



Financial Statements
June 30, 2023

Lawndale Elementary School District

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Independent Auditor's Report

To the Governing Board
Lawndale Elementary School District
Lawndale, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lawndale Elementary School District (the District) as of and for the year ended June 30, 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Lawndale Elementary 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.

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 December 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, 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 "Erik Bailly LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California
December 9, 2023

This section of Lawndale Elementary School District's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2023, with comparative information for the year ending 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 using the integrated approach as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34.

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

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

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

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

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

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

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

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

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

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

THE DISTRICT AS A WHOLE

Net Position

The District's net position was \$19,002,530 for governmental activities for the fiscal year ended June 30, 2023. Of this amount, \$(29,973,297) was an unrestricted deficit. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the governing board's ability to use those net position for day-to-day operations. Our analysis below, in summary form, focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental and business-type activities.

Table 1

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets						
Current and other assets	\$ 148,580,757	\$ 122,871,317	\$ 303,473	\$ 304,356	\$ 148,884,230	\$ 123,175,673
Capital assets and right-to-use leased assets	35,185,974	35,893,899	-	-	35,185,974	35,893,899
Total assets	183,766,731	158,765,216	303,473	304,356	184,070,204	159,069,572
Deferred outflows of resources	23,036,107	18,200,803	-	-	23,036,107	18,200,803
Liabilities						
Current liabilities	48,696,493	38,840,475	15,010	21,884	48,711,503	38,862,359
Long-term liabilities	124,934,924	100,917,253	-	752	124,934,924	100,918,005
Total liabilities	173,631,417	139,757,728	15,010	22,636	173,646,427	139,780,364
Deferred inflows of resources	14,168,891	38,240,733	-	-	14,168,891	38,240,733
Net Position						
Net investment in capital assets	11,634,789	11,212,720	-	-	11,634,789	11,212,720
Restricted	37,341,038	26,412,456	-	-	37,341,038	26,412,456
Unrestricted (deficit)	(29,973,297)	(38,657,618)	288,463	281,720	(29,684,834)	(38,375,898)
Total net position (deficit)	\$ 19,002,530	\$ (1,032,442)	\$ 288,463	\$ 281,720	\$ 19,290,993	\$ (750,722)

The \$(29,973,297) in unrestricted net position of governmental activities represents the accumulated results of all past years' operations. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – increased by 22.5%, \$(29,973,297) compared to \$(38,657,618).

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the Statement of Activities on pages 14. Table 2 takes the information from the Statement, and rearranges them slightly so you can see our total revenues for the year.

Table 2

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues						
Program revenues						
Charges for services and sales	\$ 2,215,094	\$ 2,510,270	\$ -	\$ -	\$ 2,215,094	\$ 2,510,270
Operating grants and contributions	151,658,465	137,361,201	-	-	151,658,465	137,361,201
General revenues						
Federal and State aid not restricted	55,172,761	51,004,850	-	-	55,172,761	51,004,850
Property taxes	15,680,078	13,840,383	-	-	15,680,078	13,840,383
Other general revenues	3,209,846	82,919	6,743	(8,622)	3,216,589	74,297
Total revenues	<u>227,936,244</u>	<u>204,799,623</u>	<u>6,743</u>	<u>(8,622)</u>	<u>227,942,987</u>	<u>204,791,001</u>
Expenses						
Instruction-related	75,721,321	65,513,869	-	-	75,721,321	65,513,869
Pupil services	11,621,563	9,953,986	-	-	11,621,563	9,953,986
Administration	7,497,652	7,038,280	-	-	7,497,652	7,038,280
Plant services	6,290,759	5,692,521	-	-	6,290,759	5,692,521
All other services	106,769,977	96,423,313	-	97,171	106,769,977	96,520,484
Total expenses	<u>207,901,272</u>	<u>184,621,969</u>	<u>-</u>	<u>97,171</u>	<u>207,901,272</u>	<u>184,719,140</u>
Change in net position	<u>\$ 20,034,972</u>	<u>\$ 20,177,654</u>	<u>\$ 6,743</u>	<u>\$ (105,793)</u>	<u>\$ 20,041,715</u>	<u>\$ 20,071,861</u>

Governmental Activities

As reported in the *Statement of Activities* on page 14, the cost of all of our governmental activities this year was \$207,901,272. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only \$15,680,078 because the cost was paid by those who benefited from the programs (\$2,215,094) or by other governments and organizations who subsidized certain programs with grants and contributions (\$151,658,465). We paid for the remaining “public benefit” portion of our governmental activities with \$58,382,607 in Federal and State funds, and with other revenues, like interest and general entitlements.

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

Table 3

	Total Cost of Services		Net Cost of Services	
	2023	2022	2023	2022
Instruction-related activities	\$ 75,721,321	\$ 65,513,869	\$ 27,310,291	\$ 32,928,086
Pupil services	11,621,563	9,953,986	3,898,762	2,903,938
Administration	7,497,652	7,038,280	2,966,961	2,714,965
Plant services	6,290,759	5,692,521	6,089,614	5,491,155
All other services	106,769,977	96,423,313	13,762,085	712,354
Total	<u>\$ 207,901,272</u>	<u>\$ 184,621,969</u>	<u>\$ 54,027,713</u>	<u>\$ 44,750,498</u>

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of \$100,349,097, which is an increase of \$15,815,166 from last year (Table 4).

Table 4

Governmental Fund	Balances and Activity			
	July 1, 2022	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2023
General	\$ 62,162,405	\$ 121,450,089	\$ 106,336,649	\$ 77,275,845
Student Activity	65,162	100,548	110,199	55,511
Special Education Pass-Through	-	97,518,973	97,518,973	-
Child Development	526,709	1,515,481	1,513,417	528,773
Cafeteria	2,006,004	4,879,885	4,160,679	2,725,210
Building	14,066,506	347,833	644,212	13,770,127
Capital Facilities	519,559	86,270	-	605,829
State School Building Lease-Purchase	28,291	650	-	28,941
County School Facilities	36,645	807	-	37,452
Special Reserve Fund for Capital Outlay Projects	3,177,998	1,251,310	1,133,905	3,295,403
Bond Interest and Redemption	1,924,435	2,745,042	2,664,132	2,005,345
Tax Override	10	-	-	10
Debt Service	20,207	444	-	20,651
Total	<u>\$ 84,533,931</u>	<u>\$ 229,897,332</u>	<u>\$ 214,082,166</u>	<u>\$ 100,349,097</u>

Our General Fund is our principal operating fund. The fund balance in the General Fund increased \$15,113,440 to \$77,275,845. This increase is due to:

1. Challenges in filling vacant positions
2. Enactment of the ADA Hold Harmless provision
3. One-time funds supporting operational cost

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget was adopted on September 7, 2023. (A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report on page 63.)

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

- Significant revenue revisions made to the 2022-2023 Budget were due to increased equalization aid that was announced by the Governor after the budget adoption.

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

Capital Assets and Right-to-Use Leased Assets

At June 30, 2023, the District had \$35,185,974 in a broad range of capital assets and right-to-use leased assets (net of depreciation and amortization), including land, buildings, furniture and equipment, and right-to-use leased assets. This amount represents a net decrease (including additions, deductions, and depreciation) of \$707,925, or 1.97%, from last year (Table 5).

Table 5

	Governmental Activities	
	2023	2022
Land and construction in progress	\$ 4,629,863	\$ 3,949,676
Buildings and improvements	29,183,980	30,913,163
Furniture and equipment	1,354,818	953,442
Right-to-use leased assets	17,313	77,618
Total	<u>\$ 35,185,974</u>	<u>\$ 35,893,899</u>

This year's net additions of \$3,068,378 included cafeteria equipment and classroom and staff equipment such as computers and classroom furniture.

Several capital projects are planned for the 2023-2024 year. We anticipate capital additions to be \$7,000,000 for the 2023-2024 year. We present more detailed information about our capital assets and right-to-use leased assets in Note 4 to the financial statements.

Long-Term Liabilities

At the end of this year, the District had \$124,934,924 in long-term liabilities outstanding versus \$100,918,005 last year, an increase of 23.80%. The long-term liabilities consisted of:

Table 6

	Governmental Activities	
	2023	2022
Long-Term Liabilities		
General obligation bonds	\$ 34,935,000	\$ 36,090,000
Unamortized premiums	2,542,966	2,787,102
Lease liability	18,064	79,292
Compensated absences	775,076	802,336
Aggregate net other postemployment benefits liability	14,683,586	15,677,382
Aggregate net pension liability	71,980,232	45,481,893
Total	<u>\$ 124,934,924</u>	<u>\$ 100,918,005</u>

The District's general obligation bond rating is "AA-". The State limits the amount of general obligation bonds debt that districts can issue to 5.00% of the assessed value of all taxable property within the District's boundaries. The District's outstanding general obligation bonds debt of \$34,935,000 is significantly below the statutorily-imposed limit.

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

SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2022-2023 ARE NOTED BELOW:

In the 2022-2023 fiscal year, the District utilized funds from Series A and Series B of the Measure L General Obligation Bond of 2016 to take on various capital project improvements. Projects that were completed this year using these bond funds include the replacement of asphalt at Jane Addams Middle School, construction work related to the new main office at Will Rogers Middle School, and design work related to a new play structure at Billy Mitchell Elementary, Mark Twain Elementary and FDR Elementary.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the District Budget for the 2023-2024 fiscal year, the Governing Board and management used the following criteria:

The key assumptions in our revenue forecast are:

1. Full implementation of the Local Control Funding Formula. The District will review metrics and revise and adopt a Local Control Accountability Plan (LCAP) using stakeholder input to develop goals to enhance student achievement.
2. The average daily attendance (ADA) enrollments decreased by 142 from last year. Due to the ADA funding provision, which is equal to the greater of current, prior, or average of three most recent prior years, the drop in ADA did not significantly impact revenues.
3. Interest earnings started to increase to reflect State and National interest rate policies.
4. Developer fee collections were based upon actual receipts which are sensitive to the housing and construction industry.
5. MAA reimbursements are budgeted only upon receipt.
6. The District has continued to commit a budgetary transfer to continue its commitment to maintain its facilities, even though the former Deferred Maintenance program was eliminated and also folded into the District's Local Control Funding Formula and LCAP.

