



Financial Statements  
June 30, 2022

# Lynwood Unified School District

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## Independent Auditor's Report

To the Governing Board  
Lynwood Unified School District  
Lynwood, California

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lynwood Unified School District (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

#### *Basis for Opinions*

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

#### *Correction of Error*

As discussed in Note 16 to the financial statements, certain errors resulting in an overstatement of amounts previously reported for accounts payable as of June 30, 2021, were discovered during the current year. Accordingly, restatements have been made to the governmental activities net position and the general fund balance as of July 1, 2021, to correct the errors. Our opinions are not modified with respect to this matter.

### ***Adoption of New Accounting Standard***

As discussed in Note 1 and 17 to the financial statements, the District has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ended June 30, 2022. Accordingly, a restatement has been made to the governmental activities net position and general fund balance as of July 1, 2021, to restate beginning net position and fund balance. Our opinions are not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in the District's total OPEB liability and related ratios, schedule of the District's proportionate share of the net OPEB liability – MPP program, schedule of the District's proportionate share of the net pension liability, and the schedule of the District's contributions, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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 August 14, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Eide Bailly LLP*

Rancho Cucamonga, California

August 14, 2023

This section of Lynwood Unified School District's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2022, with comparative information for the year ended June 30, 2021. Please read it in conjunction with the District's financial statements, which immediately follow this section.

## OVERVIEW OF THE FINANCIAL STATEMENTS

### The Financial Statements

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

The Government-Wide Financial Statements present the financial picture of the District from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities. These statements include all assets of the District (including capital assets), deferred outflows, as well as all liabilities (including long-term liabilities) and deferred inflows. Additionally, certain eliminations have occurred as prescribed by the statement in regards to interfund activity, payables, and receivables.

The *Fund Financial Statements* include statements for each of the three categories of activities: governmental, proprietary, and fiduciary.

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

## REPORTING THE DISTRICT AS A WHOLE

### The Statement of Net Position and the Statement of Activities

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

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

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

The *Statement of Net Position* and the *Statement of Activities*, we present the District activities as follows:

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

## REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

### Fund Financial Statements

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

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

**Proprietary Funds** - When the District charges users for the services it provides, whether to outside customers or to other departments within the District, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the *Statement of Net Position* and the *Statement of Revenues, Expenses, and Changes in Fund Net Position*. Internal Service funds may be used to account for any activity for which services are provided to other funds of the District on a cost-reimbursement basis. The District operates a Self-Insurance Workers' Compensation Program that is accounted for in an internal service fund. The internal service fund is reported with governmental activities in the government-wide financial statements.

## THE DISTRICT AS A TRUSTEE

### Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for funds held on behalf of others, like our funds for the Scholarship Trust. The District's fiduciary activities are reported in the *Statements of Fiduciary Net Position*. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

## FINANCIAL HIGHLIGHTS

This section provides an overview of this District's financial activities.

- As of June 30, 2022, the Restricted and Unrestricted General Fund reported a combined fund balance of \$70,270,468, an increase of \$14,637,422 over last year's ending balance.
- The total reported revenue in the General Fund was \$242,876,801. Compared to 2020-2021, the total revenues increased by \$21,020,706. The increase was attributed primarily to new one-time federal revenue received in the current year.
- The General Fund total expenditures and other uses were \$21,280,660 higher compared to 2020-2021.

**THE DISTRICT AS A WHOLE**

**Net Position**

The District's net position was \$34,462,271 for the fiscal year ended June 30, 2022. Of this amount, \$(145,813,238) was unrestricted (deficit). Restricted net position are 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 activities.

**Table 1**

	Governmental Activities	
	2022	2021 as restated
<b>Assets</b>		
Current and other assets	\$ 166,579,408	\$ 128,856,453
Capital assets	252,881,685	250,765,775
Total assets	<u>419,461,093</u>	<u>379,622,228</u>
Deferred outflows of resources	<u>38,691,893</u>	<u>48,876,176</u>
<b>Liabilities</b>		
Current liabilities	44,674,433	37,647,401
Long-term liabilities	292,297,629	352,963,200
Total liabilities	<u>336,972,062</u>	<u>390,610,601</u>
Deferred inflows of resources	<u>86,718,653</u>	<u>11,507,982</u>
<b>Net Position</b>		
Net investment in capital assets	137,510,965	153,441,584
Restricted	42,764,544	21,531,971
Unrestricted (deficit)	<u>(145,813,238)</u>	<u>(148,593,734)</u>
Total net position	<u><u>\$ 34,462,271</u></u>	<u><u>\$ 26,379,821</u></u>

**Changes in Net Position**

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

**Table 2**

	Governmental Activities	
	2022	2021*
<b>Revenues</b>		
Program revenues		
Charges for services and sales	\$ 18,437	\$ 10,156
Operating grants and contributions	71,557,328	88,433,428
General revenues		
Federal and State aid not restricted	148,280,887	135,308,690
Property taxes	23,295,248	21,317,428
Other general revenues	11,485,840	876,437
Total revenues	<u>254,637,740</u>	<u>245,946,139</u>
<b>Expenses</b>		
Instruction-related	152,855,459	163,013,115
Pupil services	29,725,452	25,017,337
Administration	26,327,419	31,471,502
Plant services	29,097,839	23,709,131
All other services	8,549,121	6,505,894
Total expenses	<u>246,555,290</u>	<u>249,716,979</u>
Change in net position	<u>\$ 8,082,450</u>	<u>\$ (3,770,840)</u>

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

**Governmental Activities**

As reported in the *Statement of Activities* on page 14, the cost of all of our governmental activities this year was \$246,555,290. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only \$23,295,248 because the cost was paid by those who benefited from the programs \$18,437 or by other governments and organizations who subsidized certain programs with grants and contributions of \$71,557,328. The remaining "public benefit" portion of our governmental activities was paid with \$148,280,887 in Federal and State aid and \$11,485,840 with other revenue sources such as interest and general entitlements.

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

**Table 3**

	Total Cost of Services		Net Cost of Services	
	2022	2021*	2022	2021*
Instruction-related	\$ 152,855,459	\$ 163,013,115	\$ (103,139,465)	\$ (99,833,641)
Pupil services	29,725,452	25,017,337	(15,002,503)	(16,081,775)
Administration	26,327,419	31,471,502	(20,965,879)	(17,164,095)
Plant services	29,097,839	23,709,131	(28,461,431)	(22,183,126)
All other services	8,549,121	6,505,894	(7,410,247)	(6,010,758)
<b>Total</b>	<b>\$ 246,555,290</b>	<b>\$ 249,716,979</b>	<b>\$ (174,979,525)</b>	<b>\$ (161,273,395)</b>

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

### THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of \$109,889,048, which is an increase of \$30,348,260, from last year (Table 4).

**Table 4**

Governmental Fund	Balances and Activity			
	June 30, 2021 as restated	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2022
General	\$ 55,633,046	\$ 242,876,801	\$ 228,239,379	\$ 70,270,468
Building	13,210,725	33,405,149	19,331,088	27,284,786
Student Activity	703,933	1,022,984	1,148,045	578,872
Child Development	254,874	4,865,548	4,827,294	293,128
Cafeteria	621,051	9,243,291	7,664,060	2,200,282
Capital Facilities	1,535,366	248,233	-	1,783,599
County School Facilities	2,293,576	(59,643)	308,837	1,925,096
Bond Interest and Redemption	5,282,026	6,422,292	6,157,998	5,546,320
Tax Override	6,191	306	-	6,497
<b>Total</b>	<b>\$ 79,540,788</b>	<b>\$ 298,024,961</b>	<b>\$ 267,676,701</b>	<b>\$ 109,889,048</b>

### General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget was adopted in July 2022. (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 66).

**CAPITAL ASSET AND LONG-TERM LIABILITIES ADMINISTRATION**

**Capital Assets**

At June 30, 2022, the District had \$252,881,685 in a broad range of capital assets (net of depreciation), including land, construction in progress, buildings, furniture, and equipment. This amount represents a net increase (including additions, deductions, and depreciation) of \$2,115,910, or 0.84%, from last year (Table 5).

**Table 5**

	Governmental Activities	
	2022	2021
Land and construction in progress	\$ 63,297,256	\$ 51,939,355
Buildings and improvements	182,135,957	192,339,631
Furniture and equipment	7,448,472	6,486,789
Total	\$ 252,881,685	\$ 250,765,775

**Long-Term Liabilities**

At June 30, 2022, the District had \$292,297,629 in long-term liabilities outstanding versus \$352,963,200 last year. Those long-term liabilities consisted of:

**Table 6**

	Governmental Activities	
	2022	2021
Long-Term Liabilities		
General obligation bonds	\$ 126,167,740	\$ 93,648,488
Certificates of participation	16,050,000	16,705,000
Unamortized premiums/(discounts)	5,959,056	4,959,138
Compensated absences	2,210,171	2,470,872
Claims liability	7,975,597	6,065,686
Net OPEB liability	28,794,073	28,024,797
Aggregate net pension liability	105,140,992	201,089,219
Total	\$ 292,297,629	\$ 352,963,200

We present more detailed information regarding our long-term obligations in Note 8, 9, and 12 of the financial statements.

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

The State has enacted the Local Control Funding Formula (LCFF) to replace revenue limits and most categorical programs, commencing in 2013-2014. The LCFF has now been fully implemented, so going forward revenue generated from the LCFF will be determined by the change in ADA and the statutory cost of living adjustment (COLA.)

The key assumptions in our revenue forecast are:

1. Per law, the school districts are funded based on either the prior year or the average of the three prior years Average Daily Attendance (ADA), whichever is higher. Therefore, LCFF funding is budgeted on the prior year P-2 ADA of 12,400.83.
2. The LCFF supplemental and concentration grants must be spent to increase or improve services for following student populations: low income, English learner, and foster youth. The amount of supplemental and concentration grants is based on the district's percentage of prior year CALPADS unduplicated count of these students, which is 94.52% for Lynwood Unified School District.
3. Per student ADA funding, under LCFF, is estimated at \$13,222.90.
4. The declining enrollment trend continues in Lynwood Unified School District and multi-year projections included in the budget assume a declining ADA of 3% in the subsequent two fiscal years.

## **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 of Business Services, at Lynwood Unified School District, 11321 Bullis Rd., Lynwood, California 90262, or e-mail at [gjanson@mylUSD.org](mailto:gjanson@mylUSD.org).

Lynwood Unified School District  
Statement of Net Position  
June 30, 2022

	Governmental Activities
<b>Assets</b>	
Deposits and investments	\$ 139,217,603
Receivables	25,364,770
Prepaid expense	558,426
Stores inventories	253,875
Other current assets	905,758
Lease receivables	278,976
Capital assets not depreciated	63,297,256
Capital assets, net of accumulated depreciation	189,584,429
Total assets	419,461,093
<b>Deferred Outflows of Resources</b>	
Deferred charge on refunding	2,317,032
Deferred outflows of resources related to OPEB	2,266,471
Deferred outflows of resources related to pensions	34,108,390
Total deferred outflows of resources	38,691,893
<b>Liabilities</b>	
Accounts payable	34,924,939
Interest payable	1,581,824
Unearned revenue	8,167,670
Long-term liabilities	
Long-term liabilities other than OPEB and pensions due within one year	5,734,329
Long-term liabilities other than OPEB and pensions due in more than one year	152,628,235
Net other postemployment benefits (OPEB) liability	28,794,073
Aggregate net pension liability	105,140,992
Total liabilities	336,972,062
<b>Deferred Inflows of Resources</b>	
Deferred inflows of resources related to OPEB	7,104,732
Deferred inflows of resources related to pensions	79,334,945
Deferred inflows of resources related to leases	278,976
Total deferred inflows of resources	86,718,653
<b>Net Position</b>	
Net investment in capital assets	137,510,965
Restricted for	
Debt service	3,970,993
Capital projects	3,708,695
Educational programs	26,774,184
Other activities	8,310,672
Unrestricted (deficit)	(145,813,238)
Total net position	\$ 34,462,271

