



Financial Statements
June 30, 2023

Los Alamitos Unified School District

Independent Auditor’s Report	1
Management’s Discussion and Analysis	5
Government Wide Financial Statements	
Statement of Net Position	15
Statement of Activities	17
Government Fund Financial Statements	
Balance Sheet – Governmental Funds	18
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	19
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	21
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	23
Proprietary Fund Financial Statements	
Statement of Net Position – Proprietary Funds	25
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	26
Statement of Cash Flows – Proprietary Funds	27
Notes to Financial Statements	28
Required Supplementary Information	
Budgetary Comparison Schedule – General Fund	71
Budgetary Comparison Schedule – Child Development Fund	72
Schedule of Changes in the District’s Total OPEB Liability and Related Ratios	73
Schedule of the District’s Proportionate Share of the Net OPEB Liability – MPP Program	74
Schedule of the District’s Proportionate Share of the Net Pension Liability – CalSTRS	75
Schedule of the District’s Proportionate Share of the Net Pension Liability - CalPERS	76
Schedule of the District’s Contributions - CalSTRS	77
Schedule of the District’s Contributions - CalPERS	78
Notes to Required Supplementary Information	79
Supplementary Information	
Schedule of Expenditures of Federal Awards	81
Summary of Children and Families Commission of Orange County School Readiness	83
Local Education Agency Organization Structure	84
Schedule of Average Daily Attendance	85
Schedule of Instructional Time	86
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements	87
Schedule of Financial Trends and Analysis	88
Combining Balance Sheet – Non-Major Governmental Funds	89
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental Funds	90
Notes to Supplementary Information	91

Independent Auditor's Reports

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 <i>Government Auditing Standards</i>	94
Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance	96
Independent Auditor's Report on State Compliance.....	99

Schedule of Findings and Questioned Costs

Summary of Auditor's Results	104
Financial Statement Findings	105
Federal Awards Findings and Questioned Costs	106
State Awards Findings and Questioned Costs.....	107
Summary Schedule of Prior Audit Findings.....	108



Independent Auditor's Report

To the Governing Board
Los Alamitos Unified School District
Los Alamitos, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Los Alamitos Unified School District (the District) as of and for the year ended June 30, 2023, 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, each major fund, and the aggregate remaining fund information of the Los Alamitos Unified School District, as of June 30, 2023, 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 Notes 1 and 17 to the financial statements, the District has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, for the year ended June 30, 2023. Accordingly, a restatement has been made to the governmental activities net position as of July 1, 2022, to restate beginning net position. 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 - CalSTRS, schedule of the District's proportionate share of the net pension liability – CalPERS, schedule of the District's contributions – CalSTRS, and schedule of the District's contributions - CalPERS, 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 GAAS, 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 GAAS. 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 November 9, 2023 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
November 9, 2023

This section of Los Alamitos Unified 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, 2023, with comparative information for the year ended June 30, 2022. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

The financial statements presented herein include all of the activities of the District and its component units using the integrated approach as prescribed by Government 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. These statements include all assets of the District (including capital assets, right-to-use leased assets, and right-to-use subscription IT 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 Los Alamitos Unified 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 of resources, liabilities, and deferred inflows of resources 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 report the District activities as follows:

Governmental Activities - All of the District's services are reported in this category. This includes the education of kindergarten through grade twelve students, adult education 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.

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 statement.

Proprietary Funds - When the District charges users for the services it provides, whether to outside customers or to other departments within the District, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Fund Net Position. We use internal service funds (the other component of proprietary funds) to report activities that provide supplies and services for the District's other programs and activities - such as the District's Self-Insurance Fund. The internal service funds are reported with governmental activities in the government-wide financial statements.

FINANCIAL HIGHLIGHTS

The District's financial status has remained positive.

- Total net position (deficit) in governmental activities were recorded at \$(56,630,443).
- Overall revenues in governmental activities were \$171,228,134.
- Total capital assets decreased by approximately \$326,232.
- Ongoing technology and deferred maintenance in the amount of \$2 million were expended.

THE DISTRICT AS A WHOLE

Net Position

The District's net position (deficit) was \$(56,630,443) for the fiscal year ended June 30, 2023. Of this amount, \$(123,383,099) was unrestricted (deficit). Restricted net position is reported separately to show legal constraints from debt covenants grantors, constitutional provisions and enabling legislation that limit the governing board's ability to use 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 activities.

Table 1

	Governmental Activities	
	2023	2022 as restated
Assets		
Current and other assets	\$ 143,351,994	\$ 114,113,652
Capital assets, right-to-use leased assets, and right-to-use subscription IT assets	<u>222,921,311</u>	<u>223,247,543</u>
Total assets	<u>366,273,305</u>	<u>337,361,195</u>
Deferred outflows of resources	<u>32,390,649</u>	<u>26,667,993</u>
Liabilities		
Current liabilities	16,655,277	18,661,306
Long-term liabilities	<u>421,256,596</u>	<u>360,935,071</u>
Total liabilities	<u>437,911,873</u>	<u>379,596,377</u>
Deferred inflows of resources	<u>17,382,524</u>	<u>53,817,000</u>
Net Position		
Net investment in capital assets	(9,516,513)	(4,961,364)
Restricted	76,269,169	62,580,696
Unrestricted	<u>(123,383,099)</u>	<u>(127,003,521)</u>
Total net position	<u>\$ (56,630,443)</u>	<u>\$ (69,384,189)</u>

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the *Statement of Activities* on page 17. 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	
	2023	2022*
Revenues		
Program revenues		
Charges for services and sales	\$ 438,156	\$ 464,818
Operating grants and contributions	35,617,202	27,377,913
Capital grants and contributions	-	1,172,559
General revenues		
Federal and state aid not restricted	47,474,752	42,116,844
Property taxes	72,815,788	63,291,571
Other general revenues	14,882,236	9,003,421
Total revenues	<u>171,228,134</u>	<u>143,427,126</u>
Expenses		
Instruction-related	104,867,362	94,728,386
Pupil services	14,631,875	12,405,178
Administration	10,033,220	9,104,318
Plant services	10,627,045	11,632,022
All other services	18,314,886	17,632,405
Total expenses	<u>158,474,388</u>	<u>145,502,309</u>
Change in net position	<u>\$ 12,753,746</u>	<u>\$ (2,075,183)</u>

* The revenues and expenses for fiscal year 2022 were not restated to show the effects of GASB Statement No. 96 for comparative purposes.

Governmental Activities

As reported in the *Statement of Activities* on page 17, the cost of all of our governmental activities this year was \$158,474,388. However, the amount that our taxpayers ultimately financed for these activities through local taxes was \$72,815,788 because the cost was paid by those who benefited from the programs (\$438,156) or by other governments and organizations who subsidized certain programs with grants and contributions of \$35,617,202. We paid for the remaining "public benefit" portion of our governmental activities with \$47,474,752 in State and Federal funds, and with \$14,882,236 in other revenues like interest and general entitlements and prior year reserves.

In Table 3, we have presented the cost of each of the District's largest functions: instruction including instruction-related services, pupil services, administration, plant services, and all other services. 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	
	2023	2022*	2023	2022*
Instruction-related	\$ 104,867,362	\$ 94,728,386	\$ (83,894,602)	\$ (77,945,209)
Pupil services	14,631,875	12,405,178	(7,285,749)	(5,954,795)
Administration	10,033,220	9,104,318	(9,264,466)	(8,119,533)
Plant services	10,627,045	11,632,022	(10,620,203)	(11,511,499)
All other services	18,314,886	17,632,405	(11,354,010)	(12,955,983)
Total	<u>\$ 158,474,388</u>	<u>\$ 145,502,309</u>	<u>\$ (122,419,030)</u>	<u>\$ (116,487,019)</u>

* The total and net cost of services for fiscal year 2022 were not restated to show the effects of GASB Statement No. 96 for comparative purposes.

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of \$123,545,155 which is an increase of \$31,776,627.

Table 4

Governmental Fund	Balances and Activity			
	June 30, 2022	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2023
General	\$ 39,469,711	\$ 143,225,227	\$ 134,885,226	\$ 47,809,712
Child Development	6,810,769	5,827,326	4,620,231	8,017,864
Building	7,223,792	23,630,425	7,856,049	22,998,168
Bond Interest and Redemption	18,576,658	12,886,243	9,183,527	22,279,374
Student Activity	431,173	1,900,463	1,959,883	371,753
Cafeteria	1,916,001	6,163,664	3,985,563	4,094,102
Deferred Maintenance	1,230,492	1,034,340	1,406,514	858,318
Capital Facilities	1,255,453	317,784	670,944	902,293
County School Facilities	1,163,423	37,175	508	1,200,090
Special Reserve for Capital Outlay Projects	9,180,623	818,292	3,835	9,995,080
COP Debt Service	4,510,433	3,854,869	3,346,901	5,018,401
Total	<u>\$ 91,768,528</u>	<u>\$ 199,695,808</u>	<u>\$ 167,919,181</u>	<u>\$ 123,545,155</u>

General Fund Budgetary Highlights

Over the course of the year, the District may revise its budget as new information becomes available. These revisions are presented to and approved by our Governing Board at First Interim, Second Interim and at presentation of the Unaudited Actuals. Please see the General Fund Budgetary Comparison Schedule on page 71.

CAPITAL ASSETS, RIGHT-TO-USE LEASED ASSETS, RIGHT-TO-USE SUBSCRIPTION IT ASSETS, AND LONG-TERM LIABILITIES

Capital Assets, Right-to-Use Leased Assets, and Right-to-Use Subscription IT Assets

At June 30, 2023, the District had \$222,921,311 in a broad range of capital assets, right-to-use leased assets, and right-to-use subscription IT assets (net of depreciation and amortization), including land, buildings, furniture and equipment, right-to-use leased assets, and right-to-use subscription IT assets. This amount represents a net decrease (including additions, deductions, and depreciation) of \$326,232, or 0.15%, from last year (Table 5).

Table 5

	Governmental Activities	
	2023	2022 as restated
Land and construction in progress	\$ 71,480,052	\$ 71,594,991
Buildings and improvements	143,802,456	142,947,761
Furniture and equipment	7,379,912	8,551,503
Right-to-use leased assets	-	46,254
Right-to-use subscription IT assets	258,891	107,034
Total	<u>\$ 222,921,311</u>	<u>\$ 223,247,543</u>

This year's additions totaled \$13,211,548, which the majority of expenditures related to the modernization projects at multiple school sites. Existing general obligation bond funds were used for the majority of construction costs. The District presents more detailed information about our capital assets in Note 5 to the financial statements.

Long-Term Liabilities

At June 30, 2023, the District had \$421,256,596 in long-term liabilities outstanding versus \$360,935,071 last year, an increase of \$60,321,525 or 16.7%. The District's long-term liabilities consisted of the following:

Table 6

	Governmental Activities	
	2023	2022 as restated
Long-Term Liabilities		
General obligation bonds	\$ 237,401,007	\$ 214,368,464
Certificates of participation	57,864,865	57,967,784
Unamortized premiums	8,398,614	7,315,154
Unamortized discounts	(78,570)	(83,192)
Subscription-based IT arrangements	213,258	107,034
Compensated absences	930,637	772,266
Net OPEB liability	17,690,775	17,137,664
Aggregate net pension liability	98,836,010	63,349,897
Total	<u>\$ 421,256,596</u>	<u>\$ 360,935,071</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The following assumptions, based upon the Adopted Budget, are reflected in the District's 2023-2024 budget:

Historically each January, the Governor presents his proposals for the coming budget year. Included in these proposals are the Governor's "assumptions" for K-12 education, including COLA (cost of living adjustments) for the Local Control Funding Formula (LCFF) and other state funding: elimination of, or changes to, certain programs; and funding for new programs. In May, after a review of the State's tax revenues, the Governor issues what is called a "May Revise" and changes some numbers up or down to reflect changes that may have occurred between January and May. The State budget is to be adopted by the legislature and signed by the Governor by July 1st.