Expenditures are based on the following forecasts:

	Staffing Ratio	Enrollment
Grades Pre-K and K through third	24:1	1,989
Grades four and five	30:1	1,030
Grades six, seven and eight	30:1	1,544
Special Education (Ungraded)	14:1	100

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Lawndale Elementary School District
Statement of Net Position
June 30, 2023

	Governmental Activities	Business-Type Activities	Total
Assets			
Deposits and investments	\$ 124,462,263	\$ 300,322	\$ 124,762,585
Receivables	23,940,885	3,151	23,944,036
Stores inventories	177,609	-	177,609
Capital assets not depreciated	4,629,863	-	4,629,863
Capital assets, net of accumulated depreciation	30,538,798	-	30,538,798
Right-to-use leased assets, net of accumulated amortization	17,313	-	17,313
Total assets	<u>183,766,731</u>	<u>303,473</u>	<u>184,070,204</u>
Deferred Outflows of Resources			
Deferred charge on refunding	174,718	-	174,718
Deferred outflows of resources related to OPEB	1,977,983	-	1,977,983
Deferred outflows of resources related to pensions	20,883,406	-	20,883,406
Total deferred outflows of resources	<u>23,036,107</u>	<u>-</u>	<u>23,036,107</u>
Liabilities			
Accounts payable	46,019,066	15,010	46,034,076
Interest payable	616,877	-	616,877
Unearned revenue	2,060,550	-	2,060,550
Long-term liabilities			
Long-term liabilities other than OPEB and pensions due within one year	1,447,138	-	1,447,138
Long-term liabilities other than OPEB and pensions due in more than one year	36,823,968	-	36,823,968
Aggregate net other postemployment benefits (OPEB) liability	14,683,586	-	14,683,586
Aggregate net pension liability	71,980,232	-	71,980,232
Total liabilities	<u>173,631,417</u>	<u>15,010</u>	<u>173,646,427</u>
Deferred Inflows of Resources			
Deferred inflows of resources related to OPEB	3,140,590	-	3,140,590
Deferred inflows of resources related to pensions	11,028,301	-	11,028,301
Total deferred inflows of resources	<u>14,168,891</u>	<u>-</u>	<u>14,168,891</u>
Net Position			
Net investment in capital assets	11,634,789	-	11,634,789
Restricted for			
Debt service	1,409,129	-	1,409,129
Capital projects	672,222	-	672,222
Educational programs	32,043,981	-	32,043,981
Other activities	3,215,706	-	3,215,706
Unrestricted (deficit)	(29,973,297)	288,463	(29,684,834)
Total net position	<u>\$ 19,002,530</u>	<u>\$ 288,463</u>	<u>\$ 19,290,993</u>

Lawndale Elementary 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	Business-Type Activities	Total
Governmental Activities						
Instruction	\$ 62,010,919	\$ 215,430	\$ 39,167,012	\$ (22,628,477)	\$ -	\$ (22,628,477)
Instruction-related activities						
Supervision of instruction	7,896,650	135,017	7,578,113	(183,520)	-	(183,520)
Instructional library, media, and technology	1,246,919	-	11,319	(1,235,600)	-	(1,235,600)
School site administration	4,566,833	1,652	1,302,487	(3,262,694)	-	(3,262,694)
Pupil services						
Home-to-school transportation	1,081,397	-	130,139	(951,258)	-	(951,258)
Food services	4,347,011	6,137	4,769,879	429,005	-	429,005
All other pupil services	6,193,155	46,496	2,770,150	(3,376,509)	-	(3,376,509)
Administration						
Data processing	1,678,500	-	337,427	(1,341,073)	-	(1,341,073)
All other administration	5,819,152	60,363	4,132,901	(1,625,888)	-	(1,625,888)
Plant services	6,290,759	3,041	198,104	(6,089,614)	-	(6,089,614)
Ancillary services	110,199	-	-	(110,199)	-	(110,199)
Community services	357,119	-	14,844	(342,275)	-	(342,275)
Interest on long-term liabilities	1,277,180	-	-	(1,277,180)	-	(1,277,180)
Other outgo	105,025,479	1,746,958	91,246,090	(12,032,431)	-	(12,032,431)
Total governmental activities	<u>\$207,901,272</u>	<u>\$ 2,215,094</u>	<u>\$151,658,465</u>	<u>(54,027,713)</u>	<u>-</u>	<u>(54,027,713)</u>
General Revenues and Subventions						
Property taxes, levied for general purposes				11,112,598	-	11,112,598
Property taxes, levied for debt service				2,738,401	-	2,738,401
Taxes levied for other specific purposes				1,829,079	-	1,829,079
Federal and State aid not restricted to specific purposes				55,172,761	-	55,172,761
Interest and investment earnings				424,944	6,743	431,687
Miscellaneous				2,784,902	-	2,784,902
Subtotal, general revenues and subventions				<u>74,062,685</u>	<u>6,743</u>	<u>74,069,428</u>
Change in Net Position				20,034,972	6,743	20,041,715
Net Position (Deficit) - Beginning				<u>(1,032,442)</u>	<u>281,720</u>	<u>(750,722)</u>
Net Position - Ending				<u>\$ 19,002,530</u>	<u>\$ 288,463</u>	<u>\$ 19,290,993</u>

Lawndale Elementary School District
Balance Sheet – Governmental Funds
June 30, 2023

	General Fund	Special Education Pass-Through Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets					
Deposits and investments	\$ 89,219,858	\$ 12,736,140	\$ 13,665,400	\$ 8,840,865	\$ 124,462,263
Receivables	6,595,082	15,161,520	144,170	2,040,113	23,940,885
Stores inventories	84,315	-	-	93,294	177,609
Total assets	\$ 95,899,255	\$ 27,897,660	\$ 13,809,570	\$ 10,974,272	\$ 148,580,757
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 17,249,670	\$ 27,897,660	\$ 39,443	\$ 984,337	\$ 46,171,110
Unearned revenue	1,373,740	-	-	686,810	2,060,550
Total liabilities	18,623,410	27,897,660	39,443	1,671,147	48,231,660
Fund Balances					
Nonspendable	99,315	-	-	93,788	193,103
Restricted	32,043,981	-	13,770,127	5,913,934	51,728,042
Assigned	4,185,773	-	-	3,295,403	7,481,176
Unassigned	40,946,776	-	-	-	40,946,776
Total fund balances	77,275,845	-	13,770,127	9,303,125	100,349,097
Total liabilities and fund balances	\$ 95,899,255	\$ 27,897,660	\$ 13,809,570	\$ 10,974,272	\$ 148,580,757

Lawndale Elementary School District
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2023

Total Fund Balance - Governmental Funds		\$100,349,097
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	\$ 118,955,238	
Accumulated depreciation is	<u>(83,786,577)</u>	
Net capital assets		35,168,661
Right-to-use leased assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of right-to-use leased assets is	147,777	
Accumulated amortization is	<u>(130,464)</u>	
Net right-to-use leased assets		17,313
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.		
		(616,877)
Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the governmental funds.		
Deferred outflows of resources amounted to and related to		
Deferred charge on refunding	174,718	
Aggregate net OPEB liability	1,977,983	
Aggregate net pension liability	<u>20,883,406</u>	
Total deferred outflows of resources		23,036,107
Deferred inflows of resources represent an acquisition of net position that applies to a future period and is not reported in the governmental funds. Deferred inflows of resources amount to and related to		
Aggregate net OPEB liability	(3,140,590)	
Aggregate net pension liability	<u>(11,028,301)</u>	
Total deferred inflows of resources		(14,168,891)
The District's aggregate net OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.		
		(14,683,586)
Aggregate net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		
		(71,980,232)

Lawndale Elementary School District
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2023

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	\$ (34,935,000)	
Unamortized premiums	(2,542,966)	
Lease liability	(18,064)	
Compensated absences	<u>(623,032)</u>	
Total long-term liabilities		<u>\$ (38,119,062)</u>
Total net position - governmental activities		<u><u>\$ 19,002,530</u></u>

Lawndale Elementary School District

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds

Year Ended June 30, 2023

	General Fund	Special Education Pass-Through Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues					
Local Control Funding Formula	\$ 65,114,756	\$ -	\$ -	\$ -	\$ 65,114,756
Federal sources	8,906,603	17,733,649	-	3,570,417	30,210,669
Other State sources	41,552,216	79,246,816	-	2,824,630	123,623,662
Other local sources	5,876,514	538,508	347,833	3,970,946	10,733,801
Total revenues	121,450,089	97,518,973	347,833	10,365,993	229,682,888
Expenditures					
Current					
Instruction	61,914,281	-	-	1,135,506	63,049,787
Instruction-related activities					
Supervision of instruction	8,188,297	-	-	225,054	8,413,351
Instructional library, media, and technology	1,348,506	-	-	-	1,348,506
School site administration	4,866,491	-	-	48,770	4,915,261
Pupil services					
Home-to-school transportation	1,037,042	-	-	-	1,037,042
Food services	154,219	-	-	4,072,557	4,226,776
All other pupil services	6,455,226	-	-	-	6,455,226
Administration					
Data processing	1,864,151	-	-	-	1,864,151
All other administration	5,237,939	-	-	185,159	5,423,098
Plant services	6,096,301	-	53,130	27,092	6,176,523
Ancillary services	-	-	-	110,199	110,199
Community services	367,285	-	-	-	367,285
Other outgo	7,506,506	97,518,973	-	-	105,025,479
Facility acquisition and construction	1,022,685	-	591,082	1,113,863	2,727,630
Debt service					
Principal	61,228	-	-	1,155,000	1,216,228
Interest and other	2,048	-	-	1,509,132	1,511,180
Total expenditures	106,122,205	97,518,973	644,212	9,582,332	213,867,722
Excess (Deficiency) of Revenues Over Expenditures	15,327,884	-	(296,379)	783,661	15,815,166
Other Financing Sources (Uses)					
Transfers in	-	-	-	214,444	214,444
Transfers out	(214,444)	-	-	-	(214,444)
Net Financing Sources (Uses)	(214,444)	-	-	214,444	-
Net Change in Fund Balances	15,113,440	-	(296,379)	998,105	15,815,166
Fund Balance - Beginning	62,162,405	-	14,066,506	8,305,020	84,533,931
Fund Balance - Ending	\$ 77,275,845	\$ -	\$ 13,770,127	\$ 9,303,125	\$ 100,349,097

