32,406	32,406
(30,555,518)	32,406	(30,523,112)
4,641,816	-	4,641,816
1,321,932	-	1,321,932
9,676	-	9,676
27,789,145	-	27,789,145
945,621	-	945,621
2,744,440	1,480	2,745,920
37,452,630	1,480	37,454,110
6,897,112	33,886	6,930,998
57,697,445	26,470	57,723,915
(1,623,299)	-	(1,623,299)
56,074,146	26,470	56,100,616
\$ 62,971,258	\$ 60,356	\$ 63,031,614

# LAWNDALE ELEMENTARY SCHOOL DISTRICT

## GOVERNMENTAL FUNDS BALANCE SHEET JUNE 30, 2005

	General Fund	Building Fund	County School Facilities Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Deposits and investments	\$ 11,509,234	\$ 18,091,286	\$ 5,218,942	\$ 8,630,986	\$ 43,450,448
Receivables	3,382,207	125,178	68,147	818,541	4,394,073
Stores inventory	45,664	-	-	17,861	63,525
Other current assets	131,272	-	-	-	131,272
<b>Total Assets</b>	<u>\$ 15,068,377</u>	<u>\$ 18,216,464</u>	<u>\$ 5,287,089</u>	<u>\$ 9,467,388</u>	<u>\$ 48,039,318</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	4,712,075	2,052,694	-	212,541	6,977,310
Deferred revenue	751,476	-	-	235,438	986,914
<b>Total Liabilities</b>	<u>5,463,551</u>	<u>2,052,694</u>	<u>-</u>	<u>447,979</u>	<u>7,964,224</u>
<b>Fund Balances:</b>					
Reserved	1,736,193	-	-	18,341	1,754,534
Unreserved:					
Designated	7,868,633	16,163,770	5,287,089	5,612,596	34,932,088
Undesignated, reported in:					
Debt service funds	-	-	-	1,198,116	1,198,116
Capital projects funds	-	-	-	2,190,356	2,190,356
<b>Total Fund Balance</b>	<u>9,604,826</u>	<u>16,163,770</u>	<u>5,287,089</u>	<u>9,019,409</u>	<u>40,075,094</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 15,068,377</u>	<u>\$ 18,216,464</u>	<u>\$ 5,287,089</u>	<u>\$ 9,467,388</u>	<u>\$ 48,039,318</u>

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

# LAWNDALE ELEMENTARY SCHOOL DISTRICT

## GOVERNMENTAL FUNDS

### RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS

JUNE 30, 2005

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

<b>Total Fund Balance - Governmental Funds</b>		<b>\$ 40,075,094</b>
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	\$ 59,848,377	
Accumulated depreciation is	<u>(14,264,847)</u>	
Total Net Capital Assets		45,583,530
In governmental funds, unmatured interest on long-term debt is recognized in the period when it is due. On the government-wide statements, unmatured interest on long-term debt is recognized when it is incurred.		(442,861)
Long-term liabilities, including general obligation bonds, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		
Long-term liabilities at year end consist of:		
General obligation bonds	(21,900,000)	
Early retirement incentive	(313,505)	
Compensated absences	<u>(31,000)</u>	
Total Long-Term Liabilities		<u>(22,244,505)</u>
<b>Total Net Assets - Governmental Activities</b>		<b><u><u>\$ 62,971,258</u></u></b>

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, 2005

	General Fund	Building Fund	County School Facilities Fund
<b>REVENUES</b>			
Revenue limit sources	\$ 29,061,289	\$ -	\$ -
Federal sources	5,669,968	-	-
Other state sources	10,335,062	-	3,646,269
Other local sources	1,571,303	405,096	166,033
<b>Total Revenues</b>	<u>46,637,622</u>	<u>405,096</u>	<u>3,812,302</u>
<b>EXPENDITURES</b>			
Current			
Instruction	30,727,116	-	-
Instruction-related activities:			
Supervision of instruction	900,308	-	-
Instructional library, media and technology	502,799	-	-
School site administration	2,836,114	-	-
Pupil Services:			
Home-to-school transportation	657,388	-	-
Food services	-	-	-
All other pupil services	1,038,373	-	-
General administration:			
Data processing	109,430	-	-
All other general administration	3,006,101	-	-
Plant services	3,465,067	-	-
Facility acquisition and construction	-	6,017,658	3,997,427
Community services	39,776	-	-
Other outgo	1,192,127	-	-
Enterprise services	-	-	-
Debt service			
Principal	-	-	-
Interest and other	-	-	-
<b>Total Expenditures</b>	<u>44,474,599</u>	<u>6,017,658</u>	<u>3,997,427</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>2,163,023</u>	<u>(5,612,562)</u>	<u>(185,125)</u>
<b>Other Financing Sources (Uses):</b>			
Transfers in	-	-	-
Transfers out	(442,003)	-	-
<b>Net Financing Sources (Uses)</b>	<u>(442,003)</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>1,721,020</u>	<u>(5,612,562)</u>	<u>(185,125)</u>
<b>Fund Balance - Beginning</b>	<u>7,883,806</u>	<u>21,776,332</u>	<u>5,472,214</u>
<b>Fund Balance - Ending</b>	<u>\$ 9,604,826</u>	<u>\$ 16,163,770</u>	<u>\$ 5,287,089</u>

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



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<b>Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ -	\$ 29,061,289
2,073,296	7,743,264
3,399,706	17,381,037
2,082,555	4,224,987
<u>7,555,557</u>	<u>58,410,577</u>
1,062,046	31,789,162
168,473	1,068,781
-	502,799
23,822	2,859,936
-	657,388
2,151,243	2,151,243
479	1,038,852
-	109,430
141,697	3,147,798
329,343	3,794,410
221,058	10,236,143
-	39,776
-	1,192,127
159,472	159,472
410,000	410,000
1,086,680	1,086,680
<u>5,754,313</u>	<u>60,243,997</u>
<u>1,801,244</u>	<u>(1,833,420)</u>
678,012	678,012
<u>(236,009)</u>	<u>(678,012)</u>
<u>442,003</u>	<u>-</u>
2,243,247	(1,833,420)
6,776,162	41,908,514
<u>\$ 9,019,409</u>	<u>\$ 40,075,094</u>

# LAWNDALE ELEMENTARY SCHOOL DISTRICT

## RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE DISTRICT-WIDE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2005

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Total Net Change in Fund Balances - Governmental Funds \$ (1,833,420)

**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 capital outlays exceed depreciation in the period.

Capital outlays	\$ 9,903,554	
Depreciation expense	<u>(1,699,572)</u>	
		8,203,982

Loss on disposal of capital assets is reported in the government-wide statement of net assets, but is not recorded in the governmental funds. (14,925)

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 used was more than the amounts earned by \$75,552. Early retirement incentive paid was \$46,000. 121,552

Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities:

Principal payment on general obligation bonds	410,000
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Interest on long-term debt 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. The additional interest reported in the statement of activities is the net result of two factors.

