



Financial Statements
June 30, 2022

Lawndale Elementary School District

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Independent Auditor's Report

Governing Board
Lawndale Elementary School District
Lawndale, California

Report on the Audit of the Financial Statements

Opinions

We have audited the 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, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Adoption of New Accounting Standard

As discussed in Note 1 and Note 15 to the financial statements, the District has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ending June 30, 2022. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, combining non-major governmental fund financial statements, and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards, combining non-major governmental fund financial statements, and other supplementary information listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2022 on our consideration of 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California
December 15, 2022

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

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

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

The Government-Wide Financial Statements present the financial picture of the District from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business-type activities separately. These statements include all assets of the District (including capital assets), deferred outflows of resources, as well as all liabilities (including long-term liabilities) and deferred inflows of resources. 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 two categories of activities: governmental and proprietary.

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

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

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

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

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

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

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

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

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

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

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

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

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

THE DISTRICT AS A WHOLE

Net Position

The District's net position was \$(1,032,442) for governmental activities for the fiscal year ended June 30, 2022. Of this amount, \$(38,657,618) was an unrestricted deficit. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the governing board's ability to use those net position for day-to-day operations. Our analysis below, in summary form, focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental and business-type activities.

Table 1

	Governmental Activities		Business-Type Activities		Total	
	2022	2021 as restated	2022	2021	2022	2021 as restated
Assets						
Current and other assets	\$ 122,871,317	\$ 125,087,470	\$ 304,356	\$ 411,595	\$ 123,175,673	\$ 125,499,065
Capital and leased assets	35,893,899	37,032,305	-	-	35,893,899	37,032,305
Total assets	158,765,216	162,119,775	304,356	411,595	159,069,572	162,531,370
Deferred outflows of resources	18,200,803	23,483,865	-	-	18,200,803	23,483,865
Liabilities						
Current liabilities	38,840,475	56,000,140	21,884	24,082	38,862,359	56,024,222
Long-term liabilities	100,917,253	146,446,692	752	-	100,918,005	146,446,692
Total liabilities	139,757,728	202,446,832	22,636	24,082	139,780,364	202,470,914
Deferred inflows of resources	38,240,733	4,366,904	-	-	38,240,733	4,366,904
Net Position						
Net investment in capital assets	11,212,720	12,769,565	-	-	11,212,720	12,769,565
Restricted	26,412,456	13,633,503	-	-	26,412,456	13,633,503
Unrestricted (deficit)	(38,657,618)	(47,613,164)	281,720	387,513	(38,375,898)	(47,225,651)
Total net position	\$ (1,032,442)	\$ (21,210,096)	\$ 281,720	\$ 387,513	\$ (750,722)	\$ (20,822,583)

The \$(38,657,618) in unrestricted net position of governmental activities represents the accumulated results of all past years' operations. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – increased by 18.8%, \$(38,657,618) compared to \$(47,613,164).

Changes in Net Position

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

Table 2

	Governmental Activities		Business-Type Activities		Total	
	2022	2021 *	2022	2021	2022	2021 *
Revenues						
Program revenues						
Charges for services and sales	\$ 2,510,270	\$ 2,410,590	\$ -	\$ -	\$ 2,510,270	\$ 2,410,590
Operating grants and contributions	137,361,201	114,940,647	-	-	137,361,201	114,940,647
General revenues						
Federal and State aid not restricted	51,004,850	45,899,557	-	-	51,004,850	45,899,557
Property taxes	13,840,383	14,218,762	-	-	13,840,383	14,218,762
Other general revenues	82,919	5,866,493	(8,622)	229	74,297	5,866,722
Total revenues	204,799,623	183,336,049	(8,622)	229	204,791,001	183,336,278
Expenses						
Instruction-related	65,513,869	69,334,824	-	-	65,513,869	69,334,824
Pupil services	9,953,986	9,867,428	-	-	9,953,986	9,867,428
Administration	7,038,280	7,813,055	-	-	7,038,280	7,813,055
Plant services	5,692,521	5,258,275	-	-	5,692,521	5,258,275
All other services	96,423,313	84,143,963	97,171	104,210	96,520,484	84,248,173
Total expenses	184,621,969	176,417,545	97,171	104,210	184,719,140	176,521,755
Change in net position	\$ 20,177,654	\$ 6,918,504	\$ (105,793)	\$ (103,981)	\$ 20,071,861	\$ 6,814,523

* The revenues and expenses for fiscal year 2021 were not restated to show the effects of GASB 87 for comparative purposes.

Governmental Activities

As reported in the *Statement of Activities* on page 15, the cost of all of our governmental activities this year was \$184,621,969. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only \$13,840,383 because the cost was paid by those who benefited from the programs (\$2,510,270) or by other governments and organizations who subsidized certain programs with grants and contributions (\$137,361,201). We paid for the remaining "public benefit" portion of our governmental activities with \$51,087,769 in Federal and 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 largest functions: instruction-related activities, pupil services, administration, plant services, and all other services, as well as each program's net cost (total cost less revenues generated by these activities). As discussed above, net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

Table 3

	Total Cost of Services		Net Cost of Services	
	2022	2021*	2022	2021*
Instruction-related activities	\$ 65,513,869	\$ 69,334,824	\$ 32,928,086	\$ 40,520,643
Pupil services	9,953,986	9,867,428	2,903,938	3,131,458
Administration	7,038,280	7,813,055	2,714,965	4,270,777
Plant services	5,692,521	5,258,275	5,491,155	5,239,595
All other services	96,423,313	84,143,963	712,354	5,903,835
Total	<u>\$ 184,621,969</u>	<u>\$ 176,417,545</u>	<u>\$ 44,750,498</u>	<u>\$ 59,066,308</u>

* The total and net cost of services for fiscal year 2021 were not restated to show the effects of GASB 87 for comparative purposes.

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of \$84,533,931, which is an increase of \$14,783,181 from last year (Table 4).

Table 4

Governmental Fund	Balances and Activity			
	June 30, 2021	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2022
General	\$ 45,812,348	\$ 107,495,844	\$ 91,145,787	\$ 62,162,405
Student Activity	65,162	37,328	37,328	65,162
Special Education Pass-Through	(51,372)	93,195,794	93,144,422	-
Child Development	498,454	1,647,150	1,618,895	526,709
Cafeteria	1,461,147	4,103,599	3,558,742	2,006,004
Building	15,873,574	(437,275)	1,369,793	14,066,506
Capital Facilities	468,008	51,551	-	519,559
State School Building Lease-Purchase	29,203	(912)	-	28,291
County School Facilities	37,776	(1,131)	-	36,645
Special Reserve Fund for Capital Outlay Projects	3,394,560	113,466	330,028	3,177,998
Bond Interest and Redemption	2,141,049	2,458,368	2,674,982	1,924,435
Tax Override	10	-	-	10
Debt Service	20,831	(624)	-	20,207
Total	\$ 69,750,750	\$ 208,663,158	\$ 193,879,977	\$ 84,533,931

Our General Fund is our principal operating fund. The fund balance in the General Fund increased \$16,350,057 to \$62,162,405. This increase is due to:

1. Challenges in filling vacant positions
2. Enactment of the ADA Hold Harmless provision

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget was adopted on September 2, 2021. (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 67.)

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

- Significant revenue revisions made to the 2021-2022 Budget were due to increased equalization aid that was announced by the Governor after the budget adoption.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2022, the District had \$35,893,899 in a broad range of capital assets (net of depreciation), including land, construction in progress, buildings, and furniture and equipment. This amount represents a net decrease (including additions, deductions, and depreciation) of \$1,138,406 or 3.07%, from last year (Table 5).

Table 5

	Governmental Activities	
	2022	2021, as restated
Land and construction in progress	\$ 3,949,676	\$ 2,064,881
Buildings and improvements	30,913,163	34,034,786
Furniture and equipment	953,442	784,861
Leased assets	77,618	147,777
Total	<u>\$ 35,893,899</u>	<u>\$ 37,032,305</u>

This year's net additions of \$3,727,309 included cafeteria equipment and classroom and staff equipment such as computers.

Several capital projects are planned for the 2022-2023 year. We anticipate capital additions to be \$4,000,000 for the 2022-2023 year. We present more detailed information about our capital assets in Note 4 to the financial statements.

Long-Term Liabilities

At the end of this year, the District had \$100,918,005 in long-term liabilities outstanding versus \$146,446,692 last year, a decrease of 31.09%. The long-term liabilities consisted of:

Table 6

	Governmental Activities	
	2022	2021 as restated
Long-Term Liabilities		
General obligation bonds	\$ 36,090,000	\$ 37,200,000
Unamortized premiums	2,787,102	3,031,238
Leases	79,292	147,777
Compensated absences	802,336	756,949
Aggregate net other postemployment benefits liability	15,677,382	15,142,683
Aggregate net pension liability	45,481,893	90,168,045
Total	<u>\$ 100,918,005</u>	<u>\$ 146,446,692</u>

The District's general obligation bond rating is "AA-". The State limits the amount of general obligation bonds debt that districts can issue to 5.00% of the assessed value of all taxable property within the District's boundaries. The District's outstanding general obligation bonds debt of \$36,090,000 is significantly below the statutorily-imposed limit.

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

SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2021-2022 ARE NOTED BELOW:

In the 2021-2022 fiscal year, the District utilized funds from Series A and Series B of the Measure L General Obligation Bond of 2016 to take on various capital project improvements. Projects that were completed this year using these bond funds include the installation of a new play structure at William Anderson School and design work related to a new main office at Will Rogers School, a new 2-story classroom building at Will Rogers School, and a new 2-story classroom building at Billy Mitchell School.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the District Budget for the 2022-2023 fiscal year, the Governing Board and management used the following criteria:

The key assumptions in our revenue forecast are:

1. Full implementation of the Local Control Funding Formula. The District will review metrics and revise and adopt a Local Control Accountability Plan (LCAP) using stakeholder input to develop goals to enhance student achievement.
2. Average daily attendance (ADA) enrollments were down 213 from the prior year. Revenues are not impacted in 2022-2023 due to the "hold harmless" provision of the Governor's Budget.
3. Interest earnings remain low to reflect State and National interest rate policies.
4. Developer fee collections were based upon actual receipts which are sensitive to the housing and construction industry.
5. MAA reimbursements are budgeted only upon receipt.
6. Transfers to the early retiree fund of \$365,680 annually, were reinstated.
7. The District has recommitted a budgetary transfer of \$214,445 to continue its commitment to maintain its facilities, even though the former Deferred Maintenance program was eliminated and also folded into the District's Local Control Funding Formula and LCAP.