Lawndale Elementary School District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2023

Total Net Change in Fund Balances - Governmental Funds	\$ 15,815,166
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:	
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation and amortization expenses in the Statement of Activities.	
This is the amount by which depreciation and amortization exceeds capital outlays in the period.	
Depreciation and amortization expenses	\$ (3,776,303)
Capital outlays	<u>3,068,378</u>
Net expense adjustment	(707,925)
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.	40,909
In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and the aggregate net pension liability during the year.	4,142,778
In the governmental funds, OPEB costs are based on employer contributions made to OPEB plans during the year. However, in the Statement of Activities, OPEB expense is the net effect of all changes in the deferred outflows, deferred inflows, and aggregate net OPEB liability during the year.	(706,184)
Governmental funds report the effect of premiums, discounts, and the deferred charge on refunding when the debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities.	
Premium amortization	244,136
Deferred charge on refunding amortization	(33,991)
Payment of principal on long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.	
General obligation bonds	1,155,000
Lease liability	61,228
Interest on long-term liabilities is recorded as an expenditure in the funds when it is due; however, in the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.	<u>23,855</u>
Change in net position of governmental activities	<u>\$ 20,034,972</u>

Lawndale Elementary School District
Statement of Net Position – Proprietary Fund
June 30, 2023

	Business-Type Activities - Enterprise Fund
	<u>Child Care Fund</u>
Assets	
Current assets	
Deposits and investments	\$ 300,322
Receivables	<u>3,151</u>
Total current assets	<u>303,473</u>
Liabilities	
Current liabilities	
Accounts payable	<u>15,010</u>
Net Position	
Unrestricted	<u><u>\$ 288,463</u></u>

Lawndale Elementary School District
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Fund
Year Ended June 30, 2023

	Business-Type Activities - Enterprise Fund
	Child Care Fund
Nonoperating Revenues	
Fair market value adjustments	\$ (2,148)
Interest income	8,891
	<u>6,743</u>
Total nonoperating revenues	<u>6,743</u>
Change in Net Position	6,743
Total Net Position - Beginning	<u>281,720</u>
Total Net Position - Ending	<u><u>\$ 288,463</u></u>

Lawndale Elementary School District
Statement of Cash Flows – Proprietary Fund
Year Ended June 30, 2023

	Business-Type Activities - Enterprise Fund
	Child Care Fund
Operating Activities	
Other operating cash payments	\$ (7,626)
Investing Activities	
Fair market value adjustments	(2,148)
Interest on investments	6,633
Net Cash From Investing Activities	4,485
Net Change in Cash and Cash Equivalents	(3,141)
Cash and Cash Equivalents, Beginning	303,463
Cash and Cash Equivalents, Ending	\$ 300,322
Reconciliation of Operating Activities to Net Cash Provided By Operating Activities	
Changes in liabilities	
Accounts payable	\$ (7,626)

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

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

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

Other Related Entities

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

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

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

Basis of Presentation - Fund Accounting

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

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

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

Major Governmental Funds

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

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

As a result, the General Fund reflects an increase in fund balance of \$4,185,773.

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

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

Non-Major Governmental Funds

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

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

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

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

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

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

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

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

Basis of Accounting – Measurement Focus

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

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

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

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

- **Governmental Funds** All governmental funds are accounted for using the flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources.

This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting, and the governmental fund financial statements, prepared using the flow of current financial resources measurement focus and the modification accrual basis of accounting.

- **Proprietary Funds** Proprietary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of this fund are included in the statement of net position. The statement of changes in fund net position presents increases (revenues) and decreases (expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary fund.

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

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

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

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

Stores Inventories

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

Capital Assets, Depreciation, and Amortization

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

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

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

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

Compensated Absences

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

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

Accrued Liabilities and Long-Term Liabilities

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

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

Debt Premiums

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

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

Deferred Outflows/Inflows of Resources

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

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

Pensions

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

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the aggregate 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 leased 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.

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 actions as approved by the governing board. The District currently does not have any committed funds.

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

Unassigned - all other spendable amounts.

Spending Order Policy

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

Minimum Fund Balance Policy

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

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position net of investment in capital assets consists of capital assets and right-to-use leased assets, net of accumulated depreciation and amortization, 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 \$37,341,038 of restricted net position.

Operating Revenues and Expenses

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

Interfund Activity

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

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

Estimates

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

Property Tax

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

Change in Accounting Principles

Implementation of GASB Statement No. 91

As of July 1, 2022, the District adopted GASB Statement No. 91, *Conduit Debt Obligations*. The objective of this Statement is to better meet the information needs of financial statement users by enhancing the comparability and consistency of conduit debt obligation reporting and reporting of related transactions and other events by state and local government issuers. The implementation of this standard eliminates the option for issuers of conduit debt to recognize a liability for this debt on their financial statements. In addition, it requires issuers to recognize liabilities associated with additional commitments extended by issuers and to recognize assets and deferred inflows of resources related to certain arrangements associated with conduit debt obligations. There was not a significant effect on the District's financial statements as a result of the implementation of the standard.

Implementation of GASB Statement No. 94

As of July 1, 2022, the District adopted GASB Statement No. 94, *Public-Private and Public-Public Partnerships (PPP) and Availability Payment Arrangements (APA)*. The implementation of this standard establishes standards of accounting and financial reporting for PPPs and APAs. The standard requires recognition of an asset, receivable, and deferred inflow of resources. There was not a significant effect on the District's financial statements as a result of the implementation of the standard.

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. There was not a significant effect on the District's financial statements as a result of the implementation of the standard.

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 activities	\$ 124,462,263
Business-type activities	<u>300,322</u>
Total deposits and investments	<u><u>\$ 124,762,585</u></u>

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

Cash on hand and in banks	\$ 71,552
Cash in revolving	15,494
Investments	<u>124,675,539</u>
Total deposits and investments	<u><u>\$ 124,762,585</u></u>

Policies and Practices

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

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

General Authorizations

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

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

Authorized Under Debt Agreements

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California *Government Code*. These provisions allow for the acquisition of investment agreements with maturities of up to 30 years.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the Los Angeles County Treasury Investment Pool and by having the pool purchase a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The District maintains an investment of \$124,675,539 with the Los Angeles County Treasury Investment Pool that has an average weighted maturity of 753 days.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in the Los Angeles County Treasury Investment Pool is not rated, nor is it required to be 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 did not have any deposits exposed to custodial credit risk because all balances were FDIC insured.

Note 3 - 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	Special Education Pass-Through Fund	Building Fund	Non-Major Governmental Funds	Total	Enterprise Fund
Federal Government						
Categorical aid	\$ 3,982,264	\$ 15,134,560	\$ -	\$ 804,772	\$ 19,921,596	\$ -
State Government						
Categorical aid	322,602	-	-	246,388	568,990	-
Lottery	272,744	-	-	-	272,744	-
Other State	575,998	-	-	-	575,998	-
Local Government						
Interest	860,197	26,960	136,567	65,851	1,089,575	3,151
Other local sources	581,277	-	7,603	923,102	1,511,982	-
Total	<u>\$ 6,595,082</u>	<u>\$ 15,161,520</u>	<u>\$ 144,170</u>	<u>\$ 2,040,113</u>	<u>\$ 23,940,885</u>	<u>\$ 3,151</u>

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

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

	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 1,370,117	\$ -	\$ -	\$ 1,370,117
Construction in progress	2,579,559	2,165,900	(1,485,713)	3,259,746
Total capital assets not being depreciated	3,949,676	2,165,900	(1,485,713)	4,629,863
Capital assets being depreciated				
Land improvements	2,786,091	-	-	2,786,091
Buildings and improvements	102,873,458	1,815,487	-	104,688,945
Furniture and equipment	6,277,635	572,704	-	6,850,339
Total capital assets being depreciated	111,937,184	2,388,191	-	114,325,375
Total capital assets	115,886,860	4,554,091	(1,485,713)	118,955,238
Accumulated depreciation				
Land improvements	(947,446)	(102,556)	-	(1,050,002)
Buildings and improvements	(73,798,940)	(3,442,114)	-	(77,241,054)
Furniture and equipment	(5,324,193)	(171,328)	-	(5,495,521)
Total accumulated depreciation	(80,070,579)	(3,715,998)	-	(83,786,577)
Net capital assets	35,816,281	838,093	(1,485,713)	35,168,661
Right-to-use leased assets being amortized				
Furniture and equipment	147,777	-	-	147,777
Accumulated amortization				
Furniture and equipment	(70,159)	(60,305)	-	(130,464)
Net right-to-use leased assets	77,618	(60,305)	-	17,313
Governmental activities capital assets and right-to-use leased assets, net	<u>\$ 35,893,899</u>	<u>\$ 777,788</u>	<u>\$ (1,485,713)</u>	<u>\$ 35,185,974</u>

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

Governmental Activities	
Instruction	\$ 2,698,827
Pupil transportation	44,355
Food services	180,782
All other pupil services	276,095
Data processing	231,950
All other administration	79,731
Plant services	264,563
	<u> </u>
Total depreciation and amortization expenses - governmental activities	<u><u>\$ 3,776,303</u></u>

Note 5 - Interfund Transactions

Operating Transfers

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

Transfer To	Transfer From General Fund
Non-Major Governmental Funds	<u><u>\$ 214,444</u></u>
The General Fund transferred to the Special Reserve Non-Major Governmental Fund for Capital Outlay Projects for District contribution per LCAP plan.	<u><u>\$ 214,444</u></u>

Note 6 - Accounts Payable

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

	General Fund	Special Education Pass-Through Fund	Building Fund	Non-Major Governmental Funds	Total	Enterprise Fund
Salaries and benefits	\$ 5,995,215	\$ -	\$ -	\$ 354,651	\$ 6,349,866	\$ 15,010
LCFF apportionment	884,999	-	-	-	884,999	-
Compensated absences	137,004	-	-	15,041	152,045	-
State categorical	1,292,546	-	-	-	1,292,546	-
Due to SELPA members	-	27,897,660	-	-	27,897,660	-
Construction	-	-	39,443	510,472	549,915	-
Vendor payables	8,939,906	-	-	104,173	9,044,079	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u><u>\$ 17,249,670</u></u>	<u><u>\$ 27,897,660</u></u>	<u><u>\$ 39,443</u></u>	<u><u>\$ 984,337</u></u>	<u><u>\$ 46,171,110</u></u>	<u><u>\$ 15,010</u></u>