Accrued interest of current period.	(442,861)
Accrued interest from prior period.	<u>452,784</u>
Change in Net Assets of Governmental Activities	<u><u>\$ 6,897,112</u></u>

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

# LAWNDALE ELEMENTARY SCHOOL DISTRICT

## PROPRIETARY FUNDS STATEMENT OF NET ASSETS JUNE 30, 2005

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### Business-Type Activities Enterprise Fund

	<u>Child Care</u>
<b>ASSETS</b>	
<b>Current Assets</b>	
Deposits and investments	\$ 66,623
Receivables	415
<b>Total Assets</b>	<u>67,038</u>
<b>LIABILITIES</b>	
<b>Current Liabilities</b>	
Accounts payable	6,682
<b>Total Liabilities</b>	<u>6,682</u>
<b>NET ASSETS</b>	
Unrestricted	60,356
<b>Total Net Assets</b>	<u>\$ 60,356</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, 2005

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#### Business-Type Activities Enterprise Fund

	<u>Child Care</u>
<b>OPERATING REVENUES</b>	
Local and intermediate sources	\$ 88,060
<b>Total Operating Revenues</b>	<u>88,060</u>
<b>OPERATING EXPENSES</b>	
Payroll costs	52,788
Supplies and materials	2,856
Other operating cost	10
<b>Total Operating Expenses</b>	<u>55,654</u>
<b>Operating Income</b>	<u>32,406</u>
<b>NONOPERATING REVENUES</b>	
Interest income	1,480
<b>Total Nonoperating Revenues</b>	<u>1,480</u>
<b>Change in Net Assets</b>	33,886
<b>Total Net Assets - Beginning</b>	26,470
<b>Total Net Assets - Ending</b>	<u>\$ 60,356</u>

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, 2005**

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**Business-Type Activities Enterprise Fund**

	<u><b>Child Care</b></u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from user charges	\$ 88,060
Cash payments for other operating expenses	<u>(48,972)</u>
Net Cash Provided from	
Operating Activities	<u>39,088</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest on investments	<u>1,065</u>
Net Cash Provided from	
Investing Activities	<u>1,065</u>
Net Increase in Cash and Cash Equivalents	40,153
Cash and Cash Equivalents - Beginning	26,470
Cash and Cash Equivalents - Ending	<u><u>\$ 66,623</u></u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Operating income	\$ 32,406
Changes in assets and liabilities:	
Accounts Payable	<u>6,682</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u><u>\$ 39,088</u></u>

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

**LAWNDALE ELEMENTARY SCHOOL DISTRICT**

**FIDUCIARY FUNDS**

**STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2005**

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	<b>Agency Funds</b>
<b>ASSETS</b>	
Deposits and investments	<u>\$ 17,225</u>
<b>LIABILITIES</b>	
Due to student groups	<u>\$ 17,225</u>

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

# LAWNDALE ELEMENTARY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2005

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### *NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*

#### **Financial Reporting Entity**

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

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

#### **Component Units**

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District, in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. The District has no component units.

#### **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 for another five years ending on June 30, 2009.

For financial reporting purposes the charter is not considered a component unit in accordance with 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 therefore is not included as part of these financials.

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

**Joint Powers Agencies and Public Entity Risk Pools** The District is associated with two joint powers agencies. These organizations do not meet the criteria for inclusion as component units of the District. Additional information is presented in Note 14 to the financial statements. These organizations are:

Alliance of Schools for Collective Insurance Purchasing (ASCIP)  
Centinela – South Bay School Insurance Authority (CSBSIA)

# LAWNDALE ELEMENTARY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2005

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### 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 accounts for all financial resources except those required to be recorded in another fund. The General Fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of California.

**Building Fund** The Building Fund exists primarily to account separately for proceeds from sale of bonds and the acquisition of major governmental capital facilities and buildings.

**County School Facilities Fund** The County School Facilities Fund is used primarily to account separately for State apportionments provided for construction and reconstruction of school facilities (Education Code Sections 17010.10-17076.10).

### Non-Major Governmental Funds

**Special Revenue Funds** The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The District maintains the following special revenue funds:

**Child Development Fund** The Child Development Fund is used to account for resources committed to child development programs maintained by the District.

**Cafeteria Fund** The Cafeteria Fund is used to account for the financial transactions related to the food service operations of the District.

**Deferred Maintenance Fund** The Deferred Maintenance Fund is used for the purpose of major repair or replacement of District property.

**Retiree Benefits Fund** The Retiree Benefits Fund is used to account for contributions for employees' retirement benefit payments.



# LAWNDALE ELEMENTARY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2005

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**Capital Projects Funds** The Capital Projects Funds are used to account for the acquisition and/or construction of all major governmental general fixed assets. The District maintains the following capital projects funds:

**Capital Facilities Fund** The Capital Facilities Fund is used to account for resources received from developer impact fees assessed under provisions of the California Environmental Quality Act (CEQA).

**State School Building Fund** The State School Building Fund is used primarily to account for State apportionments provided for construction and reconstruction of school facilities (Education Code Sections 17070-17080).

**Special Reserve Capital Outlay Fund** The Special Reserve Fund is used to account for funds set aside for Board designated construction projects.

**Debt Service Funds** The Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general 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 to account for the accumulation of resources for, and the repayment of, district bonds, interest, and related costs.

**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 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.

**Enterprise Funds** Enterprise Funds 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, 2005

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The government-wide statement of activities presents a comparison between expenses, both direct and indirect, and program revenues for each segment of the business-type activities of the District and for each governmental program. 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.

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 enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

**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 financial statements and the statements for the governmental funds on a modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

**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, 2005

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**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.

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.

Under the modified accrual basis, 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.

**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. Principal and interest on long-term debt, which has not matured, are recognized when paid in the governmental funds. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

### Cash and Cash Equivalents

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

### Investments

Investments held at June 30, 2005, 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.

# **LAWNDALE ELEMENTARY SCHOOL DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2005**

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### **Restricted Assets**

Restricted assets arise when restrictions on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation.

### **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**

Accumulated unpaid vacation benefits 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.

# **LAWNDALE ELEMENTARY SCHOOL DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2005**

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

### **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 equity designations have been established for economic uncertainties, unrealized gains of investments and cash in county treasury, 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.

# **LAWNDALE ELEMENTARY SCHOOL DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2005**

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### **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 costs incurred to provide the good or service that is the primary activity of the fund.

### **Interfund Activity**

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

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

### **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 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 purposes of the budget, 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.

# LAWNDAL E ELEMENTARY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2005

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### Changes in Accounting Principles

In March 2003, the Governmental Accounting Standards Board (GASB) issued Statement No. 40, *Deposit and Investment Risk Disclosures an amendment of GASB Statement No. 3*. This Statement addressed common deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk, and foreign currency risk. As an element of interest rate risk, this Statement requires certain disclosures of investments that have fair values that are highly sensitive to changes in interest rates. Deposit and investment policies related to the risks identified in the Statement also should be disclosed. As such, the District has made the applicable required disclosures.

### New Accounting Pronouncements

In November 2003, Governmental Accounting Standards Board (GASB) issued Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. This Statement establishes guidance for accounting and reporting for impairment of capital assets and for insurance recoveries, whether associated with an impaired capital asset or not. This Statement is effective for periods beginning after December 31, 2004, or during the 2005-06 fiscal year.

In July 2004, GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This Statement will require local governmental employers who provide other postemployment benefits (OPEB) as part of the total compensation offered to employees to recognize the expense and related liabilities (assets) in the government-wide financial statements of net assets and activities. This Statement establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of State and local governmental employers.

Current financial reporting practices for OPEB generally are based on pay-as-you-go financing approaches. They fail to measure or recognize the cost of OPEB during the periods when employees render the services or to provide relevant information about OPEB obligations and the extent to which progress is being made in funding those obligations.