Lynwood Unified School District  
Statement of Activities  
Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues		Net (Expenses)
		Charges for Services and Sales	Operating Grants and Contributions	Revenues and Changes in Net Position
				Governmental Activities
Governmental Activities				
Instruction	\$ 127,971,634	\$ 4,546	\$ 40,088,683	\$ (87,878,405)
Instruction-related activities				
Supervision of instruction	9,273,902	384	5,805,540	(3,467,978)
Instructional library, media, and technology	1,269,318	18	11,797	(1,257,503)
School site administration	14,340,605	125	3,804,901	(10,535,579)
Pupil services				
Home-to-school transportation	2,021,075	-	(486,865)	(2,507,940)
Food services	7,921,335	5,781	8,184,343	268,789
All other pupil services	19,783,042	1,100	7,018,590	(12,763,352)
Administration				
Data processing	11,228,682	-	2,610,098	(8,618,584)
All other administration	15,098,737	1,746	2,749,696	(12,347,295)
Plant services	29,097,839	4,677	631,731	(28,461,431)
Facility acquisition and construction	2,086	60	531,315	529,289
Ancillary services	2,019,137	-	683,217	(1,335,920)
Community services	1,147,557	-	(64,303)	(1,211,860)
Enterprise services	(10,200)	-	(11,415)	(1,215)
Interest on long-term liabilities	5,317,975	-	-	(5,317,975)
Other outgo	72,566	-	-	(72,566)
<b>Total governmental activities</b>	<b>\$ 246,555,290</b>	<b>\$ 18,437</b>	<b>\$ 71,557,328</b>	<b>(174,979,525)</b>
General Revenues and Subventions				
Property taxes, levied for general purposes				17,447,885
Property taxes, levied for debt service				5,295,677
Taxes levied for other specific purposes				551,686
Federal and State aid not restricted to specific purposes				148,280,887
Interest and investment earnings				4,908,463
Interagency revenues				68,715
Miscellaneous				6,508,662
<b>Subtotal, general revenues and subventions</b>				<b>183,061,975</b>
Change in Net Position				8,082,450
Net Position - Beginning, as restated				26,379,821
Net Position - Ending				<b>\$ 34,462,271</b>

Lynwood Unified School District  
Balance Sheet – Governmental Funds  
June 30, 2022

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Deposits and investments	\$ 83,900,535	\$ 29,747,443	\$ 12,116,203	\$125,764,181
Receivables	23,275,870	95,366	1,957,726	25,328,962
Prepaid expenditures	558,426	-	-	558,426
Stores inventories	150,897	-	102,978	253,875
Other current assets	905,758	-	-	905,758
Lease receivables	278,976	-	-	278,976
<b>Total assets</b>	<b><u>\$109,070,462</u></b>	<b><u>\$ 29,842,809</u></b>	<b><u>\$ 14,176,907</u></b>	<b><u>\$153,090,178</u></b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 30,640,093	\$ 2,558,023	\$ 1,556,368	\$ 34,754,484
Unearned revenue	7,880,925	-	286,745	8,167,670
<b>Total liabilities</b>	<b><u>38,521,018</u></b>	<b><u>2,558,023</u></b>	<b><u>1,843,113</u></b>	<b><u>42,922,154</u></b>
<b>Deferred Inflows of Resources</b>				
Deferred inflows of resources related to leases	278,976	-	-	278,976
<b>Fund Balances</b>				
Nonspendable	825,523	-	104,788	930,311
Restricted	26,774,184	27,284,786	12,229,006	66,287,976
Unassigned	42,670,761	-	-	42,670,761
<b>Total fund balances</b>	<b><u>70,270,468</u></b>	<b><u>27,284,786</u></b>	<b><u>12,333,794</u></b>	<b><u>109,889,048</u></b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b><u>\$109,070,462</u></b>	<b><u>\$ 29,842,809</u></b>	<b><u>\$ 14,176,907</u></b>	<b><u>\$153,090,178</u></b>

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

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Total Fund Balance - Governmental Funds		\$ 109,889,048
<p>Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because</p> <p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.</p>		
The cost of capital assets is	\$ 504,844,639	
Accumulated depreciation is	<u>(251,962,954)</u>	
Net capital assets		252,881,685
<p>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.</p>		
		(1,581,824)
<p>An internal service fund is used by management to charge the costs of the workers' compensation insurance program to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities in the statement of net position.</p>		
		5,343,178
<p>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</p>		
Debt refundings (deferred charge on refunding)	2,317,032	
Net other postemployment benefits (OPEB) liability	2,266,471	
Aggregate net pension liability	<u>34,108,390</u>	
Total deferred outflows of resources		38,691,893
<p>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</p>		
Net other postemployment benefits (OPEB) liability	(7,104,732)	
Aggregate net pension liability	<u>(79,334,945)</u>	
Total deferred inflows of resources		(86,439,677)
<p>Aggregate net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.</p>		
		(105,140,992)
<p>The District's net OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.</p>		
		(28,794,073)

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

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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	\$ (122,963,482)
Premium on issuance	(5,974,410)
Discount on issuance	15,354
Certificates of participation	(16,050,000)
Compensated absences (vacations)	(2,210,171)

In addition, capital appreciation general obligation bonds were issued. The accretion of interest to date on the general obligation bonds is

(3,204,258)

Total long-term liabilities	<u>\$ (150,386,967)</u>
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Total net position - governmental activities	<u><u>\$ 34,462,271</u></u>
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Lynwood Unified School District  
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds  
Year Ended June 30, 2022

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Local Control Funding Formula	\$162,987,442	\$ -	\$ -	\$162,987,442
Federal sources	34,799,111	-	9,133,747	43,932,858
Other State sources	43,702,841	-	5,037,053	48,739,894
Other local sources	1,387,407	(970,727)	6,275,370	6,692,050
Total revenues	<u>242,876,801</u>	<u>(970,727)</u>	<u>20,446,170</u>	<u>262,352,244</u>
<b>Expenditures</b>				
<b>Current</b>				
Instruction	125,896,173	-	3,645,883	129,542,056
Instruction-related activities				
Supervision of instruction	10,339,956	-	21,947	10,361,903
Instructional library, media, and technology	1,363,626	-	-	1,363,626
School site administration	14,979,542	-	1,101,275	16,080,817
Pupil services				
Home-to-school transportation	3,116,950	-	-	3,116,950
Food services	303,491	-	7,437,601	7,741,092
All other pupil services	19,514,258	-	183,999	19,698,257
Administration				
Data processing	7,589,472	-	-	7,589,472
All other administration	14,646,369	-	211,767	14,858,136
Plant services	26,315,328	-	31,412	26,346,740
Ancillary services	1,033,287	-	1,005,515	2,038,802
Community services	1,204,602	-	-	1,204,602
Facility acquisition and construction	508,954	19,191,088	308,837	20,008,879
Debt service				
Principal	655,000	-	2,740,000	3,395,000
Interest and other	699,805	140,000	3,417,998	4,257,803
Total expenditures	<u>228,166,813</u>	<u>19,331,088</u>	<u>20,106,234</u>	<u>267,604,135</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>14,709,988</u>	<u>(20,301,815)</u>	<u>339,936</u>	<u>(5,251,891)</u>
<b>Other Financing Sources (Uses)</b>				
Other sources	-	34,375,876	1,296,841	35,672,717
Other uses	(72,566)	-	-	(72,566)
Net Financing Sources (Uses)	<u>(72,566)</u>	<u>34,375,876</u>	<u>1,296,841</u>	<u>35,600,151</u>
Net Change in Fund Balances	14,637,422	14,074,061	1,636,777	30,348,260
Fund Balance - Beginning, as restated	55,633,046	13,210,725	10,697,017	79,540,788
Fund Balance - Ending	<u>\$ 70,270,468</u>	<u>\$ 27,284,786</u>	<u>\$ 12,333,794</u>	<u>\$109,889,048</u>

Lynwood Unified School District

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

Total Net Change in Fund Balances - Governmental Funds \$ 30,348,260

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 expense in the Statement of Activities.

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

Depreciation expense	\$ (14,844,282)
Capital outlays	<u>16,960,192</u>

Net expense adjustment	2,115,910
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The District issued capital appreciation general obligations bonds. The accretion of interest on the general obligation bonds during the current fiscal year was: (883,376)

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. 260,701

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 aggregate net pension liability during the year. 13,738,766

In the governmental funds, OPEB costs are based on employer contributions made to OPEB plans during the year. However, in the Statement of Activities, OPEB expense is the net effect of all changes in the deferred outflows, deferred inflows, and net OPEB liability during the year. (3,535,998)

Proceeds received from General obligation bonds or certificates is a revenue in the governmental funds, but it increases long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. (34,375,876)

Lynwood Unified School District

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

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Governmental funds report the effect of premiums, discounts, and the deferred charge on refunding when the debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities.

Premium on issuance recognized	\$ (1,296,840)
Premium amortization	297,825
Discount amortization	(903)
Deferred charge on refunding amortization	(139,795)

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

General obligation bonds	2,740,000
Certificates of participation	655,000

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

(333,923)

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

(1,507,301)

Change in net position of governmental activities

\$ 8,082,450

Lynwood Unified School District  
Statement of Net Position – Proprietary Funds  
June 30, 2022

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	<u>Governmental Activities - Internal Service Fund</u>
Assets	
Current assets	
Deposits and investments	\$ 13,453,422
Receivables	<u>35,808</u>
Total current assets	<u>13,489,230</u>
Liabilities	
Current liabilities	
Accounts payable	170,455
Current portion of claims liability	<u>1,809,329</u>
Total current liabilities	<u>1,979,784</u>
Noncurrent liabilities	
Claims liability	<u>6,166,268</u>
Total liabilities	<u>8,146,052</u>
Total Net Position Restricted	<u><u>\$ 5,343,178</u></u>

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

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	<u>Governmental Activities - Internal Service Fund</u>
Operating Revenues	
Charges for services	<u>\$ 3,440,740</u>
Operating Expenses	
Payroll costs	840,097
Supplies and materials	6,389
Other operating cost	<u>3,683,243</u>
Total operating expenses	<u>4,529,729</u>
Operating Loss	<u>(1,088,989)</u>
Nonoperating Revenues	
Fair market value adjustments	(496,947)
Interest income	<u>78,635</u>
Total nonoperating revenues	<u>(418,312)</u>
Change in Net Position	(1,507,301)
Total Net Position - Beginning	<u>6,850,479</u>
Total Net Position - Ending	<u><u>\$ 5,343,178</u></u>

Lynwood Unified School District  
Statement of Cash Flows – Proprietary Funds  
Year Ended June 30, 2022

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	<u>Governmental Activities - Internal Service Fund</u>
Operating Activities	
Cash receipts from customers	\$ 3,440,740
Cash payments to employees for services	<u>(2,548,687)</u>
Net Cash From Operating Activities	<u>892,053</u>
Investing Activities	
Fair market value adjustments	(496,947)
Interest on investments	<u>57,456</u>
Net Cash From (Used for) Investing Activities	<u>(439,491)</u>
Net Change in Cash and Cash Equivalents	452,562
Cash and Cash Equivalents, Beginning	<u>13,000,860</u>
Cash and Cash Equivalents, Ending	<u><u>\$ 13,453,422</u></u>
Reconciliation of Operating Income to Net Cash From Operating Activities	
Operating loss	\$ (1,088,989)
Changes in assets and liabilities	
Accounts payable	71,131
Claims liability	<u>1,909,911</u>
Net Cash From Operating Activities	<u><u>\$ 892,053</u></u>

Lynwood Unified School District  
Statement of Net Position – Fiduciary Funds  
June 30, 2022

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	<u>Scholarship Trust</u>
Assets	
Deposits and investments	\$ 25,277
Receivables	<u>66</u>
Total assets	<u>25,343</u>
Liabilities	
Accounts payable	<u>1,000</u>
Net Position	
Held in trust for scholarships	<u><u>\$ 24,343</u></u>

Lynwood Unified School District  
Statement of Changes in Net Position – Fiduciary Funds  
Year Ended June 30, 2022

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	<u>Scholarship Trust</u>
Additions	
Private donations	\$ 1,046
Investment earnings	
Interest	<u>149</u>
Net increase (decrease) in fiduciary net position	<u>1,195</u>
Net Position - Beginning	<u>23,148</u>
Net Position - Ending	<u>\$ 24,343</u>

## **Note 1 - Summary of Significant Accounting Policies**

### **Financial Reporting Entity**

The Lynwood Unified School District (the District) was organized in 1950 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 kindergarten through twelve as mandated by the State and Federal agencies. The District operates twelve elementary, three middle schools, two high schools, a continuation high school, an adult regional occupational program, and two child-care centers.