Expenditures are based on the following forecasts:

	Staffing Ratio	Enrollment
Grades Pre-K and K through third	24:1	1,873
Grades four and five	30:1	898
Grades six, seven and eight	30:1	1,468
Special Education (Ungraded)	14:1	101

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Lawndale Elementary School District
Statement of Net Position
June 30, 2022

	Governmental Activities	Business-Type Activities	Total
Assets			
Deposits and investments	\$ 99,062,033	\$ 303,463	\$ 99,365,496
Receivables	23,632,956	893	23,633,849
Stores inventories	176,328	-	176,328
Capital assets not depreciated	3,949,676	-	3,949,676
Capital assets, net of accumulated depreciation	31,866,605	-	31,866,605
Right-to-use leased assets, net of accumulated amortization	77,618	-	77,618
Total assets	<u>158,765,216</u>	<u>304,356</u>	<u>159,069,572</u>
Deferred Outflows of Resources			
Deferred charge on refunding	208,709	-	208,709
Deferred outflows of resources related to OPEB	2,009,631	-	2,009,631
Deferred outflows of resources related to pensions	15,982,463	-	15,982,463
Total deferred outflows of resources	<u>18,200,803</u>	<u>-</u>	<u>18,200,803</u>
Liabilities			
Accounts payable	34,626,515	21,884	34,648,399
Interest payable	640,732	-	640,732
Unearned revenue	3,573,228	-	3,573,228
Long-term liabilities			
Long-term liabilities other than OPEB and pensions due within one year	1,353,871	752	1,354,623
Long-term liabilities other than OPEB and pensions due in more than one year	38,404,107	-	38,404,107
Aggregate net other postemployment benefits (OPEB) liability	15,677,382	-	15,677,382
Aggregate net pension liability	45,481,893	-	45,481,893
Total liabilities	<u>139,757,728</u>	<u>22,636</u>	<u>139,780,364</u>
Deferred Inflows of Resources			
Deferred inflows of resources related to OPEB	1,472,258	-	1,472,258
Deferred inflows of resources related to pensions	36,768,475	-	36,768,475
Total deferred inflows of resources	<u>38,240,733</u>	<u>-</u>	<u>38,240,733</u>
Net Position			
Net investment in capital assets	11,212,720	-	11,212,720
Restricted for			
Debt service	1,303,920	-	1,303,920
Capital projects	584,495	-	584,495
Educational programs	22,005,290	-	22,005,290
Other activities	2,518,751	-	2,518,751
Unrestricted (deficit)	<u>(38,657,618)</u>	<u>281,720</u>	<u>(38,375,898)</u>
Total net position (deficit)	<u>\$ (1,032,442)</u>	<u>\$ 281,720</u>	<u>\$ (750,722)</u>

Lawndale Elementary School District
Statement of Activities
Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	Business- Type Activities	Total
Governmental Activities						
Instruction	\$ 53,662,749	\$ 235,518	\$ 24,966,036	\$ (28,461,195)	\$ -	\$ (28,461,195)
Instruction-related activities						
Supervision of instruction	7,071,750	162,600	6,857,356	(51,794)	-	(51,794)
Instructional library, media, and technology	845,199	-	13,490	(831,709)	-	(831,709)
School site administration	3,934,171	11	350,772	(3,583,388)	-	(3,583,388)
Pupil services						
Home-to-school transportation	777,216	-	88,558	(688,658)	-	(688,658)
Food services	3,721,304	4,664	3,981,282	264,642	-	264,642
All other pupil services	5,455,466	50,685	2,924,859	(2,479,922)	-	(2,479,922)
Administration						
Data processing	1,450,417	-	125,233	(1,325,184)	-	(1,325,184)
All other administration	5,587,863	68,797	4,129,285	(1,389,781)	-	(1,389,781)
Plant services	5,692,521	2,784	198,582	(5,491,155)	-	(5,491,155)
Ancillary services	37,328	-	-	(37,328)	-	(37,328)
Community services	278,496	-	12,009	(266,487)	-	(266,487)
Interest on long-term liabilities	1,337,211	-	-	(1,337,211)	-	(1,337,211)
Other outgo	94,770,278	1,985,211	93,713,739	928,672	-	928,672
Total governmental activities	184,621,969	2,510,270	137,361,201	(44,750,498)	-	(44,750,498)
Business-Type Activities						
Enterprise services	97,171	-	-	-	(97,171)	(97,171)
Total primary government	<u>\$184,719,140</u>	<u>\$ 2,510,270</u>	<u>\$137,361,201</u>	<u>(44,750,498)</u>	<u>(97,171)</u>	<u>(44,847,669)</u>
General Revenues and Subventions						
Property taxes, levied for general purposes				\$ 9,645,811	\$ -	\$ 9,645,811
Property taxes, levied for debt service				2,541,555	-	2,541,555
Taxes levied for other specific purposes				1,653,017	-	1,653,017
Federal and State aid not restricted to specific purposes				51,004,850	-	51,004,850
Interest and investment earnings				(2,363,937)	(8,637)	(2,372,574)
Miscellaneous				2,446,856	15	2,446,871
Subtotal, general revenues and subventions				64,928,152	(8,622)	64,919,530
Change in Net Position				20,177,654	(105,793)	20,071,861
Net Position (Deficit) - Beginning				(21,210,096)	387,513	(20,822,583)
Net Position (Deficit) - Ending				<u>\$ (1,032,442)</u>	<u>\$ 281,720</u>	<u>\$ (750,722)</u>

Lawndale Elementary School District
Balance Sheet – Governmental Funds
June 30, 2022

	General Fund	Special Education Pass-Through Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets					
Deposits and investments	\$ 67,505,496	\$ 9,114,688	\$ 14,465,356	\$ 7,976,493	\$ 99,062,033
Receivables	6,198,747	16,575,644	41,681	816,884	23,632,956
Stores inventories	97,698	-	-	78,630	176,328
Total assets	\$ 73,801,941	\$ 25,690,332	\$ 14,507,037	\$ 8,872,007	\$ 122,871,317
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 8,096,736	\$ 25,690,332	\$ 440,531	\$ 536,559	\$ 34,764,158
Unearned revenue	3,542,800	-	-	30,428	3,573,228
Total liabilities	11,639,536	25,690,332	440,531	566,987	38,337,386
Fund Balances					
Nonspendable	112,698	-	-	79,124	191,822
Restricted	22,005,290	-	14,066,506	5,047,898	41,119,694
Assigned	7,123,017	-	-	3,177,998	10,301,015
Unassigned	32,921,400	-	-	-	32,921,400
Total fund balances	62,162,405	-	14,066,506	8,305,020	84,533,931
Total liabilities and fund balances	\$ 73,801,941	\$ 25,690,332	\$ 14,507,037	\$ 8,872,007	\$ 122,871,317

Lawndale Elementary School District
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2022

Total Fund Balance - Governmental Funds		\$ 84,533,931
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	\$ 115,886,860	
Accumulated depreciation is	<u>(80,070,579)</u>	
Net capital assets		35,816,281
Right-to-use leased assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of right-to-use leased assets is	147,777	
Accumulated amortization is	<u>(70,159)</u>	
Net right-to-use leased assets		77,618
In governmental funds, unmatured interest on long-term liabilities is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term liabilities is recognized when it is incurred.		
		(640,732)
Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the governmental funds.		
Deferred outflows of resources amounted to and related to		
Deferred charge on refunding	208,709	
Aggregate net OPEB liability	2,009,631	
Aggregate net pension liability	<u>15,982,463</u>	
Total deferred outflows of resources		18,200,803
Deferred inflows of resources represent an acquisition of net position that applies to a future period and is not reported in the governmental funds. Deferred inflows of resources amount to and related to		
Aggregate net OPEB liability	(1,472,258)	
Aggregate net pension liability	<u>(36,768,475)</u>	
Total deferred inflows of resources		(38,240,733)
The District's aggregate net OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.		
		(15,677,382)
Aggregate net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		
		(45,481,893)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:		
General obligation bonds	(36,090,000)	
Unamortized premiums	(2,787,102)	
Leases	(79,292)	
Compensated absences (vacations)	<u>(663,941)</u>	
Total long-term liabilities		(39,620,335)
Total net position - governmental activities		<u>\$ (1,032,442)</u>

Lawndale Elementary School District
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2022

	General Fund	Special Education Pass-Through Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues					
Local Control Funding Formula	\$ 59,602,571	\$ -	\$ -	\$ -	\$ 59,602,571
Federal sources	11,759,865	19,940,615	-	4,076,004	35,776,484
Other State sources	33,365,941	73,105,782	-	1,723,475	108,195,198
Other local sources	2,767,467	149,397	(437,275)	2,394,871	4,874,460
Total revenues	107,495,844	93,195,794	(437,275)	8,194,350	208,448,713
Expenditures					
Current					
Instruction	54,578,155	-	-	1,258,581	55,836,736
Instruction-related activities					
Supervision of instruction	7,581,695	-	-	259,462	7,841,157
Instructional library, media, and technology	1,078,549	-	-	-	1,078,549
School site administration	4,481,965	-	-	36,682	4,518,647
Pupil services					
Home-to-school transportation	732,128	-	-	-	732,128
Food services	223,056	-	-	3,458,031	3,681,087
All other pupil services	5,873,187	-	-	-	5,873,187
Administration					
Data processing	1,645,916	-	-	-	1,645,916
All other administration	5,172,527	-	-	164,811	5,337,338
Plant services	5,755,624	-	51,500	24,357	5,831,481
Community services	317,592	-	-	-	317,592
Other outgo	1,625,856	93,144,422	-	-	94,770,278
Facility acquisition and construction	1,791,546	-	1,318,293	305,741	3,415,580
Debt service					
Principal	68,485	-	-	1,110,000	1,178,485
Interest and other	5,061	-	-	1,564,982	1,570,043
Total expenditures	90,931,342	93,144,422	1,369,793	8,219,975	193,665,532
Excess (Deficiency) of Revenues Over Expenditures	16,564,502	51,372	(1,807,068)	(25,625)	14,783,181
Other Financing Sources (Uses)					
Transfers in	-	-	-	214,445	214,445
Transfers out	(214,445)	-	-	-	(214,445)
Net Financing Sources (Uses)	(214,445)	-	-	214,445	-
Net Change in Fund Balances	16,350,057	51,372	(1,807,068)	188,820	14,783,181
Fund Balance - Beginning	45,812,348	(51,372)	15,873,574	8,116,200	69,750,750
Fund Balance - Ending	\$ 62,162,405	\$ -	\$ 14,066,506	\$ 8,305,020	\$ 84,533,931

Lawndale Elementary School District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental
Funds to the Statement of Activities
Year Ended June 30, 2022

Total Net Change in Fund Balances - Governmental Funds	\$ 14,783,181
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because	
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation and amortization expenses in the Statement of Activities.	
This is the amount by which depreciation and amortization exceeds capital outlays in the period.	
Depreciation and amortization expenses	\$ (4,865,715)
Capital outlays	<u>3,727,309</u>
Net expense adjustment	(1,138,406)
In the Statement of Activities, certain operating expenses, such as compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This amount is the difference between vacation earned and used.	93,008
In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and the aggregate net pension liability during the year.	5,908,240
In the governmental funds, OPEB costs are based on employer contributions made to OPEB plans during the year. However, in the Statement of Activities, OPEB expense is the net effect of all changes in the deferred outflows, deferred inflows, and aggregate net OPEB liability during the year.	(879,686)
Governmental funds report the effect of premiums, discounts, and the deferred charge on refunding when the debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities.	
Premium amortization	244,136
Deferred charge on refunding amortization	(33,992)

Lawndale Elementary School District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental
Funds to the Statement of Activities
Year Ended June 30, 2022

Payment of principal on long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.