This Statement generally provides for prospective implementation - that is, that employers set the beginning net OPEB obligation at zero as of the beginning of the initial year. The District will be required to implement the provisions of this Statement for the fiscal year ended June 30, 2009. The District is in the process of determining the impact the implementation of this Statement will have on the government-wide statement of net assets and activities.

In December 2004, GASB issued Statement No. 46, *Net Assets Restricted by Enabling Legislation*. This Statement clarifies that a legally enforceable enabling legislation restriction is one that a party external to a government, such as citizens, public interest groups, or the judiciary, can compel a government to honor. The Statement states that the legal enforceability of an enabling legislation restriction should be reevaluated if any of the resources raised by the enabling legislation are used for a purpose not specified by the enabling legislation or if a government has other cause for reconsideration. Although the determination that a particular restriction is not legally enforceable may cause a government to review the enforceability of other restrictions, it should not necessarily lead a government to the same conclusion for all enabling legislation restrictions.

# LAWNDALE ELEMENTARY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2005

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This Statement also specifies the accounting and financial reporting requirements if new enabling legislation replaces existing enabling legislation or if legal enforceability is reevaluated. Finally, this Statement requires governments to disclose the portion of total net assets that is restricted by enabling legislation. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2005.

### **NOTE 2 – DEPOSITS AND INVESTMENTS**

#### **Summary of Deposits and Investments**

Deposits and investments as of June 30, 2005, are classified in the accompanying financial statements as follows:

Governmental activities	\$ 43,450,448
Business-type activities	66,623
Fiduciary funds	17,225
Total Deposits and Investments	<u>\$ 43,534,296</u>

Deposits and investments as of June 30, 2005, consist of the following:

Cash on hand and in banks	\$ 122,902
Cash in revolving	15,480
Investments	43,395,914
Total Deposits and Investments	<u>\$ 43,534,296</u>

#### **Policies and Practices**

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

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

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, 2005

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

### General Authorizations

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

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 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, 2005

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### Specific Identification

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuation is provided by the following schedule that shows the distribution of the District's investment by maturity:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity Date</u>
County Pool	<u>\$ 43,292,340</u>	132 days*

\* Average days to maturity

### 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. Presented below is the minimum rating required by the California Government Code, the District's investment policy, or debt agreements, and the actual rating as of the year-end for each investment type. The District's investment in the County Pool is not required to be rated.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Minimum Legal Rating</u>	<u>Rating June 30, 2005</u>
County Pool	<u>\$ 43,292,340</u>	Not Rated	Unrated

### 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, 2005, the District's bank balance of \$21,157 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

# LAWNDALE ELEMENTARY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2005

### NOTE 3 - RECEIVABLES

Receivables at June 30, 2005, consisted of intergovernmental grants, entitlements, interest and other local sources. All receivables are considered collectible in full.

	General Fund	Building Funds	County School Facilities Fund	Non-Major Governmental Funds	Total Governmental Activities
Federal Government					
Categorical aid	\$ 1,174,157	\$ -	\$ -	\$ 657,867	\$ 1,832,024
State Government					
Apportionment	717,709	-	-	-	717,709
Categorical aid	522,307	-	-	103,048	625,355
Lottery	435,215	-	-	-	435,215
Local Government					
Interest	99,853	125,178	68,147	57,626	350,804
Other Local Sources	432,966	-	-	-	432,966
Total	<u>\$ 3,382,207</u>	<u>\$ 125,178</u>	<u>\$ 68,147</u>	<u>\$ 818,541</u>	<u>\$ 4,394,073</u>

	Enterprise Fund
Federal Government	
Categorical aid	\$ -
State Government	
Apportionment	-
Categorical aid	-
Lottery	-
Local Government	
Interest	415
Other Local Sources	-
Total	<u>\$ 415</u>

# LAWNDALE ELEMENTARY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2005

### NOTE 4 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2005, was as follows:

	Balance July 1, 2004	Additions	Deductions	Balance June 30, 2005
<b>Governmental Activities</b>				
Capital Assets Not Being Depreciated:				
Land	\$ 1,370,117	\$ -	\$ -	\$ 1,370,117
Construction in Progress	9,132,114	9,882,101	8,102,397	10,911,818
Total Capital Assets Not Being Depreciated	10,502,231	9,882,101	8,102,397	12,281,935
Capital Assets Being Depreciated:				
Land Improvements	573,000	-	-	573,000
Buildings and Improvements	35,875,925	8,102,397	38,600	43,939,722
Furniture and Equipment	3,044,947	21,453	12,680	3,053,720
Total Capital Assets Being Depreciated	39,493,872	8,123,850	51,280	47,566,442
Total Capital Assets	49,996,103	18,005,951	8,153,677	59,848,377
Less Accumulated Depreciation:				
Land Improvements	567,777	1,475	-	569,252
Buildings and Improvements	9,736,338	1,368,338	23,675	11,081,001
Furniture and Equipment	2,297,515	329,759	12,680	2,614,594
Total Accumulated Depreciation	12,601,630	1,699,572	36,355	14,264,847
Governmental Activities Capital Assets, Net	<u>\$ 37,394,473</u>	<u>\$ 16,306,379</u>	<u>\$ 8,117,322</u>	<u>\$ 45,583,530</u>

Depreciation expense was charged as a direct expense to governmental and business-type functions as follows:

<b>Governmental Activities</b>	
Instruction	\$ 1,306,461
Home-to-school transportation	25,154
Food services	75,121
All other pupil services	41,300
All other general administration	118,970
Plant services	132,566
Total Depreciation Expenses Governmental Activities	<u>\$ 1,699,572</u>

# LAWNDALE ELEMENTARY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2005

### Operating Transfers

Interfund transfers for the year ended June 30, 2005, consisted of the following:

Transfer To	Transfer From	
	General Fund	Other Major Fund
Non-Major Governmental Funds	\$ 442,003	\$ 236,009
		Total
		\$ 678,012

The General Fund transferred to the Retiree Benefits Fund for District contribution.	\$ 348,904
The General Fund transferred to the Cafeteria Fund to support operations.	93,099
The Special Reserve - Capital Outlay Fund transferred to the Deferred Maintenance Fund for District match.	236,009
Total	\$ 678,012

Interfund transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

### NOTE 5 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2005, consisted of the following:

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Activities	Enterprise Fund
Vendor payables	\$ 902,762	\$ 2,048,782	\$ 147,040	\$ 3,098,584	\$ 2,738
Salaries and benefits	3,364,180	3,912	65,501	3,433,593	3,944
Other payables	445,133	-	-	445,133	-
Total	\$ 4,712,075	\$ 2,052,694	\$ 212,541	\$ 6,977,310	\$ 6,682

# LAWNDALE ELEMENTARY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2005

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### **NOTE 6 - DEFERRED REVENUE**

Deferred revenue at June 30, 2005, consists of the following:

	General Fund	Non-Major Governmental Funds	Total Governmental Activities
Federal financial assistance	\$ 276,935	\$ -	\$ 276,935
State categorical aid	469,076	-	469,076
Other local	5,465	235,438	240,903
Total	<u>\$ 751,476</u>	<u>\$ 235,438</u>	<u>\$ 986,914</u>