Note 7 - Unearned Revenue

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

	General Fund	Non-Major Governmental Funds	Total
Federal financial assistance	\$ 676,061	\$ -	\$ 676,061
State categorical aid	697,679	686,810	1,384,489
Total	<u>\$ 1,373,740</u>	<u>\$ 686,810</u>	<u>\$ 2,060,550</u>

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

Summary

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

	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023	Due in One Year
Long-Term Liabilities					
General obligation bonds	\$ 36,090,000	\$ -	\$ (1,155,000)	\$ 34,935,000	\$ 1,285,000
Unamortized premiums	2,787,102	-	(244,136)	2,542,966	-
Lease liability	79,292	-	(61,228)	18,064	10,094
Compensated absences	802,336	-	(27,260)	775,076	152,044
Total	<u>\$ 39,758,730</u>	<u>\$ -</u>	<u>\$ (1,487,624)</u>	<u>\$ 38,271,106</u>	<u>\$ 1,447,138</u>

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

General Obligation Bonds

2016, General Obligation Bonds, Series A

In March 2017, the District issued in the amount of \$10,000,000, the General Obligation Bonds, Election 2016, Series A. The bonds bear interest rates of 3.50 to 5.00% and mature through August 2046. The bonds were issued to finance the acquisition and construction of education facilities and projects and to pay for the cost of issuing the bonds. At June 30, 2023, the principal balance outstanding was \$8,855,000. Unamortized premium received on issuance of the bonds amounted to \$152,690 as of June 30, 2023.

2017 General Obligation Refunding Bonds

In March 2017, the District issued in the amount of \$5,080,000, the 2017 General Obligation Refunding Bonds. The bonds were issued as current interest bonds. The bonds were issued to advance refund the 1998, General Obligation Bonds, Series B, mature through August 2032. The bonds bear interest rates of 2.00 to 4.00% and mature through the fiscal year 2033. At June 30, 2023 the principal balance outstanding was \$5,020,000. Unamortized premium received on issuance of the bonds amounted to \$27,229 as of June 30, 2023.

2016, General Obligation Bonds, Series B

In August 2018, the District issued in the amount of \$10,000,000, the General Obligation Bonds, Election 2016, Series B. The bonds bear interest rates of 3.00 to 5.00% and mature through August 2048. The bonds were issued to finance the acquisition and construction of education facilities and projects and to pay for the cost of issuing the bonds. At June 30, 2023, the principal balance outstanding was \$9,155,000. Unamortized premium received on issuance of the bonds amounted to \$735,443 as of June 30, 2023.

2020 General Obligation Refunding Bonds

In May 2020, the District issued in the amount of \$8,225,000, the 2020 General Obligation Refunding Bonds to advance refund portions of the District's outstanding 2010 General Obligation Refunding Bonds and General Obligation Bonds, 1998 Election, Series C. The bonds bear interest rates of 5.00% and mature through August 2027. At June 30, 2023, the principal balance outstanding was \$6,035,000. Unamortized premium received on issuance of the bonds amounted to \$665,365 as of June 30, 2023.

2016, General Obligation Bonds, Series C

In August 2020, the District issued in the amount of \$7,000,000, the General Obligation Bonds, Election 2016, Series C. The bonds bear interest rates of 0.32 to 4.00% and mature through August 2048. The bonds were issued to finance the acquisition and construction of education facilities and projects and to pay for the cost of issuing the bonds. At June 30, 2023, the principal balance outstanding was \$5,870,000. Unamortized premium received on issuance of the bonds amounted to \$962,239 as of June 30, 2023.

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	Redeemed	Bonds Outstanding June 30, 2023
3/21/2017	8/1/2046	3.50-5.00%	\$ 10,000,000	\$ 8,855,000	\$ -	\$ -	\$ 8,855,000
3/21/2017	8/1/2032	2.00-4.00%	5,080,000	5,020,000	-	-	5,020,000
8/29/2018	8/1/2048	3.00-5.00%	10,000,000	9,205,000	-	(50,000)	9,155,000
5/6/2020	8/1/2027	5.00%	8,225,000	7,140,000	-	(1,105,000)	6,035,000
8/12/2020	8/1/2048	0.32-4.00%	7,000,000	5,870,000	-	-	5,870,000
				<u>\$ 36,090,000</u>	<u>\$ -</u>	<u>\$ (1,155,000)</u>	<u>\$ 34,935,000</u>

Lawndale Elementary School District

Notes to Financial Statements

June 30, 2023

Debt Service Requirements to Maturity

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

Fiscal Year	Principal	Current Interest to Maturity	Total
2024	\$ -	\$ 363,769	\$ 363,769
2025	-	363,769	363,769
2026	-	363,769	363,769
2027	-	363,769	363,769
2028	-	363,769	363,769
2029-2033	470,000	1,775,843	2,245,843
2034-2038	1,145,000	1,586,740	2,731,740
2039-2043	3,085,000	1,203,500	4,288,500
2044-2047	4,155,000	347,100	4,502,100
Total	<u>\$ 8,855,000</u>	<u>\$ 6,732,028</u>	<u>\$ 15,587,028</u>

The 2017 Refunding bonds mature through 2033 as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
2024	\$ -	\$ 169,550	\$ 169,550
2025	-	169,550	169,550
2026	-	169,550	169,550
2027	645,000	156,650	801,650
2028	670,000	130,350	800,350
2029-2033	3,705,000	307,413	4,012,413
Total	<u>\$ 5,020,000</u>	<u>\$ 1,103,063</u>	<u>\$ 6,123,063</u>

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

Fiscal Year	Principal	Current Interest to Maturity	Total
2024	\$ 75,000	\$ 409,138	\$ 484,138
2025	95,000	405,262	500,262
2026	120,000	399,887	519,887
2027	150,000	393,138	543,138
2028	180,000	384,888	564,888
2029-2033	1,175,000	1,768,413	2,943,413
2034-2038	1,850,000	1,501,293	3,351,293
2039-2043	2,100,000	1,100,931	3,200,931
2044-2048	2,750,000	530,000	3,280,000
2049	660,000	16,500	676,500
Total	<u>\$ 9,155,000</u>	<u>\$ 6,909,450</u>	<u>\$ 16,064,450</u>

Lawndale Elementary School District

Notes to Financial Statements

June 30, 2023

The 2020 Refunding bonds mature through 2028 as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Current Interest to Maturity</u>	<u>Total</u>
2024	\$ 1,210,000	\$ 271,500	\$ 1,481,500
2025	1,330,000	208,000	1,538,000
2026	1,450,000	138,500	1,588,500
2027	980,000	77,750	1,057,750
2028	1,065,000	26,625	1,091,625
Total	<u>\$ 6,035,000</u>	<u>\$ 722,375</u>	<u>\$ 6,757,375</u>

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Current Interest to Maturity</u>	<u>Total</u>
2024	\$ -	\$ 234,800	\$ 234,800
2025	-	234,800	234,800
2026	50,000	233,800	283,800
2027	50,000	231,800	281,800
2028	50,000	229,800	279,800
2029-2033	440,000	1,103,000	1,543,000
2034-2038	895,000	976,500	1,871,500
2039-2043	1,160,000	752,000	1,912,000
2044-2048	2,175,000	487,500	2,662,500
2049	1,050,000	21,000	1,071,000
Total	<u>\$ 5,870,000</u>	<u>\$ 4,505,000</u>	<u>\$ 10,375,000</u>

Lease Liability

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

<u>Lease</u>	<u>Leases Outstanding July 1, 2022</u>	<u>Additions</u>	<u>Payments</u>	<u>Leases Outstanding June 30, 2023</u>
Copiers	<u>\$ 79,292</u>	<u>\$ -</u>	<u>\$ (61,228)</u>	<u>\$ 18,064</u>

Copiers

The District entered into multiple agreements to lease copiers for five years, with the earliest beginning May 1, 2018. Under the terms of the lease, the District paid the monthly payments ranging from \$254 to \$5,134, which amounted to total principal and interest costs of \$73,546. The annual interest rate charged on the lease is 4.34%. At June 30, 2023, the District has recognized a right-to-use leased asset of \$17,313, net of accumulated amortization, and a lease liability of \$18,064 related to this agreement. During the fiscal year, the District

recorded \$60,305 in amortization expense and \$2,048 in interest expense for the right to use the copiers. The District also pays \$0.0045 per each additional copy in excess of the contracted amount, which are not included in the measurement of the lease liability as they are variable in nature. The District paid \$3,005 during the year toward those variable costs.

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 10,094	\$ 568	\$ 10,662
2025	7,970	174	8,144
Total	<u>\$ 18,064</u>	<u>\$ 742</u>	<u>\$ 18,806</u>

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

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

<u>OPEB Plan</u>	<u>Aggregate Net OPEB Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>OPEB Expense</u>
District Plan	\$ 14,372,516	\$ 1,977,983	\$ 3,140,590	\$ 782,491
Medicare Premium Payment (MMP) Program	<u>311,070</u>	<u>-</u>	<u>-</u>	<u>(76,307)</u>
Total	<u>\$ 14,683,586</u>	<u>\$ 1,977,983</u>	<u>\$ 3,140,590</u>	<u>\$ 706,184</u>

The details of each plan are as follows:

District Plan

Plan Administration

The District's governing board administers the Postemployment Benefits Plan (the Plan). The Plan is a single employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible retirees and their spouses.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. Management of the Plan is vested in the District management.

Plan Membership

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

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

Contributions

The benefit payment requirements of the Plan members and the District are established and may be amended by the District, the Lawndale Teacher's Association (LTA), the Lawndale Federation of Classified Employees (LFCE), and unrepresented groups. The benefit payment is based on projected pay-as-you-go financing requirements as determined annually through the agreements with the District, LTA, LFCE, and the unrepresented groups. For measurement period of June 30, 2022, the District paid \$299,982 in benefits.