General obligation bonds	\$ 1,110,000
Leases	68,485

Interest on long-term liabilities is recorded as an expenditure in the funds when it is due; however, in the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.

22,688

Change in net position of governmental activities	<u><u>\$ 20,177,654</u></u>
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Lawndale Elementary School District
Statement of Net Position – Proprietary Fund
June 30, 2022

	Business-Type Activities - <u>Enterprise Fund</u> Child Care Fund
Assets	
Current assets	
Deposits and investments	\$ 303,463
Receivables	<u>893</u>
Total current assets	<u>304,356</u>
Liabilities	
Current liabilities	
Accounts payable	<u>22,636</u>
Net Position	
Unrestricted	<u><u>\$ 281,720</u></u>

Lawndale Elementary School District
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Fund
Year Ended June 30, 2022

	Business-Type Activities - Enterprise Fund Child Care Fund
Operating Revenues	
Local sources	\$ 15
Operating Expenses	
Payroll costs	96,847
Other operating cost	324
Total operating expenses	97,171
Operating Loss	(97,156)
Nonoperating Revenues	
Fair market value adjustments	(10,786)
Interest income	2,149
Total nonoperating revenues	(8,637)
Change in Net Position	(105,793)
Total Net Position - Beginning	387,513
Total Net Position - Ending	\$ 281,720

Lawndale Elementary School District
Statement of Cash Flows – Proprietary Fund
Year Ended June 30, 2022

	Business-Type Activities - Enterprise Fund Child Care Fund
Operating Activities	
Cash receipts from user charges	\$ 15
Other operating cash payments	(98,617)
Net Cash From Operating Activities	(98,602)
Investing Activities	
Fair market value adjustments	(10,786)
Interest on investments	2,183
Net Cash From Investing Activities	(8,603)
Net Change in Cash and Cash Equivalents	(107,205)
Cash and Cash Equivalents, Beginning	410,668
Cash and Cash Equivalents, Ending	\$ 303,463
Reconciliation of Operating Loss to Net Cash Provided By Operating Activities	
Operating loss	\$ (97,156)
Changes in liabilities	
Accounts payable	(1,446)
Net Cash From Operating Activities	\$ (98,602)

Note 1 - Summary of Significant Accounting Policies**Financial Reporting Entity**

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

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

Other Related Entities

Charter School The District has approved the Environmental Charter School pursuant to *Education Code* Section 47605. The Charter School was approved in December 2000, for an original term of four years ending June 30, 2004. The agreement has since been approved through June 30, 2024.

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

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

Basis of Presentation - Fund Accounting

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

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

The following are the District's major and non-major governmental funds:

Major Governmental Funds

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

Two funds currently defined as a special revenue funds in the California State Accounting Manual (CSAM) do not meet the GASB Statement No. 54 special revenue fund definition. Specifically, Fund 14 Deferred Maintenance Fund and Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects, are not substantially composed of restricted or committed revenue sources. While these funds are authorized by statute and will remain open for internal reporting purposes, these funds function effectively as extensions of the General Fund, and accordingly have been combined with the General Fund for presentation in these audited financial statements.

As a result, the General Fund reflects an increase in fund balance of \$3,888,074.

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

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

Non-Major Governmental Funds

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

- **Student Activity Fund** The Student Activity Fund is used to account separately for the operating activities of the associated student body accounts that are not fiduciary in nature, including student clubs, general operations, athletics, and other student body activities.
- **Child Development Fund** The Child Development Fund is used to account separately for Federal, State, and local revenues to operate child development programs and is to be used only for expenditures for the operation of child development programs.
- **Cafeteria Fund** The Cafeteria Fund is used to account separately for Federal, State, and local resources to operate the food service program (*Education Code* Sections 38090-38093) and is used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code* Sections 38091 and 38100).

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

- **Capital Facilities Fund** The Capital Facilities Fund is used primarily to account separately for monies received from fees levied on developers or other agencies as a condition of approval (*Education Code* Sections 17620-17626 and Government Code Section 65995 et seq.). Expenditures are restricted to the purposes specified in Government Code Sections 65970-65981 or to the items specified in agreements with the developer (Government Code Section 66006).
- **State School Building Lease-Purchase Fund** The State School Building Lease-Purchase Fund is used primarily to account separately for State apportionments for the reconstruction, remodeling, or replacement of existing school buildings or the acquisition of new school sites and buildings, as provided in the Leroy F. Greene State School Building Lease-Purchase Law of 1976 (*Education Code* Section 17000 et seq.).
- **County School Facilities Fund** The County School Facilities Fund is established pursuant to *Education Code* Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), the 2004 State School Facilities Fund (Proposition 55), the 2006 State School Facilities Fund (Proposition 1D), or the 2016 State School Facilities Fund (Proposition 51) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code* Section 17070 et seq.).
- **Special Reserve Fund for Capital Outlay Projects** The Special Reserve Fund for Capital Outlay Projects exists primarily to provide for the accumulation of General Fund monies for capital outlay purposes (*Education Code* Section 42840).

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

- **Bond Interest and Redemption Fund** The Bond Interest and Redemption Fund is used for the repayment of bonds issued for a district (*Education Code* Sections 15125-15262).
- **Tax Override Fund** The Tax Override Fund is used for the repayment of voted indebtedness (other than Bond Interest and Redemption Fund repayments) to be financed from ad valorem tax levies.
- **Debt Service Fund** The Debt Service Fund is used for the accumulation of resources for, and the retirement of principal, and interest on general long-term liabilities.

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

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

Basis of Accounting – Measurement Focus

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

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

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

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

- **Governmental Funds** All governmental funds are accounted for using the flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting, and the governmental fund financial statements, prepared using the flow of current financial resources measurement focus and the modification accrual basis of accounting.
- **Proprietary Funds** Proprietary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of this fund are included in the statement of net position. The statement of changes in fund net position presents increases (revenues) and decreases (expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary fund.

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

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

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

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

Cash and Cash Equivalents

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

Investments

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

Stores Inventories

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

Capital Assets and Depreciation

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

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

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

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

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

Interfund Balances

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

Compensated Absences

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

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

Accrued Liabilities and Long-Term Liabilities

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

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

Debt Premiums

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

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

Deferred Outflows/Inflows of Resources

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

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

Pensions

For purposes of measuring the aggregate net pension liability and deferred outflows/inflows of resources related to pensions and pension expense, information about the fiduciary net position of the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) plan for schools (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalSTRS and CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Member contributions are recognized in the period in which they are earned. Investments are reported at fair value. The net pension liability attributable to the governmental activities will be paid by the fund in which the employee worked.

Postemployment Benefits Other Than Pensions (OPEB)

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

Leases

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

Fund Balances - Governmental Funds

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

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

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

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

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

Unassigned - all other spendable amounts.

Spending Order Policy

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

Minimum Fund Balance Policy

The governing board adopted a minimum fund balance policy for the General Fund in order to protect the District against revenue shortfalls or unpredicted on-time expenditures. The policy requires a Reserve for Economic Uncertainties consisting of unassigned amounts equal to no less than 3% of General Fund expenditures and other financing uses.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position net of investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report \$26,412,456 of restricted net position.

Operating Revenues and Expenses

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

Interfund Activity

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

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

Estimates

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

Property Tax

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

Change in Accounting Principles**Implementation of GASB Statement No. 87**

As of July 1, 2021, the District adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The standard requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The effect of the implementation of this standard on beginning net position is disclosed in Note 15 and the additional disclosures required by this standard is included in Notes 4 and 8.

Implementation of GASB Statement No. 92

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

- The effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reporting
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan
- The applicability of Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68*, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits
- The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements

- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature
- Terminology used to refer to derivative instruments

The requirements of this Statement are effective as follows:

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

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

Implementation of GASB Statement No. 93

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

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

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

Note 2 - Deposits and Investments

Summary of Deposits and Investments

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

Governmental activities	\$ 99,062,033
Business-type activities	<u>303,463</u>
Total deposits and investments	<u><u>\$ 99,365,496</u></u>

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

Cash on hand and in banks	\$ 77,493
Cash in revolving	15,494
Investments	<u>99,272,509</u>
Total deposits and investments	<u><u>\$ 99,365,496</u></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.

General Authorizations

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

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the Los Angeles County Investment Pool and by having the pool purchase a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The District maintains an investment of \$99,272,509 with the Los Angeles County Investment Pool that has an average weighted maturity of 933 days.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in the Los Angeles County Investment Pool is not rated, nor is it required to be rated as of June 30, 2022.

Custodial Credit Risk - Deposits

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

Note 3 - Receivables

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

	General Fund	Special Education Pass-Through Fund	Building Fund	Non-Major Governmental Funds	Total	Enterprise Fund
Federal Government						
Categorical aid	\$ 4,771,974	\$ 16,314,401	\$ -	\$ 612,643	\$ 21,699,018	\$ -
State Government						
LCFF apportionment	184,886	-	-	-	184,886	-
Categorical aid	535,511	252,562	-	121,916	909,989	-
Lottery	282,579	-	-	-	282,579	-
Local Government						
Interest	180,759	8,681	41,681	16,282	247,403	893
Other local sources	243,038	-	-	66,043	309,081	-
Total	<u>\$ 6,198,747</u>	<u>\$ 16,575,644</u>	<u>\$ 41,681</u>	<u>\$ 816,884</u>	<u>\$ 23,632,956</u>	<u>\$ 893</u>

Note 4 - Capital and Right-to-use Leased Assets

Capital and right-to-use leased asset activity for the District for the year ended June 30, 2022, was as follows:

	Balance July 1, 2021 as restated	Additions	Deductions	Balance June 30, 2022
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 1,370,117	\$ -	\$ -	\$ 1,370,117
Construction in progress	694,764	2,369,343	(484,548)	2,579,559
Total capital assets not being depreciated	2,064,881	2,369,343	(484,548)	3,949,676
Capital assets being depreciated				
Land improvements	2,459,815	326,276	-	2,786,091
Buildings and improvements	101,668,949	1,204,509	-	102,873,458
Furniture and equipment	5,965,906	311,729	-	6,277,635
Total capital assets being depreciated	110,094,670	1,842,514	-	111,937,184
Total capital assets	112,159,551	4,211,857	(484,548)	115,886,860
Accumulated depreciation				
Land improvements	(826,243)	(121,203)	-	(947,446)
Buildings and improvements	(69,267,735)	(4,531,205)	-	(73,798,940)
Furniture and equipment	(5,181,045)	(143,148)	-	(5,324,193)
Total accumulated depreciation	(75,275,023)	(4,795,556)	-	(80,070,579)
Net capital assets	36,884,528	(583,699)	(484,548)	35,816,281
Right-to-use leased assets being amortized				
Furniture and equipment	147,777	-	-	147,777
Accumulated amortization				
Furniture and equipment	-	(70,159)	-	(70,159)
Net right-to-use leased assets	147,777	(70,159)	-	77,618
Governmental activities capital assets and right-to-use leased assets, net	\$ 37,032,305	\$ (653,858)	\$ (484,548)	\$ 35,893,899