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

### **Basis of Presentation - Fund Accounting**

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

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

### **Major Governmental Funds**

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

Two funds currently defined as special revenue funds in the California State Accounting Manual (CSAM) do not meet the GASB Statement No. 54 special revenue fund definition. Specifically, Fund 11, Adult Education Fund, and Fund 14, Deferred Maintenance Fund, 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 has an increase in fund balance of \$304,943.

**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).
- **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 IA), the 2002 State School Facilities Fund (Proposition 47), or the 2004 State School Facilities Fund (Proposition 55) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code* Section 17070 et seq.).

**Debt Service Fund** This fund is used for the accumulation of resources for and the retirement of principal and interest on general long-term obligations.

- **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.

**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 funds:

- **Internal Service Fund** Internal Service funds may be used to account for any activity for which services are provided to other funds of the District on a cost-reimbursement basis. The District operates a Self-Insurance Workers' Compensation Program that is accounted for in an internal service fund.

**Fiduciary Funds** Fiduciary funds are used to account for resources held for the benefit of parties outside the District and are not available to support the District's own programs. Fiduciary funds are split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and custodial funds. The three types of trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangement that has certain characteristics.

The Trust fund is used to account for resources held by the District under a trust agreement for individuals, private organizations, or other governments. The District's trust fund is the Scholarship Trust.

#### **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 of the District and for each governmental function, and excludes fiduciary activity. Direct expenses are those that are specifically associated with a service, program, or department and are therefore, clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the *Statement of Activities*, except for depreciation and amortization of leased assets. 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 asset use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other activities result from special revenue funds and the internal service fund, and the restrictions on their use.

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

- **Governmental Funds** All governmental funds are accounted for using the flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting, and the governmental fund financial statements, prepared using the flow of current financial resources measurement focus and the modified accrual basis of accounting.
- **Proprietary Funds** Proprietary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of this fund are included in the Statement of Net Position. The statement of changes in fund net position presents increases (revenues) and decreases (expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary fund.
- **Fiduciary Funds** Fiduciary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are excluded from the government-wide financial statements because they do not represent resources of the District.

**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 and State investment pools are determined by the program sponsor.

#### **Prepaid Expenditures (Expenses)**

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

#### **Stores Inventories**

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

### **Capital Assets and Depreciation**

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

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

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

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

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

### **Compensated Absences**

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

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

### **Accrued Liabilities and Long-Term Liabilities**

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

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

### **Debt Issuance Costs, Premiums, and Discounts**

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

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

### **Deferred Outflows/Inflows of Resources**

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

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

**Pensions**

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

**Postemployment Benefits Other Than Pensions (OPEB)**

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

**Leases**

The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The District measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the lease term. Currently, the District does not have right-to-use leased assets.

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

### **Fund Balances - Governmental Funds**

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

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

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

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

**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 one-time expenditures. The policy requires a Reserve for Economic Uncertainties consisting of unassigned amounts equal to no less than three percent of General Fund expenditures and other financing uses.

### **Net Position**

Net position represents the difference between assets and deferred outflows or resources, and liabilities and deferred inflows of resources. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. The District has related debt outstanding as of June 30, 2022. 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 \$42,764,544 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 Self-Insurance Workers' Compensation Program funds. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

### **Interfund Activity**

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

### **Estimates**

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

### **Property Tax**

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

## Change in Accounting Principles

### Implementation of GASB Statement No. 87

As of July 1, 2021, the District adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The standard requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The standard also requires lessors to recognize a lease receivable and deferred inflow of resources. The effect of the implementation of this standard on beginning net position and fund balance is disclosed in Note 17 and the additional disclosures required by this standard is included in Note 5.

### Implementation of GASB Statement No. 92

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

- The effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reporting.
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan.
- The applicability of Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits.
- The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements.
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition.
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers.
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature.
- Terminology used to refer to derivative instruments.

The requirements of this Statement are effective as follows:

- The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
- The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2021.

- The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021.
- The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

The provisions of this Statement have been implemented as of June 30, 2022 and did not have a significant impact on these financial statements.

### **Implementation of GASB Statement No. 93**

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

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

The provisions of this Statement have been implemented as of June 30, 2022 and did not have a significant impact on these financial statements.

**Note 2 - Deposits and Investments**

**Summary of Deposits and Investments**

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

Governmental funds	\$ 125,764,181
Proprietary funds	13,453,422
Fiduciary funds	<u>25,277</u>
Total deposits and investments	<u><u>\$ 139,242,880</u></u>

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

Cash on hand and in banks	\$ 227,176
Cash in revolving	252,000
Investments	<u>138,763,704</u>
Total deposits and investments	<u><u>\$ 139,242,880</u></u>

**Policies and Practices**

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

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

**General Authorizations**

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

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

**Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the county pool and purchasing 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.

**Weighted Average Maturity**

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

Investment Type	Reported Amount	Weighted Average Maturity in Days
Los Angeles County Treasury Investment Pool	<u>\$ 138,763,704</u>	933

**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 investments in the Los Angeles County Treasury Investment Pool are not required to be rated, nor has it been rated as of June 30, 2022.

**Custodial Credit Risk - Deposits**

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2022, the District has \$417,613 in bank balance that was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

**Note 3 - Receivables**

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

	General Fund	Building Fund	Non-Major Governmental Funds	Proprietary Funds	Total Governmental Funds	Fiduciary Funds
Federal Government						
Categorical aid	\$ 16,943,681	\$ -	\$ 1,829,975	\$ -	\$ 18,773,656	\$ -
State Government						
LCFF apportionment	603,759	-	-	-	603,759	-
Categorical aid	3,475,569	-	94,508	-	3,570,077	-
Lottery	736,899	-	-	-	736,899	-
Local Government						
Interest	165,809	-	22,736	35,808	224,353	66
Other local sources	1,350,153	95,366	10,507	-	1,456,026	-
Total	<u>\$ 23,275,870</u>	<u>\$ 95,366</u>	<u>\$ 1,957,726</u>	<u>\$ 35,808</u>	<u>\$ 25,364,770</u>	<u>\$ 66</u>

**Note 4 - Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2022, was as follows:

	Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 32,298,855	\$ -	\$ -	\$ 32,298,855
Construction in progress	19,640,500	11,357,901	-	30,998,401
<b>Total capital assets not being depreciated</b>	<b>51,939,355</b>	<b>11,357,901</b>	<b>-</b>	<b>63,297,256</b>
Capital assets being depreciated				
Land improvements	14,671,901	468,477	-	15,140,378
Buildings and improvements	402,511,551	3,178,891	-	405,690,442
Furniture and equipment	18,761,640	1,954,923	-	20,716,563
<b>Total capital assets being depreciated</b>	<b>435,945,092</b>	<b>5,602,291</b>	<b>-</b>	<b>441,547,383</b>
<b>Total capital assets</b>	<b>487,884,447</b>	<b>16,960,192</b>	<b>-</b>	<b>504,844,639</b>
Accumulated depreciation				
Land improvements	(5,483,135)	(704,918)	-	(6,188,053)
Buildings and improvements	(219,360,686)	(13,146,124)	-	(232,506,810)
Furniture and equipment	(12,274,851)	(993,240)	-	(13,268,091)
<b>Total accumulated depreciation</b>	<b>(237,118,672)</b>	<b>(14,844,282)</b>	<b>-</b>	<b>(251,962,954)</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 250,765,775</b>	<b>\$ 2,115,910</b>	<b>\$ -</b>	<b>\$ 252,881,685</b>

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

<b>Governmental Activities</b>	
Instruction	\$ 12,261,356
Food services	400,797
All other pupil services	697,680
All other administration	875,813
Plant services	608,636
<b>Total depreciation and amortization expenses governmental activities</b>	<b>\$ 14,844,282</b>

**Note 5 - Lease Receivables**

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

Lease Receivables	Outstanding July 1, 2021 as restated	Addition	Deletion	Outstanding June 30, 2022
Soleil Academy Inc.	\$ 153,876	\$ -	\$ (73,670)	\$ 80,206
Volunteers of America	204,571	-	(5,801)	198,770
Total	<u>\$ 358,447</u>	<u>\$ -</u>	<u>\$ (79,471)</u>	<u>\$ 278,976</u>

**Soleil Academy Inc.**

The District leased a building to Soleil Academy Inc. The lease is for a term of two years with no renewal option. The agreement requires annual payments in the amount of \$75,587 and \$80,910, in 2022 and 2023, respectively. The agreement allows for either party to terminate upon providing written notice within an agreed upon number of days. However, the District is reasonably certain that the lessee will not exercise the termination option. At termination, the lessee must vacate the premises. During the fiscal year, the District recognized \$73,670 in lease revenue and \$1,922 in interest revenue related to the agreement. At June 30, 2022, the District recorded \$80,206 in lease receivable and deferred inflow of resources for this agreement. The District used an interest rate of 1.74% based on the market rate at the time of lease inception.

**Volunteers of America**

The District leased a building to Volunteers of America. The lease is for a term of 60-months with an additional 60-month renewal option. The agreement has fixed payments for the life of the lease. The agreement allows for either party to terminate upon providing written notice within an agreed upon number of days. However, the District is reasonably certain that the lessee will not exercise the termination option. At termination, the lessee must vacate the premises. During the fiscal year, the District recognized \$5,801 in lease revenue and \$2,199 in interest revenue related to the agreement. At June 30, 2022, the District recorded \$198,770 in lease receivable and deferred inflow of resources for this agreement. The District used an interest rate of 3.26% based on the market rate at the time of lease inception.

**Note 6 - Accounts Payable**

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

	General Fund	Building Fund	Non-Major Governmental Funds	Proprietary Funds	Total Governmental Funds	Fiduciary Funds
Vendor payables	\$ 8,764,650	\$ 2,535,035	\$ 745,773	\$ 170,455	\$ 12,215,913	\$ 1,000
Salaries and benefits	21,875,443	22,988	810,595	-	22,709,026	-
Total	<u>\$ 30,640,093</u>	<u>\$ 2,558,023</u>	<u>\$ 1,556,368</u>	<u>\$ 170,455</u>	<u>\$ 34,924,939</u>	<u>\$ 1,000</u>

**Note 7 - Unearned Revenue**

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

	General Fund	Non-Major Governmental Funds	Total
Federal financial assistance	\$ 1,518,426	\$ -	\$ 1,518,426
State categorical aid	6,362,499	286,745	6,649,244
Total	\$ 7,880,925	\$ 286,745	\$ 8,167,670

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

**Summary**

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

	Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022	Due in One Year
Long-Term Liabilities					
General obligation bonds	\$ 93,648,488	\$ 35,259,252	\$ (2,740,000)	\$ 126,167,740	\$ 3,225,000
Certificates of participation	16,705,000	-	(655,000)	16,050,000	700,000
Unamortized debt premiums	4,975,395	1,296,840	(297,825)	5,974,410	-
Unamortized debt discounts	(16,257)	-	903	(15,354)	-
Compensated absences	2,470,872	-	(260,701)	2,210,171	-
Claims liability	6,065,686	3,225,161	(1,315,250)	7,975,597	1,809,329
Total	\$ 123,849,184	\$ 39,781,253	\$ (5,267,873)	\$ 158,362,564	\$ 5,734,329

Payments for bonds associated with general obligation bonds are made in the Bond Interest and Redemption Fund. Payments on the Certificates of Participation are made from the General Fund. Payments for compensated absences (vacations) are typically liquidated in the General Fund. Payments for claims liability are made from the Internal Service Fund.