### **NOTE 7 - LONG-TERM LIABILITIES**

#### **Long-Term Debt Summary**

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

	Balance July 1, 2004	Deductions	Balance June 30, 2005	Due in One Year
General obligation bonds	\$ 22,310,000	\$ 410,000	\$ 21,900,000	\$ 435,000
Compensated absences	389,057	75,552	313,505	-
Early retirement incentive	77,000	46,000	31,000	21,000
	<u>\$ 22,776,057</u>	<u>\$ 531,552</u>	<u>\$ 22,244,505</u>	<u>\$ 456,000</u>

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

# LAWNDALE ELEMENTARY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2005

### Bonded Debt

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds		Bonds	
				Outstanding July 1, 2004	Redeemed	Outstanding June 30, 2005	Due in One Year
6/1/1999	8/1/2028	3.5% to 5.25%	\$26,000,000	\$ 9,390,000	\$ 200,000	\$ 9,190,000	210,000
11/6/2002	8/1/2025	3.5% to 5.25%	13,000,000	12,920,000	210,000	12,710,000	225,000
				<u>\$ 22,310,000</u>	<u>\$ 410,000</u>	<u>\$ 21,900,000</u>	<u>\$ 435,000</u>

### Debt Service Requirements to Maturity

The bonds mature through 2033 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2006	\$ 210,000	\$ 461,593	\$ 671,593
2007	225,000	450,174	675,174
2008	235,000	438,099	673,099
2009	250,000	425,367	675,367
2010	260,000	412,630	672,630
2011-2015	1,470,000	1,866,970	3,336,970
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>\$ 9,190,000</u>	<u>\$ 6,695,276</u>	<u>\$ 15,885,276</u>

Fiscal Year	Principal	Interest to Maturity	Total
2006	\$ 225,000	\$ 601,275	\$ 826,275
2007	240,000	587,325	827,325
2008	250,000	572,625	822,625
2009	260,000	557,325	817,325
2010	275,000	544,712	819,712
2011-2015	1,560,000	2,561,871	4,121,871
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>\$ 12,710,000</u>	<u>\$ 10,459,359</u>	<u>\$ 23,169,359</u>

# LAWNDALE ELEMENTARY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2005**

### Compensated Absences

The long-term portion of accumulated unpaid employee vacation for the District at June 30, 2005, amounted to \$313,505.

### Early Retirement Incentive

The District has an early retirement plan for employees of the District, meeting certain negotiated criteria. This early retirement plan was implemented in 2003-04 as a cost saving strategy for the current and subsequent years. A total of nine employees met the negotiated criteria and are participating in the plan. The total cost of the early retirement plan is indicated in the following schedule:

Year Ending June 30	Payment
2006	\$ 21,000
2007	5,000
2008	5,000
	<u>\$ 31,000</u>

### NOTE 8 - FUND BALANCES

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

	General Fund	Building Fund	County School Facilities Fund	Non-Major Governmental Funds	Total
<b>Reserved</b>					
Revolving cash	\$ 15,000	\$ -	\$ -	\$ 480	\$ 15,480
Stores inventory	45,664	-	-	17,861	63,525
Restricted programs	1,675,529	-	-	-	1,675,529
Total Reserved	<u>1,736,193</u>	<u>-</u>	<u>-</u>	<u>18,341</u>	<u>1,754,534</u>
<b>Unreserved</b>					
Designated					
Economic uncertainties	7,047,312	-	-	1,910,073	8,957,385
Other designation	821,321	16,163,770	5,287,089	3,702,523	25,974,703
Total Designated	<u>7,868,633</u>	<u>16,163,770</u>	<u>5,287,089</u>	<u>5,612,596</u>	<u>34,932,088</u>
Undesignated	-	-	-	3,388,472	3,388,472
Total Unreserved	<u>7,868,633</u>	<u>16,163,770</u>	<u>5,287,089</u>	<u>9,001,068</u>	<u>38,320,560</u>
Total	<u>\$ 9,604,826</u>	<u>\$16,163,770</u>	<u>\$ 5,287,089</u>	<u>\$ 9,019,409</u>	<u>\$ 40,075,094</u>



# LAWNDALE ELEMENTARY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2005

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### ***NOTE 9 - EXPENDITURES (BUDGET VERSUS ACTUAL)***

At June 30, 2005, the following District fund exceeded the budgeted amount in total as follows:

Funds	Expenditures and Other Uses		
	Budget	Actual	Excess
Child Development Fund	\$ 1,400,766	\$ 1,411,984	\$ 11,218

### ***NOTE 10 - POSTEMPLOYMENT BENEFITS***

The District provides postemployment health care benefits, in accordance with District employment contracts, to all employees who retire from the District on or after attaining age 55 with at least 15 years of service. Currently, 22 employees meet those eligibility requirements. The District contributes 100 percent of the amount of premiums incurred by retirees and their dependents and the retiree contributes the remainder. Expenditures for postemployment benefits are recognized on a pay-as-you-go basis, as retirees report claims (premiums are paid). During the year, expenditures of \$71,485 were recognized for retirees' health care benefits.

### ***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, 2005, the District contracted with Alliance of Schools for Collective 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.

The District's risk management activities are recorded in the General Fund. Employee life, health, and disability programs are administered by the General Fund through the purchase of commercial insurance. The District participates in the Centinela-South Bay School Insurance Authority public entity risk pools for the workers' compensation programs and purchases excess liability coverage through the JPA. Refer to Note 14 for additional information regarding the JPA. The Property and Liability Program, for which the District remains risk of loss, is administered through the Alliance of Schools for Collective Insurance Purchasing (ASCIP). Excess property and liability coverage is obtained through Schools Excess Liability Fund (SELF).

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.

# LAWNDALE ELEMENTARY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2005

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### Workers' Compensation

For fiscal year 2005, the District participated in the Centinela - South Bay School Insurance Authority, an insurance purchasing pool. The intent of the Centinela - South Bay School Insurance Authority is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Centinela - South Bay School Insurance Authority. 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 Centinela - South Bay School Insurance Authority. Each participant pays its workers' compensation premium based on its individual rate. A participant will then either receive money from or 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 Centinela - South Bay School Insurance Authority. Participation in the Centinela - South Bay School Insurance Authority is limited to districts that can meet the Centinela - South Bay School Insurance Authority selection criteria. The firm of Centinela - South Bay School Insurance Authority provides administrative, cost control, and actuarial services to the JPA.

Coverage provided by Centinela - South Bay School Insurance Authority for property and liability and workers' compensation is as follows:

<u>Insurance Program / Company Name</u>	<u>Type of Coverage</u>	<u>Limits</u>
<u>Workers' Compensation Program</u>		
Centinela-South Bay School Insurance Authority (CSBSIA)	Workers' Compensation	\$ 1,000,000
<u>Property and Liability Program</u>		
Alliance for Schools Cooperative Insurance Programs (ASCIP)	General and Automotive	\$ 1,000,000
Alliance for Schools 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, 2005**

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### ***NOTE 12 - EMPLOYEE RETIREMENT SYSTEMS***

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

#### **STRS**

##### **Plan Description**

The District contributes to the California State Teachers' Retirement System (STRS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by STRS. The plan provides retirement and disability benefits and survivor benefits to beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law. STRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the STRS annual financial report may be obtained from STRS, 7667 Folsom Blvd., Sacramento, CA 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 STRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2004-2005 was 8.25 percent of annual payroll. The contribution requirements of the plan members are established by State statute. The District's contributions to STRS for the fiscal years ending June 30, 2005, 2004, and 2003, were \$1,865,650, \$1,798,211, and \$1,875,220, respectively, and equal 100 percent of the required contributions for each year.