On May 12, 2023, Governor Gavin Newsom presented the May revision to the proposed state budget. The proposal increases the funded cost-of-living adjustment (COLA) to the Local Control Funding Formula (LCFF), special education, and several other categorical programs outside the LCFF from 8.13% to 8.22%. The May Revision includes an approximate \$2.5 billion reduction in 2022-23 to the Learning Recovery Emergency Block Grant which provides funding for initiatives that support academic learning recovery and staff and pupil social and emotional well-being.

Additionally, an approximate \$607 million reduction in 2022-23 to the Arts, Music and Instructional Materials Discretionary Block Grant which provides funding for specified uses, including standards-aligned professional development, instructional materials, improved school culture, and development of diverse and culturally relevant book collections.

The May Revision proposes to give LEAs additional time to spend the Expanded Learning Opportunities Program (ELOP) funds received in 2021-22 and 2022-23 by extending the deadline from June 30, 2023, to June 30, 2024. Declining enrollment protection for school districts will continue to be based on the greater of the current year's, the prior year's, or the average of the most recent three prior years' Average Daily Attendance (ADA).

The Los Alamitos Unified School District 2023-24 budget and multiyear projections are based on known variables as of May 31, 2023, and are done conservatively. Once the Governor's proposal and new bills are signed into law, we will update the budget and submit revisions to the Board of Education for approval.

The following are the assumptions used for the latest 2023-2024 budget:

- Cost of living adjustment (COLA) is projected at 8.22%.
- Based on enrollment estimates as of May 2023, we are projecting our actual 2023-2024 ADA to be 8,355.38.
- LCFF funding is projected to be approximately \$105.2 million; an increase of approximately \$5.2 million.
- The Education Protection Account (EPA) entitlement, which is included in the LCFF but has spending restrictions, is projected to be \$5,584,719.
- For 2023-2024 Impact Aid-Section 8002 in the Federal budget is approximately \$3.4 million.
- Unrestricted lottery income is projected at \$170 per annual ADA for unrestricted and restricted lottery income is projected at \$67 per annual ADA.
- Mandate Block Grant is budgeted at \$37.81 per K-8 ADA and \$72.84 per 9-12 ADA.
- Interest income is estimated at 3.0%.

Expenditures

The following expenditure assumptions were used for the 2023-2024 budget:

- The 2023-2024 budget acknowledges all known staffing as of July 31, 2023.
- The current cost of salary step and column is included.
- STRS/PERS rate increase (19.10% and 26.68%, respectively) have been included which was a cost increase of approximately \$716,000 for 2023-2024.
- Health and welfare costs are estimated to increase to \$17,652 per employee for 2023-2024.
- The District's LCAP controls and directs new expenditure priorities as approved by the Board and County Office.

The District projects financial solvency above the State-wide minimum levels through 2025-2026 and closely monitors its operating budget, presenting regularly scheduled interim reports to the governing board for approval and adoption of changes to the budget during the year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, investors, and creditors with a general overview of the District's finances to show the District's accountability for the money it receives. Questions about this report or a need for further information may be directed to the Assistant Superintendent of Business at Los Alamitos Unified School District, 10293 Bloomfield Street, Los Alamitos, California, 90720-2264.

Los Alamitos Unified School District
Statement of Net Position
June 30, 2023

	Governmental Activities
Assets	
Deposits and investments	\$ 119,337,200
Restricted assets - pension trust	14,301,827
Receivables	9,368,301
Prepaid expense	10,258
Stores inventories	145,946
Lease receivable	188,462
Capital assets not depreciated	71,480,052
Capital assets, net of accumulated depreciation	151,182,368
Right-to-use subscription IT assets, net of accumulated amortization	258,891
Total assets	366,273,305
Deferred Outflows of Resources	
Deferred charge on refunding	4,126,347
Deferred outflows of resources related to OPEB	1,003,450
Deferred outflows of resources related to pensions	27,260,852
Total deferred outflows of resources	32,390,649
Liabilities	
Accounts payable	10,250,260
Interest payable	2,680,197
Unearned revenue	2,461,640
Claims liabilities	1,263,180
Long-term liabilities	
Long-term liabilities other than OPEB and pensions due within one year	6,112,709
Long-term liabilities other than OPEB and pensions due in more than one year	298,617,102
Net other postemployment benefits liability (OPEB)	17,690,775
Aggregate net pension liability	98,836,010
Total liabilities	437,911,873
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	2,777,863
Deferred inflows of resources related to pensions	14,416,199
Deferred inflows of resources related to leases	188,462
Total deferred inflows of resources	17,382,524

Los Alamitos Unified School District
Statement of Net Position
June 30, 2023

	<u>Governmental Activities</u>
Net Position	
Net investment in capital assets	\$ (9,516,513)
Restricted for	
Debt service	24,617,578
Capital projects	2,102,383
Educational programs	17,177,788
Other restrictions - pension trust	14,301,827
Other restrictions	18,069,593
Unrestricted	<u>(123,383,099)</u>
Total net position	<u><u>\$ (56,630,443)</u></u>

Los Alamitos Unified School District

Statement of Activities
Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Instruction	\$ 93,410,413	\$ 68,729	\$ 19,810,168	\$ (73,531,516)
Instruction-related activities				
Supervision of instruction	3,081,571	1,370	298,176	(2,782,025)
Instructional library, media, and technology	734,961	6,618	162,906	(565,437)
School site administration	7,640,417	330	624,463	(7,015,624)
Pupil services				
Home-to-school transportation	2,247,589	-	6,162	(2,241,427)
Food services	5,222,139	125,904	5,812,796	716,561
All other pupil services	7,162,147	8,395	1,392,869	(5,760,883)
Administration				
Data processing	3,090,370	-	-	(3,090,370)
All other administration	6,942,850	3,855	764,899	(6,174,096)
Plant services	10,627,045	12	6,830	(10,620,203)
Ancillary services	2,368,432	699	1,932,710	(435,023)
Community services	2,108,740	219	1,618,478	(490,043)
Interest on long-term liabilities	12,237,892		-	(12,237,892)
Other outgo	1,599,822	222,025	3,186,745	1,808,948
Total governmental activities	<u>\$ 158,474,388</u>	<u>\$ 438,156</u>	<u>\$ 35,617,202</u>	<u>(122,419,030)</u>
General Revenues and Subventions				
Property taxes, levied for general purposes				59,025,924
Property taxes, levied for debt service				13,734,028
Taxes levied for other specific purposes				55,836
Federal and State aid not restricted to specific purposes				47,474,752
Interest and investment earnings				2,702,929
Interagency revenues				6,250
Miscellaneous				12,173,057
Total general revenues and subventions				<u>135,172,776</u>
Change in Net Position				12,753,746
Net Position - Beginning, as restated				<u>(69,384,189)</u>
Net Position - Ending				<u>\$ (56,630,443)</u>

Los Alamitos Unified School District

Balance Sheet – Governmental Funds

June 30, 2023

	General Fund	Child Development Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets						
Deposits and investments	\$ 35,100,183	\$ 9,485,624	\$ 23,960,761	\$ 22,164,766	\$ 21,960,867	\$ 112,672,201
Restricted assets - pension trust	14,301,827	-	-	-	-	14,301,827
Receivables	7,134,634	201,692	8,019	114,608	1,232,072	8,691,025
Due from other funds	1,185,450	-	-	-	756,851	1,942,301
Prepaid expenditures	10,258	-	-	-	-	10,258
Stores inventories	90,523	-	-	-	55,423	145,946
Lease receivable	188,462	-	-	-	-	188,462
Total assets	\$ 58,011,337	\$ 9,687,316	\$ 23,968,780	\$ 22,279,374	\$ 24,005,213	\$ 137,952,020
Liabilities, Deferred Inflows of Resources, and Fund Balances						
Liabilities						
Accounts payable	\$ 7,772,246	\$ 416,454	\$ 216,588	\$ -	\$ 1,409,174	\$ 9,814,462
Due to other funds	-	1,159,958	754,024	-	28,319	1,942,301
Unearned revenue	2,240,917	93,040	-	-	127,683	2,461,640
Total liabilities	10,013,163	1,669,452	970,612	-	1,565,176	14,218,403
Deferred Inflows of Resources						
Deferred inflows of resources related to leases	188,462	-	-	-	-	188,462
Fund Balances						
Nonspendable	175,781	-	-	-	57,423	233,204
Restricted	31,479,615	8,017,864	22,998,168	22,279,374	11,529,216	96,304,237
Committed	2,700,000	-	-	-	858,318	3,558,318
Assigned	7,266,253	-	-	-	9,995,080	17,261,333
Unassigned	6,188,063	-	-	-	-	6,188,063
Total fund balances	47,809,712	8,017,864	22,998,168	22,279,374	22,440,037	123,545,155
Total liabilities, deferred inflows of resources, and fund balances	\$ 58,011,337	\$ 9,687,316	\$ 23,968,780	\$ 22,279,374	\$ 24,005,213	\$ 137,952,020

Los Alamitos Unified School District
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2023

Total Fund Balance - Governmental Funds	\$ 123,545,155
---	----------------

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	\$ 381,009,443
Accumulated depreciation is	<u>(158,347,023)</u>

Net capital assets	222,662,420
--------------------	-------------

Right-to-use subscription IT 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 subscription IT assets is	392,915
Accumulated amortization is	<u>(134,024)</u>

Net right-to-use subscription IT assets	258,891
---	---------

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.

(2,680,197)

An internal service fund is used by management to charge the costs
of the health benefits self insurance program to the individual
funds. The assets and liabilities of the internal service fund are
included with governmental activities in the statement of net position.

5,643,297

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

Debt refundings (deferred charge on refunding)	4,126,347
Other postemployment benefits (OPEB)	1,003,450
Net pension liability	<u>27,260,852</u>

Total deferred outflows of resources	32,390,649
--------------------------------------	------------

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

Other postemployment benefits (OPEB)	(2,777,863)
Net pension liability	<u>(14,416,199)</u>

Total deferred inflows of resources	(17,194,062)
-------------------------------------	--------------

Los Alamitos Unified School District
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2023

Net pension liability is not due and payable in the current period,
and is not reported as a liability in the funds. \$ (98,836,010)

The District's OPEB liability is not due and payable in the current period,
and is not reported as a liability in the funds. (17,690,775)

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	\$ (218,445,227)
Unamortized premiums on general obligation bonds	(8,398,614)
Unamortized discounts on general obligation bonds	78,570
Certificates of participation	(32,583,810)
Subscription-based IT arrangements	(213,258)
Compensated absences (vacations)	(930,637)

In addition, capital appreciation general obligation bonds and
certificates of participation were issued. The accretion of
interest to date on the general obligation bonds and
certificates of participation are

(44,236,835)

Total long-term liabilities (304,729,811)

Total net position - governmental activities \$ (56,630,443)

Los Alamitos Unified School District
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2023

	General Fund	Child Development Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues						
Local Control Funding Formula	\$ 99,894,173	\$ -	\$ -	\$ -	\$ -	\$ 99,894,173
Federal sources	7,114,166	29,623	-	985,218	1,978,764	10,107,771
Other State sources	30,529,152	318,128	-	40,815	3,959,495	34,847,590
Other local sources	4,464,176	5,479,575	25,425	10,386,114	6,694,483	27,049,773
Total revenues	142,001,667	5,827,326	25,425	11,412,147	12,632,742	171,899,307
Expenditures						
Current						
Instruction	88,562,502	1,441,850	-	-	-	90,004,352
Instruction-related activities						
Supervision of instruction	2,833,620	233,574	-	-	-	3,067,194
Instructional library, media, and technology	773,196	-	-	-	-	773,196
School site administration	6,821,173	82,244	-	-	-	6,903,417
Pupil services						
Home-to-school transportation	1,897,210	-	-	-	-	1,897,210
Food services	146,377	30,565	-	-	3,885,313	4,062,255
All other pupil services	7,466,183	89,812	-	-	-	7,555,995
Administration						
Data processing	3,085,056	-	-	-	-	3,085,056
All other administration	6,259,546	109,719	-	-	100,250	6,469,515
Plant services	11,813,134	66,495	-	-	77,804	11,957,433
Ancillary services	435,096	-	-	-	1,959,883	2,394,979
Community services	595,415	1,565,972	-	-	-	2,161,387
Other outgo	1,598,620	-	-	-	1,202	1,599,822
Facility acquisition and construction	986,917	-	7,395,785	-	2,003,997	10,386,699
Debt service						
Principal	117,336	-	-	2,995,000	3,115,000	6,227,336
Interest	-	-	-	6,188,527	230,699	6,419,226
Issuance costs	-	-	460,264	-	-	460,264
Total expenditures	133,391,381	3,620,231	7,856,049	9,183,527	11,374,148	165,425,336
Excess (Deficiency) of Revenues Over Expenditures	8,610,286	2,207,095	(7,830,624)	2,228,620	1,258,594	6,473,971