**General Obligation Bonds**

The general obligation bonded debt is as follows:

Issuance Date	Final Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2021	Issued	Interest Accreted	Redeemed	Bonds Outstanding June 30, 2022
05/01/03	5/1/2028	5.52-6.90%	\$ 19,999,801	\$ 1,502,701	\$ -	\$ 84,094	\$ -	\$ 1,586,795
02/09/12	8/1/2027	2.00-5.00%	14,700,000	11,390,000	-	-	(1,200,000)	10,190,000
02/12/13	8/1/2038	2.00-5.00%	16,500,000	1,250,000	-	-	(390,000)	860,000
07/15/14	8/1/2039	1.25-4.28%	10,655,000	10,165,000	-	-	-	10,165,000
04/19/16	8/1/2041	2.00-4.00%	9,610,000	9,275,000	-	-	(75,000)	9,200,000
07/25/17	8/1/2042	2.00-4.09%	8,863,701	10,245,787	-	386,708	-	10,632,495
07/25/17	8/1/2023	2.00-2.76%	715,000	465,000	-	-	(160,000)	305,000
07/25/17	8/1/2042	2.00-5.00%	15,535,000	12,770,000	-	-	(100,000)	12,670,000
01/28/20	8/1/2049	2.25-4.00%	25,000,000	23,425,000	-	-	(600,000)	22,825,000
03/17/20	8/1/2039	0.99-2.52%	13,325,000	13,160,000	-	-	(215,000)	12,945,000
07/21/21	8/1/2048	1.99-4.00%	34,375,876	-	34,375,876	412,574	-	34,788,450
				<u>\$ 93,648,488</u>	<u>\$ 34,375,876</u>	<u>\$ 883,376</u>	<u>\$ (2,740,000)</u>	<u>\$ 126,167,740</u>

**Debt Service Requirements to Maturity**

Bonds Maturing Fiscal Year	Principal Including Accreted Interest to Date	Accreted Interest to Maturity	Current Interest To Maturity	Total
2023	\$ 3,225,000	\$ -	\$ 3,386,317	\$ 6,611,317
2024	3,078,151	1,849	3,233,487	6,313,487
2025	2,972,853	12,147	3,131,461	6,116,461
2026	3,224,335	20,665	3,027,837	6,272,837
2027	3,561,871	33,129	2,912,824	6,507,824
2028-2032	14,875,062	1,099,938	13,200,301	29,175,301
2033-2037	17,516,792	1,848,209	11,348,209	30,713,210
2038-2042	24,919,227	4,775,774	8,664,080	38,359,081
2043-2047	28,349,449	13,995,551	5,580,250	47,925,250
2048-2050	24,445,000	-	1,461,050	25,906,050
Total	<u>\$ 126,167,740</u>	<u>\$ 21,787,262</u>	<u>\$ 55,945,816</u>	<u>\$ 203,900,818</u>

**Certificates of Participation Summary**

The outstanding certificates of participation are as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	COP Outstanding July 1, 2021	Issued	Redeemed	COP Outstanding June 30, 2022
07/10/07	10/01/37	4.00-5.00%	\$ 4,260,000	\$ 2,240,000	\$ -	\$ 90,000	\$ 2,150,000
02/02/16	10/01/37	2.00-5.00%	16,325,000	14,465,000	-	565,000	13,900,000
				<u>\$ 20,585,000</u>	<u>\$ 16,705,000</u>	<u>\$ 655,000</u>	<u>\$ 16,050,000</u>

The certificates mature through 2038 as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 700,000	\$ 712,556	\$ 1,412,556
2024	725,000	678,806	1,403,806
2025	760,000	640,556	1,400,556
2026	805,000	600,181	1,405,181
2027	835,000	557,806	1,392,806
2028-2032	4,865,000	2,029,156	6,894,156
2033-2037	6,030,000	915,378	6,945,378
2038	1,330,000	74,606	1,404,606
Total	<u>\$ 16,050,000</u>	<u>\$ 6,209,045</u>	<u>\$ 22,259,045</u>

#### Compensated Absences

The long-term portion of accumulated unpaid employee vacation for the District at June 30, 2022, amounted to \$2,210,171.

#### Claims Liability

The District has an outstanding long-term obligation for incurred, but not reported, claims for the District Internal Service Fund in the amount of \$7,975,597, undiscounted.

#### Note 9 - Net Other Postemployment Benefit (OPEB) Liability

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

OPEB Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	\$ 28,019,530	\$ 2,266,471	\$ 7,104,732	\$ (3,761,958)
Medicare Premium Payment (MPP) Program	774,543	-	-	225,960
Total	<u>\$ 28,794,073</u>	<u>\$ 2,266,471</u>	<u>\$ 7,104,732</u>	<u>\$ (3,535,998)</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) 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.

**Plan Membership**

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

Inactive employees or beneficiaries currently receiving benefits payments	108
Active employees	1,519
	1,519
Total	1,627

**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 (the Governing Board) has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

**Benefit Payments**

The benefit payment requirements of Plan members and the District are established and may be amended by the District and the Teacher Education Association (TEA), the local California Service Employees Association (CSEA), and unrepresented groups. Voluntary contributions based on projected pay-as-you-go financing requirements, and any additional amount to prefund benefits with the District, TEA, CSEA, and the unrepresented groups are based on availability of funds. For the measurement period of June 30, 2022, the District paid \$1,315,843 in benefits.

**Total OPEB Liability of the District**

The District's total OPEB liability of \$28,019,530 was measured as of June 30, 2022 and was determined by an actuarial valuation as of June 30, 2022.

**Actuarial Assumptions**

The total OPEB liability in the June 30, 2022, actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75 percent
Salary increases	3.00 percent, average, including inflation
Discount rate	4.09 percent
Healthcare cost trend rates	4.50 percent for 2022

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

Mortality rates were based on the 2009 CalSTRS Mortality Table for certificated employees and the 2014 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 reeducation. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actual experience study for the period July 1, 2021, to June 30, 2022.

**Changes in the Total OPEB Liability**

	<u>Total OPEB Liability</u>
Balance, June 30, 2021	<u>\$ 27,024,294</u>
Service cost	1,524,965
Interest	610,899
Changes of benefit terms	3,415,860
Differences between expected and actual experience	660,427
Changes of assumptions	(3,901,072)
Benefit payments	<u>(1,315,843)</u>
Net change in total OPEB liability	<u>995,236</u>
Balance, June 30, 2022	<u><u>\$ 28,019,530</u></u>

**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 percentage lower or higher than the current rate:

Discount Rate	Total OPEB Liability
1% decrease (3.09%)	\$ 29,972,671
Current discount rate (4.09%)	28,019,530
1% increase (5.09%)	26,129,877

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

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

Healthcare Cost Trend Rates	Total OPEB Liability
1% decrease (3.50%)	\$ 26,533,936
Current healthcare cost trend rate (4.50%)	28,019,530
1% increase (5.50%)	29,758,370

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

For the year ended June 30, 2022, the District recognized OPEB expense of \$3,761,958. At June 20, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 605,391	\$ 3,420,951
Changes of assumptions	1,661,080	3,683,781
 Total	 \$ 2,266,471	 \$ 7,104,732

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	\$ (473,923)
2024	(473,923)
2025	(473,923)
2026	(473,923)
2027	(473,923)
Thereafter	(2,468,646)
Total	\$ (4,838,261)

**Medicare Premium Payment (MPP) Program**

**Plan Description**

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

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

**Benefits Provided**

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

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

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

**Net OPEB Liability and OPEB Expense**

At June 30, 2022, the District reported a liability of \$774,543 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. The District’s proportion of the net OPEB liability was based on a projection of the District’s long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school districts, actuarially determined. The District’s proportionate share for the measurement period June 30, 2021 and June 30, 2020, respectively, was 0.1942%, and 0.2361%, resulting in a net decrease in the proportionate share of 0.0419%.

For the year ended June 30, 2022, the District recognized OPEB expense of \$225,960.

**Actuarial Methods and Assumptions**

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

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

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

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

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

#### Discount Rate

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

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

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

Discount Rate	Net OPEB Liability
1% decrease (1.16%)	\$ 853,759
Current discount rate (2.16%)	774,543
1% increase (3.16%)	706,861

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

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

Medicare Costs Trend Rate	Net OPEB Liability
1% decrease (3.50% Part A and 4.40% Part B)	\$ 704,356
Current Medicare costs trend rate (4.50% Part A and 5.40% Part B)	774,543
1% increase (5.50% Part A and 6.40% Part B)	855,010

**Note 10 - Fund Balances**

Fund balances are composed of the following elements:

	General Fund	Building Fund	Non-Major Governmental Funds	Total
<b>Nonspendable</b>				
Revolving cash	\$ 52,010	\$ -	\$ 1,810	\$ 53,820
Stores inventories	215,087	-	102,978	318,065
Prepaid expenditures	558,426	-	-	558,426
Total nonspendable	<u>825,523</u>	<u>-</u>	<u>104,788</u>	<u>930,311</u>
<b>Restricted</b>				
Legally restricted programs	26,774,184	-	814,581	27,588,765
Food service	-	-	2,152,913	2,152,913
Capital projects	-	27,284,786	3,708,695	30,993,481
Debt services	-	-	5,552,817	5,552,817
Total restricted	<u>26,774,184</u>	<u>27,284,786</u>	<u>12,229,006</u>	<u>66,287,976</u>
<b>Unassigned</b>				
Remaining unassigned	42,670,761	-	-	42,670,761
Total unassigned	<u>42,670,761</u>	<u>-</u>	<u>-</u>	<u>42,670,761</u>
Total	<u>\$ 70,270,468</u>	<u>\$ 27,284,786</u>	<u>\$ 12,333,794</u>	<u>\$ 109,889,048</u>

**Note 11 - Risk Management**

**Description**

The District's risk management activities are recorded in the General and Self-Insurance Funds. Employee life, health, vision, dental, disability, and workers' compensation programs are administered by the District. The District is exposed to various risks of loss related to torts; theft, damage and destruction of assets; errors and omissions; injuries to employees; life and health of employees; and natural disasters. The District purchases commercial insurance through Southern California Regional Liability Excess Fund (SCR) Joint Powers Authority for first party damage with coverage up to a maximum of \$500 million, subject to Member Retained Limits ranging from \$500 to \$10,000 per occurrence. The District also purchases commercial insurance for general liability claims with coverage up to \$1 million per occurrence with excess liability coverage up to \$25, all subject to a \$25,000 Member Retained Limit per occurrence. The District self-insures workers' compensation coverage up to \$2,000,000 per occurrence with excess coverage up to \$10,000,000.

**Claims Liability**

The District records an estimated liability for indemnity torts and other claims against the District. Claims liabilities are based on estimates of the ultimate cost of reported claims (including future claim adjustment expenses) and an estimate for claims incurred, but not reported based on historical experience.

**Unpaid Claims Liability**

The fund establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represent the changes in approximate aggregate liabilities for the District from July 1, 2020 to June 30, 2022:

	Workers' Compensation
Liability Balance, July 1, 2020	\$ 8,174,179
Claims and changes in estimates	(613,524)
Claims payments	(1,494,969)
Liability Balance, June 30, 2021	6,065,686
Claims and changes in estimates	3,225,161
Claims payments	(1,315,250)
Liability Balance, June 30, 2022	\$ 7,975,597
Assets available to pay claims at June 30, 2022	\$ 13,489,230

**Note 12 - Employee Retirement Systems**

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

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

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	\$ 58,789,907	\$ 24,560,737	\$ 61,051,186	\$ 3,038,465
CalPERS	46,351,085	9,547,653	18,283,759	4,721,332
Total	\$ 105,140,992	\$ 34,108,390	\$ 79,334,945	\$ 7,759,797

The details of each plan are as follows:

### **California State Teachers' Retirement System (CalSTRS)**

#### **Plan Description**

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

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

#### **Benefits Provided**

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

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

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

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

	STRP Defined Benefit Program	
	On or before December 31, 2012	On or after January 1, 2013
Hire date	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	16.92%	16.92%
Required employer contribution rate	10.828%	10.828%
Required state contribution rate		

**Contributions**

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2021, are presented above and the District's total contributions were \$13,532,048.

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

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

Total net pension liability, including State share	
Proportionate share of net pension liability	\$ 58,789,907
State's proportionate share of the net pension liability	29,580,801
Total	\$ 88,370,708

The net pension liability was measured as of June 30, 2021. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2021 and June 30, 2020, respectively, was 0.1292% and 0.1355%, resulting in a net decrease in the proportionate share of 0.0063%.