Depreciation and amortization expenses were charged as a direct expense to the governmental functions as follows:

Governmental Activities	
Instruction	\$ 3,442,362
Pupil transportation	45,088
Food services	226,701
All other pupil services	361,702
Data processing	328,702
All other administration	101,365
Plant services	359,795
	<u> </u>
Total depreciation and amortization expenses - governmental activities	<u><u>\$ 4,865,715</u></u>

Note 5 - Interfund Transactions

Operating Transfers

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

Transfer To	Transfer From General Fund
Non-Major Governmental Funds	<u><u>\$ 214,445</u></u>
The General Fund transferred to the Special Reserve Non-Major Governmental Fund for Capital Outlay Projects for District contribution per LCAP plan.	<u><u>\$ 214,445</u></u>

Note 6 - Accounts Payable

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

	General Fund	Special Education Pass-Through Fund	Building Fund	Non-Major Governmental Funds	Total	Enterprise Fund
Salaries and benefits	\$ 4,939,162	\$ -	\$ -	\$ 322,561	\$ 5,261,723	\$ 21,874
Compensated absences	122,602	-	-	15,041	137,643	752
State categorical	5,811	-	-	-	5,811	-
Due to SELPA members	-	25,690,332	-	-	25,690,332	-
Construction	-	-	440,531	81,412	521,943	-
Vendor payables	3,029,161	-	-	117,545	3,146,706	10
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u><u>\$ 8,096,736</u></u>	<u><u>\$ 25,690,332</u></u>	<u><u>\$ 440,531</u></u>	<u><u>\$ 536,559</u></u>	<u><u>\$ 34,764,158</u></u>	<u><u>\$ 22,636</u></u>

Note 7 - Unearned Revenue

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

	General Fund	Non-Major Governmental Funds	Total
Federal financial assistance	\$ 1,103,848	\$ -	\$ 1,103,848
State categorical aid	2,438,952	30,428	2,469,380
Total	<u>\$ 3,542,800</u>	<u>\$ 30,428</u>	<u>\$ 3,573,228</u>

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

Summary

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

	Balance July 1, 2021 as restated	Additions	Deductions	Balance June 30, 2022	Due in One Year
Long-Term Liabilities					
General obligation bonds	\$ 37,200,000	\$ -	\$ (1,110,000)	\$ 36,090,000	\$ 1,155,000
Unamortized premiums	3,031,238	-	(244,136)	2,787,102	-
Leases	147,777	-	(68,485)	79,292	61,228
Compensated absences	756,949	45,387	-	802,336	138,395
Total	<u>\$ 41,135,964</u>	<u>\$ 45,387</u>	<u>\$ (1,422,621)</u>	<u>\$ 39,758,730</u>	<u>\$ 1,354,623</u>

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

General Obligation Bonds

2016, General Obligation Bonds, Series A

In March 2017, the District issued in the amount of \$10,000,000, the General Obligation Bonds, Election 2016, Series A. The bonds bear interest rates of 3.50 to 5.00% and mature through the fiscal year 2047. The bonds were issued to finance the acquisition and construction of education facilities and projects and to pay for the cost of issuing the bonds. At June 30, 2022, the principal balance outstanding was \$8,855,000. Unamortized premium received on issuance of the bonds amounted to \$159,402 as of June 30, 2022.

2017 General Obligation Refunding Bonds

In March 2017, the District issued in the amount of \$5,080,000, the 2017 General Obligation Refunding Bonds. The bonds were issued as current interest bonds. The bonds were issued to advance refund the 1998, General Obligation Bonds, Series B, maturing August 1, 2018 through August 2032. The bonds bear interest rates of 2.00 to 4.00% and mature through the fiscal year 2033. At June 30, 2022 the principal balance outstanding was \$5,020,000. Unamortized premium received on issuance of the bonds amounted to \$30,341 as of June 30, 2022.

2016, General Obligation Bonds, Series B

In August 2018, the District issued in the amount of \$10,000,000, the General Obligation Bonds, Election 2016, Series B. The bonds bear interest rates of 3.00 to 5.00% and mature through the fiscal year 2049. The bonds were issued to finance the acquisition and construction of education facilities and projects and to pay for the cost of issuing the bonds. At June 30, 2022, the principal balance outstanding was \$9,205,000. Unamortized premium received on issuance of the bonds amounted to \$764,666 as of June 30, 2022.

2020 General Obligation Refunding Bonds

In May 2020, the District issued in the amount of \$8,225,000, the 2020 General Obligation Refunding Bonds to advance refund portions of the District's outstanding 2010 General Obligation Refunding Bonds and General Obligation Bonds, 1998 Election, Series C. The bonds bear interest rates of 5.00% and mature through the fiscal year 2028. At June 30, 2022, the principal balance outstanding was \$7,140,000. Unamortized premium received on issuance of the bonds amounted to \$831,706 as of June 30, 2022.

2016, General Obligation Bonds, Series C

In August 2020, the District issued in the amount of \$7,000,000, the General Obligation Bonds, Election 2016, Series C. The bonds bear interest rates of 0.32 to 4.00% and mature through the fiscal year 2049. The bonds were issued to finance the acquisition and construction of education facilities and projects and to pay for the cost of issuing the bonds. At June 30, 2022, the principal balance outstanding was \$5,870,000. Unamortized premium received on issuance of the bonds amounted to \$1,000,987 as of June 30, 2022.

General Obligation Bonds

The outstanding general obligation bonded debt is as follows:

Issuance Date	Final Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2021	Issued	Redeemed	Bonds Outstanding June 30, 2022
3/21/2017	8/1/2046	3.50-5.00%	\$ 10,000,000	\$ 8,855,000	\$ -	\$ -	\$ 8,855,000
3/21/2017	8/1/2032	2.00-4.00%	5,080,000	5,020,000	-	-	5,020,000
8/29/2018	8/1/2048	3.00-5.00%	10,000,000	9,235,000	-	(30,000)	9,205,000
5/6/2020	8/1/2027	5.00%	8,225,000	8,145,000	-	(1,005,000)	7,140,000
8/12/2020	8/1/2048	0.32-4.00%	7,000,000	5,945,000	-	(75,000)	5,870,000
				<u>\$ 37,200,000</u>	<u>\$ -</u>	<u>\$ (1,110,000)</u>	<u>\$ 36,090,000</u>

Debt Service Requirements to Maturity

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

Fiscal Year	Principal	Interest to Maturity	Total
2023	\$ -	\$ 363,769	\$ 363,769
2024	-	363,769	363,769
2025	-	363,769	363,769
2026	-	363,769	363,769
2027	-	363,769	363,769
2028-2032	325,000	1,795,718	2,120,718
2033-2037	1,010,000	1,634,034	2,644,034
2038-2042	2,490,000	1,316,400	3,806,400
2043-2047	5,030,000	530,800	5,560,800
Total	<u>\$ 8,855,000</u>	<u>\$ 7,095,797</u>	<u>\$ 15,950,797</u>

The 2017 Refunding bonds mature through 2033 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2023	\$ -	\$ 169,550	\$ 169,550
2024	-	169,550	169,550
2025	-	169,550	169,550
2026	-	169,550	169,550
2027	645,000	156,650	801,650
2028-2032	3,585,000	424,432	4,009,432
2033	790,000	13,331	803,331
Total	<u>\$ 5,020,000</u>	<u>\$ 1,272,613</u>	<u>\$ 6,292,613</u>

Lawndale Elementary School District

Notes to Financial Statements

June 30, 2022

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2023	\$ 50,000	\$ 411,638	\$ 461,638
2024	75,000	409,138	484,138
2025	95,000	405,262	500,262
2026	120,000	399,887	519,887
2027	150,000	393,138	543,138
2028-2032	1,070,000	1,821,688	2,891,688
2033-2037	1,700,000	1,557,703	3,257,703
2038-2042	2,115,000	1,195,134	3,310,134
2043-2047	2,540,000	662,250	3,202,250
2048-2049	1,290,000	65,250	1,355,250
Total	<u>\$ 9,205,000</u>	<u>\$ 7,321,088</u>	<u>\$ 16,526,088</u>

The 2020 Refunding bonds mature through 2028 as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2023	\$ 1,105,000	\$ 329,375	\$ 1,434,375
2024	1,210,000	271,500	1,481,500
2025	1,330,000	208,000	1,538,000
2026	1,450,000	138,500	1,588,500
2027	980,000	77,750	1,057,750
2028	1,065,000	26,625	1,091,625
Total	<u>\$ 7,140,000</u>	<u>\$ 1,051,750</u>	<u>\$ 8,191,750</u>

Lawndale Elementary School District

Notes to Financial Statements

June 30, 2022

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2023	\$ -	\$ 234,800	\$ 234,800
2024	-	234,800	234,800
2025	-	234,800	234,800
2026	50,000	233,800	283,800
2027	50,000	231,800	281,800
2028-2032	375,000	1,119,300	1,494,300
2033-2037	780,000	1,010,000	1,790,000
2038-2042	1,175,000	798,700	1,973,700
2043-2047	1,425,000	559,500	1,984,500
2048-2049	2,015,000	82,300	2,097,300
Total	<u>\$ 5,870,000</u>	<u>\$ 4,739,800</u>	<u>\$ 10,609,800</u>

Leases

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

<u>Lease</u>	<u>Leases Outstanding July 1, 2021</u>	<u>Additions</u>	<u>Payments</u>	<u>Leases Outstanding June 30, 2022</u>
Copiers	<u>\$ 147,777</u>	<u>\$ -</u>	<u>\$ (68,485)</u>	<u>\$ 79,292</u>

Copiers

The District entered into multiple agreements to lease copiers for five years, with the earliest beginning May 1, 2018. Under the terms of the lease, the District paid the monthly payments ranging from \$254 to \$5,134, which amounted to total principal and interest costs of \$73,546. The annual interest rate charged on the lease is 4.34%. At June 30, 2022, the District has recognized a right to use asset of \$77,618 and a lease liability of \$79,292 related to this agreement. During the fiscal year, the District recorded \$70,159 in amortization expense and \$5,061 in interest expense for the right to use of the copiers. The District also pays \$0.0045 per each additional copy in excess of the contracted amount, which are not included in the measurement of the lease liability as they are variable in nature. The District paid \$53,454 during the year toward those variable costs.