Los Alamitos Unified School District
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2023

	General Fund	Child Development Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Other Financing Sources (Uses)						
Transfers in	\$ 1,000,000	\$ -	\$ -	\$ -	\$ 1,493,845	\$ 2,493,845
Other sources - proceeds from issuance of general obligation bonds	-	-	23,605,000	-	-	23,605,000
Other sources - premiums from issuance of general obligation bonds	-	-	-	1,474,096	-	1,474,096
Other sources - subscription-based IT arrangements	223,560	-	-	-	-	223,560
Transfers out	(1,493,845)	(1,000,000)	-	-	-	(2,493,845)
Net Financing Sources (Uses)	(270,285)	(1,000,000)	23,605,000	1,474,096	1,493,845	25,302,656
Net Change in Fund Balances	8,340,001	1,207,095	15,774,376	3,702,716	2,752,439	31,776,627
Fund Balance - Beginning	39,469,711	6,810,769	7,223,792	18,576,658	19,687,598	91,768,528
Fund Balance - Ending	<u>\$ 47,809,712</u>	<u>\$ 8,017,864</u>	<u>\$ 22,998,168</u>	<u>\$ 22,279,374</u>	<u>\$ 22,440,037</u>	<u>\$ 123,545,155</u>

Los Alamitos Unified 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, 2023

Total Net Change in Fund Balances - Governmental Funds \$ 31,776,627

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 expenses exceeds capital outlays in the period.

Capital outlays		\$ 13,211,548
Depreciation and amortization expenses		<u>(13,535,948)</u>

Net expense adjustment		(324,400)
------------------------	--	-----------

Loss (Gain) on disposal of capital assets is reported in the government-wide Statement of Net Position, but is not recorded in the governmental funds. (1,832)

Right-to-use subscription IT assets acquired this year were financed with Subscription-Based IT Arrangements (SBITAs). The amount financed by the SBITAs is reported in the governmental funds as a source of financing. On the other hand, the SBITAs are not revenues in the Statement of Activities, but rather constitute long-term liabilities in the Statement of Net Position. (223,560)

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. (158,371)

In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and net pension liability during the year. 6,926,553

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 net OPEB liability during the year. (519,382)

Los Alamitos Unified 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, 2023

Proceeds received from general obligation bonds is a revenue in the governmental funds, but it increases long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. \$ (23,605,000)

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 on issuance recognized	(1,474,096)
Premium amortization	390,636
Discount amortization	(4,622)
Deferred charge on refunding amortization	(297,396)

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	2,995,000
Certificates of participation	3,115,000
Subscription-based IT arrangements	117,336

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 accretes or accrues, regardless of when it is due. (5,447,020)

An internal service fund is used by management to charge the costs of the self insurance program to the individual funds. The net revenue of the Internal Service Fund is reported with governmental activities.

(511,727)

Change in net position of governmental activities	<u><u>\$ 12,753,746</u></u>
---	-----------------------------

Los Alamitos Unified School District
Statement of Net Position – Proprietary Funds
June 30, 2023

	Governmental Activities <u>Internal Service Fund</u>
Assets	
Current assets	
Deposits and investments	\$ 6,664,999
Receivables	<u>677,276</u>
Total current assets	<u>7,342,275</u>
Liabilities	
Current liabilities	
Accounts payable	435,798
Claims liabilities	<u>1,263,180</u>
Total liabilities	<u>1,698,978</u>
Net Position	
Restricted - health and welfare benefits	<u><u>\$ 5,643,297</u></u>

Los Alamitos Unified School District
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds
Year Ended June 30, 2023

	Governmental Activities <u>Internal Service Fund</u>
Operating Revenues	
Charges for services	\$ 9,872,421
Local revenues	<u>1,727,297</u>
Total operating revenues	<u>11,599,718</u>
Operating Expenses	
Professional and contract services	<u>12,275,762</u>
Operating Loss	<u>(676,044)</u>
Nonoperating Revenues	
Unrealized gain on investments	68,966
Interest income	<u>95,351</u>
Total nonoperating gain	<u>164,317</u>
Change in Net Position	(511,727)
Total Net Position - Beginning	<u>6,155,024</u>
Total Net Position - Ending	<u><u>\$ 5,643,297</u></u>

Los Alamitos Unified School District
Statement of Cash Flows – Proprietary Funds
Year Ended June 30, 2023

	Governmental Activities <u>Internal Service Fund</u>
Operating Activities	
Cash received from interfund services provided	\$ 8,488,887
Other operating cash receipts	1,727,297
Cash payments to other suppliers of goods or services	<u>(12,375,644)</u>
Net Cash Used for Operating Activities	<u>(2,159,460)</u>
Investing Activities	
Gain on investments	68,966
Interest on investments	<u>88,580</u>
Net Cash From Investing Activities	<u>157,546</u>
Net Change in Cash and Cash Equivalents	(2,001,914)
Cash and Cash Equivalents, Beginning	<u>8,666,913</u>
Cash and Cash Equivalents, Ending	<u><u>\$ 6,664,999</u></u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities	
Operating loss	\$ (676,044)
Changes in assets and liabilities	
Receivables	(519,872)
Accounts payable	(174,166)
Claims liabilities	74,284
Due to other funds	<u>(863,662)</u>
Net Cash Used for Operating Activities	<u><u>\$ (2,159,460)</u></u>

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

The Los Alamitos Unified School District (the District) was unified in 1980 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-12 as mandated by the State and/or Federal agencies. The District operates six elementary schools, two middle schools, and one high school.

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

Component Units

Component units are legally separate organizations for which the District is financially accountable. Component units may include organizations that are fiscally dependent on the District in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. For financial reporting purposes, the component unit has a financial and operational relationship which meets the reporting entity definition criteria of the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended, and thus is included in the financial statements of the District. The component unit, although a legally separate entity, is reported in the financial statements using the blended presentation method as if it were part of the District's operations because the governing board of the component unit is essentially the same as the governing board of the District and because its purpose is to finance the construction of facilities to be used for the benefit of the District.

The Los Alamitos Unified School District Facilities Finance Corporation's (the Corporation) financial activity is presented in the financial statements as the COP Debt Service Fund. Certificates of participation issued by the Corporation are included as long-term liabilities in the government-wide financial statements. Individually prepared financial statements are not prepared for the Corporation.

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 special revenue funds in the California State Accounting Manual (CSAM) do not meet the GASB Statement No. 54 special revenue fund definition. Specifically, Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects and Fund 20, Special Reserve Fund for Other Postemployment Benefits, are not substantially composed of restricted or committed revenue sources. While these funds are authorized by statute and will remain open for internal reporting purposes, these funds function effectively as an extension of the General Fund, and accordingly have been combined with the General Fund for presentation in these audited financial statements.

As a result, the General Fund reflects an increase in fund balance of \$20,125,864.

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.

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.

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).

Non-Major Governmental Funds

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

- **Cafeteria Fund** The Cafeteria Fund is used to account separately for Federal, State, and local resources to operate the food service program (*Education Code* Sections 38090-38093) and is used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code* Sections 38091 and 38100).
- **Deferred Maintenance Fund** The Deferred Maintenance Fund is used to account separately for revenues that are restricted or committed for deferred maintenance purposes (*Education Code* Section 17582).

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).
- **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 debt.

- **Certificates of Participation (COP) Debt Service Fund** The COP Debt Service Fund is used to account for the accumulation of resources for the payment of the principal and interest on the certificates of participation issued by the Corporation and similar entities that are considered blended component units of the District under generally accepted account principles (GAAP).

Proprietary Funds Proprietary funds are used to account for activities that are more business-like than government-like in nature. Proprietary funds are generally intended to be self-supporting and are classified as enterprise or internal service. The District has the following proprietary fund:

- **Internal Service Fund** Internal Service Funds may be used to account for goods or services provided to other funds of the District on a cost-reimbursement basis. The District operates a Self-Insurance program for health and welfare benefits that are accounted for in an internal service fund.

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 financial statement of activities presents a comparison between expenses, both direct and indirect, and program revenues of the District and for each governmental function and exclude fiduciary activity. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the *Statement of Activities*, except for depreciation and amortization of leased assets and subscription IT 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 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 fund is presented in a separate column. Non-major governmental funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements.

- **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 modified 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 requirements. 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 government-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.

Restricted Assets – Pension Trust

The District has established an irrevocable trust with Benefit Trust Company for the express purpose of accumulating resources to pay future employer pension contributions. As of June 30, 2023, the balance of the trust was \$14,301,827.

Prepaid Expenditures (Expenses)

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Stores Inventories

Inventories consist of expendable food and supplies held for consumption. Inventories are stated at cost, on the weighted average basis. The costs of inventory items are recorded as expenditures in the governmental type funds when used.

Capital Assets, Depreciation, and Amortization

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the District as a whole. 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 financial statement of net assets. The valuation basis for general capital assets are 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.

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation basis for proprietary fund capital assets is the same as those used for the capital assets of governmental funds.

Depreciation is computed using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 25 to 50 years; improvements/infrastructure, 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, 2023.

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 or useful life of the underlying asset.

The District records the value of right-to-use subscription IT assets based on the underlying subscription asset in accordance with GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The right-to-use subscription IT asset is amortized each year for the term of the contract or useful life of the underlying asset.

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 activities column of the statement of net position.

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 Issuance Costs, Premiums, and Discounts

In the government-wide financial statements and in the proprietary fund type financial statements, long-term liabilities are reported as liabilities in the applicable governmental activities, or proprietary fund statement of net position. Debt premiums and discounts, as well as issuance costs, related to prepaid insurance costs are amortized over the life of the bonds using the straight-line method, which approximates the effective interest rate 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 service 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, 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 related to leases, for pension related items, and for OPEB related items.

Pensions

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

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the 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 or useful life of the underlying asset.

The District recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements. At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Subscriptions

The District recognizes a subscription liability and an intangible right-to-use subscription IT asset (subscription IT asset) in the government-wide financial statements. At the commencement of the subscription term, the District measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription IT asset is initially measured as the initial amount of the subscription liability, plus certain initial implementation costs. Subsequently, the subscription IT asset is amortized on a straight-line basis over the subscription term or useful life of the underlying asset. The amortization period varies from 2 to 3 years.

Fund Balances - Governmental Funds

As of June 30, 2023, 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 action as approved by the governing board.

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 has not formally adopted a minimum fund balance policy for the General Fund in order to protect the district against revenue shortfalls or unpredicted on-time expenditures. However, the District continues to maintain the three percent reserve for economic uncertainties.

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 \$76,269,169 of net position restricted by enabling legislation.

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 charges to other funds for self-insurance. Operating expenses are a 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

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 on the financial statements. Interfund transfers are eliminated in the governmental activities column of the Statement of Activities.

Estimates

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

Property Tax

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County of Orange 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. 96

As of July 1, 2022, the District adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. The implementation of this standard establishes that a SBITA results in a right-to-use subscription IT asset - an intangible asset - and a corresponding liability. The standard provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The Statement requires recognition of certain SBITA assets and liabilities for SBITAs that previously were recognized as 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 17 and the additional disclosures required by this standard are included in Notes 5 and 10.