For the year ended June 30, 2022, the District recognized pension expense of \$3,038,465. In addition, the District recognized pension expense and revenue of \$1,012,071 for support provided by the State. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 13,532,048	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	2,551,512	8,290,383
Differences between projected and actual earnings on pension plan investments	-	46,504,331
Differences between expected and actual experience in the measurement of the total pension liability	147,272	6,256,472
Changes of assumptions	8,329,905	-
Total	\$ 24,560,737	\$ 61,051,186

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	\$ (11,809,311)
2024	(10,801,662)
2025	(11,069,723)
2026	(12,823,635)
Total	\$ (46,504,331)

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 of Resources
2023	\$ 1,341,645
2024	1,148,087
2025	(1,602,982)
2026	(1,533,324)
2027	(1,231,422)
Thereafter	(1,640,170)
Total	\$ (3,518,166)

#### Actuarial Methods and Assumptions

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

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

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

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

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

### Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	\$ 119,675,209
Current discount rate (7.10%)	58,789,907
1% increase (8.10%)	8,256,269

**California Public Employees Retirement System (CalPERS)**

**Plan Description**

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

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

**Benefits Provided**

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

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

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

**Contributions**

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2022, are presented above and the total District contributions were \$7,966,485.

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

As of June 30, 2022, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$46,351,085. The net pension liability was measured as of June 30, 2021. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2021 and June 30, 2020, respectively, was 0.2279% and 0.2274%, resulting in a net increase in the proportionate share of 0.0005%.

For the year ended June 30, 2022, the District recognized pension expense of \$4,721,332. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 7,966,485	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	197,469	386,323
Differences between projected and actual earnings on pension plan investments	-	17,788,167
Differences between expected and actual experience in the measurement of the total pension liability	1,383,699	109,269
Total	\$ 9,547,653	\$ 18,283,759

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	\$ (4,461,257)
2024	(4,102,525)
2025	(4,277,151)
2026	(4,947,234)
Total	\$ (17,788,167)

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

Year Ended June 30,	Deferred Outflows of Resources
2023	\$ 906,212
2024	160,969
2025	17,338
2026	1,057
Total	\$ 1,085,576

### Actuarial Methods and Assumptions

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

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

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

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

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

**Discount Rate**

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

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

Discount Rate	Net Pension Liability
1% decrease (6.15%)	\$ 78,154,438
Current discount rate (7.15%)	46,351,085
1% increase (8.15%)	19,947,478

### **On Behalf Payments**

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amounts of \$8,308,264 (10.828% of annual payroll). Contributions are no longer appropriated in the annual Budget Act for the legislatively mandate benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

### **Note 13 - Commitments and Contingencies**

#### **Grants**

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2022.

#### **Litigation**

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

#### **Construction Commitments**

As of June 30, 2022, the District had committed under various capital expenditure purchase agreements for various projects to be funded through general obligation bonds.

### **Note 14 - Participation in Joint Powers Authorities**

The District is a member of the Southern California Relief (SCR) and the Schools' Excess Liability Fund (SELF). The District pays an annual premium to the entity for its health, workers' compensation, and property liability coverage. The relationship between the District and the entity is such that it is not a component unit of the District for financial reporting purposes.

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

During the year ended June 30, 2022, the District made payments of \$1,418,223 and \$222,171 to SCR and SELF, respectively.

**Note 15 - Subsequent Event**

On August 17, 2022, the District issued \$24,465,000 in Election of 2016, General Obligations Bonds, Series C. The Bonds mature on August 1, 2041. The Bonds are being issued to finance the acquisition, construction, modernization and equipping of District sites and facilities and pay the costs of issuing the Bonds.

**Note 16 - Correction of Error**

As of July 1, 2021, the District’s prior year Governmental Activities net position and fund balance of the General Fund has been restated to correct errors reported in the prior year financial statements. The following table describes the effects of the restatement on beginning net position and fund balance. As a result, the effect on the current fiscal year is as follows:

Governmental Activities	
Net Position - Beginning	\$ 20,143,522
Accounts payable	<u>6,236,299</u>
Net Position - Beginning as Restated	<u><u>\$ 26,379,821</u></u>
General Fund	
Fund Balance - Beginning	\$ 49,396,747
Accounts payable	<u>6,236,299</u>
Fund Balance - Beginning as Restated	<u><u>\$ 55,633,046</u></u>

**Note 17 - Adoption of New Accounting Standard**

As of July 1, 2021, the District adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The standard also requires lessors to recognize a lease receivable and deferred inflow of resources. Beginning net position and fund balance were restated to retroactively adopt the provisions of GASB Statement No. 87 as follows:

Governmental Activities	
Net Position - Beginning	\$ 26,379,821
Lease receivables	358,447
Deferred inflows of resources related to leases	<u>(358,447)</u>
Net Position - Beginning as Restated	<u>\$ 26,379,821</u>
General Fund	
Fund Balance - Beginning	\$ 55,633,046
Lease receivables	358,447
Deferred inflows of resources related to leases	<u>(358,447)</u>
Fund Balance - Beginning as Restated	<u>\$ 55,633,046</u>



Required Supplementary Information  
June 30, 2022

**Lynwood Unified School District**

Lynwood Unified School District  
 Budgetary Comparison Schedule – General Fund  
 Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variances - Positive (Negative)
	Original	Final		Final to Actual
<b>Revenues</b>				
Local Control Funding Formula	\$ 163,651,158	\$ 162,987,443	\$ 162,987,442	\$ (1)
Federal sources	77,381,459	34,713,325	34,799,111	85,786
Other State sources	30,200,503	40,506,066	43,702,841	3,196,775
Other local sources	865,000	8,544,518	1,387,407	(7,157,111)
Total revenues <sup>1</sup>	<u>272,098,120</u>	<u>246,751,352</u>	<u>242,876,801</u>	<u>(3,874,551)</u>
<b>Expenditures</b>				
<b>Current</b>				
Certificated salaries	79,153,820	80,904,288	82,869,137	(1,964,849)
Classified salaries	34,727,573	36,344,459	36,710,471	(366,012)
Employee benefits	43,840,988	51,201,607	51,954,738	(753,131)
Books and supplies	77,502,173	16,409,710	16,547,435	(137,725)
Services and operating expenditures	32,917,690	36,966,109	30,707,027	6,259,082
Other outgo	1,084,808	1,215,604	6,249,792	(5,034,188)
Capital outlay	10,596,624	1,765,049	1,773,408	(8,359)
<b>Debt service</b>				
Debt service - principal	-	-	655,000	(655,000)
Debt service - interest and other	-	-	699,805	(699,805)
Total expenditures <sup>1</sup>	<u>279,823,676</u>	<u>224,806,826</u>	<u>228,166,813</u>	<u>(3,359,987)</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>				
	<u>(7,725,556)</u>	<u>21,944,526</u>	<u>14,709,988</u>	<u>(7,234,538)</u>
<b>Other Financing Uses</b>				
Transfers out	(1,970,088)	(549,846)	-	549,846
Other uses	-	-	(72,566)	(72,566)
Net financing sources (uses)	<u>(1,970,088)</u>	<u>(549,846)</u>	<u>(72,566)</u>	<u>477,280</u>
Net Change in Fund Balances	(9,695,644)	21,394,680	14,637,422	(6,757,258)
Fund Balance - Beginning, as restated	55,633,046	55,633,046	55,633,046	-
Fund Balance - Ending	<u>\$ 45,937,402</u>	<u>\$ 77,027,726</u>	<u>\$ 70,270,468</u>	<u>\$ (6,757,258)</u>

<sup>1</sup> Due to the consolidation of Fund 11, Adult Education Fund and Fund 14, Deferred Maintenance 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. On behalf payments of \$8,308,264 are included in the actual revenues and expenditures and included in the budgeted amounts.

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability					
Service cost	\$ 1,524,965	\$ 1,382,117	\$ 1,531,173	\$ 1,404,848	\$ 1,381,363
Interest	610,899	703,499	910,483	937,895	872,138
Changes of benefit terms	3,415,860	-	-	-	-
Difference between expected and actual experience	660,427	(315,152)	(4,211,100)	-	-
Changes of assumptions	(3,901,072)	826,633	692,532	711,572	(197,633)
Benefit payments	<u>(1,315,843)</u>	<u>(1,267,684)</u>	<u>(1,193,248)</u>	<u>(962,854)</u>	<u>(904,088)</u>
Net change in total OPEB liability	995,236	1,329,413	(2,270,160)	2,091,461	1,151,780
Total OPEB Liability - Beginning	<u>27,024,294</u>	<u>25,694,881</u>	<u>27,965,041</u>	<u>25,873,580</u>	<u>24,721,800</u>
Total OPEB Liability - Ending	<u><u>\$ 28,019,530</u></u>	<u><u>\$ 27,024,294</u></u>	<u><u>\$ 25,694,881</u></u>	<u><u>\$ 27,965,041</u></u>	<u><u>\$ 25,873,580</u></u>
Covered Payroll	<u>N/A<sup>1</sup></u>	<u>N/A<sup>1</sup></u>	<u>N/A<sup>1</sup></u>	<u>N/A<sup>1</sup></u>	<u>N/A<sup>1</sup></u>
Total OPEB Liability as a Percentage of Covered Payroll	<u>N/A<sup>1</sup></u>	<u>N/A<sup>1</sup></u>	<u>N/A<sup>1</sup></u>	<u>N/A<sup>1</sup></u>	<u>N/A<sup>1</sup></u>
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

<sup>1</sup> 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.

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

Year ended June 30,	2022	2021	2020	2019	2018
Proportion of the net OPEB liability	0.1942%	0.2361%	0.2331%	0.2367%	0.2396%
Proportionate share of the net OPEB liability	\$ 774,543	\$ 1,000,503	\$ 867,876	\$ 906,040	\$ 1,007,938
Covered payroll	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>
Plan fiduciary net position as a percentage of the total OPEB liability	-0.80%	-0.71%	-0.81%	-0.40%	0.01%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

<sup>1</sup> 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.

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

	2022	2021	2020	2019	2018	2017	2016	2015
<b>CalSTRS</b>								
Proportion of the net pension liability	0.1292%	0.1355%	0.1317%	0.1319%	0.1323%	0.1416%	0.1377%	0.1255%
Proportionate share of the net pension liability	\$ 58,789,907	\$ 131,303,140	\$ 121,204,872	\$ 121,204,872	\$ 122,382,715	\$ 114,536,169	\$ 92,696,235	\$ 73,349,471
State's proportionate share of the net pension liability	29,580,801	67,686,784	69,395,458	69,395,458	72,400,580	65,203,398	49,026,090	44,291,578
Total	<u>\$ 88,370,708</u>	<u>\$ 198,989,924</u>	<u>\$ 190,600,330</u>	<u>\$ 190,600,330</u>	<u>\$ 194,783,295</u>	<u>\$ 179,739,567</u>	<u>\$ 141,722,325</u>	<u>\$ 117,641,049</u>
Covered payroll	<u>\$ 72,167,344</u>	<u>\$ 75,216,158</u>	<u>\$ 73,172,039</u>	<u>\$ 69,783,396</u>	<u>\$ 70,348,935</u>	<u>\$ 69,993,271</u>	<u>\$ 67,244,955</u>	<u>\$ 55,906,461</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	81.46%	174.57%	165.64%	173.69%	173.97%	163.64%	137.85%	131.20%
Plan fiduciary net position as a percentage of the total pension liability	87%	72%	73%	71%	69%	70%	74%	77%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
<b>CalPERS</b>								
Proportion of the net pension liability	0.2279%	0.2274%	0.2225%	0.2216%	0.2230%	0.2371%	0.2237%	0.2084%
Proportionate share of the net pension liability	\$ 46,351,085	\$ 69,786,079	\$ 59,085,038	\$ 59,085,038	\$ 53,234,498	\$ 46,821,724	\$ 32,971,588	\$ 23,663,277
Covered payroll	<u>\$ 32,921,111</u>	<u>\$ 32,908,204</u>	<u>\$ 30,830,943</u>	<u>\$ 29,806,831</u>	<u>\$ 30,780,069</u>	<u>\$ 28,090,073</u>	<u>\$ 24,390,825</u>	<u>\$ 21,885,070</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	140.79%	212.06%	191.64%	198.23%	172.95%	166.68%	135.18%	108.13%
Plan fiduciary net position as a percentage of the total pension liability	81%	70%	70%	71%	72%	74%	79%	83%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