Total OPEB Liability of the District

The District's total OPEB liability of \$14,372,516 was measured as of June 30, 2022, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of June 30, 2021.

Actuarial Assumptions

The total OPEB liability as of June 30, 2022 was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2021, and rolling forward the total OPEB liability to June 30, 2022. The following assumptions were applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	2.75%
Discount rate	3.54%
Healthcare cost trend rates	4.00%

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

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

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

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance, June 30, 2021	<u>\$ 15,290,005</u>
Service cost	953,253
Interest	337,394
Differences between expected and actual experience	6,911
Changes of assumptions	(1,915,065)
Benefit payments	<u>(299,982)</u>
Net change in total OPEB liability	<u>(917,489)</u>
Balance, June 30, 2022	<u><u>\$ 14,372,516</u></u>

Changes of assumptions reflect a change in the discount rate from 2.16% to 3.54%. There were no changes in benefit terms since the previous valuation.

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

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

Discount Rate	Total OPEB Liability
1% decrease (2.54%)	\$ 15,786,207
Current discount rate (3.54%)	14,372,516
1% increase (4.54%)	13,349,086

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

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

Healthcare Cost Trend Rate	Total OPEB Liability
1% decrease (3.00%)	\$ 12,471,920
Current healthcare cost trend rate (4.00%)	14,372,516
1% increase (5.00%)	16,559,322

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

At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 382,602	\$ -
Differences between expected and actual experience	6,434	1,161,115
Changes of assumptions	1,588,947	1,979,475
Total	<u>\$ 1,977,983</u>	<u>\$ 3,140,590</u>

The deferred outflows of resources resulting from District contributions subsequent to measurement date will be recognized as reduction of the total OPEB liability in the subsequent fiscal year.

The remaining deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	\$ (125,554)
2025	(125,554)
2026	(125,554)
2027	(125,554)
2028	(125,554)
Thereafter	(917,439)
Total	<u>\$ (1,545,209)</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 \$311,070 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 0.0944%, and 0.0971%, resulting in a net decrease in the proportionate share of 0.0027%.

For the year ended June 30, 2023, the District recognized OPEB expense of \$(76,307).

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%)	\$ 339,126
Current discount rate (3.54%)	311,070
1% increase (4.54%)	286,777

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

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

Medicare Costs Trend Rates	Net OPEB Liability
1% decrease (3.50% Part A and 4.40% Part B)	\$ 285,418
Current Medicare costs trend rates (4.50% Part A and 5.40% Part B)	311,070
1% increase (5.50% Part A and 6.40% Part B)	340,148

Note 10 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Building Fund	Non-Major Governmental Funds	Total
Nonspendable				
Revolving cash	\$ 15,000	\$ -	\$ 494	\$ 15,494
Stores inventories	84,315	-	93,294	177,609
Total nonspendable	99,315	-	93,788	193,103
Restricted				
Legally restricted programs	32,043,981	-	3,215,706	35,259,687
Capital projects	-	13,770,127	672,222	14,442,349
Debt services	-	-	2,026,006	2,026,006
Total restricted	32,043,981	13,770,127	5,913,934	51,728,042
Assigned				
Capital projects	-	-	3,295,403	3,295,403
Deferred maintenance	4,613	-	-	4,613
Retiree benefits	4,181,160	-	-	4,181,160
Total assigned	4,185,773	-	3,295,403	7,481,176
Unassigned				
Remaining unassigned	40,946,776	-	-	40,946,776
Total	<u>\$ 77,275,845</u>	<u>\$ 13,770,127</u>	<u>\$ 9,303,125</u>	<u>\$ 100,349,097</u>

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

The District is exposed to various risks of loss related to torts; theft, damage, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2023, the District contracted with Alliance of Schools for Cooperative Insurance Programs (ASCIP) for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

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

Workers' Compensation

For fiscal year 2023, the District participated in the Alliance of Schools for Cooperative Insurance Programs (ASCIP) joint powers authorities' insurance purchasing pool. The intent of the ASCIP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the pool. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in the pool. Each participant pays its workers' compensation premium based on its individual rate. A participant will then either receive a refund or credit from ASCIP or will be required to contribute to the "equity-pooling fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the pool. Participation in the pool is limited to districts that can meet the ASCIP selection criteria.

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

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

Note 12 - Employee Retirement Systems

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

For the fiscal year ended June 30, 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	Aggregate Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	\$ 43,721,567	\$ 11,131,229	\$ 8,586,116	\$ 3,956,780
CalPERS	28,258,665	9,752,177	2,442,185	2,990,330
Total	<u>\$ 71,980,232</u>	<u>\$ 20,883,406</u>	<u>\$ 11,028,301</u>	<u>\$ 6,947,110</u>

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 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	2% at 60	2% at 62
Benefit formula	5 years of service	5 years of service
Benefit vesting schedule	Monthly for life	Monthly for life
Benefit payments	60	62
Retirement age	2.0% - 2.4%	2.0% - 2.4%
Monthly benefits as a percentage of eligible compensation	10.25%	10.205%
Required employee contribution rate	19.10%	19.10%
Required employer contribution rate	10.828%	10.828%
Required state contribution rate		

Contributions

Required member, District, and State of California contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2023, are presented above, and the District's total contributions were \$7,536,324.

Pension Liabilities, Pension Expense, 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	
District's proportionate share of net pension liability	\$ 43,721,567
State's proportionate share of the net pension liability associated with the District	21,895,590
Total	<u>\$ 65,617,157</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 periods of June 30, 2022 and June 30, 2021, was 0.0629% and 0.0646%, respectively, resulting in a net decrease in the proportionate share of 0.0017%.

Lawndale Elementary School District

Notes to Financial Statements

June 30, 2023

For the year ended June 30, 2023, the District recognized pension expense of \$3,956,780. In addition, the District recognized pension expense and revenue of \$1,765,865 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	\$ 7,536,324	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	1,390,768	3,169,842
Differences between projected and actual earnings on pension plan investments	-	2,138,069
Differences between expected and actual experience in the measurement of the total pension liability	35,865	3,278,205
Changes of assumptions	2,168,272	-
Total	<u>\$ 11,131,229</u>	<u>\$ 8,586,116</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	\$ (1,570,569)
2025	(1,701,447)
2026	(2,555,920)
2027	3,689,867
Total	<u>\$ (2,138,069)</u>

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	\$ 1,211,556
2025	(840,207)
2026	(785,189)
2027	(953,744)
2028	(1,002,321)
Thereafter	(483,237)
Total	<u>\$ (2,853,142)</u>

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 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%)	\$ 74,255,437
Current discount rate (7.10%)	43,721,567
1% increase (8.10%)	18,369,275

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 \$3,533,564

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 \$28,258,665. 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 0.0821% and 0.0791%, resulting in a net increase in the proportionate share of 0.0030%.

For the year ended June 30, 2023, the District recognized pension expense of \$2,990,330. 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	\$ 3,553,564	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	643,905	1,739,074
Differences between projected and actual earnings on pension plan investments	3,336,580	-
Differences between expected and actual experience in the measurement of the total pension liability	127,713	703,111
Changes of assumptions	2,090,415	-
Total	<u>\$ 9,752,177</u>	<u>\$ 2,442,185</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	\$ 556,435
2025	493,520
2026	252,097
2027	2,034,528
Total	<u>\$ 3,336,580</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	\$ (182,139)
2025	30,254
2026	572,795
2027	(1,062)
Total	<u>\$ 419,848</u>

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 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%)	\$ 40,821,072
Current discount rate (6.90%)	28,258,665
1% increase (7.90%)	17,876,297

Social Security

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

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of \$3,512,509 (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 13 - Commitments and Contingencies**Grants**

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 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 approximately \$6.0 million in commitments with respect to the unfinished capital projects.

Note 14 - Participation in Joint Power Authority

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

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

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

During the year ended June 30, 2023, the District made payments of \$1,096,275 to the ASCIP.



Required Supplementary Information
June 30, 2023

Lawndale Elementary School District

Lawndale Elementary School District
Budgetary Comparison Schedule – General Fund
Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variances - Positive (Negative) Final to Actual
	Original	Final		
Revenues				
Local Control Funding Formula	\$ 62,643,970	\$ 65,365,191	\$ 65,114,756	\$ (250,435)
Federal sources	4,005,925	17,706,621	8,906,603	(8,800,018)
Other State sources	20,093,011	36,368,961	41,552,216	5,183,255
Other local sources	5,925,135	5,707,356	5,876,514	169,158
Total revenues ¹	92,668,041	125,148,129	121,450,089	(3,698,040)
Expenditures				
Current				
Certificated salaries	38,010,433	45,665,438	39,720,248	5,945,190
Classified salaries	15,395,975	18,989,567	15,338,714	3,650,853
Employee benefits	18,718,238	22,671,052	22,671,052	-
Books and supplies	5,642,881	13,607,592	7,392,779	6,214,813
Services and operating expenditures	10,848,231	19,343,851	12,251,358	7,092,493
Other outgo	1,307,292	7,615,790	7,321,346	294,444
Capital outlay	211,356	8,087,410	1,363,432	6,723,978
Debt service				
Debt service - principal	-	-	61,228	(61,228)
Debt service - interest and other	-	-	2,048	(2,048)
Total expenditures ¹	90,134,406	135,980,700	106,122,205	29,858,495
Excess (Deficiency) of Revenues Over Expenditures	2,533,635	(10,832,571)	15,327,884	26,160,455
Other Financing Sources (Uses)				
Transfers in	291,058	362,000	-	(362,000)
Transfers out	(580,125)	(580,125)	(214,444)	365,681
Net Financing Sources (Uses)	(289,067)	(218,125)	(214,444)	3,681
Net Change in Fund Balances	2,244,568	(11,050,696)	15,113,440	26,164,136
Fund Balance - Beginning	62,162,405	62,162,405	62,162,405	-
Fund Balance - Ending	\$ 64,406,973	\$ 51,111,709	\$ 77,275,845	\$ 26,164,136