Note 2 - Deposits and Investments

Summary of Deposits and Investments

Deposits and investments as of June 30, 2023, are classified in the accompanying financial statements as follows:

Governmental funds	<u>\$ 119,337,200</u>
--------------------	-----------------------

Deposits and investments as of June 30, 2023, consist of the following:

Cash on hand and in banks	\$ 1,122,895
Cash in revolving	77,000
Investments	<u>118,137,305</u>
Total deposits and investments	<u>\$ 119,337,200</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 manages its exposure to interest rate risk by investing in the Orange County Treasury Investment Pool. The District maintains an investment of \$118,137,305 with the Orange County Treasury Investment Pool that has an average weighted maturity of 225 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 Orange County Treasury Investment Pool is not required to be rated, nor has it been rated as of June 30, 2023.

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 agency. 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, 2023, the District's bank balance of \$1,786,456, was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

Note 3 - Fair Value Measurements

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

- Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.
- Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.
- Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonably available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

As of June 30, 2023, the District's investments of \$118,137,305 in the Orange County Treasury Investment Pool are uncategorized.

Note 4 - Receivables

Receivables at June 30, 2023, consisted of intergovernmental grants, entitlements, interest, and other local sources. All receivables are considered collectible in full.

	General Fund	Child Development Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Internal Service Fund	Total
Federal Government							
Categorical aid	\$ 2,069,169	\$ -	\$ -	\$ -	\$ 512,504	\$ -	\$ 2,581,673
State Government							
LCFF apportionment	395,430	-	-	-	-	-	395,430
Categorical aid	3,418,260	128,097	-	-	599,367	-	4,145,724
Lottery	566,147	-	-	-	-	-	566,147
Local Government							
Interest	227,936	25,647	8,019	114,608	68,505	8,698	453,413
Other local sources	457,692	47,948	-	-	51,696	668,578	1,225,914
Total	<u>\$ 7,134,634</u>	<u>\$ 201,692</u>	<u>\$ 8,019</u>	<u>\$ 114,608</u>	<u>\$ 1,232,072</u>	<u>\$ 677,276</u>	<u>\$ 9,368,301</u>

Note 5 - Capital Assets, Right-to-Use Leased Assets, and Right-to-Use Subscription IT Assets

Capital assets, right-to-use leased assets, and right-to-use subscription IT assets activity for the fiscal year ended June 30, 2023, was as follows:

	Balance July 1, 2022 as restated	Additions	Deductions	Balance June 30, 2023
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 2,450,219	\$ -	\$ -	\$ 2,450,219
Construction in progress	69,144,772	12,629,582	(12,744,521)	69,029,833
Total capital assets not being depreciated	71,594,991	12,629,582	(12,744,521)	71,480,052
Capital assets being depreciated				
Land improvements	19,841,217	72,750	-	19,913,967
Buildings and improvements	256,063,391	12,671,771	-	268,735,162
Furniture and equipment	20,647,236	296,085	(63,059)	20,880,262
Total capital assets being depreciated	296,551,844	13,040,606	(63,059)	309,529,391
Total capital assets	368,146,835	25,670,188	(12,807,580)	381,009,443
Accumulated depreciation				
Land improvements	(10,751,573)	(643,073)	-	(11,394,646)
Buildings and improvements	(122,205,274)	(11,246,753)	-	(133,452,027)
Furniture and equipment	(12,095,733)	(1,465,844)	61,227	(13,500,350)
Total accumulated depreciation	(145,052,580)	(13,355,670)	61,227	(158,347,023)
Net depreciable capital assets	151,499,264	(315,064)	(1,832)	151,182,368
Right-to-use leased assets being amortized				
Buildings and improvements	555,043	-	(555,043)	-
Accumulated amortization				
Buildings and improvements	(508,789)	(46,254)	555,043	-
Net right-to-use leased assets	46,254	(46,254)	-	-
Right-to-use subscription IT assets being amortized				
Right-to-use subscription IT assets	107,034	285,881	-	392,915
Accumulated amortization	-	(134,024)	-	(134,024)
Net right-to-use subscription IT assets	107,034	151,857	-	258,891
Governmental activities capital assets, right-to-use leased assets, and right-to-use subscription IT assets, net	\$ 223,247,543	\$ 12,420,121	\$ (12,746,353)	\$ 222,921,311

Depreciation and amortization expenses were charged to governmental functions as follows:

Governmental Activities	
Instruction	\$ 8,536,366
School site administration	1,068,453
Home-to-school transportation	400,670
Food services	1,202,010
Data processing	191,541
All other administration	667,784
Plant services	<u>1,469,124</u>
Total depreciation and amortization expenses governmental activities	<u>\$ 13,535,948</u>

Note 6 - Lease Receivables

The District has entered into lease agreements with various lessees. The lease receivables are summarized below:

<u>Lease Receivable</u>	<u>Outstanding July 1, 2022</u>	<u>Addition</u>	<u>Deletion</u>	<u>Outstanding June 30, 2023</u>
Cellular Antenna Site	<u>\$ 196,595</u>	<u>\$ -</u>	<u>\$ (8,133)</u>	<u>\$ 188,462</u>

The District licenses (leases) a portion of its facilities for cellular tower antenna sites. The license is non-cancelable for a period of five years, with five renewal periods of five years. The District believes the licensee will exercise the renewal option with reasonable certainty. The agreement allows for 10% increases to the license payments every five years. At termination, lessees must remove all equipment and restore the site to its original state. During the fiscal year, the District recognized \$8,133 in lease revenue and \$7,718 in interest revenue related to the agreement. At June 30, 2023, the District recorded \$188,462 in lease receivable and deferred inflows of resources for the arrangement. The District used an interest rate of 4%, based on the rates available to finance real estate or machinery and equipment over the same time periods.

Note 7 - Interfund Transactions

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivable and payable balances at June 30, 2023, between major and non-major governmental funds, internal service funds, and fiduciary funds are as follows:

Los Alamitos Unified School District

Notes to Financial Statements

June 30, 2023

Due To	Due From			
	Child Development Fund	Building Fund	Non-Major Governmental Funds	Total
General Fund	\$ 1,159,756	\$ -	\$ 25,694	\$ 1,185,450
Non-Major Governmental Funds	202	754,024	2,625	756,851
Total	<u>\$ 1,159,958</u>	<u>\$ 754,024</u>	<u>\$ 28,319</u>	<u>\$ 1,942,301</u>

The balance of \$754,024 is due to the Capital Facilities Non-Major Governmental Fund from the Building Fund for reimbursement of construction costs.

A balance of \$1,001,625 is due to the General Fund from the Child Development Fund for indirect and administrative costs.

Operating Transfers

Interfund transfers for the year ended June 30, 2023, consisted of the following:

The General Fund transferred to the Deferred Maintenance Non-Major Governmental Fund to fund for ongoing site improvements.	\$ 1,000,000
The General Fund transferred to the Special Reserve Non-Major Governmental Fund for Capital Outlay Projects for future modernization projects.	493,845
The Child Development Fund transferred to the General Fund for administrative costs.	<u>1,000,000</u>
Total	<u>\$ 2,493,845</u>

Note 8 - Accounts Payable

Accounts payable at June 30, 2023, consisted of the following:

	General Fund	Child Development Fund	Building Fund	Non-Major Governmental Funds	Internal Service Fund	Total
Vendor payables	\$ 3,420,336	\$ 7,884	\$ -	\$ 1,226,339	\$ 435,798	\$ 5,090,357
Salaries and benefits	4,351,910	408,570	-	182,835	-	4,943,315
Capital outlay	-	-	216,588	-	-	216,588
Total	<u>\$ 7,772,246</u>	<u>\$ 416,454</u>	<u>\$ 216,588</u>	<u>\$ 1,409,174</u>	<u>\$ 435,798</u>	<u>\$ 10,250,260</u>

Note 9 - Unearned Revenue

Unearned revenue at June 30, 2023, consisted of the following:

	General Fund	Child Development Fund	Non-Major Governmental Funds	Total
Federal financial assistance	\$ 1,044,636	\$ 10,883	\$ -	\$ 1,055,519
State categorical aid	1,196,281	82,157	-	1,278,438
Other local	-	-	127,683	127,683
Total	\$ 2,240,917	\$ 93,040	\$ 127,683	\$ 2,461,640

Note 10 - 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, 2022 as restated	Additions	Deductions	Balance June 30, 2023	Due in One Year
Long-Term Liabilities					
General obligation bonds	\$ 214,368,464	\$ 26,027,543	\$ (2,995,000)	\$ 237,401,007	\$ 2,775,000
Certificates of participation	57,967,784	3,012,081	(3,115,000)	57,864,865	3,230,000
Unamortized debt premiums	7,315,154	1,474,096	(390,636)	8,398,614	-
Unamortized debt discounts	(83,192)	-	4,622	(78,570)	-
Subscription-based IT arrangements	107,034	223,560	(117,336)	213,258	107,709
Compensated absences	772,266	158,371	-	930,637	-
Total	\$ 280,447,510	\$ 30,895,651	\$ (6,613,350)	\$ 304,729,811	\$ 6,112,709

Payments on the general obligation bonds are made by the Bond Interest and Redemption Fund. Payments on the certificates of participation are made by the COP Debt Service Fund. Payments on the subscription-based IT arrangements are made from the General Fund. Payments for compensated absences will be paid by the General Fund, Child Development Fund, and Cafeteria Non-Major Governmental Fund. Additions and deductions for compensated absences are reported net to its cumulative change in the current year.

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, 2022	Issued	Interest Accreted	Redeemed	Bonds Outstanding June 30, 2023
10/2010	08/2034	5.70-9.56%	\$2,000,032	\$ 4,311,662	\$ -	\$ 299,843	\$ -	\$ 4,611,505
10/2010	08/2035	6.21%	2,000,000	2,000,000	-	-	-	2,000,000
02/2011	02/2026	6.19%	19,000,000	19,000,000	-	-	-	19,000,000
07/2013	08/2043	2.50-6.29%	51,390,092	35,211,802	-	2,122,700	(230,000)	37,104,502
07/2015	08/2033	3.00-5.00%	25,580,000	23,065,000	-	-	(1,070,000)	21,995,000
10/2016	08/2038	2.00-4.00%	22,835,000	22,295,000	-	-	(70,000)	22,225,000
05/2019	08/2044	3.125-5.00%	12,500,000	11,980,000	-	-	(300,000)	11,680,000
05/2019	08/2048	3.125-5.00%	37,500,000	33,085,000	-	-	(60,000)	33,025,000
06/2020	08/2039	0.65-2.625%	15,720,000	15,420,000	-	-	(65,000)	15,355,000
07/2020	08/2044	2.75%	8,500,000	8,500,000	-	-	-	8,500,000
07/2020	08/2049	2.00-4.00%	39,500,000	39,500,000	-	-	(1,200,000)	38,300,000
06/2023	08/2044	4.25-5.00%	3,605,000	-	3,605,000	-	-	3,605,000
06/2023	08/2049	4.00-5.00%	20,000,000	-	20,000,000	-	-	20,000,000
				<u>\$ 214,368,464</u>	<u>\$ 23,605,000</u>	<u>\$ 2,422,543</u>	<u>\$ (2,995,000)</u>	<u>\$ 237,401,007</u>

Debt Service Requirements to Maturity

The capital appreciation bonds mature through 2044 as follows:

Bonds Maturing Fiscal Year	Initial Bond Value	Accreted Interest	Accreted Obligation	Unaccreted Interest	Maturity Value
2024	\$ -	\$ -	\$ -	\$ -	\$ -
2025	-	-	-	-	-
2026	-	-	-	-	-
2027	-	-	-	-	-
2028	-	-	-	-	-
2029-2033	1,566,507	1,665,093	3,231,600	1,768,400	5,000,000
2034-2038	433,525	946,380	1,379,905	2,445,095	3,825,000
2039-2043	14,508,945	11,564,939	26,073,884	5,231,116	31,305,000
2044	5,971,250	4,779,368	10,750,618	2,164,382	12,915,000
Total	<u>\$ 22,480,227</u>	<u>\$ 18,955,780</u>	<u>\$ 41,436,007</u>	<u>\$ 11,608,993</u>	<u>\$ 53,045,000</u>