Lynwood Unified School District  
Schedule of the District's Contributions  
Year Ended June 30, 2022

	2022	2021	2020	2019	2018	2017	2016	2015
<b>CalSTRS</b>								
Contractually required contribution	\$ 13,532,048	\$ 11,655,026	\$ 12,861,963	\$ 11,912,408	\$ 10,069,744	\$ 8,849,896	\$ 7,510,278	\$ 5,971,352
Less contributions in relation to the contractually required contribution	<u>13,532,048</u>	<u>11,655,026</u>	<u>12,861,963</u>	<u>11,912,408</u>	<u>10,069,744</u>	<u>8,849,896</u>	<u>7,510,278</u>	<u>5,971,352</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 79,976,643</u>	<u>\$ 72,167,344</u>	<u>\$ 75,216,158</u>	<u>\$ 73,172,039</u>	<u>\$ 69,783,396</u>	<u>\$ 70,348,935</u>	<u>\$ 69,993,271</u>	<u>\$ 67,244,955</u>
Contributions as a percentage of covered payroll	<u>16.92%</u>	<u>16.15%</u>	<u>17.10%</u>	<u>16.28%</u>	<u>14.43%</u>	<u>12.58%</u>	<u>10.73%</u>	<u>8.88%</u>
<b>CalPERS</b>								
Contractually required contribution	\$ 7,966,485	\$ 6,814,670	\$ 6,489,827	\$ 5,568,685	\$ 4,629,299	\$ 4,274,736	\$ 3,327,831	\$ 2,871,044
Less contributions in relation to the contractually required contribution	<u>7,966,485</u>	<u>6,814,670</u>	<u>6,489,827</u>	<u>5,568,685</u>	<u>4,629,299</u>	<u>4,274,736</u>	<u>3,327,831</u>	<u>2,871,044</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 34,772,959</u>	<u>\$ 32,921,111</u>	<u>\$ 32,908,204</u>	<u>\$ 30,830,943</u>	<u>\$ 29,806,831</u>	<u>\$ 30,780,069</u>	<u>\$ 28,090,073</u>	<u>\$ 24,390,825</u>
Contributions as a percentage of covered payroll	<u>22.910%</u>	<u>20.700%</u>	<u>19.721%</u>	<u>18.062%</u>	<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 Schedule**

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. This schedule presents 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.

At June 30, 2022, the District General Fund exceeded the budgeted amount in total as follows:

Funds	Expenditures and Other Uses		
	Budget	Actual	Excess
General Fund	\$ 225,356,672	\$ 228,166,813	\$ 2,810,141

**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, the plan's fiduciary net position, and the total OPEB liability. In the future, as data becomes available, ten years of information will be presented.

- *Change in benefit terms* – There were no changes in the benefit terms since the previous valuation.
- *Change in assumptions* – Changes of assumptions reflect a change in the discount rate from 2.19% in 2021 to 4.09% in 2022.

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

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

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

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

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

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

### **Schedule of the District's Contributions**

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



Supplementary Information  
June 30, 2022

# Lynwood Unified School District

Lynwood Unified School District  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Passed Through California Department of Education (CDE)			
Special Education (IDEA) Cluster			
Special Education Grants to States - Basic Local Assistance	84.027	13379	\$ 2,827,782
Special Education Grants to States - Local Assistance, Part B, Sec 611, Private School ISP	84.027	10115	4,696
Special Education Grants to States - Mental Health	84.027A	15197	145,219
Special Education Preschool Grants - Preschool Staff Development	84.173	13430	63,949
Special Education Preschool Grants - Preschool Staff Development	84.173	13431	947
Total Special Education (IDEA) Cluster			<u>3,042,593</u>
COVID-19 Elementary and Secondary School Emergency Relief (ESSER) Funds	84.425D	15536	1,787,792
COVID-19 Elementary and Secondary School Emergency Relief II (ESSER II) Funds	84.425D	15547	11,930,240
COVID-19 California Community Schools Partnership Program	84.425D	15537	7,430
COVID-19 Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U	15559	4,768,038
COVID-19 Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U	10155	54,944
COVID-19 Governor's Emergency Education Relief (GEER) Fund	84.425C	15517	165,975
COVID-19 American Rescue Plan-Homeless Children and Youth (ARP-HCY) Program	84.425W	15564	25,550
Subtotal			<u>18,739,969</u>
Adult Education - Basic Grants to States	84.002A	14508	101,347
Adult Education - Basic Grants to States	84.002	13978	26,498
Adult Education - Basic Grants to States	84.002A	14109	44,016
Subtotal			<u>171,861</u>
Migrant Education State Grant Program	84.011	14838	107,724
Migrant Education State Grant Program	84.011	10005	10,576
Subtotal			<u>118,300</u>
Career and Technical Education - Basic Grants to States	84.048	14894	138,945
Career and Technical Education - Basic Grants to States	84.048	14893	9,429
Subtotal			<u>148,374</u>
Title I Grants to Local Educational Agencies	84.010	14329	6,963,216
Title III, Limited English Proficiency (LEP)	84.365	14346	376,894
Title II, Part A, Supporting Effective Instruction Local Grants	84.367	15244	1,203,127
Title IV, Part B, Twenty-First Century Community Learning Centers	84.287	14349	1,582,137
Education for Homeless Children and Youth	84.196	14332	76,091
Special Education-Grants for Infants and Families	84.181	23761	22,755
Total U.S. Department of Education			<u>32,445,317</u>

Lynwood Unified School District  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services			
Passed Through CDE			
COVID-19 Child Development: Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act - One-time Stipend Passed through Los Angeles County Office of Education	93.575	15555	\$ 209,014
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	10199	<u>2,353,793</u>
Total U.S. Department of Health and Human Services			<u>2,562,807</u>
U.S. Department of Agriculture			
Passed Through CDE			
Child Nutrition Cluster			
National School Lunch Program	10.555	13391	5,827,866
School Breakfast Program - National School Breakfast	10.553	13525	63,231
School Breakfast Program - Especially Needy Breakfast	10.553	13526	583,344
National School Lunch Program - Commodity Supplemental Food	10.555	13391	895,441
COVID-19 Emergency Operational Costs Reimbursement (ECR)	10.555	15637	<u>705,829</u>
Total Child Nutrition Cluster			<u>8,075,711</u>
Child and Adult Care Food Program	10.558	13004	747,058
COVID-19 Emergency Operational Costs Reimbursement (ECR)	10.558	15577	<u>27,178</u>
Total U.S. Department of Agriculture			<u>8,849,947</u>
Total Federal Financial Assistance			<u>\$ 43,858,071</u>

**ORGANIZATION**

The Lynwood Unified School District was established on July 1, 1950, and consists of an area comprising approximately 6.5 square miles. The District operates twelve elementary, three middle schools, two high schools, a continuation high school, an adult regional occupational program, and two child-care centers. There were no boundary changes during the year.

**GOVERNING BOARD**

MEMBER	OFFICE	TERM EXPIRES
Alfonso Morales, Esq.	President	December 2022
Julian Del Real-Calleros	Vice-President	December 2022*
Gary Hardie Jr.	Clerk	December 2024
Maria G. Lopez	Member	December 2024
Alma Carina Castro, Ed.D.	Member	December 2024

**ADMINISTRATION**

NAME	TITLE
Gudiel R. Crosthwaite, Ph.D.	Superintendent
Gregory Fromm	Chief Business Official

\*Appointed provisionally on April 8, 2021

Lynwood Unified School District  
Schedule of Average Daily Attendance  
Year Ended June 30, 2022

	Final Report	
	Second Period Report	Annual Report
Regular ADA		
Transitional kindergarten through third	2,954.12	2,969.26
Fourth through sixth	2,490.98	2,507.22
Seventh and eighth	1,679.52	1,692.33
Ninth through twelfth	3,582.13	3,580.20
Total Regular ADA	<u>10,706.75</u>	<u>10,749.01</u>
Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	-	3.92
Fourth through sixth	-	7.31
Seventh and eighth	-	3.67
Ninth through twelfth	-	19.04
Total Special Education, Nonpublic, Nonsectarian Schools	<u>-</u>	<u>33.94</u>
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	-	0.22
Fourth through sixth	-	0.83
Seventh and eighth	-	0.66
Ninth through twelfth	-	4.05
Total Extended Year Special Education, Nonpublic, Nonsectarian Schools	<u>-</u>	<u>5.76</u>
Total ADA	<u><u>10,706.75</u></u>	<u><u>10,788.71</u></u>

Lynwood Unified School District  
 Schedule of Instructional Time  
 Year Ended June 30, 2022

Grade Level	1986-1987 Minutes Requirement	2021-2022 Actual Minutes	Number of Minutes Credited Form J-13A	Total Minutes Offered	Traditional Calendar			Multitrack Calendar			Status
					Number of Actual Days	Number of Days Credited Form J-13A	Total Days Offered	Number of Actual Days	Number of Days Credited Form J-13A	Total Days Offered	
Kindergarten	36,000	56,880	-	56,880	180	-	180	-	-	-	Complied
Grades 1 - 3	50,400										
Grade 1		56,820	-	56,820	180	-	180	-	-	-	Complied
Grade 2		56,820	-	56,820	180	-	180	-	-	-	Complied
Grade 3		56,820	-	56,820	180	-	180	-	-	-	Complied
Grades 4 - 8	54,000										
Grade 4		56,820	-	56,820	180	-	180	-	-	-	Complied
Grade 5		56,820	-	56,820	180	-	180	-	-	-	Complied
Grade 6		56,820	-	56,820	180	-	180	-	-	-	Complied
Grade 7		59,870	-	59,870	180	-	180	-	-	-	Complied
Grade 8		59,870	-	59,870	180	-	180	-	-	-	Complied
Grades 9 - 12	64,800										
Grade 9		64,872	-	64,872	180	-	180	-	-	-	Complied
Grade 10		64,872	-	64,872	180	-	180	-	-	-	Complied
Grade 11		64,872	-	64,872	180	-	180	-	-	-	Complied
Grade 12		64,872	-	64,872	180	-	180	-	-	-	Complied

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

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

	General Fund	Building Fund	Student Activity Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Bond Interest and Redemption Fund	Internal Service Fund
Fund Balance									
Balance, June 30, 2022, Unaudited Actuals	\$ 70,074,745	\$ 29,821,771	\$ 787,448	\$ 389,552	\$ 2,287,548	\$ 1,931,486	\$ 2,089,401	\$ 6,035,637	\$ 6,434,742
Increase in									
Revolving cash	-	-	910	-	-	-	-	-	-
Accounts receivable	1,048,650	-	-	-	-	-	-	-	-
Decrease in									
Cash in bank	-	-	(201,340)	-	-	-	-	-	-
Cash in county treasury	(7,089,226)	(2,536,985)	-	(96,424)	(87,266)	(147,887)	(164,305)	(489,317)	(1,091,564)
Stores inventories	-	-	(7,681)	-	-	-	-	-	-
Other assets	-	-	(465)	-	-	-	-	-	-
Accounts payable	6,236,299	-	-	-	-	-	-	-	-
Balance, June 30, 2022, Audited Financial Statements	<u>\$ 70,270,468</u>	<u>\$ 27,284,786</u>	<u>\$ 578,872</u>	<u>\$ 293,128</u>	<u>\$ 2,200,282</u>	<u>\$ 1,783,599</u>	<u>\$ 1,925,096</u>	<u>\$ 5,546,320</u>	<u>\$ 5,343,178</u>

Lynwood Unified School District  
Schedule of Financial Trends and Analysis  
Year Ended June 30, 2022

	(Budget) 2023 <sup>1</sup>	2022	2021 <sup>1</sup>	2020 <sup>1</sup>
General Fund <sup>3</sup>				
Revenues	\$ 278,133,727	\$ 239,699,458	\$ 219,489,861	\$ 190,418,779
Total revenues and other sources	<u>278,133,727</u>	<u>239,699,458</u>	<u>219,489,861</u>	<u>190,418,779</u>
Expenditures	286,507,175	224,734,261	203,293,450	191,974,214
Other uses	1,525,741	72,566	642,463	1,734,554
Total expenditures and other uses	<u>288,032,916</u>	<u>224,806,827</u>	<u>203,935,913</u>	<u>193,708,768</u>
Increase/(Decrease) in Fund Balance	<u>(9,899,189)</u>	<u>14,892,631</u>	<u>15,553,948</u>	<u>(3,289,989)</u>
Ending Fund Balance	<u>\$ 54,717,912</u>	<u>\$ 64,617,101</u>	<u>\$ 49,724,470</u>	<u>\$ 34,170,522</u>
Available Reserves <sup>2</sup>	<u>\$ 35,143,053</u>	<u>\$ 42,670,761</u>	<u>\$ 34,969,280</u>	<u>\$ 24,202,505</u>
Available Reserves as a Percentage of Total Outgo	<u>12.20%</u>	<u>18.98%</u>	<u>17.15%</u>	<u>12.49%</u>
Long-Term Liabilities	<u>N/A</u>	<u>\$ 292,297,629</u>	<u>\$ 352,963,200</u>	<u>\$ 338,851,462</u>
K-12 Average Daily Attendance at P-2	<u>10,385</u>	<u>10,707</u>	<u>12,415</u>	<u>12,415</u>

The General Fund balance has increased by \$30,446,579 over the past two years. The fiscal year 2022-2023 budget projects a decrease of \$9,899,189 (14.15%). For a district this size, the State recommends available reserves of at least three percent of total General Fund expenditures, and other uses (total outgo).