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

Lawndale Elementary School District
 Budgetary Comparison Schedule – Special Education Pass-Through Fund
 Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variances - Positive (Negative)
	Original	Final		Final to Actual
Revenues				
Federal sources	\$ 19,815,899	\$ 19,815,968	\$ 17,733,649	\$ (2,082,319)
Other State sources	71,600,098	88,809,445	79,246,816	(9,562,629)
Other local sources	-	-	538,508	538,508
Total revenues	<u>91,415,997</u>	<u>108,625,413</u>	<u>97,518,973</u>	<u>(11,106,440)</u>
Expenditures				
Current				
Other outgo	<u>91,415,997</u>	<u>108,625,413</u>	<u>97,518,973</u>	<u>11,106,440</u>
Net Change in Fund Balances	-	-	-	-
Fund Balance - Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Lawndale Elementary 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	\$ 953,253	\$ 1,092,804	\$ 851,506	\$ 1,008,517	\$ 897,686
Interest	337,394	328,895	435,611	465,440	436,577
Difference between expected and actual experience	6,911	(396,118)	(16,126)	(1,072,547)	-
Changes of assumptions	(1,915,065)	51,614	1,576,328	339,991	(290,049)
Benefit payments	(299,982)	(449,326)	(427,060)	(451,853)	(263,834)
Net change in total OPEB liability	(917,489)	627,869	2,420,259	289,548	780,380
Total OPEB Liability - Beginning	15,290,005	14,662,136	12,241,877	11,952,329	11,171,949
Total OPEB Liability - Ending	<u>\$ 14,372,516</u>	<u>\$ 15,290,005</u>	<u>\$ 14,662,136</u>	<u>\$ 12,241,877</u>	<u>\$ 11,952,329</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, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

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

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

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

Year Ended June 30,	2023	2022	2021
District's proportion of the net OPEB liability	0.0944%	0.0971%	0.1134%
District's proportionate share of the net OPEB liability	\$ 311,070	\$ 387,377	\$ 480,547
District's covered payroll	N/A ¹	N/A ¹	N/A ¹
District's proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A ¹	N/A ¹	N/A ¹
Plan fiduciary net position as a percentage of the total OPEB liability	(0.94%)	(0.80%)	(0.71%)
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020
Year Ended June 30,	2020	2019	2018
District's proportion of the net OPEB liability	0.1138%	0.1105%	0.1122%
District's proportionate share of the net OPEB liability	\$ 423,692	\$ 423,030	\$ 472,077
District's covered payroll	N/A ¹	N/A ¹	N/A ¹
District's proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A ¹	N/A ¹	N/A ¹
Plan fiduciary net position as a percentage of the total OPEB liability	(0.81%)	(0.40%)	0.01%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017

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

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

Lawndale Elementary School District
Schedule of the District's Proportionate Share of the Net Pension Liability - CalSTRS
Year Ended June 30, 2023

CalSTRS	2023	2022	2021	2020	2019
Proportion of the net pension liability	0.0629%	0.0646%	0.0651%	0.0643%	0.0616%
Proportionate share of the net pension liability	\$ 43,721,567	\$ 29,402,934	\$ 63,065,613	\$ 58,086,866	\$ 56,590,491
State's proportionate share of the net pension liability	21,895,590	14,794,416	32,510,331	31,690,263	32,400,703
Total	<u>\$ 65,617,157</u>	<u>\$ 44,197,350</u>	<u>\$ 95,575,944</u>	<u>\$ 89,777,129</u>	<u>\$ 88,991,194</u>
Covered payroll	<u>\$ 35,387,636</u>	<u>\$ 34,205,245</u>	<u>\$ 35,218,649</u>	<u>\$ 35,105,344</u>	<u>\$ 32,427,505</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	123.55%	85.96%	179.07%	165.46%	174.51%
Plan fiduciary net position as a percentage of the total pension liability	81%	87%	72%	73%	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		0.0620%	0.0600%	0.0576%	0.0560%
Proportionate share of the net pension liability		\$ 57,319,007	\$ 48,517,958	\$ 38,749,301	\$ 32,705,162
State's proportionate share of the net pension liability		33,909,440	27,620,408	20,494,109	19,748,789
Total		<u>\$ 91,228,447</u>	<u>\$ 76,138,366</u>	<u>\$ 59,243,410</u>	<u>\$ 52,453,951</u>
Covered payroll		<u>\$ 31,889,118</u>	<u>\$ 30,409,003</u>	<u>\$ 26,259,617</u>	<u>\$ 25,289,611</u>
Proportionate share of the net pension liability as a percentage of its covered payroll		179.74%	159.55%	147.56%	129.32%
Plan fiduciary net position as a percentage of the total pension liability		69%	70%	74%	77%
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.

Lawndale Elementary 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	0.0821%	0.0791%	0.0883%	0.0909%	0.0887%
Proportionate share of the net pension liability	\$ 28,258,665	\$ 16,078,959	\$ 27,102,432	\$ 26,494,582	\$ 23,651,498
Covered payroll	\$ 12,629,114	\$ 11,359,372	\$ 12,722,179	\$ 12,788,833	\$ 11,518,028
Proportionate share of the net pension liability as a percentage of its covered payroll	223.76%	141.55%	213.03%	207.17%	205.34%
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		0.0909%	0.0926%	0.0913%	0.0873%
Proportionate share of the net pension liability		\$ 21,703,903	\$ 18,294,793	\$ 13,460,371	\$ 9,915,554
Covered payroll		\$ 11,609,411	\$ 11,076,146	\$ 10,847,022	\$ 9,198,947
Proportionate share of the net pension liability as a percentage of its covered payroll		186.95%	165.17%	124.09%	107.79%
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.

Lawndale Elementary School District
Schedule of the District's Contributions - CalSTRS
Year Ended June 30, 2023

CalSTRS	2023	2022	2021	2020	2019
Contractually required contribution	\$ 7,536,324	\$ 5,987,588	\$ 5,524,147	\$ 6,022,389	\$ 5,715,150
Less contributions in relation to the contractually required contribution	<u>7,536,324</u>	<u>5,987,588</u>	<u>5,524,147</u>	<u>6,022,389</u>	<u>5,715,150</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	<u>\$ 39,457,194</u>	<u>\$ 35,387,636</u>	<u>\$ 34,205,245</u>	<u>\$ 35,218,649</u>	<u>\$ 35,105,344</u>
Contributions as a percentage of covered payroll	<u>19.10%</u>	<u>16.92%</u>	<u>16.15%</u>	<u>17.10%</u>	<u>16.28%</u>
		2018	2017	2016	2015
Contractually required contribution		\$ 4,679,289	\$ 4,011,651	\$ 3,262,886	\$ 2,331,854
Less contributions in relation to the contractually required contribution		<u>4,679,289</u>	<u>4,011,651</u>	<u>3,262,886</u>	<u>2,331,854</u>
Contribution deficiency (excess)		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll		<u>\$ 32,427,505</u>	<u>\$ 31,889,118</u>	<u>\$ 30,409,003</u>	<u>\$ 26,259,617</u>
Contributions as a percentage of covered payroll		<u>14.43%</u>	<u>12.58%</u>	<u>10.73%</u>	<u>8.88%</u>

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

Lawndale Elementary School District
Schedule of the District's Contributions - CalPERS
Year Ended June 30, 2023

CalPERS	2023	2022	2021	2020	2019
Contractually required contribution	\$ 3,553,564	\$ 2,893,330	\$ 2,351,390	\$ 2,508,941	\$ 2,309,919
Less contributions in relation to the contractually required contribution	<u>3,553,564</u>	<u>2,893,330</u>	<u>2,351,390</u>	<u>2,508,941</u>	<u>2,309,919</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	<u>\$ 14,006,953</u>	<u>\$ 12,629,114</u>	<u>\$ 11,359,372</u>	<u>\$ 12,722,179</u>	<u>\$ 12,788,833</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		\$ 1,788,865	\$ 1,612,315	\$ 1,312,191	\$ 1,276,803
Less contributions in relation to the contractually required contribution		<u>1,788,865</u>	<u>1,612,315</u>	<u>1,312,191</u>	<u>1,276,803</u>
Contribution deficiency (excess)		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll		<u>\$ 11,518,028</u>	<u>\$ 11,609,411</u>	<u>\$ 11,076,146</u>	<u>\$ 10,847,022</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 States of America as prescribed by the Governmental Accounting Standards Board and provisions of the California *Education Code*. The governing board is required to hold a public hearing and adopt an operating budget no later than July 1 of each year. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

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

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

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

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

- *Changes in Benefit Terms* - There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* - The discount rate assumption was changed from 2.16% to 3.54% since the previous valuation.

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

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

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

Lawndale Elementary School District

Lawndale Elementary 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	Federal Expenditures	Amounts Passed Through to Subrecipients
U.S. Department of Education				
Passed through California Department of Education (CDE)				
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	\$ 1,786,107	\$ -
Title II, Part A, Supporting Effective Instruction	84.367	14341	318,307	-
Title III, English Learner Student Program	84.365	14346	176,405	-
Title III, Immigrant Student Program	84.365	15146	14,676	-
Subtotal			191,081	-
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	199,325	-
Special Education Cluster (IDEA)				
IDEA Basic Local Assistance Entitlement, Part B, Section 611	84.027	13379	16,310,684	14,781,645
IDEA Preschool Grants, Part B, Section 619	84.173	13430	939,486	808,021
IDEA Mental Health Average Daily Attendance (ADA) Allocation, Part B, Sec 611	84.027A	15197	1,107,257	1,107,257
IDEA Preschool Staff Development, Part B, Section 619	84.173A	13431	3,134	2,628
COVID-19: IDEA Part B, Sec. 619, Preschool Grants	84.173	15639	52,182	22,757
COVID-19: IDEA Part B, Sec. 611, Local Assistance Entitlement	84.027	15638	1,139,127	1,011,341
Subtotal Special Education Cluster (IDEA)			19,551,870	17,733,649
IDEA Early Intervention Grants, Part C	84.181	23761	247,734	-
COVID-19: Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	15536	267,421	-
COVID-19: Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	15547	1,362,968	-
COVID-19: American Rescue Plan (ARP) Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425U	15559	1,283,874	-
COVID-19: ARP Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425U	10155	157,783	-
COVID-19: Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	15618	568,742	-
COVID-19: Governor's Emergency Education Relief (GEER) Fund	84.425C	15619	130,531	-
COVID-19: Governor's Emergency Education Relief (GEER) Fund	84.425C	15517	249,412	-
COVID-19: CARES Act Supplemental Meal Reimbursement	84.425D	15535	46,036	-
COVID-19: American Rescue Plan - Homeless Children and Youth	84.425W	15566	8,027	-
Subtotal			4,074,794	-
Total U.S. Department of Education			26,369,218	17,733,649