Los Alamitos Unified School District

Notes to Financial Statements

June 30, 2023

The current interest bonds mature through 2050 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2024	\$ 2,775,000	\$ 6,699,758	\$ 9,474,758
2025	2,455,000	6,998,675	9,453,675
2026	21,705,000	6,893,165	28,598,165
2027	3,895,000	5,588,770	9,483,770
2028	3,530,000	5,426,345	8,956,345
2029-2033	22,435,000	24,520,342	46,955,342
2034-2038	40,595,000	18,911,716	59,506,716
2039-2043	39,050,000	11,811,803	50,861,803
2044-2048	43,485,000	5,616,435	49,101,435
2049-2050	16,040,000	497,613	16,537,613
Total	<u>\$ 195,965,000</u>	<u>\$ 92,964,622</u>	<u>\$ 288,929,622</u>

Certificates of Participation

The outstanding certificates of participation debt are as follows:

Issuance Date	Final Maturity Date	Interest Rate	Original Issue	Certificates Outstanding July 1, 2022	Interest Accreted	Redeemed	Certificates Outstanding June 30, 2023
8/2003	8/2023	1.50-5.77%	\$ 7,294,015	\$ 3,071,951	\$ 116,224	\$ (1,610,000)	\$ 1,578,175
6/2012	8/2042	5.22-6.40%	27,037,815	48,375,833	2,895,857	-	51,271,690
8/2016	8/2025	2.00-4.00%	11,370,000	6,520,000	-	(1,505,000)	5,015,000
				<u>\$ 57,967,784</u>	<u>\$ 3,012,081</u>	<u>\$ (3,115,000)</u>	<u>\$ 57,864,865</u>

Service Requirements to Maturity

The capital appreciation certificates mature through 2043 as follows:

Certificates Maturing Fiscal Year	Initial Certificate Value	Accreted Interest	Accreted Obligation	Unaccreted Interest	Maturity Value
2024	\$ 530,994	\$ 1,047,181	\$ 1,578,175	\$ 31,825	\$ 1,610,000
2025	-	-	-	-	-
2026	407,416	304,448	711,864	88,136	800,000
2027	471,240	370,417	841,657	158,343	1,000,000
2028	522,096	428,072	950,168	249,832	1,200,000
2029-2033	1,166,012	995,337	2,161,349	838,651	3,000,000
2034-2038	5,708,012	5,076,681	10,784,693	815,307	11,600,000
2039-2043	18,763,040	17,058,919	35,821,959	2,828,041	38,650,000
Total	<u>\$ 27,568,810</u>	<u>\$ 25,281,055</u>	<u>\$ 52,849,865</u>	<u>\$ 5,010,135</u>	<u>\$ 57,860,000</u>

The current interest certificates mature through 2025 as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2024	\$ 1,620,000	\$ 168,200	\$ 1,788,200
2025	3,395,000	67,900	3,462,900
Total	<u>\$ 5,015,000</u>	<u>\$ 236,100</u>	<u>\$ 5,251,100</u>

Subscriptions-Based Information Technology Arrangements (SBITAs)

The District entered into five SBITA contracts related to digital software licensing for student curriculum, cloud security, and school management software with subscription terms ranging from 24 to 36 months. At June 30, 2023, the District has recognized a right-to-use subscriptions IT asset, net of accumulated amortization, of \$258,891 and a SBITA liability of \$213,258 related to these agreement. During the fiscal year, the District recorded \$134,024 in amortization expense. The subscription liability was valued using a discount rate of 5.25% based on the District's incremental borrowing rate at the inception of the subscriptions.

The remaining principal and interest payment requirements for the SBITA obligation debt as of June 30, 2023 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 107,709	\$ 11,196	\$ 118,905
2025	105,549	5,541	111,090
Total	<u>\$ 213,258</u>	<u>\$ 16,737</u>	<u>\$ 229,995</u>

Compensated Absences (Vacation)

Compensated absences (unpaid employee vacation) for the District at June 30, 2023, amounted to \$930,637.

Note 11 - Net Other Postemployment Benefit (OPEB) Liability

For the fiscal year ended June 30, 2023, the District reported net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

OPEB Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	\$ 17,234,352	\$ 1,003,450	\$ 2,777,863	\$ 630,992
Medicare Premium Payment (MPP) Program	456,423	-	-	(111,610)
Total	<u>\$ 17,690,775</u>	<u>\$ 1,003,450</u>	<u>\$ 2,777,863</u>	<u>\$ 519,382</u>

District Plan

Plan Administration

The District's governing board administers the Postemployment Benefits 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 of GASB Statement No. 75.

Plan Membership

At June 30, 2022, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	52
Active employees	<u>515</u>
Total	<u><u>567</u></u>

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.

The benefit payment requirements of Plan members and the District are established and may be amended by the District and the Los Alamitos Education Association (LAEA), the local California School Employees Association (CSEA), 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, LAEA, CSEA, and the unrepresented groups. For measurement period of June 30, 2023, the District paid \$626,386 in benefits.

Total OPEB Liability of the District

The District's total OPEB liability of \$17,234,352 was measured as of June 30, 2023, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of June 30, 2022.

Actuarial Assumptions

The total OPEB liability as of June 30, 2023, was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2022 and rolling forward the total OPEB liability to June 30, 2023. The following assumptions were applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	2.75%, average, including inflation
Discount rate	3.65%
Healthcare cost trend rates	4.00% for 2023

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 and School 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 reeducation. 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, 2022 valuation were based on the results of an actual experience study for the period July 1, 2021 to June 30, 2022.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance, June 30, 2022	\$ 16,569,631
Service cost	843,188
Interest	590,402
Changes of assumptions	(142,483)
Benefit payments	(626,386)
Net change in total OPEB liability	664,721
Balance, June 30, 2023	\$ 17,234,352

Changes of assumptions reflect a change in the discount rate from 3.54% in 2022 to 3.65% in 2023. There were no changes to benefit terms since the previous valuation.

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

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

Discount Rate	Total OPEB Liability
1% decrease (2.65%)	\$ 18,443,664
Current discount rate (3.65%)	17,234,352
1% increase (4.65%)	16,110,405

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

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

Healthcare Cost Trend Rates	Total OPEB Liability
1% decrease (3.00%)	\$ 15,333,247
Current healthcare cost trend rate (4.00%)	17,234,352
1% increase (5.00%)	19,436,353

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

For the year ended June 30, 2023, the District recognized OPEB expense of \$630,992. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,283,370
Changes of assumptions	1,003,450	1,494,493
Total	<u>\$ 1,003,450</u>	<u>\$ 2,777,863</u>

Amounts reported as 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
2024	\$ (176,212)
2025	(176,212)
2026	(176,212)
2027	(176,212)
2028	(176,212)
Thereafter	(893,353)
Total	<u>\$ (1,774,413)</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, 2021 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, 2023, the District reported a liability of \$456,423 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021. 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, 2022 and June 30, 2021, respectively, was 0.1386%, and 0.1424%, resulting in a net decrease in the proportionate share of 0.0038%.

For the year ended June 30, 2023, the District recognized OPEB expense of \$(111,610).

Actuarial Methods and Assumptions

The June 30, 2022 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2021, and rolling forward the total OPEB liability to June 30, 2022, using the assumptions listed in the following table:

Measurement Date	June 30, 2022	June 30, 2021
Valuation Date	June 30, 2021	June 30, 2020
Experience Study	July 1, 2015 through June 30, 2018	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	3.54%	2.16%
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, 2021, 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 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 209 or an average of 0.14% of the potentially eligible population (145,282).

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, 2022, 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, 2022, is 3.54%. As the MPP Program is funded on a pay-as-you-go basis as previously noted, the OPEB Plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 3.54%, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2022 was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate increased 1.38% from 2.16% as of June 30, 2021.

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

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

Discount Rate	Net OPEB Liability
1% decrease (2.54%)	\$ 497,589
Current discount rate (3.54%)	456,423
1% increase (4.54%)	420,779

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 Rate	Net OPEB Liability
1% decrease (3.50% Part A and 4.40% Part B)	\$ 418,785
Current Medicare costs trend rate (4.50% Part A and 5.40% Part B)	456,423
1% increase (5.50% Part A and 6.40% Part B)	499,088

Note 12 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Child Development Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total
Nonspendable						
Revolving cash	\$ 75,000	\$ -	\$ -	\$ -	\$ 2,000	\$ 77,000
Stores inventories	90,523	-	-	-	55,423	145,946
Prepaid expenditures	10,258	-	-	-	-	10,258
Total nonspendable	175,781	-	-	-	57,423	233,204
Restricted						
Legally restricted programs	17,177,788	8,017,864	-	-	-	25,195,652
Pension trust	14,301,827	-	-	-	-	14,301,827
Capital projects	-	-	22,998,168	-	2,102,383	25,100,551
Debt services	-	-	-	22,279,374	5,018,401	27,297,775
Student activities	-	-	-	-	371,753	371,753
Food service	-	-	-	-	4,036,679	4,036,679
Total restricted	31,479,615	8,017,864	22,998,168	22,279,374	11,529,216	96,304,237
Committed						
Deferred maintenance program	500,000	-	-	-	858,318	1,358,318
LCFF and District priorities	1,300,000	-	-	-	-	1,300,000
Technology replacement	400,000	-	-	-	-	400,000
Health benefits	500,000	-	-	-	-	500,000
Total committed	2,700,000	-	-	-	858,318	3,558,318
Assigned						
Site carryover	671,224	-	-	-	-	671,224
District-wide technology	770,993	-	-	-	-	770,993
Capital projects	-	-	-	-	9,995,080	9,995,080
OPEB liability	34,033	-	-	-	-	34,033
Other	5,790,003	-	-	-	-	5,790,003
Total assigned	7,266,253	-	-	-	9,995,080	17,261,333
Unassigned						
Reserve for economic uncertainties	6,188,063	-	-	-	-	6,188,063
Total	\$ 47,809,712	\$ 8,017,864	\$ 22,998,168	\$ 22,279,374	\$22,440,037	\$ 123,545,155

Note 13 - Risk Management

The District is a member of the North Orange County Liability and Property Self-Insurance Authority. For General Liability coverage, the member retained limit/deductible is \$2,500 and combined single limit each occurrence of \$25,000. At which point, NOCLPSIA becomes a member of Southern California Relief JPA (SCR) with coverage to \$1,000,000. Then SCR has excess coverage for liability extending to \$25,000,000. For Property again, NOCLPSIA has property coverage up to \$250,000 in excess of the member's retained limit of \$2,500. Above that, NOCLPSIA joins SCR and excess coverage extends to \$250,000,000.

Description

The District's risk management activities are recorded in the General and Self-Insurance Funds. The District participates in public entity risk pools joint powers authorities (JPAs) for the workers' compensation and property and liability insurance. These activities are recorded in the General Fund.

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.

Claims Liabilities

Claims liabilities are based on estimates of the ultimate cost of reported claims (including future claim adjustment expenses) and an estimate for claims incurred, but not reported based on historical experience.

Unpaid Claims Liabilities

The Self-Insurance Fund accounts for dental, vision, medical costs, and establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represent the changes in approximate aggregate liabilities for the District from July 1, 2021 to June 30, 2023:

	<u>Health and Welfare</u>
Liability Balance, July 1, 2021	\$ 811,555
Claims and changes in estimates	10,949,016
Claims payments	<u>(10,571,675)</u>
Liability Balance, June 30, 2022	1,188,896
Claims and changes in estimates	10,361,337
Claims payments	<u>(10,287,053)</u>
Liability Balance, June 30, 2023	<u>\$ 1,263,180</u>
Assets available to pay claims at June 30, 2023	<u>\$ 6,664,999</u>

Note 14 - Employee Retirement Systems

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic employees are members of 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, 2023, the District reported its proportionate share of net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	\$ 64,151,188	\$ 15,323,739	\$ 12,863,495	\$ 4,844,098
CalPERS	34,684,822	11,937,113	1,552,704	3,955,379
Total	<u>\$ 98,836,010</u>	<u>\$ 27,260,852</u>	<u>\$ 14,416,199</u>	<u>\$ 8,799,477</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 the California State Teachers' Retirement System (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, 2021, 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, 2023, 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	19.10%	19.10%
Required state contribution rate	10.828%	10.828%

Contributions

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions 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, 2023, are presented above and the District's total contributions were \$10,808,601.