The District has incurred operating surpluses in two of the past three years but anticipates incurring an operating deficit during the 2022-2023 fiscal year. Total long-term liabilities have decreased by \$46,553,833 over the past two years.

Average daily attendance has decreased by 1,708 over the past two years. A decline of 322 ADA is anticipated during fiscal year 2022-2023.

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

<sup>2</sup> Available reserves consist of all unassigned fund balances including all amounts reserved for economic uncertainties contained with the General Fund.

<sup>3</sup> General Fund amounts do not include activity related to the consolidation of the Adult Education Fund and the Deferred Maintenance Fund as required by GASB Statement No. 54.

Lynwood Unified School District  
Combining Balance Sheet – Non-Major Governmental Funds  
June 30, 2022

	Student Activity Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Bond Interest and Redemption Fund	Tax Override Fund	Total Non-Major Governmental Funds
<b>Assets</b>								
Deposits and investments	\$ 522,363	\$ 1,160,215	\$ 1,091,929	\$ 1,773,421	\$ 2,015,475	\$ 5,546,320	\$ 6,480	\$ 12,116,203
Receivables	-	8,932	1,932,691	10,178	5,908	-	17	1,957,726
Stores inventories	56,509	-	46,469	-	-	-	-	102,978
<b>Total assets</b>	<b>\$ 578,872</b>	<b>\$ 1,169,147</b>	<b>\$ 3,071,089</b>	<b>\$ 1,783,599</b>	<b>\$ 2,021,383</b>	<b>\$ 5,546,320</b>	<b>\$ 6,497</b>	<b>\$ 14,176,907</b>
<b>Liabilities and Fund Balances</b>								
<b>Liabilities</b>								
Accounts payable	\$ -	\$ 589,274	\$ 870,807	\$ -	\$ 96,287	\$ -	\$ -	\$ 1,556,368
Unearned revenue	-	286,745	-	-	-	-	-	286,745
<b>Total liabilities</b>	<b>-</b>	<b>876,019</b>	<b>870,807</b>	<b>-</b>	<b>96,287</b>	<b>-</b>	<b>-</b>	<b>1,843,113</b>
<b>Fund Balances</b>								
Nonspendable	57,419	-	47,369	-	-	-	-	104,788
Restricted	521,453	293,128	2,152,913	1,783,599	1,925,096	5,546,320	6,497	12,229,006
<b>Total fund balances</b>	<b>578,872</b>	<b>293,128</b>	<b>2,200,282</b>	<b>1,783,599</b>	<b>1,925,096</b>	<b>5,546,320</b>	<b>6,497</b>	<b>12,333,794</b>
<b>Total liabilities and fund balances</b>	<b>\$ 578,872</b>	<b>\$ 1,169,147</b>	<b>\$ 3,071,089</b>	<b>\$ 1,783,599</b>	<b>\$ 2,021,383</b>	<b>\$ 5,546,320</b>	<b>\$ 6,497</b>	<b>\$ 14,176,907</b>

**Lynwood Unified School District**  
**Combining Statement of Revenues, Expenditure, and Changes in Fund Balances – Non-Major Governmental Funds**  
**Year Ended June 30, 2022**

	Student Activity Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Bond Interest and Redemption Fund	Tax Override Fund	Non-Major Governmental Funds
<b>Revenues</b>								
Federal sources	\$ -	\$ 283,800	\$ 8,849,947	\$ -	\$ -	\$ -	\$ -	\$ 9,133,747
Other State sources	-	4,614,920	387,216	-	-	34,917	-	5,037,053
Other local sources	1,022,984	(33,172)	6,128	248,233	(59,643)	5,090,534	306	6,275,370
<b>Total revenues</b>	<b>1,022,984</b>	<b>4,865,548</b>	<b>9,243,291</b>	<b>248,233</b>	<b>(59,643)</b>	<b>5,125,451</b>	<b>306</b>	<b>20,446,170</b>
<b>Expenditures</b>								
<b>Current</b>								
Instruction	-	3,645,883	-	-	-	-	-	3,645,883
Instruction-related activities								
Supervision of instruction	-	21,947	-	-	-	-	-	21,947
School site administration	-	1,101,275	-	-	-	-	-	1,101,275
Pupil services								
Food services	-	-	7,437,601	-	-	-	-	7,437,601
All other pupil services	142,530	41,469	-	-	-	-	-	183,999
Administration								
All other administration	-	-	211,767	-	-	-	-	211,767
Plant services	-	16,720	14,692	-	-	-	-	31,412
Ancillary services	1,005,515	-	-	-	-	-	-	1,005,515
Facility acquisition and construction	-	-	-	-	308,837	-	-	308,837
Debt service								
Principal	-	-	-	-	-	2,740,000	-	2,740,000
Interest and other	-	-	-	-	-	3,417,998	-	3,417,998
<b>Total expenditures</b>	<b>1,148,045</b>	<b>4,827,294</b>	<b>7,664,060</b>	<b>-</b>	<b>308,837</b>	<b>6,157,998</b>	<b>-</b>	<b>20,106,234</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(125,061)</b>	<b>38,254</b>	<b>1,579,231</b>	<b>248,233</b>	<b>(368,480)</b>	<b>(1,032,547)</b>	<b>306</b>	<b>339,936</b>
<b>Other Financing Sources</b>								
Other sources	-	-	-	-	-	1,296,841	-	1,296,841
<b>Net Change in Fund Balances</b>	<b>(125,061)</b>	<b>38,254</b>	<b>1,579,231</b>	<b>248,233</b>	<b>(368,480)</b>	<b>264,294</b>	<b>306</b>	<b>1,636,777</b>
Fund Balance - Beginning, as restated	703,933	254,874	621,051	1,535,366	2,293,576	5,282,026	6,191	10,697,017
Fund Balance - Ending	\$ 578,872	\$ 293,128	\$ 2,200,282	\$ 1,783,599	\$ 1,925,096	\$ 5,546,320	\$ 6,497	\$ 12,333,794

## **Note 1 - Purpose of Schedules**

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

#### Basis of Presentation

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

#### Summary of Significant Accounting Policies

Expenditures reported in the schedule are reported on the modified accrual basis of accounting. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

#### Indirect Cost Rate

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

#### Food Donation

Nonmonetary assistance is reported in this schedule at the fair market value of the commodities received and disbursed. At June 30, 2022, the District had no food commodities in inventory.

### **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.

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

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



Independent Auditor's Reports  
June 30, 2022

# Lynwood Unified School District



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

To the Governing Board  
Lynwood Unified School District  
Lynwood, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lynwood Unified School District (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements and have issued our report thereon dated August 14, 2023.

***Correction of Error***

As discussed in Note 16 to the financial statements, certain errors resulting in an overstatement of amounts previously reported for accounts payable as of June 30, 2021, were discovered during the current year. Accordingly, restatements have been made to the governmental activities net position and fund balance of the General Fund as of July 1, 2021, to correct the errors. Our opinions are not modified with respect to this matter.

***Adoption of New Accounting Standard***

As discussed in Note 1 and 17 to the financial statements, the District has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ended June 30, 2022. Accordingly, a restatement has been made to the governmental activities net position and general fund balance as of July 1, 2021, to restate beginning net position and fund balance. Our opinions are not modified with respect to this matter.

**Report on Internal Control over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2022-001, 2022-002, and 2022-003 that we consider to be material weaknesses.

### **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*.

### **Lynwood Unified School District's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's responses to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **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.



Rancho Cucamonga, California  
August 14, 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  
Lynwood Unified School District  
Lynwood, California

**Report on Compliance for Each Major Federal Program**

***Qualified and Unmodified Opinions***

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

***Qualified Opinion on Epidemiology and Laboratory Capacity for Infectious Diseases (93.323)***

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on Epidemiology and Laboratory Capacity for Infectious Diseases for the year ended June 30, 2022.

***Unmodified Opinion on Each of the Other Major Federal Programs***

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2022.

***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 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 qualified and unmodified opinions 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.

***Matter Giving Rise to Qualified Opinion on Epidemiology and Laboratory Capacity for Infectious Diseases (93.323)***

As described in the accompanying schedule of findings and questioned costs, the District did not comply with requirements regarding Assistance Listing No. 93.323 Epidemiology and Laboratory Capacity for Infectious Diseases, as described in finding number 2022-004 for Reporting. Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to that program.

***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.

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

### **Report on Internal Control over Compliance**

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

*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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-004 to be a material weakness.

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

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

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

*Eide Bailly LLP*

Rancho Cucamonga, California

August 14, 2023



## Independent Auditor's Report on State Compliance

To the Governing Board  
Lynwood Unified School District  
Lynwood, California

### Report on State Compliance

#### ***Qualified and Unmodified Opinions on State Compliance***

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

#### ***Qualified Opinion on Attendance and Independent Study***

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

#### ***Unmodified Opinion on Each of the Other Programs***

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

#### ***Basis for Qualified and Unmodified Opinions***

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

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with 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 Attendance and Independent Study*

As described in the accompanying Schedule of Findings and Questioned Costs, the District did not comply with requirements regarding the Attendance and Independent Study as item 2022-005.

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

***Responsibilities of Management for Compliance***

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

***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect 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 the state programs as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we 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 *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the District's internal 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:

2021-2022 K-12 Audit Guide Procedures	Procedures Performed
<b>Local Education Agencies Other Than Charter Schools</b>	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	Yes
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
<b>School Districts, County Offices of Education, and Charter Schools</b>	
California Clean Energy Jobs Act	No, see below
After/Before School Education and Safety Program	Yes, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study - Course Based	No, see below
Immunizations	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Yes
In Person Instruction Grant	Yes
<b>Charter Schools</b>	
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 did not offer an Early Retirement Incentive Program during the current year; therefore, we did not perform procedures related to the Early Retirement Incentive Program.

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

We did not perform Middle or Early College High Schools procedures because the program is not offered by the District.

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

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

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

The District does not offer a Before School Education and Safety Program; therefore, we did not perform procedures related to the Before School Education and Safety Program.

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

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

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

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are described in the accompanying Schedule of Findings and Questioned Costs as item 2022-005.

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the noncompliance findings 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 a certain deficiency in internal control over compliance that we consider to be a material weakness.

*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 compliance requirement will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2022-005 to be a material weakness.