Lawndale Elementary 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	Federal Expenditures	Amounts Passed Through to Subrecipients
U.S. Department of Health and Human Services				
Passed through California Department of Education (CDE)				
Child Care and Development Fund (CCDF) Cluster				
COVID-19: Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act - One-time Stipend	93.575	15555	\$ 5,629	\$ -
COVID-19: ARP California State Preschool Program One-time Stipend	93.575	15640	<u>7,783</u>	<u>-</u>
Subtotal Child Care and Development Fund (CCDF) Cluster			<u>13,412</u>	<u>-</u>
Total U.S. Department of Health and Human Services			<u>13,412</u>	<u>-</u>
U.S. Department of Agriculture				
Passed through California Department of Education (CDE)				
Child Nutrition Cluster				
Child Nutrition: School Programs (NSL Sec 11)	10.555	13396	2,047,598	-
Child Nutrition: School Programs (School Breakfast Needy)	10.553	13526	594,967	-
Child Nutrition: Supply Chain Assistance (SCA) Funds	10.555	15655	9,914	-
Commodities	10.555	13396	<u>298,077</u>	<u>-</u>
Subtotal Child Nutrition Cluster			<u>2,950,556</u>	<u>-</u>
Child Care Food Program (CCFP) Claims-Centers and Family Day Care Homes (Meal Reimbursements)	10.558	13393	502,045	-
Passed through Los Angeles County Department of Public Health				
Supplemental Nutrition Assistance Program (SNAP) Cluster				
CalFresh Healthy Living Program	10.561	PH-004421	<u>317,071</u>	<u>-</u>
Subtotal SNAP Cluster			<u>317,071</u>	<u>-</u>
Total U.S. Department of Agriculture			<u>3,769,672</u>	<u>-</u>
Total Federal Financial Assistance			<u>\$ 30,152,302</u>	<u>\$ 17,733,649</u>

ORGANIZATION

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

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Ms. Ann Phillips	President	2026
Mr. Adim Morales	Clerk	2024
Mrs. Bonnie J. Coronado	Trustee	2026
Mrs. Shirley Rudolph	Trustee	2026
Mrs. Cathy Burris	Trustee	2024

ADMINISTRATION

Ms. Virginia Castro	Superintendent of Schools
Dr. Howard Ho	Assistant Superintendent of Business Services
Ms. Tracy Pumilia	Interim Assistant Superintendent of Educational Services
Ms. Lisa Cooper	Assistant Superintendent of Human Resources

Lawndale Elementary School District
Schedule of Average Daily Attendance
Year Ended June 30, 2023

	Final Report	
	Second Period Report*	Annual Report
Regular ADA		
Transitional kindergarten through third	1,791.08	1,804.81
Fourth through sixth	1,412.23	1,642.07
Seventh and eighth	947.82	943.96
Total Regular ADA	4,151.13	4,390.84
Extended Year Special Education		
Transitional kindergarten through third	5.13	5.13
Fourth through sixth	4.04	4.04
Seventh and eighth	0.33	0.33
Total Extended Year Special Education	9.50	9.50
Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	0.85	0.92
Fourth through sixth	2.67	2.62
Seventh and eighth	0.88	0.78
Total Special Education, Nonpublic, Nonsectarian Schools	4.40	4.32
Total ADA	4,165.03	4,404.66

*The Second Period Attendance Report was amended on September 13, 2023.

Lawndale Elementary 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	50,515	-	50,515	180	-	180	-	-	-	Complied
Grades 1 - 3	50,400										
Grade 1		50,515	-	50,515	180	-	180	-	-	-	Complied
Grade 2		50,515	-	50,515	180	-	180	-	-	-	Complied
Grade 3		50,515	-	50,515	180	-	180	-	-	-	Complied
Grades 4 - 8	54,000										
Grade 4		54,195	-	54,195	180	-	180	-	-	-	Complied
Grade 5		54,195	-	54,195	180	-	180	-	-	-	Complied
Grade 6		56,200	-	56,200	180	-	180	-	-	-	Complied
Grade 7		56,200	-	56,200	180	-	180	-	-	-	Complied
Grade 8		56,200	-	56,200	180	-	180	-	-	-	Complied

Lawndale Elementary School District
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
Year Ended June 30, 2023

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

	Non-Major Governmental Fund	
	Student Activity Fund	Bond Interest and Redemption Fund*
Fund Balance		
Balance, June 30, 2023, Unaudited Actuals	\$ 65,162	\$ 2,107,181
Decrease in		
Cash in County Treasury	-	(101,836)
Cash in Banks	(9,651)	-
Balance, June 30, 2023, Audited Financial Statements	<u>\$ 55,511</u>	<u>\$ 2,005,345</u>

*The fund is managed by the County Treasurer, and not by the District directly.

Lawndale Elementary 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	\$ 101,602,577	\$ 121,362,390	\$ 107,630,307	\$ 92,338,405
Other sources	724,000	362,000	291,058	302,252
Total revenues and other sources	102,326,577	121,724,390	107,921,365	92,640,657
Expenditures	101,342,203	106,122,205	90,931,342	77,282,517
Other uses	942,125	786,444	681,327	789,007
Total expenditures and other uses	102,284,328	106,908,649	91,612,669	78,071,524
Increase in Fund Balance	42,249	14,815,741	16,308,696	14,569,133
Ending Fund Balance	\$ 73,132,321	\$ 73,090,072	\$ 58,274,331	\$ 41,965,635
Available Reserves ²	\$ 41,050,615	\$ 40,946,776	\$ 32,921,400	\$ 30,940,032
Available Reserves as a Percentage of Total Outgo	40.13%	38.30%	35.94%	39.63%
Long-Term Liabilities	N/A	\$ 124,934,924	\$ 100,917,253	\$ 146,446,692
K-12 Average Daily Attendance at P-2	4,088	4,165	4,283	4,972

The General Fund balance has increased by \$31,124,437 over the past two years. The fiscal year 2023-2024 budget projects an increase of \$42,249 (0.06%). 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 each of the past three years and anticipates incurring an operating surplus during the 2023-2024 fiscal year. Total long-term liabilities have decreased by \$21,511,768 over the past two years.

Average daily attendance has decreased by 807 ADA over the past two years. An additional decline of 77 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 within the General Fund.

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

Lawndale Elementary School District
Schedule of Charter Schools
Year Ended June 30, 2023

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

Lawndale Elementary School District
Combining Balance Sheet – Non-Major Governmental Funds
June 30, 2023

	Student Activity Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	State School Building Lease Purchase Fund	County School Facilities Fund
Assets						
Deposits and investments	\$ 55,511	\$ 1,405,604	\$ 1,834,551	\$ 522,653	\$ 29,878	\$ 37,064
Receivables	-	23,355	1,057,854	83,176	313	388
Stores inventories	-	-	93,294	-	-	-
Total assets	\$ 55,511	\$ 1,428,959	\$ 2,985,699	\$ 605,829	\$ 30,191	\$ 37,452
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ -	\$ 213,376	\$ 260,489	\$ -	\$ 1,250	\$ -
Unearned revenue	-	686,810	-	-	-	-
Total liabilities	-	900,186	260,489	-	1,250	-
Fund Balances						
Nonspendable	-	-	93,788	-	-	-
Restricted	55,511	528,773	2,631,422	605,829	28,941	37,452
Assigned	-	-	-	-	-	-
Total fund balances	55,511	528,773	2,725,210	605,829	28,941	37,452
Total liabilities and fund balances	\$ 55,511	\$ 1,428,959	\$ 2,985,699	\$ 605,829	\$ 30,191	\$ 37,452

Lawndale Elementary School District
Combining Balance Sheet – Non-Major Governmental Funds
June 30, 2023

	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Tax Override Fund	Debt Service Fund	Total Non-Major Governmental Funds
Assets					
Deposits and investments	\$ 2,929,812	\$ 2,005,345	\$ 10	\$ 20,437	\$ 8,840,865
Receivables	874,813	-	-	214	2,040,113
Stores inventories	-	-	-	-	93,294
Total assets	\$ 3,804,625	\$ 2,005,345	\$ 10	\$ 20,651	\$ 10,974,272
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 509,222	\$ -	\$ -	\$ -	\$ 984,337
Unearned revenue	-	-	-	-	686,810
Total liabilities	509,222	-	-	-	1,671,147
Fund Balances					
Nonspendable	-	-	-	-	93,788
Restricted	-	2,005,345	10	20,651	5,913,934
Assigned	3,295,403	-	-	-	3,295,403
Total fund balances	3,295,403	2,005,345	10	20,651	9,303,125
Total liabilities and fund balances	\$ 3,804,625	\$ 2,005,345	\$ 10	\$ 20,651	\$ 10,974,272

Lawndale Elementary School District
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds
Year Ended June 30, 2023

	Student Activity Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	State School Building Lease Purchase Fund	County School Facilities Fund
Revenues						
Federal sources	\$ -	\$ -	\$ 3,570,417	\$ -	\$ -	\$ -
Other State sources	-	1,520,848	1,289,665	-	-	-
Other local sources	<u>100,548</u>	<u>(5,367)</u>	<u>19,803</u>	<u>86,270</u>	<u>650</u>	<u>807</u>
Total revenues	<u>100,548</u>	<u>1,515,481</u>	<u>4,879,885</u>	<u>86,270</u>	<u>650</u>	<u>807</u>
Expenditures						
Current						
Instruction	-	1,135,506	-	-	-	-
Instruction-related activities						
Supervision of instruction	-	225,054	-	-	-	-
School site administration	-	48,770	-	-	-	-
Pupil services						
Food services	-	-	4,072,557	-	-	-
Administration						
All other administration	-	97,037	88,122	-	-	-
Plant services	-	7,050	-	-	-	-
Ancillary services	110,199	-	-	-	-	-
Facility acquisition and construction	-	-	-	-	-	-
Debt service						
Principal	-	-	-	-	-	-
Interest and other	-	-	-	-	-	-
Total expenditures	<u>110,199</u>	<u>1,513,417</u>	<u>4,160,679</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(9,651)</u>	<u>2,064</u>	<u>719,206</u>	<u>86,270</u>	<u>650</u>	<u>807</u>
Other Financing Sources						
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(9,651)	2,064	719,206	86,270	650	807
Fund Balance - Beginning	<u>65,162</u>	<u>526,709</u>	<u>2,006,004</u>	<u>519,559</u>	<u>28,291</u>	<u>36,645</u>
Fund Balance - Ending	<u>\$ 55,511</u>	<u>\$ 528,773</u>	<u>\$ 2,725,210</u>	<u>\$ 605,829</u>	<u>\$ 28,941</u>	<u>\$ 37,452</u>