#### **PERS**

##### **Plan Description**

The District contributes to the School Employer Pool under the California Public Employees' Retirement System (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 death benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Laws. CalPERS issues 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, CA 95814.

# **LAWNDALE ELEMENTARY SCHOOL DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2005**

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### **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 2004-2005 was 9.952 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, 2005, 2004, and 2003, were \$1,257,675, \$617,161, and \$174,442, respectively, and equal 100 percent of the required contributions for each year.

### **Social Security**

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (STRS or PERS) 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 75 percent of employees earnings based on a contribution formula.

### **On Behalf Payments**

The State of California makes contributions to STRS and PERS on behalf of the District. These payments consist of State General Fund contributions to STRS in the amount of \$1,019,031 (4.517 percent of salaries subject to STRS). No contributions were made for PERS for the year ended June 30, 2005. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures, however, guidance received from the California Department of Education advises local educational agencies not to record these amounts in the Annual Financial and Budget Report. These amounts have not been included in the budget amounts reported in the General Fund Budgetary Schedule. These amounts have been recorded in these financial statements. On behalf payments have been excluded from the calculation of available reserves.

## ***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, 2005.

### **Litigation**

The District is not currently a party to any legal proceedings.

# LAWNDALE ELEMENTARY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2005

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### Construction Commitments

As of June 30, 2005, the District had the following commitments with respect to the unfinished capital projects:

Capital Project	Remaining Construction Commitment	Expected Date of Completion
Addams Conversion	\$ 1,923,911	03/30/06
Addams Drop-off	1,662,417	08/21/06
Addams Gym	4,459,101	08/21/06
Addams Classroom Addition	4,344,034	08/01/06
Smith Elementary School	4,507,778	10/31/05
	<u>\$ 16,897,241</u>	

### ***NOTE 14 - PARTICIPATION IN PUBLIC ENTITY RISK POOLS AND JOINT POWER AUTHORITIES***

The District is a member of the Alliance of Schools for Collective Insurance Purchasing (ASCIP) and Centinela-South Bay School Insurance Authority (CSBSIA) joint powers authorities (JPAs). The District pays an annual premium to the applicable entity for its health, workers' compensation, and property liability coverage. Payments for premiums are paid to the JPAs. The relationships between the District and the JPAs are such that they are not component units of the District for financial reporting purposes.

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

During the year ended June 30, 2005, the District made payment of \$1,021,369 to Alliance of Schools for Collective Insurance Purchasing, respectively for premiums.

### ***NOTE 15 - PRIOR PERIOD ADJUSTMENT***

The beginning balance of net assets invested in capital assets, net of related debt as recorded on the Statement of Net Assets, has been adjusted. The reason for the adjustment was to properly reflect the balance in the construction in progress account and the equipment account. The effect on the June 30, 2005, net assets was a decrease of \$1,623,229.

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***REQUIRED SUPPLEMENTARY INFORMATION***

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# LAWDALE ELEMENTARY SCHOOL DISTRICT

## GENERAL FUND BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED JUNE 30, 2005

	Budgeted Amounts (GAAP Basis)		Actual	Variances - Positive (Negative)
	Original	Final	(GAAP Basis)	Final to Actual
<b>REVENUES</b>				
Revenue limit sources	\$ 27,910,149	\$29,058,362	\$ 29,061,289	\$ 2,927
Federal sources	4,882,398	6,673,748	5,669,968	(1,003,780)
Other state sources	8,110,762	10,039,296	10,335,062	295,766
Other local sources	370,280	1,541,260	1,571,303	30,043
<b>Total Revenues</b>	<b>41,273,589</b>	<b>47,312,666</b>	<b>46,637,622</b>	<b>(675,044)</b>
<b>EXPENDITURES</b>				
Current				
Instruction	29,278,081	31,995,140	30,727,116	1,268,024
Instruction-related activities:				
Supervision of instruction	829,151	2,124,747	900,308	1,224,439
Instructional library, media, and technology	465,224	592,036	502,799	89,237
School site administration	2,710,279	2,944,023	2,836,114	107,909
Pupil services:				
Home-to-school transportation	714,456	744,333	657,388	86,945
All other pupil services	1,233,704	1,099,374	1,038,373	61,001
General administration:				
Data processing	100,544	104,181	109,430	(5,249)
All other general administration	2,781,867	3,000,976	3,006,101	(5,125)
Plant services	3,838,465	3,929,554	3,465,067	464,487
Facility acquisition and construction	295	50,300	-	50,300
Ancillary services	-	196,527	-	196,527
Community services	31,793	50,480	39,776	10,704
Other outgo	1,413,986	1,278,475	1,192,127	86,348
<b>Total Expenditures</b>	<b>43,397,845</b>	<b>48,110,146</b>	<b>44,474,599</b>	<b>3,635,547</b>
<b>Excess (Deficiency) of Revenues</b>	<b>(2,124,256)</b>	<b>(797,480)</b>	<b>2,163,023</b>	<b>2,960,503</b>
<b>Other Financing Sources (Uses)</b>				
Transfers out	(291,204)	(440,318)	(442,003)	(1,685)
<b>Net Financing Sources (Uses)</b>	<b>(291,204)</b>	<b>(440,318)</b>	<b>(442,003)</b>	<b>(1,685)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(2,415,460)</b>	<b>(1,237,798)</b>	<b>1,721,020</b>	<b>2,958,818</b>
<b>Fund Balance - Beginning</b>	<b>7,883,806</b>	<b>7,883,806</b>	<b>7,883,806</b>	<b>-</b>
<b>Fund Balance - Ending</b>	<b>\$ 5,468,346</b>	<b>\$ 6,646,008</b>	<b>\$ 9,604,826</b>	<b>\$ 2,958,818</b>

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***SUPPLEMENTARY INFORMATION***

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# LAWNDAL ELEMEN TARY SCHOOL DISTRICT

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2005

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>			
No Child Left Behind Act			
Title I [1]	84.010	13397	\$ 2,062,375
Title II Part A Teacher Quality [1]	84.367	04341	349,975
Title II Part D Enhancing Education Through Technology	84.318	10086	47,410
Title III Limited English Proficiency	84.365	10084	218,059
Title IV Part A Safe and Drug Free Schools	84.186	03453	33,795
Title IV Part B 21st Century Community Centers Learning Program	84.287	04349	447,287
Title V Innovative Strategies	84.298A	13340	56,815
Title VI CSR	84.340	03073	35,267
Teaching American History	84.215	[2]	608,697
Individuals with Disabilities Education Act			
Special Education Cluster			
Basic Local Assistance Entitlement	84.027	24314	841,487
Preschool Local Entitlement	84.027A	03682	397,759
Staff Development	84.027	03613	4,413
Preschool Staff Development	84.173A	03431	1,782
Total U.S. Department of Education			<u>5,105,121</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
Medi-Cal Billing Options	93.778	10013	182,484
After School Sports	93.575	[2]	244,032
Total U.S. Department of Health and Human Services			<u>426,516</u>
<b>U.S. DEPARTMENT OF AGRICULTURE:</b>			
Child Nutrition Cluster			
National School Lunch Program [1]	10.555	13524	1,449,977
Basic Breakfast Program [1]	10.553	13525	7,008
Especially Needy Breakfast Program [1]	10.553	13526	294,412
Meal Supplement [1]	10.555	13527	87,292
Summer Food Service Program [1]	10.559	[2]	48,707
Food Distribution	10.550	03524	185,900
Total U.S. Department of Agriculture			<u>2,073,296</u>
Total Expenditures of Federal Awards			<u><u>\$ 7,604,933</u></u>

[1] Tested as a major program

[2] Catalog number not available

See accompanying note to supplementary information.