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

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the internal control over compliance findings identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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



Rancho Cucamonga, California  
August 14, 2023



Schedule of Findings and Questioned Costs  
June 30, 2022

# Lynwood Unified School District

**Financial Statements**

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

**Federal Awards**

Internal control over major program	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs	Unmodified *

\* Unmodified for all major federal programs except for the following program which was qualified

Name of Federal Program or Cluster	Federal Financial Assistance Listing
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)	Yes
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**Identification of major programs:**

Name of Federal Program or Cluster	Federal Financial Assistance Listing
COVID-19: Education Stabilization Fund	84.425C, 84.425D, 84.425U, 84.425W
Title I Grants to Local Educational Agencies	84.010
Title IV, Part B, Twenty-First Century Community Learning Centers	84.287
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323

Dollar threshold used to distinguish between type A and type B programs	\$1,315,742
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Auditee qualified as low-risk auditee?	No
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**State Compliance**

Internal control over state compliance programs	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	None Reported

Type of auditor's report issued on compliance for programs	Qualified*
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\*Unmodified for all programs except for the following programs which were qualified:

Name of Program
Attendance
Independent Study

The following findings represent material weaknesses that are required to be reported in accordance with *Government Auditing Standards*. The findings have been coded as follows:

Five Digit Code	AB 3627 Finding Type
30000	Internal Control

**2022-001      30000 Prior Period Restatement (Material Weakness)**

**Criteria or Specific Requirements**

Management is responsible for the design, implementation, and maintenance of internal controls to ensure the financial statements are free from material misstatement, whether due to error or fraud. Such internal controls should include a review of year-end closing entries necessary to ensure the financial statements are fairly stated. The District should ensure that all applicable accounting principles are adhered to when preparing the financial statements.

**Condition**

An internal control system design must include elements to accurately prepare financial statements without adjustments by the auditor. During the course of our engagement, we identified significant misstatements of the beginning balances presented within the District’s Statement of Net Position and the General Fund as reported on the 2020-2021 audited financial statements. The misstatements were caused by errors, which have been detailed in Note 16. Restatements due to errors resulted in a \$6,236,299 increase in the District’s government-wide net position and a \$6,236,299 increase in the General Fund as reported on the 2020-2021 audited financial statements. This misstatement has been detailed in the Supplementary Information section, in the Reconciliation of Annual Financial and Budget Report with Audited Financial Statements schedule.

**Questioned Costs**

There were no questioned costs associated with the condition identified.

**Context**

The conditions were identified as result of our review of available District records and audit procedures performed.

**Effect**

Due to the net effect of the conditions identified, the District's Governmental Activities prior period ending net position was understated by \$6,236,299 and the General Fund balance was understated by \$6,236,299 as described in the Reconciliation of Annual Financial and Budget Report with Audited Financial Statements schedule in the Supplementary Information section of the report. The net effect of these errors resulted in misstatements that were not detected or prevented by the District's internal accounting control and review process.

**Cause**

The cause of the condition identified appears to be due to inadequate review processes related to the preparation of the District's year-end financial statements, which includes the related conversion entries in preparation of the government-wide financial statements.

**Repeat Finding**

No.

**Recommendation**

A thorough review of the District's financial statements, including all adjusting entries, reclassifying entries, and conversion entries should take place before the financial statements are finalized by the District's business department.

**Corrective Action Plan and Views of Responsible Officials**

The District agrees that having an internal control system over monitoring financial reporting is an important part of the District's overall internal control process. The District has created processes to monitor and implement these controls.

**2022-002 30000 Financial Statement Preparation (Material Weakness)****Criteria or Specific Requirements**

Management is responsible for the design, implementation, and maintenance of internal controls to ensure the financial statements are free from material misstatement, whether due to error or fraud. Such internal controls should include a review of year-end closing entries necessary to ensure the financial statements are fairly stated. The District should ensure that all applicable accounting principles are adhered to when preparing the financial statements.

**Condition**

During the course of our engagement, we identified significant misstatements of balances within the District's 2021-2022 unaudited financial statements. The cause of these misstatements are detailed below:

1. The fair market value of cash in county was not recorded properly, resulting in an overstatement of \$7,089,226 of cash in county in the General Fund.
2. The fair market value of cash in county was not recorded properly, resulting in an overstatement of \$2,536,985 of cash in county in the Building Fund.
3. The fair market value of cash in county was not recorded properly, resulting in an overstatement of \$96,424 of cash in county in the Child Development Fund.
4. The fair market value of cash in county was not recorded properly, resulting in an overstatement of \$87,266 of cash in county in the Cafeteria Fund.
5. The fair market value of cash in county was not recorded properly, resulting in an overstatement of \$147,887 of cash in county in the Capital Facilities Fund.
6. The fair market value of cash in county was not recorded properly, resulting in an overstatement of \$164,305 of cash in county in the County School Facilities Fund.
7. The fair market value of cash in county was not recorded properly, resulting in an overstatement of \$489,317 of cash in county in the Bond Interest and Redemption Fund.
8. The fair market value of cash in county was not recorded properly, resulting in an overstatement of \$1,091,564 of cash in county in the Internal Service Fund.
9. Increase of accounts receivables in the amount of \$1,048,650 resulting in the understatement of state revenue in the General Fund.

**Questioned Costs**

There were no direct questioned costs associated with the condition identified.

**Context**

The conditions were identified through inquiry with the District personnel and through a review of available District records related to the balances reported on the District's 2021-2022 unaudited financial statements.

**Effect**

The effect of the error resulted in misstatements that were not detected or prevented by the District's internal accounting control and review process. As reported on the 2021-2022 unaudited financial statements, the District's General Fund was understated by \$195,723, the District's Building Fund was overstated by \$2,536,985, and the District's Aggregate Non-Major Governmental Funds were overstated by \$2,076,763.

**Cause**

The cause of the condition identified appears to be due to inadequate review processes related to the District's financial information.

**Repeat Finding**

No.

**Recommendation**

Management should review financial account balances to ensure that balances have been correctly reported. Balances should be traced to supporting records to verify the accuracy and completeness of reported information. A thorough review of the District's financial statements, including all adjusting entries, reclassifying entries, and conversion entries should take place before the financial statements are finalized by the District's business department.

**Corrective Action Plan and Views of Responsible Officials**

The fair market value cash adjustment, GASB 31, has been in place for several years and the District has never received a finding on this. Going forward, the District has made a note to make sure the fair market and accruals are adjusted at year end for reasons of comparability and consistency.

**2022-003 30000 Bank Reconciliation Preparation (Material Weakness)****Criteria or Specific Requirements**

Management is responsible for the design, implementation, and maintenance of internal controls to ensure the financial statements are free from material misstatement, whether due to error or fraud. Such internal controls should include the bank reconciliation preparation and to ensure the financial statements are fairly stated.

**Condition**

During the course of our engagement, we noted that the bank reconciliation for the internal service fund is not being prepared on a monthly basis.

**Questioned Costs**

There were no direct questioned costs associated with the condition identified.

**Context**

The conditions were identified through inquiry with the District personnel and through a review of available District records related to the bank balances reported on the District's 2021-2022 unaudited financial statements.

**Effect**

The effect of the error could result in misstatements that are not detected or prevented by the District's internal accounting control and review process.

**Cause**

The cause of the condition identified appears to be due to inadequate review processes related to the District's bank reconciliation preparation.

**Repeat Finding**

No.

**Recommendation**

Management should prepare the bank reconciliation and ensure that the balance has been correctly reported. A thorough review of the District's financial statements should take place before the financial statements are finalized by the District's business department.

**Corrective Action Plan and Views of Responsible Officials**

The District agrees that having an internal control system over preparation of bank reconciliation is an important part of the District's overall internal control process. The District has created processes to monitor and implement these controls.

The following finding represents a material weakness and material instance of noncompliance including questioned costs that are required to be reported by the Uniform Guidance. The finding has been coded as follows:

Five Digit Code	AB 3627 Finding Type
50000	Federal Compliance

**2022-004      50000 (Reporting, Material Weakness)**

**Federal Program Affected**

Federal Agency: U.S. Department of Health and Human Services  
 Pass-through Entity: Los Angeles County Office of Education  
 Federal Program: COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases  
 CFDA/ALN: 93.323 (FY 2021-2022)  
 Compliance Requirement: Reporting  
 Type of Finding: Material Weakness in Internal Control and Material Non-Compliance

**Criteria or Specific Requirements**

Under the sub-granting conditions and grant agreement between the District and the Los Angeles County Office of Education (LACOE), the District is required to perform the following under Section 4.2.4 of the grant agreement:

- Submit weekly progress reports and monthly financial reports to LACOE. The report will include the following information:
  - Total enrollment
  - Number of individuals tested (student and staff)
  - Number of testing locations
  - Number of tests – PCR (total and positive tests)
  - Number of tests – Antigen (total and positive tests)
  - Number of tests – Other (type of test; total and positive tests)
  - Total positive tests
  - Description of program activities
- Other indicators that may arise to ascertain program progress

**Condition**

The District did not have supporting evidence that agreed to its weekly submission of the reports required under Section 4.2.4 of the grant agreement. Specifically, the District was unable to provide documents to support the number of tests (PCR) and the total positive tests reported.

**Questioned Costs**

There were no questioned costs associated with the condition identified.

**Context**

The condition was identified as a result of our examination of weekly reports generated by the District under Section 4.2.4 and through inquiry with District's personnel.

**Effect**

Due to the condition identified, we were unable to validate the accuracy of the weekly reports submitted to LACOE, as required under Section 4.2.4 of the grant agreement.

**Cause**

The condition appears to have materialized due to the District inadequately maintaining its supporting files required under the grant agreement.

**Repeat Finding**

No.

**Recommendation**

The District should ensure meticulous records are maintained with respect to all compliance reporting requirement. Failure to maintain supporting documents for grants would potentially lead to questioned costs that can require the District to return program funds to the sponsoring entity.

**Corrective Action Plan and Views of Responsible Officials**

The District will review its records and verify alignment with reports submitted to the Los Angeles COE.

The following finding represents a material weakness and an instance of noncompliance, including questioned costs that is required to be reported by the *2021-2022 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
10000	Attendance
40000	State Compliance

**2022-005      10000 and 40000 – Attendance and Independent Study (Material Weakness, Noncompliance)**

**Criteria or Specific Requirements**

The Second Period and Annual Reports of Attendance submitted to the CDE should reconcile to supporting documents to ensure that ADA is reported accurately.

With respect to independent study, *California Education Code* Section 51747(g), states that a local education agency shall not be eligible to receive apportionment for independent study by pupils, unless it has provided each pupil with a written learning agreement that contains all the required elements identified in *California Education Code* Section 51747(g)

**Condition**

The District has implemented written learning agreements for each pupil enrolled in independent study; however, the learning agreements were missing some of the elements required by *California Education Code* Section 51747(g). As a result, the District overclaimed 571.10 and 588.92 ADA on its Second Period and Annual Reports of Attendance, respectively.

**Questioned Costs**

The questioned costs associated with this condition resulted in a potential decrease of \$7,157,587 in Local Control Funding Formula. The estimated penalty was calculated using the CDE’s LCFF Derived Value of ADA by Grade Span. However, there will be no fiscal impact since the District was funded on ADA from 2019-2020. Additionally, *California Education Code* Section 42238.023 authorizes the California Department of Education to adjust the 2021-2022 reported ADA for school districts if the 2019-2020 ADA to enrollment ratio exceeds the 2021-2022 ADA to enrollment ratio. The effect of this regulation nullifies the questioned costs component of the condition identified.

**Context**

The condition was identified as a result of our audit of the Second Period and Annual Reports of Attendance, and Independent Study programs as required by the State Audit Guide. Through our review of district records supporting the ADA claimed, we noted the issues discussed above.

**Effect**

The District overclaimed 571.10 ADA on its Second Period Report of Attendance, resulting in an estimated penalty as follows:

<u>Grade Span</u>	<u>Unallowable ADA</u>	<u>Derived Value of ADA by Grade Span</u>	<u>Penalty</u>
TK-3	197.82	\$ 12,892.71	\$ 2,550,436
4-6	207.19	11,853.79	2,455,987
7-8	112.29	12,204.43	1,370,435
9-12	53.80	14,511.70	780,729
	<u>571.10</u>		<u>\$ 7,157,587</u>
Total	<u>571.10</u>		<u>\$ 7,157,587</u>

**Cause**

The error in the independent study contracts was a result of an oversight of the requirements as the requirements were new in the current year.

**Repeat Finding**

No.

**Recommendation**

The District should review program requirements for independent study and monitor any changes to those requirements throughout the year to ensure compliance.

**Corrective Action Plan and Views of Responsible Officials**

The District staff provided stakeholders with additional independent study program information at various meetings and has also corrected the 2022-2023 Independent Study agreements to comply with all required elements.

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