Lawndale Elementary School District
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds
Year Ended June 30, 2023

	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Tax Override Fund	Debt Service Fund	Total Non-Major Governmental Funds
Revenues					
Federal sources	\$ -	\$ -	\$ -	\$ -	\$ 3,570,417
Other State sources	-	14,117	-	-	2,824,630
Other local sources	<u>1,036,866</u>	<u>2,730,925</u>	<u>-</u>	<u>444</u>	<u>3,970,946</u>
Total revenues	<u>1,036,866</u>	<u>2,745,042</u>	<u>-</u>	<u>444</u>	<u>10,365,993</u>
Expenditures					
Current					
Instruction	-	-	-	-	1,135,506
Instruction-related activities					
Supervision of instruction	-	-	-	-	225,054
School site administration	-	-	-	-	48,770
Pupil services					
Food services	-	-	-	-	4,072,557
Administration					
All other administration	-	-	-	-	185,159
Plant services	20,042	-	-	-	27,092
Ancillary services	-	-	-	-	110,199
Facility acquisition and construction	<u>1,113,863</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,113,863</u>
Debt service					
Principal	-	1,155,000	-	-	1,155,000
Interest and other	<u>-</u>	<u>1,509,132</u>	<u>-</u>	<u>-</u>	<u>1,509,132</u>
Total expenditures	<u>1,133,905</u>	<u>2,664,132</u>	<u>-</u>	<u>-</u>	<u>9,582,332</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(97,039)</u>	<u>80,910</u>	<u>-</u>	<u>444</u>	<u>783,661</u>
Other Financing Sources					
Transfers in	<u>214,444</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>214,444</u>
Net Change in Fund Balances	117,405	80,910	-	444	998,105
Fund Balance - Beginning	<u>3,177,998</u>	<u>1,924,435</u>	<u>10</u>	<u>20,207</u>	<u>8,305,020</u>
Fund Balance - Ending	<u>\$ 3,295,403</u>	<u>\$ 2,005,345</u>	<u>\$ 10</u>	<u>\$ 20,651</u>	<u>\$ 9,303,125</u>

Note 1 - Purpose of Schedules**Schedule of Expenditures of Federal Awards (SEFA)**Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the schedule) includes the federal award activity of the District under programs of the federal government for the year ended June 30, 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 net position or changes in net position and fund balance of the District.

Summary of Significant Accounting Policies

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

Indirect Cost Rate

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

Food Donation

Nonmonetary assistance is reported in this schedule at the fair market value of the commodities received and disbursed. At June 30, 2023, the District did not report any commodities 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 COVID-19: Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act - One-time Stipend, COVID-19: ARP California State Preschool Program One-Time Stipend, and COVID-19: CARES Act Supplemental Meal Reimbursement that in the previous period were recorded as revenues but were unspent. These unspent balances have been expended in the current period. In addition, the Child Care Food Program (CCFP) Claims-Centers and Family Day Care Homes (Meal Reimbursements) and the Supply Chain Assistance (SCA) funds that have been recorded in the current period as revenues that have not been expended as of June 30, 2023. These unspent balances are reported as legally restricted ending balances within the General Fund.

Description	Federal Financial Assistance	
	Listing Number	Amount
Total Federal Revenues reported on the financial statements		\$ 30,210,669
COVID-19: Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act - One-time Stipend	93.575	5,629
COVID-19: ARP California State Preschool Program One-time Stipend	93.575	7,783
COVID-19: CARES Act Supplemental Meal Reimbursement	84.425D	46,036
Child Care Food Program (CCFP) Claims-Centers and Family Day Care Homes (Meal Reimbursements)	10.558	(6,877)
Child Nutrition: Supply Chain Assistance (SCA) Funds	10.555	(110,938)
Total federal financial assistance		<u>\$ 30,152,302</u>

Local Education Agency Organization Structure

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

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

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

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

Reconciliation of Annual Financial and Budget Report With Audited Financial Statements

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

Schedule of Financial Trends and Analysis

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

Schedule of Charter Schools

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

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

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



Independent Auditor's Reports
June 30, 2023

Lawndale Elementary School District



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

To the Governing Board
Lawndale Elementary School District
Lawndale, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lawndale Elementary School District (the District) as of and for the year ended June 30, 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 December 9, 2023.

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 District's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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Rancho Cucamonga, California
December 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
Lawndale Elementary School District
Lawndale, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Lawndale Elementary School District's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 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 Lawndale Elementary School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 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 black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California
December 9, 2023



Independent Auditor's Report on State Compliance

To the Governing Board
Lawndale Elementary School District
Lawndale, California

Report on Compliance

Qualified and Unmodified Opinions on State Compliance

We have audited Lawndale Elementary School District's (the District) compliance with the requirements specified in the *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.

Qualified Opinion on Classroom Teacher Salaries

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the Lawndale Elementary School 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.

Unmodified Opinion on Each of the Other Programs

In our opinion, the Lawndale Elementary School 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, except as described in the accompanying Schedule of Findings and Questioned Costs.

Basis for Qualified and Unmodified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), 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.

Matter Giving Rise to Qualified Opinion on Classroom Teacher Salaries

As described in the accompanying schedule of findings and questioned costs, the District did not comply with requirements regarding classroom teacher salaries as described in finding number 2023-001.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *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	Yes
Continuation Education	No, see below
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No, see below
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	No, see below
Middle or Early College High Schools	No, see below
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	No, see below
Comprehensive School Safety Plan	Yes
District of Choice	No, see below
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	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study - Course Based	No, see below
Immunizations	No, see below
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	No, see below
Transitional Kindergarten	Yes

2022-2023 K-12 Audit Guide Procedures	Procedures Performed
Charter Schools	
Attendance	No, see below
Mode of Instruction	No, see below
Nonclassroom-Based Instruction/Independent Study	No, see below
Determination of Funding for Nonclassroom-Based Instruction	No, see below
Annual Instructional Minutes - Classroom Based	No, see below
Charter School Facility Grant Program	No, see below
The District does not offer Continuation Education; therefore, we did not perform procedures related to Continuation Education.	
The District did not offer an Early Retirement Incentive Program during the current year; therefore, we did not perform procedures related to the Early Retirement Incentive Program.	
The District does not have any Juvenile Court Schools; therefore, we did not perform procedures related to Juvenile Court Schools.	
The District does not have any Middle or Early College High Schools; therefore, we did not perform procedures related to Middle or Early College High Schools.	
We did not perform Apprenticeship: Related and Supplemental Instruction procedures because the program is not offered by the District.	
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.	
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.	
We did not perform Career Technical Education Incentive Grant procedures because the District did not receive funding for this grant.	
The Charter School is independent of the District; therefore, we did not perform any procedures related to charter schools.	

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is described in the accompanying Schedule of Findings and Questioned Costs as item 2023-001.

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

Report on Internal Control over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-001 to be a significant deficiency.

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.



Rancho Cucamonga, California
December 9, 2023



Schedule of Findings and Questioned Costs
June 30, 2023

Lawndale Elementary School District

Lawndale Elementary School District

Summary of Auditor's Results

Year Ended June 30, 2023

Financial Statements

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

Federal Awards

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

Identification of major programs

<u>Name of Federal Program or Cluster</u>	<u>Federal Financial Assistance Listing Number</u>
COVID-19: Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D
COVID-19: American Rescue Plan (ARP) Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425U
COVID-19: Governor's Emergency Education Relief (GEER) Fund	84.425C
COVID-19: CARES Act Supplemental Meal Reimbursement	84.425D
COVID-19: American Rescue Plan - Homeless Children and Youth	84.425W
Special Education Cluster (IDEA)	84.027, 84.173, 84.027A, 84.173A
Dollar threshold used to distinguish between type A and type B programs	\$904,569
Auditee qualified as low-risk auditee?	No

State Compliance

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

Name of Program

Classroom Teacher Salaries

None reported.

None reported.

The following finding represents a significant deficiency and an instance of noncompliance including questioned costs that are required to be reported by the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. The finding has been coded as follows:

Five Digit Code	AB 3627 Finding Type
61000	Classroom Teacher Salaries

2023-001 61000 – Classroom Teacher Salaries

Criteria or Specific Requirements

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

Condition

In reviewing the Current Expense Formula/Minimum Classroom Compensation Form (Form CEA), it was noted the District did not meet the minimum percentage required for payment of classroom teachers. The District reported 52.17%, which is 7.83% lower than the minimum required.

Questioned Costs

There are no questioned costs related to this finding.

Context

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

Effect

The noncompliance resulted in the District being deficient by \$7,039,692 or 7.83%.

Cause

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

Repeat Finding (Yes or No)

Yes, see prior year finding 2022-001 in the summary schedule of prior audit findings.

Recommendation

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

View of Responsible Officials and Corrective Action Plan

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

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

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

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

State Compliance Finding

2022-001 61000 – Classroom Teacher Salaries

Criteria or Specific Requirements

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

Condition

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

Questioned Costs

There are no questioned costs related to this finding.

Context

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

Effect

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

Cause

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

Recommendation

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

Repeat Finding (Yes or No)

No.

Current Status

Not implemented, see finding 2023-001.

2022-002 40000 – Immunizations

Criteria or Specific Requirements

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

Condition

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

Questioned Costs

There are no questioned costs related to this finding.

Context

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

Effect

The noncompliance resulted in the District overclaiming ADA by 1, estimated at \$8,458, at the second period of attendance.

Cause

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

Repeat Finding (Yes or No)

No.

Recommendation

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

Current Status

Implemented.