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

Year Ending June 30,	Principal	Interest	Total
2023	\$ 61,228	\$ 2,048	\$ 63,276
2024	10,094	568	10,662
2025	7,970	174	8,144
Total	<u>\$ 79,292</u>	<u>\$ 2,790</u>	<u>\$ 82,082</u>

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

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

OPEB Plan	Aggregate Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	\$ 15,290,005	\$ 2,009,631	\$ 1,472,258	\$ 972,856
Medicare Premium Payment (MMP) Program	387,377	-	-	(93,170)
Total	<u>\$ 15,677,382</u>	<u>\$ 2,009,631</u>	<u>\$ 1,472,258</u>	<u>\$ 879,686</u>

The details of each plan are as follows:

District Plan

Plan Administration

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

Plan Membership

At June 30, 2021, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	38
Active employees	411
	<hr/>
Total	449
	<hr/>

Benefits Provided

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

Contributions

The benefit payment requirements of the Plan members and the District are established and may be amended by the District, the Lawndale Teacher's Association (LTA), the Lawndale Federation of Classified Employees (LFCE), and unrepresented groups. The benefit payment is based on projected pay-as-you-go financing requirements as determined annually through the agreements with the District, LTA, LFCE, and the unrepresented groups. For measurement period of June 30, 2021, the District paid \$449,326 in benefits.

Total OPEB Liability of the District

The District's total OPEB liability of \$15,290,005 was measured as of June 30, 2021, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of June 30, 2021.

Actuarial Assumptions

The total OPEB liability in the June 30, 2021 actuarial valuation was determined by using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	2.75%
Discount rate	2.16%
Healthcare cost trend rates	4.00%

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

Mortality rates were based on the 2020 CalSTRS Mortality Table for certificated employees and the 2017 CalPERS Active Mortality for Miscellaneous Employees Table for classified employees. Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actual experience as of June 2021.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance, June 30, 2020	\$ 14,662,136
Service cost	1,092,804
Interest	328,895
Differences between expected and actual experience	(396,118)
Changes of assumptions	51,614
Benefit payments	(449,326)
Net change in total OPEB liability	627,869
Balance, June 30, 2021	\$ 15,290,005

Changes of assumptions and other inputs reflect a change in the discount rate from 2.20% to 2.16% and a change in the inflation rate from 2.75% to 2.50% since the previous valuation. There were no changes in benefit terms since the previous valuation.

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

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

Discount Rate	Total OPEB Liability
1% decrease (1.16%)	\$ 16,619,357
Current discount rate (2.16%)	15,290,005
1% increase (3.16%)	14,038,475

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

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

Healthcare Cost Trend Rate	Total OPEB Liability
1% decrease (3.00%)	\$ 13,281,296
Current healthcare cost trend rate (4.00%)	15,290,005
1% increase (5.00%)	17,699,726

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

For the year ended June 30, 2022, the District recognized OPEB expense of \$972,856. At June 30, 2022, the District reported deferred outflows of resources and deferred inflow of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 299,982	\$ -
Differences between expected and actual experience	-	1,257,061
Changes of assumptions	1,709,649	215,197
Total	<u>\$ 2,009,631</u>	<u>\$ 1,472,258</u>

The deferred outflows of resources for OPEB contributions subsequent to measurement date will be recognized as reduction of the total OPEB liability in the subsequent fiscal year. The remaining deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	\$ 6,043
2024	6,043
2025	6,043
2026	6,043
2027	6,043
Thereafter	207,176
Total	<u>\$ 237,391</u>

Medicare Premium Payment (MPP) Program**Plan Description**

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

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

Benefits Provided

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

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

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

Net OPEB Liability and OPEB Expense

At June 30, 2022, the District reported a liability of \$387,377 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2021 and June 30, 2020, respectively, was 0.0971%, and 0.1134%, resulting in a net decrease in the proportionate share of 0.0163%.

For the year ended June 30, 2022, the District recognized OPEB expense of \$(93,170).

Actuarial Methods and Assumptions

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

Measurement Date	June 30, 2021	June 30, 2020
Valuation Date	June 30, 2020	June 30, 2019
Experience Study	July 1, 2015 through June 30, 2018	June 30, 2014 through June 30, 2018
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	2.16%	2.21%
Medicare Part A Premium Cost Trend Rate	4.50%	4.50%
Medicare Part B Premium Cost Trend Rate	5.40%	5.40%

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

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

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

Discount Rate

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

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

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

Discount Rate	Net OPEB Liability
1% decrease (1.16%)	\$ 426,995
Current discount rate (2.16%)	387,377
1% increase (3.16%)	353,526

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

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

Medicare Costs Trend Rates	Net OPEB Liability
1% decrease (3.50% Part A and 4.40% Part B)	\$ 352,274
Current Medicare costs trend rates (4.50% Part A and 5.40% Part B)	387,377
1% increase (5.50% Part A and 6.40% Part B)	427,621

Note 10 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Building Fund	Non-Major Governmental Funds	Total
Nonspendable				
Revolving cash	\$ 15,000	\$ -	\$ 494	\$ 15,494
Stores inventories	97,698	-	78,630	176,328
Total nonspendable	112,698	-	79,124	191,822
Restricted				
Legally restricted programs	22,005,290	-	2,518,751	24,524,041
Capital projects	-	14,066,506	584,495	14,651,001
Debt services	-	-	1,944,642	1,944,642
Total restricted	22,005,290	14,066,506	5,047,898	41,119,694
Assigned				
Capital projects		-	3,177,998	3,177,998
Deferred maintenance	4,514	-	-	4,514
Measure CL carryover	1,180,882	-	-	1,180,882
Retiree benefits	3,883,560	-	-	3,883,560
LCAP supplemental/concentration carryover	2,041,766	-	-	2,041,766
USC grant	12,295	-	-	12,295
Total assigned	7,123,017	-	3,177,998	10,301,015
Unassigned				
Reserve for economic uncertainties	27,482,379	-	-	27,482,379
Remaining unassigned	5,439,021	-	-	5,439,021
Total unassigned	32,921,400	-	-	32,921,400
Total	\$ 62,162,405	\$ 14,066,506	\$ 8,305,020	\$ 84,533,931

Note 11 - Risk Management**Property and Liability**

The District is exposed to various risks of loss related to torts; theft, damage, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2022, the District contracted with Alliance of Schools for Cooperative Insurance Programs (ASCIP) for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

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

Workers' Compensation

For fiscal year 2022, the District participated in the Alliance of Schools for Cooperative Insurance Programs (ASCIP) joint powers authorities' insurance purchasing pool. The intent of the ASCIP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the pool. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in the pool. Each participant pays its workers' compensation premium based on its individual rate. A participant will then either receive a refund or credit from ASCIP or will be required to contribute to the "equity-pooling fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the pool. Participation in the pool is limited to districts that can meet the ASCIP selection criteria.

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

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

Note 12 - Employee Retirement Systems

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

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

Pension Plan	Aggregate Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	\$ 29,402,934	\$ 12,469,315	\$ 27,822,379	\$ 2,257,749
CalPERS	16,078,959	3,513,148	8,946,096	714,929
Total	<u>\$ 45,481,893</u>	<u>\$ 15,982,463</u>	<u>\$ 36,768,475</u>	<u>\$ 2,972,678</u>

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

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

<http://www.calstrs.com/member-publications>.

Benefits Provided

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

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

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

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

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

Contributions

Required member, District, and State of California contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2022, are presented above, and the District's total contributions were \$5,987,588.

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

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

Total net pension liability, including State share

District's proportionate share of net pension liability	\$ 29,402,934
State's proportionate share of the net pension liability associated with the District	<u>14,794,416</u>
Total	<u>\$ 44,197,350</u>

The net pension liability was measured as of June 30, 2021. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2021 and June 30, 2020, was 0.0646% and 0.0651%, respectively, resulting in a net decrease in the proportionate share of 0.0005%.

For the year ended June 30, 2022, the District recognized pension expense of \$2,257,749. In addition, the District recognized pension expense and revenue of \$506,173 for support provided by the State. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 5,987,588	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	2,241,988	1,434,817
Differences between projected and actual earnings on pension plan investments	-	23,258,478
Differences between expected and actual experience in the measurement of the total pension liability	73,656	3,129,084
Changes of assumptions	4,166,083	-
Total	<u>\$ 12,469,315</u>	<u>\$ 27,822,379</u>

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	\$ (5,906,259)
2024	(5,402,298)
2025	(5,536,364)
2026	(6,413,557)
Total	<u>\$ (23,258,478)</u>

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	\$ 1,876,833
2024	1,730,609
2025	(369,424)
2026	(314,484)
2027	(478,527)
Thereafter	(527,181)
Total	<u>\$ 1,917,826</u>

Actuarial Methods and Assumptions

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

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

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

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

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

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	\$ 59,853,850
Current discount rate (7.10%)	29,402,934
1% increase (8.10%)	4,129,255

California Public Employees Retirement System (CalPERS)

Plan Description

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

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

Benefits Provided

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

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

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

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2022, are presented above and the total District contributions were \$2,893,330.

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

As of June 30, 2022, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$16,078,959. The net pension liability was measured as of June 30, 2021. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2021 and June 30, 2020, respectively was 0.0791% and 0.0883%, resulting in a net decrease in the proportionate share of 0.0092%.

For the year ended June 30, 2022, the District recognized pension expense of \$714,929. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 2,893,330	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	139,820	2,737,565
Differences between projected and actual earnings on pension plan investments	-	6,170,626
Differences between expected and actual experience in the measurement of the total pension liability	479,998	37,905
Total	<u>\$ 3,513,148</u>	<u>\$ 8,946,096</u>

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	\$ (1,547,587)
2024	(1,423,146)
2025	(1,483,722)
2026	(1,716,171)
Total	<u>\$ (6,170,626)</u>

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	\$ (526,574)
2024	(883,769)
2025	(680,010)
2026	(65,299)
Total	<u>\$ (2,155,652)</u>

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2020, and rolling forward the total pension liability to June 30, 2021.

The financial reporting actuarial valuation as of June 30, 2020, used the following methods and assumptions, applied to all prior periods included in the measurement:

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

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

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

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

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.15%)	\$ 27,111,383
Current discount rate (7.15%)	16,078,959
1% increase (8.15%)	6,919,680

Social Security

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

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS for the fiscal year ended June 30, 2022, which amounted to \$4,155,263 (10.828%) of salaries subject to CalSTRS. Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

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, 2022.

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2022.

Construction Commitments

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

Capital Project	Remaining Construction Commitment	Expected Date of Completion
Carson playground IEEP project	\$ 54,402	September 2022
HVAC projects	97,368	September 2022
District office generator	137,422	September 2022
Green HVAC Measure L project	575,580	September 2022
Speaker projects	494,310	December 2022
Addams asphalt project	53,728	August 2023
Fencing projects	9,912	Summer 2023
Addams HVAC project	104,380	Summer 2023
Total	<u>\$ 1,527,102</u>	

Note 14 - Participation in Joint Power Authority

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

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

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

During the year ended June 30, 2022, the District made payments of \$1,015,439 to the ASCIP.