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

At June 30, 2023, 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

Proportionate share of net pension liability	\$ 64,151,188
State's proportionate share of the net pension liability	<u>32,126,664</u>
Total	<u><u>\$ 96,277,852</u></u>

The net pension liability was measured as of June 30, 2022. 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 period June 30, 2022 and June 30, 2021, respectively, was 0.0923% and 0.0947%, resulting in a net decrease in the proportionate share of 0.0024%.

For the year ended June 30, 2023, the District recognized pension expense of \$4,844,098. In addition, the District recognized pension expense and revenue of \$2,590,994 for support provided by the State. At June 30, 2023, 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	\$ 10,808,601	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	1,281,082	4,916,377
Differences between projected and actual earnings on pension plan investments	-	3,137,117
Differences between expected and actual experience in the measurement of the total pension liability	52,624	4,810,001
Changes of assumptions	<u>3,181,432</u>	<u>-</u>
Total	<u><u>\$ 15,323,739</u></u>	<u><u>\$ 12,863,495</u></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:

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2024	\$ (2,304,446)
2025	(2,496,477)
2026	(3,750,215)
2027	5,414,021
	<u> </u>
Total	<u>\$ (3,137,117)</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:

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2024	\$ 1,194,994
2025	(1,382,885)
2026	(1,332,808)
2027	(1,514,525)
2028	(1,524,941)
Thereafter	(651,075)
	<u> </u>
Total	<u>\$ (5,211,240)</u>

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2021, and rolling forward the total pension liability to June 30, 2022. The financial reporting actuarial valuation as of June 30, 2021, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2021
Measurement date	June 30, 2022
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, 2022, 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%)	\$ 108,952,510
Current discount rate (7.10%)	64,151,188
1% increase (8.10%)	26,952,620

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, 2021 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, 2023, 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%	8.00%
Required employer contribution rate	25.37%	25.37%

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, 2023, are presented above and the total District contributions were \$4,917,429.

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

As of June 30, 2023, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$34,684,822. The net pension liability was measured as of June 30, 2022. 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, 2022 and June 30, 2021, respectively, was 0.1008% and 0.0995%, resulting in a net increase in the proportionate share of 0.0013%.

For the year ended June 30, 2023, the District recognized pension expense of \$3,955,379. At June 30, 2023, 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	\$ 4,917,429	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	201,808	689,701
Differences between projected and actual earnings on pension plan investments	4,095,335	-
Differences between expected and actual experience in the measurement of the total pension liability	156,755	863,003
Changes of assumptions	2,565,786	-
Total	<u>\$ 11,937,113</u>	<u>\$ 1,552,704</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
2024	\$ 682,972
2025	605,749
2026	309,425
2027	2,497,189
Total	<u>\$ 4,095,335</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 3.9 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	\$ 302,735
2025	510,291
2026	578,912
2027	(20,293)
Total	<u>\$ 1,371,645</u>

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2021, and rolling forward the total pension liability to June 30, 2022. The financial reporting actuarial valuation as of June 30, 2021, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2021
Measurement date	June 30, 2022
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	6.90%
Investment rate of return	6.90%
Consumer price inflation	2.30%
Wage growth	Varies by entry age and service

The mortality table used was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries.

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. 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 - cap-weighted	30%	4.45%
Global Equity non-cap-weighted	12%	3.84%
Private Equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed Securities	5%	0.50%
Investment Grade Corporates	10%	1.56%
High Yield	5%	2.27%
Emerging Market Debt	5%	2.48%
Private Debt	5%	3.57%
Real Assets	15%	3.21%
Leverage	(5%)	(0.59%)

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. 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 expected rate of return on the School Employer Pool investments 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 (5.90%)	\$ 50,103,982
Current discount rate (6.90%)	34,684,822
1% increase (7.90%)	21,941,454

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amounts of \$5,153,781 (10.828% of annual payroll). Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Note 15 - Commitments and Contingencies

Grants

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2023.

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, 2023.

Construction Commitments

As of June 30, 2023, the District had the following commitments with respect to the unfinished capital projects:

Capital Project	Remaining Construction Commitment	Expected Date of Completion
Modernization at various sites		
Multi-Story STEM Project - Los Alamitos High School	\$ 6,144,571	Winter 2024
Construction/Program Management	1,185,172	Summer 2024
Wellness Center - Los Alamitos High School	4,800	Winter 2024
New Gymnasium - Los Alamitos High School	19,907,109	Summer 2024
Surveillance Cameras - Various Sites	159,382	Fall 2023
Building Controls and HVAC Replacements - Various Sites	1,325,547	Summer 2024
Roof Replacement - McAuliffe Middle School	481,427	Summer 2023
Classroom Renovations - Los Alamitos High School	7,606,377	Summer 2024
Roof Replacement - Los Alamitos High School	1,364,860	Summer 2023
Total	<u>\$ 38,179,245</u>	

Note 16 - Participation in Public Entity Risk Pools and Joint Powers Authorities

The District is a member of the Northern Orange County Self-Funded Workers' Compensation Agency (NOCFSWCA), and the Northern Orange County Liability and Property Self-Insurance Authority (NOCLPSIA). The District pays an annual premium to each entity for its workers' compensation and property liability coverage. The relationships between the District, the pools, and the JPAs are such that they are not component units of the District for financial reporting purposes.

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

During the year ended June 30, 2023, the District made payments of \$674,170 and \$951,063 to NOCSFWCA and NOCLPSIA, respectively, for its workers' compensation and property and liability coverage.

Note 17 - Adoption of New Accounting Standard

As of July 1, 2022, the District adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. The implementation of this standard establishes that a SBITA results in a right-to-use subscription IT asset – an intangible asset – and a corresponding liability. The standard provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The Statement requires recognition of certain SBITA assets and liabilities for SBITAs that previously were recognized as outflows of resources based on the payment provisions of the contract. Beginning net position was restated to retroactively adopt the provisions of GASB Statement No. 96 as follows:

Governmental Activities	
Net Position - Beginning, as previously reported on June 30, 2022	\$ (69,384,189)
Right-to-use subscription IT assets, net of amortization	107,034
Subscription liabilities	<u>(107,034)</u>
Net Position - Beginning as Restated on July 1, 2022	<u><u>\$ (69,384,189)</u></u>



Required Supplementary Information
June 30, 2023

Los Alamitos Unified School District

Los Alamitos Unified School District
Budgetary Comparison Schedule – General Fund
Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variances - Positive (Negative)
	Original	Final		Final to Actual
Revenues				
Local Control Funding Formula	\$ 96,984,414	\$ 100,469,097	\$ 99,894,173	\$ (574,924)
Federal sources	5,814,657	9,413,020	7,114,166	(2,298,854)
Other State sources	17,325,892	33,629,886	30,529,152	(3,100,734)
Other local sources	919,042	2,761,518	4,464,176	1,702,658
Total revenues ¹	121,044,005	146,273,521	142,001,667	(4,271,854)
Expenditures				
Current				
Certificated salaries	53,856,893	57,929,205	57,427,734	501,471
Classified salaries	17,793,933	20,830,542	20,957,202	(126,660)
Employee benefits	33,352,906	36,015,109	33,676,341	2,338,768
Books and supplies	3,605,976	11,522,503	4,725,886	6,796,617
Services and operating expenditures	13,370,497	19,815,494	14,121,973	5,693,521
Other outgo	1,688,776	2,191,317	1,494,873	696,444
Capital outlay	366,000	3,342,803	870,036	2,472,767
Debt service				
Debt service - principal	-	-	117,336	(117,336)
Total expenditures ¹	124,034,981	151,646,973	133,391,381	18,255,592
Excess (Deficiency) of Revenues Over Expenditures	(2,990,976)	(5,373,452)	8,610,286	13,983,738
Other Financing Sources (Uses)				
Transfers in	1,975,000	1,975,000	1,000,000	(975,000)
Other sources	-	-	223,560	223,560
Transfers out	(1,000,000)	(1,000,000)	(1,493,845)	(493,845)
Net financing sources (uses)	975,000	975,000	(270,285)	(1,245,285)
Net Change in Fund Balances	(2,015,976)	(4,398,452)	8,340,001	12,738,453
Fund Balance - Beginning	39,469,711	39,469,711	39,469,711	-
Fund Balance - Ending	\$ 37,453,735	\$ 35,071,259	\$ 47,809,712	\$ 12,738,453

¹ Due to the consolidation of Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects and Fund 20, Special Reserve Fund for Postemployment Benefits 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.

Los Alamitos Unified School District
 Budgetary Comparison Schedule – Child Development Fund
 Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variances - Positive (Negative)
	Original	Final		Final to Actual
Federal sources	\$ -	\$ 28,800	\$ 29,623	\$ 823
Other State sources	244,227	266,229	318,128	51,899
Other local sources	4,321,171	4,478,819	5,479,575	1,000,756
Total revenues	4,565,398	4,773,848	5,827,326	1,053,478
Expenditures				
Current				
Certificated salaries	189,099	192,469	208,073	(15,604)
Classified salaries	2,486,266	2,683,390	2,274,426	408,964
Employee benefits	888,696	919,966	785,769	134,197
Books and supplies	43,062	177,755	42,886	134,869
Services and operating expenditures	98,890	146,490	199,357	(52,867)
Other outgo	93,418	95,883	109,720	(13,837)
Total expenditures	3,799,431	4,215,953	3,620,231	595,722
Excess of Revenues Over Expenditures	765,967	557,895	2,207,095	457,756
Other Financing Uses				
Transfers out	(1,000,000)	(1,000,000)	(1,000,000)	-
Net Change in Fund Balances	(234,033)	(442,105)	1,207,095	1,649,200
Fund Balance - Beginning	6,810,769	6,810,769	6,810,769	-
Fund Balance - Ending	\$ 6,576,736	\$ 6,368,664	\$ 8,017,864	\$ 1,649,200

Los Alamitos Unified School District
Schedule of Changes in the District's Total OPEB Liability and Related Ratios
Year Ended June 30, 2023

	2023	2022	2021	2020	2019
Total OPEB Liability					
Service cost	\$ 843,188	\$ 1,118,310	\$ 1,081,268	\$ 1,242,652	\$ 1,149,816
Interest	590,402	387,327	374,861	570,041	520,552
Difference between expected and actual experience	-	(319,883)	-	1,110,653	-
Changes of assumptions	(142,483)	(1,642,471)	54,165	(1,480,301)	332,468
Benefit payments	(626,386)	(692,610)	(579,702)	(640,465)	(630,132)
Net change in total OPEB liability	664,721	(1,149,327)	930,592	802,580	1,372,704
Total OPEB Liability - Beginning	16,569,631	17,718,958	16,788,366	15,985,786	14,613,082
Total OPEB Liability - Ending	<u>\$ 17,234,352</u>	<u>\$ 16,569,631</u>	<u>\$ 17,718,958</u>	<u>\$ 16,788,366</u>	<u>\$ 15,985,786</u>
Covered Payroll	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>
Total OPEB Liability as a Percentage of Covered Payroll	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
					2018
Total OPEB Liability					
Service cost					\$ 1,119,042
Interest					524,424
Benefit payments					<u>(573,740)</u>
Net change in total OPEB liability					1,069,726
Total OPEB Liability - Beginning					<u>13,543,356</u>
Total OPEB Liability - Ending					<u>\$ 14,613,082</u>
Covered Payroll					<u>N/A¹</u>
Total OPEB Liability as a Percentage of Covered Payroll					<u>N/A¹</u>
Measurement Date					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.

Los Alamitos Unified School District
Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program
Year Ended June 30, 2023

Year ended June 30,	2023	2022	2021	2020	2019
Proportion of the net OPEB liability	0.1386%	0.1424%	0.1683%	0.1697%	0.1673%
Proportionate share of the net OPEB liability	\$ 456,423	\$ 568,033	\$ 713,094	\$ 632,068	\$ 640,313
Covered payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹
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	(0.94%)	(0.80%)	(0.71%)	(0.81%)	(0.40%)
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Year ended June 30,					2018
Proportion of the net OPEB liability					0.1693%
Proportionate share of the net OPEB liability					\$ 712,342
Covered payroll					N/A ¹
Proportionate share of the net OPEB liability as a percentage of it's covered payroll					N/A ¹
Plan fiduciary net position as a percentage of the total OPEB liability					0.01%
Measurement Date					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 is not applicable.