# LAWNDALE ELEMENTARY SCHOOL DISTRICT

## SCHEDULE OF AVERAGE DAILY ATTENDANCE FOR THE YEAR ENDED JUNE 30, 2005

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	Second Period Report	Annual Report
ELEMENTARY		
Kindergarten	574	580
First through third	2,011	2,017
Fourth through sixth	1,967	1,971
Seventh and eighth	1,219	1,220
Home and hospital	1	2
Special education	255	254
Total K-8	6,027	6,044
		Hours of Attendance
SUMMER SCHOOL		
Elementary		58,110

See accompanying note to supplementary information.

## LAWNDALE ELEMENTARY SCHOOL DISTRICT

### SCHEDULE OF INSTRUCTIONAL TIME FOR THE YEAR ENDED JUNE 30, 2005

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Grade Level	1982-83	1986-87	2004-2005	Number of Days		Status
	Actual Minutes	Minutes Requirement	Actual Minutes	Traditional Calendar	Multitrack Calendar	
Kindergarten	32,400	36,000	36,000	N/A	177	Complied
Grades 1 - 3	43,200	50,400	50,400	N/A	177	Complied
Grades 4 - 6	48,600	50,400	54,000	N/A	177	Complied
Grades 7 - 8	54,000	54,000	59,920	N/A	177	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, 2005

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

	<u>Building Fund</u>
FUND BALANCE	
Balance, June 30, 2005, Unaudited Actuals	\$ 16,505,996
Increase in:	
Accounts payable	(342,226)
 Total Liabilities, June 30, 2005, Audited Financial Statement	 <u><u>\$ 16,163,770</u></u>

See accompanying note to supplementary information.



# LAWDALE ELEMENTARY SCHOOL DISTRICT

## SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2005

	(Budget) 2006 <sup>1</sup>	2005	2004	2003
GENERAL FUND				
Revenues	\$ 46,049,183	\$ 46,637,622	\$ 43,180,098	\$ 41,470,121
Other sources	-	-	-	5,763,823
Total Revenues and Other Sources	46,049,183	46,637,622	43,180,098	47,233,944
Expenditures	46,239,592	44,474,599	40,772,430	40,471,437
Other uses and transfers out	373,219	442,003	1,920,139	6,806,345
Total Expenditures and Other Uses	46,612,811	44,916,602	42,692,569	47,277,782
INCREASE (DECREASE) IN FUND BALANCE	\$ (563,628)	\$ 1,721,020	\$ 487,529	\$ (43,838)
ENDING FUND BALANCE	\$ 9,041,198	\$ 9,604,826	\$ 7,883,806	\$ 7,396,277
AVAILABLE RESERVES <sup>2</sup>	\$ 6,889,188	\$ 7,047,312	\$ 6,029,377	\$ 6,225,472
AVAILABLE RESERVES AS A PERCENTAGE OF TOTAL OUTGO	14.78%	16.05% <sup>3</sup>	14.12%	13.17%
LONG-TERM DEBT	\$ 21,788,505	\$ 22,244,505	\$ 22,776,057	\$ 22,800,000
K-12 AVERAGE DAILY ATTENDANCE AT P-2	6,027	6,027	6,082	5,986

The General Fund balance has increased by \$2,208,549 over the past two years. The fiscal year 2005-2006 budget projects a decrease of \$563,628 (60 percent). For a district this size, the State recommends available reserves of at least three percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred an operating surplus in two of the past three years, however, anticipates incurring an operating deficit during the 2005-2006 fiscal year. Total long-term debt has decreased by \$555,495 over the past two years.

Average daily attendance has increased by 55 in the past year. No additional growth of ADA is anticipated during fiscal year 2005-2006.

<sup>1</sup> Budget 2006 is included for analytical purposes only and has not been subjected to audit.

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

<sup>3</sup> On-behalf payments of \$1,019,031 have been excluded from the calculation of available reserves for fiscal year ending June 30, 2005.

**LAWNDALE ELEMENTARY SCHOOL DISTRICT**

**SCHEDULE OF CHARTER SCHOOLS  
FOR THE YEAR ENDED JUNE 30, 2005**

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

See accompanying note to supplementary information.

# **LAWNDALE ELEMENTARY SCHOOL DISTRICT**

## **NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2005**

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### ***NOTE 1 - PURPOSE OF SCHEDULES***

#### **Schedule of Expenditures of Federal Awards**

The accompanying schedule of expenditures of Federal awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of 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.

#### **Schedule of Average Daily Attendance (ADA)**

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

#### **Schedule of Instructional Time**

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. 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 1982-83 actual minutes or the 1986-87 requirement, whichever is greater, as required by Education Code Section 46201.

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

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

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

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

#### **Schedule of Charter Schools**

This schedule lists all Charter Schools chartered by the School District, and displays information for each Charter School on whether or not the Charter School is included in the School District audit.

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***SUPPLEMENTARY INFORMATION - UNAUDITED***

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# LAWNDALE ELEMENTARY SCHOOL DISTRICT

## NON-MAJOR GOVERNMENTAL FUNDS COMBINING BALANCE SHEET - UNAUDITED JUNE 30, 2005

	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund
<b>ASSETS</b>			
Deposits and investments	\$ 667,529	\$ 880,005	\$ 1,400,696
Receivables	67,980	704,560	9,439
Stores inventories	-	17,861	-
<b>Total Assets</b>	<u>\$ 735,509</u>	<u>\$ 1,602,426</u>	<u>\$ 1,410,135</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 57,956	\$ 116,127	\$ 11,321
Deferred revenue	235,438	-	-
<b>Total Liabilities</b>	<u>293,394</u>	<u>116,127</u>	<u>11,321</u>
<b>Fund Balances:</b>			
Reserved for:			
Stores inventories	-	17,861	-
Other reservations	-	480	-
Unreserved:			
Designated	442,115	1,467,958	1,398,814
Undesignated, reported in:			
Debt service funds	-	-	-
Capital projects funds	-	-	-
<b>Total Fund Balance</b>	<u>442,115</u>	<u>1,486,299</u>	<u>1,398,814</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 735,509</u>	<u>\$ 1,602,426</u>	<u>\$ 1,410,135</u>

See accompanying note to supplementary information - unaudited.