Note 15 - Adoption of New Accounting Standard

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

Government-Wide Financial Statements

Net Position - Beginning	\$ (20,822,583)
Right-to-use leased assets	147,777
Lease liability	<u>(147,777)</u>
Net Position - Beginning	<u>\$ (20,822,583)</u>



Required Supplementary Information
June 30, 2022

Lawndale Elementary School District

Lawndale Elementary School District
Budgetary Comparison Schedule – General Fund
Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variances - Positive (Negative) Final to Actual
	Original	Final		
Revenues				
Local Control Funding Formula	\$ 57,456,054	\$ 59,550,603	\$ 59,602,571	\$ 51,968
Federal sources	4,417,523	24,977,184	11,759,865	(13,217,319)
Other State sources	9,381,888	14,888,035	33,365,941	18,477,906
Other local sources	5,455,512	5,987,320	2,767,467	(3,219,853)
Total revenues ¹	76,710,977	105,403,142	107,495,844	2,092,702
Expenditures				
Current				
Certificated salaries	37,122,395	42,058,671	36,143,261	5,915,410
Classified salaries	13,817,457	15,860,671	13,738,294	2,122,377
Employee benefits	17,077,500	18,205,123	20,745,610	(2,540,487)
Books and supplies	6,137,868	21,617,178	8,441,408	13,175,770
Services and operating expenditures	9,561,081	13,186,529	8,224,903	4,961,626
Other outgo	975,640	1,475,850	1,461,045	14,805
Capital outlay	71,356	2,727,773	2,103,275	624,498
Debt service				
Debt service - principal	-	-	68,485	(68,485)
Debt service - interest and other	-	-	5,061	(5,061)
Total expenditures ¹	84,763,297	115,131,795	90,931,342	24,200,453
Excess (Deficiency) of Revenues Over Expenditures	(8,052,320)	(9,728,653)	16,564,502	26,293,155
Other Financing Sources (Uses)				
Transfers in	302,252	291,058	-	(291,058)
Transfers out	(580,125)	(580,125)	(214,445)	365,680
Net Financing Sources (Uses)	(277,873)	(289,067)	(214,445)	74,622
Net Change in Fund Balances	(8,330,193)	(10,017,720)	16,350,057	26,367,777
Fund Balance - Beginning	45,812,348	45,812,348	45,812,348	-
Fund Balance - Ending	\$ 37,482,155	\$ 35,794,628	\$ 62,162,405	\$ 26,367,777

¹ Due to the consolidation of Fund 14, Deferred Maintenance Fund, Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects for reporting purposes into the General Fund, additional revenues and expenditures pertaining to these other funds are included in the Actual (GAAP Basis) revenues and expenditures, however are not included in the original and final General Fund budgets.

Lawndale Elementary School District
 Budgetary Comparison Schedule – Special Education Pass-Through Fund
 Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variances - Positive (Negative)
	Original	Final		Final to Actual
Revenues				
Federal sources	\$ 19,881,441	\$ 19,815,912	\$ 19,940,615	\$ 124,703
Other State sources	64,286,135	81,437,577	73,105,782	(8,331,795)
Other local sources	-	-	149,397	149,397
Total revenues	84,167,576	101,253,489	93,195,794	(8,057,695)
Expenditures				
Current				
Other outgo	84,167,576	101,202,117	93,144,422	8,057,695
Net Change in Fund Balances	-	51,372	51,372	-
Fund Balance - Beginning	-	(51,372)	(51,372)	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -

Lawndale Elementary School District
Schedule of Changes in the District's Total OPEB Liability and Related Ratios
Year Ended June 30, 2022

	2022	2021	2020	2019
Total OPEB Liability				
Service cost	\$ 1,092,804	\$ 851,506	\$ 1,008,517	\$ 897,686
Interest	328,895	435,611	465,440	436,577
Difference between expected and actual experience	(396,118)	(16,126)	(1,072,547)	-
Changes of assumptions	51,614	1,576,328	339,991	(290,049)
Benefit payments	(449,326)	(427,060)	(451,853)	(263,834)
Net change in total OPEB liability	627,869	2,420,259	289,548	780,380
Total OPEB Liability - Beginning	14,662,136	12,241,877	11,952,329	11,171,949
Total OPEB Liability - Ending	\$ 15,290,005	\$ 14,662,136	\$ 12,241,877	\$ 11,952,329
Covered Payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Total OPEB Liability as a Percentage of Covered Payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

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

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

Lawndale Elementary School District
Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program
Year Ended June 30, 2022

Year Ended June 30,	2022	2021	2020	2019	2018
District's proportion of the net OPEB liability	0.0971%	0.1134%	0.1138%	0.1105%	0.1122%
District's proportionate share of the net OPEB liability	\$ 387,377	\$ 480,547	\$ 423,692	\$ 423,030	\$ 472,077
District's covered payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹
District's proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Plan fiduciary net position as a percentage of the total OPEB liability	0.80%	-0.71%	-0.81%	-0.40%	0.01%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

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

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

Lawndale Elementary School District
Schedule of the District's Proportionate Share of the Net Pension Liability
Year Ended June 30, 2022

	2022	2021	2020	2019	2018	2017	2016	2015
CalSTRS								
Proportion of the net pension liability	0.0646%	0.0651%	0.0643%	0.0616%	0.0620%	0.0600%	0.0576%	0.0560%
Proportionate share of the net pension liability	\$ 29,402,934	\$ 63,065,613	\$ 58,086,866	\$ 56,590,491	\$ 57,319,007	\$ 48,517,958	\$ 38,749,301	\$ 32,705,162
State's proportionate share of the net pension liability	14,794,416	32,510,331	31,690,263	32,400,703	33,909,440	27,620,408	20,494,109	19,748,789
Total	<u>\$ 44,197,350</u>	<u>\$ 95,575,944</u>	<u>\$ 89,777,129</u>	<u>\$ 88,991,194</u>	<u>\$ 91,228,447</u>	<u>\$ 76,138,366</u>	<u>\$ 59,243,410</u>	<u>\$ 52,453,951</u>
Covered payroll	<u>\$ 34,205,245</u>	<u>\$ 35,218,649</u>	<u>\$ 35,105,344</u>	<u>\$ 32,427,505</u>	<u>\$ 31,889,118</u>	<u>\$ 30,409,003</u>	<u>\$ 26,259,617</u>	<u>\$ 25,289,611</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	85.96%	179.07%	165.46%	174.51%	179.74%	159.55%	147.56%	129.32%
Plan fiduciary net position as a percentage of the total pension liability	87%	72%	73%	71%	69%	70%	74%	77%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
CalPERS								
Proportion of the net pension liability	0.0791%	0.0883%	0.0909%	0.0887%	0.0909%	0.0926%	0.0913%	0.0873%
Proportionate share of the net pension liability	\$ 16,078,959	\$ 27,102,432	\$ 26,494,582	\$ 23,651,498	\$ 21,703,903	\$ 18,294,793	\$ 13,460,371	\$ 9,915,554
Covered payroll	<u>\$ 11,359,372</u>	<u>\$ 12,722,179</u>	<u>\$ 12,788,833</u>	<u>\$ 11,518,028</u>	<u>\$ 11,609,411</u>	<u>\$ 11,076,146</u>	<u>\$ 10,847,022</u>	<u>\$ 9,198,947</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	141.55%	213.03%	207.17%	205.34%	186.95%	165.17%	124.09%	107.79%
Plan fiduciary net position as a percentage of the total pension liability	81%	70%	70%	71%	72%	74%	79%	83%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

Lawndale Elementary School District
Schedule of the District's Contributions
Year Ended June 30, 2022

	2022	2021	2020	2019	2018	2017	2016	2015
CalSTRS								
Contractually required contribution	\$ 5,987,588	\$ 5,524,147	\$ 6,022,389	\$ 5,715,150	\$ 4,679,289	\$ 4,011,651	\$ 3,262,886	\$ 2,331,854
Less contributions in relation to the contractually required contribution	5,987,588	5,524,147	6,022,389	5,715,150	4,679,289	4,011,651	3,262,886	2,331,854
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 35,387,636	\$ 34,205,245	\$ 35,218,649	\$ 35,105,344	\$ 32,427,505	\$ 31,889,118	\$ 30,409,003	\$ 26,259,617
Contributions as a percentage of covered payroll	16.92%	16.15%	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%
CalPERS								
Contractually required contribution	\$ 2,893,330	\$ 2,351,390	\$ 2,508,941	\$ 2,309,919	\$ 1,788,865	\$ 1,612,315	\$ 1,312,191	\$ 1,276,803
Less contributions in relation to the contractually required contribution	2,893,330	2,351,390	2,508,941	2,309,919	1,788,865	1,612,315	1,312,191	1,276,803
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 12,629,114	\$ 11,359,372	\$ 12,722,179	\$ 12,788,833	\$ 11,518,028	\$ 11,609,411	\$ 11,076,146	\$ 10,847,022
Contributions as a percentage of covered payroll	22.910%	20.700%	19.721%	18.062%	15.531%	13.888%	11.847%	11.771%

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

Note 1 - Purpose of Schedules

Budgetary Comparison Schedules

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

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

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

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

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

- *Changes in Benefit Terms* - There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* - The plan rate of investment return assumption was changed from 2.20% to 2.16% since the previous valuation. The inflation rate was changed from 2.75% to 2.50% since the previous valuation.

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

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

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

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

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

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

Schedule of the District's Contributions

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



Supplementary Information
June 30, 2022

Lawndale Elementary School District

Lawndale Elementary School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Passed Through to Subrecipients
U.S. Department of Education				
Passed through California Department of Education (CDE)				
ESSA: Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	\$ 1,905,654	\$ -
ESSA: Title II, Part A, Supporting Effective Instruction	84.367	14341	308,255	-
ESSA: Title III, English Learner Student Program	84.365	14346	296,028	-
ESSA: Title III, Immigrant Student Program	84.365	15146	9,178	-
Subtotal			<u>305,206</u>	<u>-</u>
ESSA: Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	94,860	-
Special Education Cluster (IDEA)				
IDEA Basic Local Assistance Entitlement, Part B, Section 611	84.027	13379	17,526,845	15,973,133
IDEA Preschool Grants, Part B, Section 619	84.173	13430	1,116,657	993,933
IDEA Preschool Local Entitlement, Part B, Section 611	84.027A	13682	6,441	-
IDEA Mental Health Average Daily Attendance (ADA) Allocation, Part B, Sec 611	84.027A	15197	1,107,257	1,107,257
IDEA Preschool Staff Development, Part B, Section 619	84.173A	13431	5,682	5,147
Alternate Dispute Resolution, Part B, Section 611	84.173A	13007	104,960	-
COVID-19: IDEA Part B, Sec. 619, Preschool Grants	84.173	15639	202,469	196,804
COVID-19: IDEA Part B, Sec. 611, Local Assistance Entitlement	84.027	15638	1,838,131	1,664,341
Subtotal Special Education Cluster (IDEA)			<u>21,908,442</u>	<u>19,940,615</u>
IDEA Early Intervention Grants, Part C	84.181	23761	226,304	-
COVID-19: Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	15536	908,670	-
COVID-19: Elementary and Secondary School Emergency Relief (ESSER II) Fund	84.425D	15547	1,797,893	-
COVID-19: Elementary and Secondary School Emergency Relief (ESSER III) Fund	84.425U	15559	2,306,157	-
COVID-19: Elementary and Secondary School Emergency Relief (ESSER III) Fund	84.425U	10155	1,386	-
COVID-19: Elementary and Secondary School Emergency Relief (ESSER III) Fund	84.425U	15620	268,317	-
COVID-19: Elementary and Secondary School Emergency Relief (ESSER III) Fund	84.425U	15621	639,116	-
COVID-19: Governor's Emergency Education Relief (GEER) Fund	84.425C	15517	54,195	-
Subtotal			<u>5,975,734</u>	<u>-</u>
Total U.S. Department of Education			<u>30,724,455</u>	<u>19,940,615</u>