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

Los Alamitos Unified School District
Schedule of the District's Proportionate Share of the Net Pension Liability – CalSTRS
Year Ended June 30, 2023

CalSTRS	2023	2022	2021	2020	2019
Proportion of the net pension liability	0.0923%	0.0947%	0.0966%	0.0959%	0.0932%
Proportionate share of the net pension liability	\$ 64,151,188	\$ 43,115,210	\$ 93,584,357	\$ 86,654,553	\$ 85,657,398
State's proportionate share of the net pension liability	32,126,664	21,693,902	48,242,747	47,275,844	49,042,867
Total	<u>\$ 96,277,852</u>	<u>\$ 64,809,112</u>	<u>\$ 141,827,104</u>	<u>\$ 133,930,397</u>	<u>\$ 134,700,265</u>
Covered payroll	<u>\$ 54,043,859</u>	<u>\$ 51,492,656</u>	<u>\$ 52,253,789</u>	<u>\$ 55,984,386</u>	<u>\$ 45,032,162</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>118.70%</u>	<u>83.73%</u>	<u>179.10%</u>	<u>154.78%</u>	<u>190.21%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>81%</u>	<u>87%</u>	<u>72%</u>	<u>73%</u>	<u>71%</u>
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
		<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability		0.0935%	0.0946%	0.0946%	0.0929%
Proportionate share of the net pension liability		\$ 86,491,786	\$ 76,483,452	\$ 63,677,660	\$ 54,275,724
State's proportionate share of the net pension liability		51,167,810	43,540,665	33,678,462	32,774,025
Total		<u>\$ 137,659,596</u>	<u>\$ 120,024,117</u>	<u>\$ 97,356,122</u>	<u>\$ 87,049,749</u>
Covered payroll		<u>\$ 49,428,545</u>	<u>\$ 46,402,209</u>	<u>43,021,869</u>	<u>41,368,582</u>
Proportionate share of the net pension liability as a percentage of its covered payroll		<u>174.98%</u>	<u>164.83%</u>	<u>148.01%</u>	<u>131.20%</u>
Plan fiduciary net position as a percentage of the total pension liability		<u>69%</u>	<u>70%</u>	<u>74%</u>	<u>77%</u>
Measurement Date		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.

Los Alamitos Unified School District
Schedule of the District's Proportionate Share of the Net Pension Liability - CalPERS
Year Ended June 30, 2023

CalPERS	2023	2022	2021	2020	2019
Proportion of the net pension liability	0.1008%	0.0995%	0.1015%	0.1039%	0.1047%
Proportionate share of the net pension liability	\$ 34,684,822	\$ 20,234,687	\$ 31,138,014	\$ 30,286,024	\$ 24,996,411
Covered payroll	\$ 15,059,345	\$ 14,422,749	\$ 14,567,588	\$ 14,566,349	\$ 12,888,649
Proportionate share of the net pension liability as a percentage of its covered payroll	230.32%	140.30%	213.75%	207.92%	193.94%
Plan fiduciary net position as a percentage of the total pension liability	70%	81%	70%	70%	71%
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
		2018	2017	2016	2015
Proportion of the net pension liability		0.1047%	0.1007%	0.0998%	0.0983%
Proportionate share of the net pension liability		\$ 24,996,411	\$ 19,884,538	\$ 14,708,962	\$ 11,157,529
Covered payroll		\$ 13,342,440	\$ 12,349,717	\$ 11,062,085	\$ 10,319,082
Proportionate share of the net pension liability as a percentage of its covered payroll		187.35%	161.01%	132.97%	108.13%
Plan fiduciary net position as a percentage of the total pension liability		72%	74%	79%	83%
Measurement Date		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.

Los Alamitos Unified School District
Schedule of the District's Contributions - CalSTRS
Year Ended June 30, 2023

CalSTRS	2023	2022	2021	2020	2019
Contractually required contribution	\$ 10,808,601	\$ 9,144,221	\$ 8,316,064	\$ 8,935,398	\$ 9,114,258
Less contributions in relation to the contractually required contribution	10,808,601	9,144,221	8,316,064	8,935,398	9,114,258
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 56,589,534	\$ 54,043,859	\$ 51,492,656	\$ 52,253,789	\$ 55,984,386
Contributions as a percentage of covered payroll	19.10%	16.92%	16.15%	17.10%	16.28%
		2018	2017	2016	2015
Contractually required contribution		\$ 6,498,141	\$ 6,218,111	\$ 4,978,957	\$ 3,820,342
Less contributions in relation to the contractually required contribution		6,498,141	6,218,111	4,978,957	3,820,342
Contribution deficiency (excess)		\$ -	\$ -	\$ -	\$ -
Covered payroll		\$ 45,032,162	\$ 49,428,545	\$ 46,402,209	\$ 43,021,869
Contributions as a percentage of covered payroll		14.43%	12.58%	10.73%	8.88%

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

Los Alamitos Unified School District
Schedule of the District's Contributions - CalPERS
Year Ended June 30, 2023

CalPERS	2023	2022	2021	2020	2019
Contractually required contribution	\$ 4,917,429	\$ 3,450,096	\$ 2,985,509	\$ 2,872,874	\$ 2,630,974
Less contributions in relation to the contractually required contribution	<u>4,917,429</u>	<u>3,450,096</u>	<u>2,985,509</u>	<u>2,872,874</u>	<u>2,630,974</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 19,382,850</u>	<u>\$ 15,059,345</u>	<u>\$ 14,422,749</u>	<u>\$ 14,567,588</u>	<u>\$ 14,566,349</u>
Contributions as a percentage of covered payroll	<u>25.370%</u>	<u>22.910%</u>	<u>20.700%</u>	<u>19.721%</u>	<u>18.062%</u>
		2018	2017	2016	2015
Contractually required contribution		\$ 2,001,736	\$ 1,852,998	\$ 1,463,071	\$ 1,302,118
Less contributions in relation to the contractually required contribution		<u>2,001,736</u>	<u>1,852,998</u>	<u>1,463,071</u>	<u>1,302,118</u>
Contribution deficiency (excess)		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll		<u>\$ 12,888,649</u>	<u>\$ 13,342,440</u>	<u>\$ 12,349,717</u>	<u>\$ 11,062,085</u>
Contributions as a percentage of covered payroll		<u>15.531%</u>	<u>13.888%</u>	<u>11.847%</u>	<u>11.771%</u>

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 State of America as prescribed by the Governmental Accounting Standards Board and provisions of the California *Education Code*. The governing board is required to hold a public hearing and adopt an operating budget no later than July 1 of each year. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

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

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

- *Change in Benefit Terms* – There were no changes in the benefit terms since the previous valuation.
- *Change of Assumptions* – Changes of assumptions reflect a change in the discount rate from 3.54% in 2022 to 3.65% in 2023.

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 2.16% to 3.54% 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 the CalSTRS plan from the previous valuations. The CalPERS plan rate of investment return assumption was changed from 7.15% to 6.90% since the previous valuation.

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, 2023

Los Alamitos Unified School District

Los Alamitos Unified School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Passed Through Greater Anaheim Special Education Local Plan Area			
Special Education (IDEA) Cluster			
Basic Local Assistance Entitlement, Part B, Section 611	84.027	13379	\$ 1,707,048
Mental Health Allocation Plan, Part B, Section 611	84.027A	15197	<u>112,165</u>
Subtotal			<u>1,819,213</u>
Preschool Grants, Part B, Section 619	84.173	13430	<u>50,607</u>
Total Special Education Cluster			<u>1,869,820</u>
Passed Through California Department of Education (CDE)			
COVID-19 Elementary and Secondary School Emergency			
Relief II (ESSER II) Fund	84.425D	15547	168,989
COVID-19: Expanded Learning Opportunities (ELO) Grant:			
ESSER II State Reserve	84.425D	15618	621,735
COVID-19: American Rescue Plan - Homeless Children			
and Youth II	84.425W	15566	<u>5,210</u>
Subtotal			<u>795,934</u>
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	287,716
Title II, Part A, Supporting Effective Instruction	84.367	14341	146,020
Title III, English Learner Student Program	84.365	14346	28,724
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	54,525
Carl D. Perkins Career and Technical Education: Secondary, Section 131	84.048	14894	26,709
Federal Impact Aid	84.041	10015	<u>3,904,718</u>
Total U.S. Department of Education			<u>7,114,166</u>
U.S. Department of Health and Human Services Human Services			
Passed Through California Department of Education (CDE)			
Child Care and Development Fund Cluster			
COVID-19: Coronavirus Response and Relief Supplemental			
Appropriations (CRRSA) Act- One-time Stipend	93.575	15555	<u>4,088</u>
Total Child Care and Development Fund Cluster			<u>4,088</u>
U.S. Department of Agriculture			
Passed Through California Department of Education			
Child Nutrition Cluster			
School Lunch - Section 4	10.555	13523	677,388
School Lunch - Section 11	10.555	13524	467,381
Commodities	10.555	13524	244,197
Supply Chain Assistance Funds	10.555	15655	<u>216,561</u>
Subtotal			<u>1,605,527</u>

Los Alamitos Unified School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
School Breakfast Program	10.553	13525	\$ 179,685
School Breakfast Program - Severe Need	10.553	13526	<u>128,299</u>
Subtotal			<u>307,984</u>
Total Child Nutrition Cluster			<u>1,917,599</u>
Total Federal Financial Assistance			<u><u>\$ 9,031,765</u></u>

Los Alamitos Unified School District
Summary of Children and Families Commission of Orange County School Readiness
June 30, 2023

	Early Learning Specialist and School Readiness Nurse
	Contract No.
	FCI-SD4-14
	7/1/2022 -
	6/30/2023
Revenues	
State categorical aid	\$ 132,800
Expenditures	
Staff salaries and benefits	\$ 120,672
Other direct project expenses	1,472
Indirect/administrative overhead	7,311
Total	\$ 129,455

ORGANIZATION

The Los Alamitos Unified School District was established July 1, 1980, and consists of an area comprising approximately 23 square miles. The District operates six elementary schools, two middle schools, and one high school. There were no boundary changes during the year ended June 30, 2023.