<b>Retiree Benefits Fund</b>	<b>Capital Facilities Fund</b>	<b>State School Building Fund</b>	<b>Special Reserve Capital Outlay Fund</b>	<b>Bond Interest and Redemption Fund</b>
\$ 1,974,733	\$ 313,656	\$ 1,312,918	\$ 883,457	\$ 1,182,560
13,150	2,170	12,149	8,969	-
-	-	-	-	-
<u>\$ 1,987,883</u>	<u>\$ 315,826</u>	<u>\$ 1,325,067</u>	<u>\$ 892,426</u>	<u>\$ 1,182,560</u>
\$ -	\$ -	\$ 25,083	\$ 2,054	\$ -
-	-	-	-	-
-	-	25,083	2,054	-
-	-	-	-	-
-	-	-	-	-
1,987,883	315,826	-	-	-
-	-	-	-	1,182,560
-	-	1,299,984	890,372	-
<u>1,987,883</u>	<u>315,826</u>	<u>1,299,984</u>	<u>890,372</u>	<u>1,182,560</u>
<u>\$ 1,987,883</u>	<u>\$ 315,826</u>	<u>\$ 1,325,067</u>	<u>\$ 892,426</u>	<u>\$ 1,182,560</u>

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# LAWNDALE ELEMENTARY SCHOOL DISTRICT

## NON-MAJOR GOVERNMENTAL FUNDS COMBINING BALANCE SHEET - UNAUDITED, CONTINUED JUNE 30, 2005

	<b>Tax Override Fund</b>	<b>Debt Service Fund</b>	<b>Total Non-Major Governmental Funds</b>
<b>ASSETS</b>			
Deposits and investments	\$ 7	\$ 15,425	\$ 8,630,986
Receivables	-	124	818,541
Stores inventories	-	-	17,861
<b>Total Assets</b>	<b>\$ 7</b>	<b>\$ 15,549</b>	<b>\$ 9,467,388</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ -	\$ -	\$ 212,541
Deferred revenue	-	-	235,438
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>447,979</b>
<b>Fund Balances:</b>			
Reserved for:			
Stores inventories	-	-	17,861
Other reservations	-	-	480
Unreserved:			
Designated	-	-	5,612,596
Undesignated, reported in:			
Debt service funds	7	15,549	1,198,116
Capital projects funds	-	-	2,190,356
<b>Total Fund Balance</b>	<b>7</b>	<b>15,549</b>	<b>9,019,409</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 7</b>	<b>\$ 15,549</b>	<b>\$ 9,467,388</b>

See accompanying note to supplementary information - unaudited.

# LAWNDALE ELEMENTARY SCHOOL DISTRICT

## NON-MAJOR GOVERNMENTAL FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - UNAUDITED FOR THE YEAR ENDED JUNE 30, 2005

	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund
<b>REVENUES</b>			
Federal sources	\$ -	\$ 2,073,296	\$ -
Other State sources	1,411,984	106,507	242,427
Other local sources	18,930	431,950	24,070
<b>Total Revenues</b>	<b>1,430,914</b>	<b>2,611,753</b>	<b>266,497</b>
<b>EXPENDITURES</b>			
Current			
Instruction	1,062,046	-	-
Instruction-related activities:			
Supervision of instruction	168,473	-	-
School site administration	23,822	-	-
Pupil Services:			
Food services	13,645	2,137,598	-
All other pupil services	479	-	-
General administration:			
All other general administration	104,383	37,314	-
Plant services	39,136	184,854	105,353
Facility acquisition and construction	-	-	-
Enterprise services	-	-	-
Debt service			
Principal	-	-	-
Interest and other	-	-	-
<b>Total Expenditures</b>	<b>1,411,984</b>	<b>2,359,766</b>	<b>105,353</b>
<b>Excess (Deficiency) of</b>			
<b>Revenues Over Expenditures</b>	<b>18,930</b>	<b>251,987</b>	<b>161,144</b>
<b>Other Financing Sources (Uses)</b>			
Transfers in	-	93,099	236,009
Transfers out	-	-	-
<b>Net Financing Sources (Uses)</b>	<b>-</b>	<b>93,099</b>	<b>236,009</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>18,930</b>	<b>345,086</b>	<b>397,153</b>
<b>Fund Balance - Beginning</b>	<b>423,185</b>	<b>1,141,213</b>	<b>1,001,661</b>
<b>Fund Balance - Ending</b>	<b>\$ 442,115</b>	<b>\$ 1,486,299</b>	<b>\$ 1,398,814</b>

See accompanying note to supplementary information - unaudited.

<b>Retiree Benefits Fund</b>	<b>Capital Facilities Fund</b>	<b>State School Building Fund</b>	<b>Special Reserve Capital Outlay Fund</b>	<b>Bond Interest and Redemption Fund</b>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	1,500,000	122,850	15,938
147,589	87,002	18,357	25,219	1,329,084
147,589	87,002	1,518,357	148,069	1,345,022
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	219,004	2,054	-
159,472	-	-	-	-
-	-	-	-	410,000
-	-	-	-	1,086,680
159,472	-	219,004	2,054	1,496,680
(11,883)	87,002	1,299,353	146,015	(151,658)
348,904	-	-	-	-
-	-	-	(236,009)	-
348,904	-	-	(236,009)	-
337,021	87,002	1,299,353	(89,994)	(151,658)
1,650,862	228,824	631	980,366	1,334,218
\$ 1,987,883	\$ 315,826	\$ 1,299,984	\$ 890,372	\$ 1,182,560

# LAWNDALE ELEMENTARY SCHOOL DISTRICT

## NON-MAJOR GOVERNMENTAL FUNDS

### COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - UNAUDITED, CONTINUED FOR THE YEAR ENDED JUNE 30, 2005

	<b>Tax Override Fund</b>	<b>Debt Service Fund</b>	<b>Total Non-Major Governmental Funds</b>
<b>REVENUES</b>			
Federal sources	\$ -	\$ -	\$ 2,073,296
Other state sources	-	-	3,399,706
Other local sources	2	352	2,082,555
<b>Total Revenues</b>	<b>2</b>	<b>352</b>	<b>7,555,557</b>
<b>EXPENDITURES</b>			
Current			
Instruction	-	-	1,062,046
Instruction-related activities:			
Supervision of instruction	-	-	168,473
School site administration	-	-	23,822
Pupil Services:			
Food services	-	-	2,151,243
All other pupil services	-	-	479
General administration:			
All other general administration	-	-	141,697
Plant services	-	-	329,343
Facility acquisition and construction	-	-	221,058
Enterprise services	-	-	159,472
Debt service			
Principal	-	-	410,000
Interest and other	-	-	1,086,680
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>5,754,313</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>2</b>	<b>352</b>	<b>1,801,244</b>
<b>Other Financing Sources (Uses)</b>			
Transfers in	-	-	678,012
Transfers out	-	-	(236,009)
<b>Net Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>442,003</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>2</b>	<b>352</b>	<b>2,243,247</b>
<b>Fund Balance - Beginning</b>	<b>5</b>	<b>15,197</b>	<b>6,776,162</b>
<b>Fund Balance - Ending</b>	<b>\$ 7</b>	<b>\$ 15,549</b>	<b>\$ 9,019,409</b>

See accompanying note to supplementary information - unaudited.