Lawndale Elementary School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Passed Through to Subrecipients
U.S. Department of the Treasury Passed through California Department of Education (CDE) COVID-19: Coronavirus Relief Fund	21.019	25516	\$ 11,792	\$ -
Total U.S. Department of the Treasury			11,792	-
U.S. Department of Health and Human Services Passed through Los Angeles County Office of Education COVID-19: ELC Covid Testing Grant	93.323	6391:21-22	600,838	-
Total U.S. Department of Health and Human Services			600,838	-
U.S. Department of Agriculture Passed through California Department of Education (CDE) Child Nutrition Cluster				
Child Nutrition: School Programs (NSL Sec 11)	10.555	13396	2,467,864	-
Child Nutrition: School Programs (School Breakfast Needy)	10.553	13526	584,461	-
COVID-19: SNP Emergency Operational Costs Reimbursement (ECR)	10.555	15637	6,227	-
Commodities	10.555	13396	359,120	-
Subtotal Child Nutrition Cluster			3,417,672	-
Child Care Food Program (CCFP) Claims-Centers and Family Day Care Homes (Meal Reimbursements)	10.558	13393	393,450	-
COVID-19: CACFP Emergency Operational Costs Reimbursement (ECR)	10.558	15577	756	-
Subtotal			394,206	-
Passed through Los Angeles County Department of Public Health Supplemental Nutrition Assistance Program (SNAP) Cluster				
CalFresh Healthy Living Program	10.561	PH-004421	363,395	-
Subtotal SNAP Cluster			363,395	-
Total U.S. Department of Agriculture			4,175,273	-
Total Federal Financial Assistance			\$ 35,512,358	\$ 19,940,615

ORGANIZATION

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

GOVERNING BOARD

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

ADMINISTRATION

Dr. Elizabeth Hamilton	Superintendent of Schools
Dr. Gretchen Janson	Deputy Superintendent of Business Services
Mr. Travis Collier	Assistant Superintendent of Educational Services
Mr. Adam Jaquette	Assistant Superintendent of Human Resources

Lawndale Elementary School District

Schedule of Average Daily Attendance

Year Ended June 30, 2022

	Final Report		As Adjusted per Audit	
	Second Period Report*	Annual Report	Second Period Report	Annual Report
Regular ADA				
Transitional kindergarten through third	1,779.38	1,788.85	1,778.38	1,788.01
Fourth through sixth	1,442.10	1,446.86	1,442.10	1,446.86
Seventh and eighth	1,046.06	1,050.99	1,046.06	1,050.99
Total Regular ADA	4,267.54	4,286.70	4,266.54	4,285.86
Extended Year Special Education				
Transitional kindergarten through third	6.83	6.83	6.83	6.83
Fourth through sixth	4.01	4.01	4.01	4.01
Seventh and eighth	1.80	1.80	1.80	1.80
Total Extended Year Special Education	12.64	12.64	12.64	12.64
Special Education, Nonpublic, Nonsectarian Schools				
Transitional kindergarten through third	0.38	0.48	0.38	0.48
Fourth through sixth	1.27	1.35	1.27	1.35
Seventh and eighth	1.53	1.58	1.53	1.58
Total Special Education, Nonpublic, Nonsectarian Schools	3.18	3.41	3.18	3.41
Total ADA	4,283.36	4,302.75	4,282.36	4,301.91

*The Second Period Attendance Report was amended on August 3, 2022.

Lawndale Elementary School District

Schedule of Instructional Time

Year Ended June 30, 2022

Grade Level	1986-1987 Minutes Requirement	2021-2022 Actual Minutes	Number of Minutes Credited Form J-13A	Total Minutes Offered	Traditional Calendar			Multitrack Calendar			Status
					Number of Actual Days	Number of Days Credited Form J-13A	Total Days Offered	Number of Actual Days	Number of Days Credited Form J-13A	Total Days Offered	
Kindergarten	36,000	50,600	-	50,600	180	-	180	-	-	-	Complied
Grades 1 - 3	50,400										
Grade 1		50,600	-	50,600	180	-	180	-	-	-	Complied
Grade 2		50,600	-	50,600	180	-	180	-	-	-	Complied
Grade 3		50,600	-	50,600	180	-	180	-	-	-	Complied
Grades 4 - 8	54,000										
Grade 4		54,300	-	54,300	180	-	180	-	-	-	Complied
Grade 5		54,300	-	54,300	180	-	180	-	-	-	Complied
Grade 6		56,300	-	56,300	180	-	180	-	-	-	Complied
Grade 7		56,300	-	56,300	180	-	180	-	-	-	Complied
Grade 8		56,300	-	56,300	180	-	180	-	-	-	Complied

Lawndale Elementary School District
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
Year Ended June 30, 2022

Summarized below is the fund balance reconciliation between the Unaudited Actual Financial Report and the audited financial statements.

	Non-Major Governmental Fund Bond Interest & Redemption Fund*
Fund Balance	
Balance, June 30, 2022, Unaudited Actuals	\$ 2,007,531
Decrease in	
Cash in County Treasury	(83,096)
	<hr/>
Balance, June 30, 2022, Audited Financial Statements	\$ 1,924,435
	<hr/> <hr/>

*District has no control over this fund.

Lawndale Elementary School District
Schedule of Financial Trends and Analysis
Year Ended June 30, 2022

	(Budget) 2023 ¹	2022	2021 ¹	2020 ¹
General Fund ³				
Revenues	\$ 92,668,041	\$ 107,630,307	\$ 92,338,405	\$ 85,293,369
Other sources	291,058	291,058	302,252	392,731
Total revenues and other sources	92,959,099	107,921,365	92,640,657	85,686,100
Expenditures	90,134,406	90,931,342	77,282,517	82,877,709
Other uses	580,125	681,327	789,007	686,100
Total expenditures and other uses	90,714,531	91,612,669	78,071,524	83,563,809
Increase in Fund Balance	2,244,568	16,308,696	14,569,133	2,122,291
Ending Fund Balance	\$ 60,518,899	\$ 58,274,331	\$ 41,965,635	\$ 27,396,502
Available Reserves ^{2,4}	\$ 35,165,968	\$ 32,921,400	\$ 30,940,032	\$ 21,793,727
Available Reserves as a Percentage of Total Outgo ⁴	38.77%	35.94%	39.63%	26.08%
Long-Term Liabilities ⁵	N/A	\$ 100,917,253	\$ 146,446,692	\$ 133,069,719
K-12 Average Daily Attendance at P-2	4,124	4,283	4,972	4,972

The General Fund balance has increased by \$30,877,829 over the past two years. The fiscal year 2022-2023 budget projects an increase of \$2,244,568 (3.85%). For a district this size, the State recommends available reserves of at least 3.00% of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in each of the past three years and anticipates incurring an operating surplus during the 2022-2023 fiscal year. Total long-term liabilities have decreased by \$32,151,714 over the past two years.

Average daily attendance has decreased by 689 ADA over the past two years. An additional decline of 159 ADA is anticipated during fiscal year 2022-2023.

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

² Available reserves consist of all unassigned fund balances including all amounts reserved for economic uncertainties contained within the General Fund.

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

⁴ On behalf payments of \$1,110,335 relating to Senate Bill 90 have been excluded from the calculation of available reserves for the fiscal year ending June 30, 2020.

⁵ Fiscal year 2021 has been restated to show the effects of GASB 87.

Lawndale Elementary School District

Schedule of Charter Schools

Year Ended June 30, 2022

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

Lawndale Elementary School District
Combining Balance Sheet – Non-Major Governmental Funds
June 30, 2022

	Student Activity Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	State School Building Lease Purchase Fund	County School Facilities Fund
Assets						
Deposits and investments	\$ 65,162	\$ 719,731	\$ 1,479,362	\$ 452,224	\$ 29,456	\$ 36,541
Receivables	-	89,810	650,755	67,335	85	104
Stores inventories	-	-	78,630	-	-	-
Total assets	\$ 65,162	\$ 809,541	\$ 2,208,747	\$ 519,559	\$ 29,541	\$ 36,645
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ -	\$ 252,404	\$ 202,743	\$ -	\$ 1,250	\$ -
Unearned revenue	-	30,428	-	-	-	-
Total liabilities	-	282,832	202,743	-	1,250	-
Fund Balances						
Nonspendable	-	-	79,124	-	-	-
Restricted	65,162	526,709	1,926,880	519,559	28,291	36,645
Assigned	-	-	-	-	-	-
Total fund balances	65,162	526,709	2,006,004	519,559	28,291	36,645
Total liabilities and fund balances	\$ 65,162	\$ 809,541	\$ 2,208,747	\$ 519,559	\$ 29,541	\$ 36,645

Lawndale Elementary School District
Combining Balance Sheet – Non-Major Governmental Funds
June 30, 2022

	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Tax Override Fund	Debt Service Fund	Total Non-Major Governmental Funds
Assets					
Deposits and investments	\$ 3,249,423	\$ 1,924,435	\$ 10	\$ 20,149	\$ 7,976,493
Receivables	8,737	-	-	58	816,884
Stores inventories	-	-	-	-	78,630
Total assets	\$ 3,258,160	\$ 1,924,435	\$ 10	\$ 20,207	\$ 8,872,007
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 80,162	\$ -	\$ -	\$ -	536,559
Unearned revenue	-	-	-	-	30,428
Total liabilities	80,162	-	-	-	566,987
Fund Balances					
Nonspendable	-	-	-	-	79,124
Restricted	-	1,924,435	10	20,207	5,047,898
Assigned	3,177,998	-	-	-	3,177,998
Total fund balances	3,177,998	1,924,435	10	20,207	8,305,020
Total liabilities and fund balances	\$ 3,258,160	\$ 1,924,435	\$ 10	\$ 20,207	\$ 8,872,007

Lawndale Elementary School District
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds
Year Ended June 30, 2022

	Student Activity Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund
Revenues				
Federal sources	\$ -	\$ 126,600	\$ 3,949,404	\$ -
Other State sources	-	1,514,153	194,982	-
Other local sources	37,328	6,397	(40,787)	51,551
Total revenues	37,328	1,647,150	4,103,599	51,551
Expenditures				
Current				
Instruction	-	1,258,581	-	-
Instruction-related activities				
Supervision of instruction	-	259,462	-	-
School site administration	-	36,682	-	-
Pupil services				
Food services	-	-	3,458,031	-
Administration				
All other administration	-	64,100	100,711	-
Plant services	-	70	-	-
Ancillary services	37,328	-	-	-
Facility acquisition and construction	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and other	-	-	-	-
Total expenditures	37,328	1,618,895	3,558,742	-
Excess (Deficiency) of Revenues Over Expenditures	-	28,255	544,857	51,551
Other Financing Sources				
Transfers in	-	-	-	-
Net Change in Fund Balances	-	28,255	544,857	51,551
Fund Balance - Beginning	65,162	498,454	1,461,147	468,008
Fund Balance - Ending	\$ 65,162	\$ 526,709	\$ 2,006,004	\$ 519,559