GOVERNING BOARD

MEMBER	OFFICE	DATE ELECTED OR APPOINTED	TERM EXPIRES
Mr. Chris Forehan	President	November 2020	November 2024
Mrs. Megan Cutuli	Vice-President	November 2000	November 2024
Mr. Scott Fayette	Member	November 2020	November 2024
Mrs. Diana Hill	Member	November 2010	November 2026
Mrs. Marlys Davidson	Member	November 2018	November 2026

ADMINISTRATION

NAME	TITLE
Andrew Pulver, Ed.D.	Superintendent
Ondrea Reed, M.Ed	Deputy Superintendent, Educational Services
Elvia Galicia	Assistant Superintendent, Business Services
Ryan Weiss-Wright	Assistant Superintendent, Human Resources

Los Alamitos Unified School District
Schedule of Average Daily Attendance
Year Ended June 30, 2023

	Second Period Report 5BCE9B2A (Amended)	Annual Report 5BCE9B5F
Regular ADA		
Transitional kindergarten through third	2,385.96	2,393.10
Fourth through sixth	1,875.67	1,878.82
Seventh and eighth	1,293.23	1,294.54
Ninth through twelfth	2,920.16	2,918.15
	<u>8,475.02</u>	<u>8,484.61</u>
Total Regular ADA		
Extended Year Special Education		
Transitional kindergarten through third	4.15	4.15
Fourth through sixth	2.06	2.06
Seventh and eighth	0.45	0.45
Ninth through twelfth	3.09	3.09
	<u>9.75</u>	<u>9.75</u>
Total Extended Year Special Education		
Special Education, Nonpublic, Nonsectarian Schools		
Fourth through sixth	1.68	1.79
Seventh and eighth	2.41	2.38
Ninth through twelfth	6.73	6.67
	<u>10.82</u>	<u>10.84</u>
Total Special Education, Nonpublic, Nonsectarian Schools		
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Fourth through sixth	0.18	0.18
Seventh and eighth	0.12	0.12
Ninth through twelfth	0.85	0.85
	<u>1.15</u>	<u>1.15</u>
Total Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Total ADA	<u><u>8,496.74</u></u>	<u><u>8,506.35</u></u>

Los Alamitos Unified School District

Schedule of Instructional Time

Year Ended June 30, 2023

Grade Level	1986-1987 Minutes Requirement	2022-2023 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	47,830	-	47,830	180	-	180	-	-	-	Complied
Grades 1 - 3	50,400										
Grade 1		53,310	-	53,310	180	-	180	-	-	-	Complied
Grade 2		53,310	-	53,310	180	-	180	-	-	-	Complied
Grade 3		53,310	-	53,310	180	-	180	-	-	-	Complied
Grades 4 - 8	54,000										
Grade 4		54,070	-	54,070	180	-	180	-	-	-	Complied
Grade 5		54,070	-	54,070	180	-	180	-	-	-	Complied
Grade 6		58,449	-	58,449	180	-	180	-	-	-	Complied
Grade 7		58,449	-	58,449	180	-	180	-	-	-	Complied
Grade 8		58,449	-	58,449	180	-	180	-	-	-	Complied
Grades 9 - 12	64,800										
Grade 9		65,043	-	65,043	180	-	180	-	-	-	Complied
Grade 10		65,043	-	65,043	180	-	180	-	-	-	Complied
Grade 11		65,043	-	65,043	180	-	180	-	-	-	Complied
Grade 12		65,043	-	65,043	180	-	180	-	-	-	Complied

Los Alamitos Unified School District
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
Year Ended June 30, 2023

There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2023.

Los Alamitos Unified School District
Schedule of Financial Trends and Analysis
Year Ended June 30, 2023

	(Budget) 2024 ¹	2023	2022 ¹	2021 ¹
General Fund ³				
Revenues	\$ 131,366,907	\$ 140,906,063	\$ 124,405,304	\$ 117,609,329
Other sources	1,975,000	2,324,200	1,775,000	750,000
Total Revenues and Other Sources	133,341,907	143,230,263	126,180,304	118,359,329
Expenditures	135,891,376	131,792,761	122,100,202	114,058,354
Other uses and transfers out	1,000,000	3,218,105	3,631,436	2,368,916
Total Expenditures and Other Uses	136,891,376	135,010,866	125,731,638	116,427,270
Increase/(Decrease) in Fund Balance	(3,549,469)	8,219,397	448,666	1,932,059
Ending Fund Balance	\$ 24,134,379	\$ 27,683,848	\$ 19,464,451	\$ 19,015,785
Available Reserves ²	\$ 6,340,778	\$ 6,188,063	\$ 7,543,899	\$ 7,000,897
Available Reserves as a Percentage of Total Outgo	4.63%	4.58%	6.00%	6.01%
Long-Term Liabilities	N/A	\$ 421,256,596	\$ 360,828,037	\$ 424,944,426
K-12 Average Daily Attendance at P-2	8,355	8,497	8,701	9,437

The General Fund balance has increased by \$8,668,063 over the past two years. The fiscal year 2023-2024 budget projects a decrease of \$3,549,469 (12.8%). For a district this size, the State recommends available reserves of at least three percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in the past three years and anticipates incurring an operating deficit during the 2023-2024 fiscal year. Total long-term liabilities have decreased by \$3,687,830 over the past two years.

Average daily attendance has decreased by 940 over the past two years. Additional decline of 142 ADA is anticipated during fiscal year 2023-2024.

¹ Financial information for 2024, 2022, and 2021 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 with the General Fund.

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

Los Alamitos Unified School District
Combining Balance Sheet – Non-Major Governmental Funds
June 30, 2023

	Student Activity Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	COP Debt Service Fund	Non-Major Governmental Funds
Assets								
Deposits and investments	\$ 371,753	\$ 3,281,830	\$ 1,354,369	\$ 840,217	\$ 1,196,384	\$ 9,897,913	\$ 5,018,401	\$ 21,960,867
Receivables	-	1,122,775	4,196	3,548	3,706	97,847	-	1,232,072
Due from other funds	-	202	2,625	754,024	-	-	-	756,851
Stores inventories	-	55,423	-	-	-	-	-	55,423
Total assets	\$ 371,753	\$ 4,460,230	\$ 1,361,190	\$ 1,597,789	\$ 1,200,090	\$ 9,995,760	\$ 5,018,401	\$ 24,005,213
Liabilities and Fund Balances								
Liabilities								
Accounts payable	\$ -	\$ 212,751	\$ 502,872	\$ 692,871	\$ -	\$ 680	\$ -	\$ 1,409,174
Due to other funds	-	25,694	-	2,625	-	-	-	28,319
Unearned revenue	-	127,683	-	-	-	-	-	127,683
Total liabilities	-	366,128	502,872	695,496	-	680	-	1,565,176
Fund Balances								
Nonspendable	-	57,423	-	-	-	-	-	57,423
Restricted	371,753	4,036,679	-	902,293	1,200,090	-	5,018,401	11,529,216
Committed	-	-	858,318	-	-	-	-	858,318
Assigned	-	-	-	-	-	9,995,080	-	9,995,080
Total fund balances	371,753	4,094,102	858,318	902,293	1,200,090	9,995,080	5,018,401	22,440,037
Total liabilities and fund balances	\$ 371,753	\$ 4,460,230	\$ 1,361,190	\$ 1,597,789	\$ 1,200,090	\$ 9,995,760	\$ 5,018,401	\$ 24,005,213

Los Alamitos Unified School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental Funds

June 30, 2023

	Student Activity Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	COP Debt Service Fund	Non-Major Governmental Funds
Revenues								
Federal sources	\$ -	\$ 1,978,764	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,978,764
Other State sources	-	3,959,495	-	-	-	-	-	3,959,495
Other local sources	1,900,463	225,405	34,340	317,784	37,175	324,447	3,854,869	6,694,483
Total revenues	1,900,463	6,163,664	34,340	317,784	37,175	324,447	3,854,869	12,632,742
Expenditures								
Current								
Pupil services								
Food services	-	3,885,313	-	-	-	-	-	3,885,313
Administration								
All other administration	-	100,250	-	-	-	-	-	100,250
Plant services	-	-	51,694	21,767	508	3,835	-	77,804
Ancillary services	1,959,883	-	-	-	-	-	-	1,959,883
Other outgo	-	-	-	-	-	-	1,202	1,202
Facility acquisition and construction	-	-	1,354,820	649,177	-	-	-	2,003,997
Debt service								
Principal	-	-	-	-	-	-	3,115,000	3,115,000
Interest	-	-	-	-	-	-	230,699	230,699
Total expenditures	1,959,883	3,985,563	1,406,514	670,944	508	3,835	3,346,901	11,374,148
Excess (Deficiency) of Revenues Over Expenditures	(59,420)	2,178,101	(1,372,174)	(353,160)	36,667	320,612	507,968	1,258,594
Other Financing Sources								
Transfers in	-	-	1,000,000	-	-	493,845	-	1,493,845
Net Change in Fund Balances	(59,420)	2,178,101	(372,174)	(353,160)	36,667	814,457	507,968	2,752,439
Fund Balance - Beginning	431,173	1,916,001	1,230,492	1,255,453	1,163,423	9,180,623	4,510,433	19,687,598
Fund Balance - Ending	\$ 371,753	\$ 4,094,102	\$ 858,318	\$ 902,293	\$ 1,200,090	\$ 9,995,080	\$ 5,018,401	\$ 22,440,037

Note 1 - Purpose of Schedules

Schedule of Expenditures of Federal Awards

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, 2023. 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, changes in net position or fund balance, or cash flows of the District.

Summary of Significant Accounting Policies

Expenditures reported in the schedule are reported on the modified accrual basis of accounting. 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. No federal financial assistance has been provided to a subrecipient.

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, 2023, the District did not report any commodities in inventory.

SEFA Reconciliation

The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts consist primarily of the Build America Bonds, which are excluded from the provisions of the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and, therefore, are not presented in the Schedule of Expenditures of Federal Awards. COVID-19: Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act – One-time Stipend funds that were received in the previous period were recorded as revenues but were unspent. These unspent balances have been expended in the current period. In addition, revenues received for COVID-19: American Rescue Plan (ARP) California State Preschool Program One-time Stipend funds and Supply Chain Assistance (SCA) Funds were not expended as of June 30, 2023. These unspent balances are recorded in restricted ending balance at year-end.

Description	Federal Financial Assistance Listing Number	Amount
Total Federal Revenues reported on the financial statements		\$ 10,107,771
COVID-19: Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act- One-time Stipend	93.575	4,088
COVID-19: American Rescue Plan (ARP) California State Preschool Program One-time Stipend	93.575	(29,623)
Supply Chain Assistance (SCA) Funds	10.555	(65,253)
Build America Bonds	[1]	(985,218)
Total federal financial assistance		<u>\$ 9,031,765</u>

[1] Federal Financial Assistance Listing number not available

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.

Summary of Children and Families Commission of Orange County

The schedule provides information required by the Children and Families Commission of Orange County relating to the School Readiness Nurse Expansion program and the Early Learning Specialist (Grant No. FCI-SD4-14).

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.

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

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, 2023

Los Alamitos Unified 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

To the Governing Board
Los Alamitos Unified School District
Los Alamitos, 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 (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Los Alamitos Unified School District (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 9, 2023.

Adoption of New Accounting Standard

As discussed in Notes 1 and 17 to the financial statements, the District has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, for the year ended June 30, 2023. Accordingly, a restatement has been made to the governmental activities net position as of July 1, 2022, to restate beginning net position. 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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Rancho Cucamonga, California
November 9, 2023



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

To the Governing Board
Los Alamitos Unified School District
Los Alamitos, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Los Alamitos Unified 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, 2023. 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, 2023.

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.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP".

Rancho Cucamonga, California
November 9, 2023



Independent Auditor's Report on State Compliance

To the Governing Board
Los Alamitos Unified School District
Los Alamitos, California

Report on Compliance

Opinion on State Compliance

We have audited Los Alamitos Unified School District's (the District) compliance with the requirements specified in the *2022-2023 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, 2023.

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, 2023.

Basis for Opinion

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 *2022-2023 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 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 opinion. 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 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 *2022-2023 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 *2022-2023 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 consider 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 *2022-2023 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 controls over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine the District's compliance with the state laws and regulations applicable to the following items:

2022-2023 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	No, see below
Continuation Education	No, see below
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No, see below

2022-2023 K-12 Audit Guide Procedures	Procedures Performed
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
Home to School Transportation Reimbursement	Yes
Independent Study Certification for ADA Loss Mitigation	Yes
School Districts, County Offices of Education, and Charter Schools	
California Clean Energy Jobs Act	No, see below
After/Before School Education and Safety Program	No, see below
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	No, see below
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Yes
Transitional Kindergarten	Yes
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

We did not perform Independent Study procedures because the program was not offered by the District.

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

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

We did not perform Juvenile Court Schools procedures because the program is not offered by the District.

We did not perform Middle or Early College High Schools procedures because the program is not

offered by the District.

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

The District did not elect to operate as a school district of choice; therefore, we did not perform procedures related to District of Choice.

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

We did not perform procedures for the After/Before School Education and Safety Program because the District did not offer the program.

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

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

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

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 identify 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 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 a material noncompliance with a 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 from 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 *2022-2023 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
November 9, 2023



Schedule of Findings and Questioned Costs
June 30, 2023

Los Alamitos Unified School District

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

Identification of major programs

<u>Name of Federal Program or Cluster</u>	<u>Federal Financial Assistance Listing Number</u>
COVID-19: Education Stabilization Fund	84.425D, 84.425W
Special Education Cluster	84.027, 84.027A, 84.173

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
--	-----------

Auditee qualified as low-risk auditee?	Yes
--	-----

STATE COMPLIANCE

Internal control over state compliance 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 programs	Unmodified

None reported.

None reported.

None reported.

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