# LAWNDALE ELEMENTARY SCHOOL DISTRICT

## GENERAL FUND SELECTED FINANCIAL INFORMATION THREE-YEAR SUMMARY OF REVENUES, EXPENDITURES, AND CHANGES OF FUND BALANCE - UNAUDITED FOR THE YEAR ENDED JUNE 30, 2005

(Amounts in thousands)

	Actual Results for the Years					
	2004-2005		2003-2004		2002-2003	
	Amount	Percent of Revenue	Amount	Percent of Revenue	Amount	Percent of Revenue
<b>REVENUES</b>						
Federal revenue	\$ 5,670	12.1	\$ 5,307	12.3	\$ 3,981	9.6
State and local revenue included in revenue limit	29,061	62.3	27,874	64.6	26,831	64.7
Other state revenue	10,335	22.2	9,225	21.4	9,991	24.1
Other local revenue	1,572	3.4	774	1.7	634	1.5
Tuition and transfers in	-	0.0	-	0.0	33	0.1
Total Revenues	<u>46,638</u>	<u>100.0</u>	<u>43,180</u>	<u>100.0</u>	<u>41,470</u>	<u>100.0</u>
<b>EXPENDITURES</b>						
Salaries and benefits						
Certificated salaries	22,459	48.2	21,085	48.8	21,810	52.6
Classified salaries	6,640	14.2	5,410	12.5	5,897	14.2
Employee benefits	<u>7,018</u>	<u>15.0</u>	<u>5,991</u>	<u>13.9</u>	<u>6,006</u>	<u>14.5</u>
Total Salaries and Benefits	36,117	77.4	32,486	75.2	33,713	81.3
Books and supplies	2,169	4.7	2,513	5.8	1,849	4.5
Contracts and operating expenses	5,125	11.0	5,760	13.3	4,986	12.0
Capital outlay	14	0.0	13	0.0	65	0.2
Other outgo	<u>1,050</u>	<u>2.3</u>	<u>-</u>	<u>0.0</u>	<u>660</u>	<u>1.6</u>
Total Expenditures	<u>44,475</u>	<u>95.4</u>	<u>40,772</u>	<u>94.4</u>	<u>41,273</u>	<u>99.6</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,163	4.6	2,408	5.7	197	0.4
<b>OTHER FINANCING SOURCES (USES)</b>						
Outgoing (Incoming) transfers	<u>(442)</u>	<u>(0.9)</u>	<u>(1,920)</u>	<u>(4.4)</u>	<u>(241)</u>	<u>(0.6)</u>
INCREASE (DECREASE) IN FUND BALANCE	1,721	<u>3.7</u>	488	<u>1.3</u>	(44)	<u>(0.2)</u>
FUND BALANCE, BEGINNING	7,884		7,396		7,440	
FUND BALANCE, ENDING	<u>\$ 9,605</u>		<u>\$ 7,884</u>		<u>\$ 7,396</u>	
<b>BASE REVENUE LIMIT PER ADA</b>						
Regular	<u>\$ 4,766</u>		<u>\$ 4,641</u>		<u>\$ 4,467</u>	

See accompanying note to supplementary information - unaudited.

# **LAWNDALE ELEMENTARY SCHOOL DISTRICT**

## **NOTE TO SUPPLEMENTARY INFORMATION - UNAUDITED JUNE 30, 2005**

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### ***NOTE 1 - PURPOSE OF SCHEDULES***

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

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 - Unaudited**

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

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*INDEPENDENT AUDITORS' REPORTS*

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**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, 2005, which collectively comprise the Lawndale Elementary School District's basic financial statements and have issued our report thereon dated September 9, 2005. 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 in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

**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.

Vavrinch, Trine, Day & Co., LLP

Rancho Cucamonga, California  
September 9, 2005



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND 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 are applicable to each of its major Federal programs for the year ended June 30, 2005. 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 requirements referred to above that are applicable to each of its major Federal programs for the year ended June 30, 2005.

**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 requirements that could have a direct and material effect on a major Federal program in order 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.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major Federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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.

*Vavrinek, Trine, Day & Co., LLP*

Rancho Cucamonga, California  
September 9, 2005



## 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, 2005, and have issued our report thereon dated September 9, 2005. 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 2004-05 *Standards and Procedures for Audits of California K-12 Local Educational Agencies* prescribed in the California Code of Regulations, Title 5, Section 19810 and following. 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 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 Controller's Audit Guide	Procedures Performed
Attendance Accounting:		
Attendance reporting	8	Yes
Kindergarten continuance	3	Yes
Independent study	22	Not Applicable
Continuation education	10	Not Applicable
Adult education	9	Not Applicable
Regional occupational centers and programs	6	Not Applicable
Instructional time and staff development reform program	7	Yes
Instructional Time:		
School districts	4	Yes
County offices of education	3	Not Applicable
Community day schools	9	Not Applicable

	Procedures in Controller's Audit Guide	Procedures Performed
Class Size Reduction Program:		
General requirements	7	Yes
Option one classes	3	Yes
Option two classes	4	Not Applicable
District or charter schools with only one school servicing K-3	4	Not Applicable
Instructional Materials:		
General requirements	12	Yes
K-8 only	1	Yes
9-12 only	1	Not Applicable
Ratios of Administrative Employees to Teachers	1	Yes
Early retirement incentive	4	Not Applicable
GANN limit calculation	1	Yes
School Construction Funds:		
School District bonds	3	Yes
State school facilities funds	1	Yes
Alternative pension plans	2	Yes
Proposition 20 Lottery Funds (Cardenas Textbook Act of 2000)	2	Yes
State Lottery Funds (California State Lottery Act of 1984)	2	Yes
California School Age Families Education (Cal-SAFE) Program	3	Not Applicable
School Accountability Report Card	3	Yes

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 2005 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.

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

Rancho Cucamonga, California  
September 9, 2005

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

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# LAWNDALE ELEMENTARY SCHOOL DISTRICT

## SUMMARY OF AUDITORS' RESULTS FOR THE YEAR ENDED JUNE 30, 2005

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### FINANCIAL STATEMENTS

Type of auditors' report issued:	<u>Unqualified</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>No</u>
Reporting conditions 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>
Reporting conditions 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  
Circular A-133, Section .510(a)

No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>84.010</u>	<u>Title I</u>
<u>84.367</u>	<u>Title II Part A Teacher Quality</u>
<u>10.553, 10.555 and 10.559</u>	<u>National School Lunch Cluster of Programs</u>

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 300,000

Auditee qualified as low-risk auditee?

No

### STATE AWARDS

Internal control over state programs:	
Material weaknesses identified?	<u>No</u>
Reporting conditions 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, 2005**

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None reported.

**LAWNDALE ELEMENTARY SCHOOL DISTRICT**

**FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2005**

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None reported.

**LAWNDALE ELEMENTARY SCHOOL DISTRICT**

**STATE AWARDS FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2005**

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None reported.

# LAWNDALE ELEMENTARY SCHOOL DISTRICT

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2005

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Except as specified in previous sections of this report, summarized below is the current status of all audit findings reported in the prior year's schedule of financial statement findings.

### Financial Statement Findings

2004-1     30000

#### *Accrual Reports*

##### **Finding**

The audit of accruals (accounts receivable and accounts payable) was hindered, as a complete detailed listing identifying the individual amounts accrued (outstanding accruals) was not available from the County system. Although a detailed listing of activity for accruals was made available with the accounting system, it appears the detail is cumbersome to use in determining whether the accruals were adequately set up and which accruals are outstanding as of June 30, 2004.

##### **Recommendation**

A complete detailed listing of accounts receivable and accounts payable is essential to validate the amount accrued during the closing process. The listing also provides a means for the District to monitor the various amounts accrued to ensure that all accruals are received or paid. For monitoring purposes, an indication that the amount has been received or paid should also be included. If the amount received or paid differs from the amount accrued during the closing process, this should be indicated. These listings will serve to assist the District in the closing process of the next year by providing a record of the items accrued in the prior year.

##### **Current Status**

Implemented.