Lawndale Elementary School District
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds
Year Ended June 30, 2022

	State School Building Lease Purchase Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund
Revenues				
Federal sources	\$ -	\$ -	\$ -	\$ -
Other State sources	-	-	-	14,340
Other local sources	(912)	(1,131)	(100,979)	2,444,028
Total revenues	(912)	(1,131)	(100,979)	2,458,368
Expenditures				
Current				
Instruction	-	-	-	-
Instruction-related activities				
Supervision of instruction	-	-	-	-
School site administration	-	-	-	-
Pupil services				
Food services	-	-	-	-
Administration				
All other administration	-	-	-	-
Plant services	-	-	24,287	-
Ancillary services	-	-	-	-
Facility acquisition and construction	-	-	305,741	-
Debt service				
Principal	-	-	-	1,110,000
Interest and other	-	-	-	1,564,982
Total expenditures	-	-	330,028	2,674,982
Excess (Deficiency) of Revenues Over Expenditures	(912)	(1,131)	(431,007)	(216,614)
Other Financing Sources				
Transfers in	-	-	214,445	-
Net Change in Fund Balances	(912)	(1,131)	(216,562)	(216,614)
Fund Balance - Beginning	29,203	37,776	3,394,560	2,141,049
Fund Balance - Ending	\$ 28,291	\$ 36,645	\$ 3,177,998	\$ 1,924,435

Lawndale Elementary School District
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds
Year Ended June 30, 2022

	Tax Override Fund	Debt Service Fund	Total Non-Major Governmental Funds
Revenues			
Federal sources	\$ -	\$ -	\$ 4,076,004
Other State sources	-	-	1,723,475
Other local sources	-	(624)	2,394,871
Total revenues	-	(624)	8,194,350
Expenditures			
Current			
Instruction	-	-	1,258,581
Instruction-related activities			
Supervision of instruction	-	-	259,462
School site administration	-	-	36,682
Pupil services			
Food services	-	-	3,458,031
Administration			
All other administration	-	-	164,811
Plant services	-	-	24,357
Ancillary services	-	-	37,328
Facility acquisition and construction	-	-	305,741
Debt service			
Principal	-	-	1,110,000
Interest and other	-	-	1,564,982
Total expenditures	-	-	8,219,975
Excess (Deficiency) of Revenues Over Expenditures	-	(624)	(25,625)
Other Financing Sources			
Transfers in	-	-	214,445
Net Change in Fund Balances	-	(624)	188,820
Fund Balance - Beginning	10	20,831	8,116,200
Fund Balance - Ending	\$ 10	\$ 20,207	\$ 8,305,020

Note 1 - Purpose of Schedules

Schedule of Expenditures of Federal Awards (SEFA)

Basis of Presentation

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

Summary of Significant Accounting Policies

Expenditures reported in the schedule are reported on the modified accrual basis of accounting, except for subrecipient expenditures, which are recorded on the cash basis. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Cost Rate

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

Food Donation

Nonmonetary assistance is reported in this schedule at the fair market value of the commodities received and disbursed. At June 30, 2022, the District had food commodities totaling \$359,120.

Local Education Agency Organization Structure

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

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

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

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

Reconciliation of Annual Financial and Budget Report With Audited Financial Statements

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

Schedule of Financial Trends and Analysis

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

Schedule of Charter Schools

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

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

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



Independent Auditor's Reports
June 30, 2022

Lawndale Elementary School District



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

Governing Board
Lawndale Elementary School District
Lawndale, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lawndale Elementary School District (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 15, 2022.

Adoption of New Accounting Standard

As discussed in Note 1 and Note 15 to the financial statements, the District has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ending June 30, 2022. Our opinions are not modified with respect to this matter.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California
December 15, 2022



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

Governing Board
Lawndale Elementary School District
Lawndale, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California
December 15, 2022



Independent Auditor's Report on State Compliance

Governing Board
Lawndale Elementary School District
Lawndale, California

Report on State Compliance

Qualified and Unmodified Opinions on State Compliance

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

Qualified Opinion on Immunizations and Classroom Teacher Salaries

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

Unmodified Opinion on Each of the Other Programs

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

Basis for Qualified and Unmodified Opinions

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

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

Matters Giving Rise to Qualified Opinion on Immunizations and Classroom Teacher Salaries

As described in the accompanying schedule of findings and questioned costs, the District did not comply with requirements regarding immunizations and classroom teacher salaries as described in finding number 2022-01 and 2022-02, respectively.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

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

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

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

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

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

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

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

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

We did not perform California Clean Energy Jobs Act procedures because the related procedures were performed in a previous year.

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

We did not perform Career Technical Education Incentive Grant procedures because the District did not receive funding for this grant.

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

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are described in the accompanying Schedule of Findings and Questioned Costs as items 2022-01 and 2022-02.

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

Report on Internal Control over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance in a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with compliance requirement will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-01 and 2022-02 to be significant deficiencies.

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

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

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

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California
December 15, 2022



Schedule of Findings and Questioned Costs
June 30, 2022

Lawndale Elementary School District

Lawndale Elementary School District

Summary of Auditor's Results

Year Ended June 30, 2022

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)	No

Identification of major programs

<u>Name of Federal Program or Cluster</u>	<u>Federal Financial Assistance Listing/ Federal CFDA Number</u>
COVID-19: Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D
COVID-19: Elementary and Secondary School Emergency Relief (ESSER II) Fund	84.425D
COVID-19: Elementary and Secondary School Emergency Relief (ESSER III) Fund	84.425U
COVID-19: Governor's Emergency Education Relief (GEER) Fund	84.425C
Special Education Cluster (IDEA)	84.027, 84.173, 84.027A, 84.173A
COVID-19: ELC Covid Testing Grant	93.323
Child Nutrition Cluster	10.555, 10.553
Dollar threshold used to distinguish between type A and type B programs	\$1,065,371
Auditee qualified as low-risk auditee?	No

State Compliance

Internal control over state compliance programs	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes
Type of auditor's report issued on compliance for programs	Qualified
Unmodified for all programs except for the following programs which were qualified	

Name of Program

Classroom Teacher Salaries
Immunizations

None reported.

None reported.

The following findings represent significant deficiencies and instances of noncompliance including questioned costs that are required to be reported by the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. The findings have been coded as follows:

Five Digit Code	AB 3627 Finding Type
61000	Classroom Teacher Salaries

2022-001 61000 – Classroom Teacher Salaries

Criteria or Specific Requirements

In accordance with *Education Code* section 41372, the District is required to expend at least 60% of General Fund expenditures on classroom teacher salaries.

Condition

In reviewing the Current Expense Formula/Minimum Classroom Compensation Form (Form CEA), it was noted the District did not meet the minimum percentage required for payment of classroom teachers. The District reported 55.96%, which is 4.04% lower than the minimum required.

Questioned Costs

There are no questioned costs related to this finding.

Context

In reviewing Form CEA, the auditor noted the District did not meet the minimum required 60% of General Fund expenditures for classroom teacher salaries.

Effect

The noncompliance resulted in the District being deficient by \$3,098,715 or 4.04%.

Cause

As a result of the District receiving significant sources of new funding to be used specifically for COVID-19 related expenditures, the District's ratio was not maintained.

Repeat Finding (Yes or No)

No

Recommendation

The District should consider reviewing this calculation for compliance during interim budget periods and make adjustments when necessary. In addition, the District should consider applying for a waiver for this requirement.

Corrective Action Plan and Views of Responsible Officials

The District recognizes that the General Fund expenditures on classroom teacher salaries was insufficient and led to noncompliance with *Education Code* Section 41372.

The District will take the following steps as part of the Corrective Action Plan:

- A waiver for Form CEA will be submitted to the California Department of Education
- An analysis of comparable salaries will be conducted.

40000

State Compliance

2022-002

40000 – Immunizations

Criteria or Specific Requirements

In accordance with *California Code of Regulations* Section 6025, the District is required to verify that each pupil have two varicella doses and one Tdap dose prior to admission into 7th or 8th grade, or has a current medical exemption from varicella or Tdap on file.

Condition

Out of the twenty-five students from Wil Rogers Middle School, one did not have all the required doses prior to admission to 7th grade. The student received their second dose of varicella on May 3, 2022. ADA was claimed for this student for the entire school year.

Questioned Costs

There are no questioned costs related to this finding.

Context

Will Rogers Middle School was included in the California Department of Public Health's reporting of schools with 7th grade that reported combined conditional admission and overdue rates greater than 10% in kindergarten. The school site had 576 7th and 8th grade students enrolled during the fiscal year.

Effect

The noncompliance resulted in the District overclaiming ADA by 1 at the second period of attendance.

Cause

The condition identified was caused by the District's lack of procedures to verify students without all of their required immunizations be properly excluded from being claimed as ADA.

Repeat Finding (Yes or No)

No

Recommendation

The District should implement more procedures to verify students without all of their immunizations be properly excluded from ADA. In addition, the District should amend their second period and annual period attendance reports.

Corrective Action Plan and Views of Responsible Officials

The District recognizes that there was a deficiency in procedures related to student vaccination verification that let to noncompliance with *California Code of Regulations* Section 6025.

The District will take the following steps as part of the Corrective Action Plan:

- Vaccination verification procedures will be reviewed and updated as needed.
- Staff responsibilities for implementation of these procedures will receive additional training to ensure future compliance.

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

Federal Awards Finding**2021-001 50000****Federal Program Affected**

Program Name: COVID-19: Coronavirus Relief Fund

Assistance Listing Number: 21.019

Passed through from California Department of Education

Federal Agency: U.S. Department of the Treasury

Criteria or Specific Requirements

Activities Allowed or Unallowed

601(d) of the Social Security Act, as added by section 5001 of Division A of the CARES Act: Use of Funds – a State, Tribal government, and unit of local government shall use the funds provided under a payment made under this section to cover only those costs of the State, Tribal government, or unit of local government that – (1) are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19).

Condition

Material Weakness: It was determined there was a duplicate expenditure charged to the program, therefore, it was not considered a necessary expenditure incurred due to the public health emergency.

Questioned Costs

The questioned costs are \$366,994.

Context

The District spent \$5,299,700 of COVID-19 Coronavirus Relief Fund. Out of the sixty expenditures tested, one item did not have supporting documentation and was determined to be a duplicate expenditure charged to the program.

Effect

The District did not comply with relevant federal requirements.

Cause

An invoice was erroneously entered twice into the system causing a duplicate expenditure charged to the program.

Repeat Finding (Yes or No):

No

Recommendation

The District should implement additional review procedures to ensure that the expenditures charged to the program are supported by proper documentation.

Current Status

Implemented.