



Financial Statements
June 30, 2021

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 Financial Statements

We have audited the accompanying 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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the 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 Lynwood Unified School District, as of June 30, 2021, 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.

Emphasis of Matter – Change in Accounting Principle

As discussed in Notes 1 and 15 to the financial statements, the District has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, which has resulted in a restatement of the net position and fund balance as of July 1, 2020. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 11, budgetary comparison information on pages 58, schedule of changes in the District's total OPEB liability and related ratios on page 59, schedule of the District's proportionate share of the net OPEB liability – MPP program on page 60, schedule of the District's proportionate share of the net pension liability on page 61, and the schedule of District contributions on page 62, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lynwood Unified School District's financial statements. The combining non-major governmental fund financial statements, Schedule of Expenditures of Federal Awards as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), 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 financial statements.

The combining non-major governmental fund financial statements, the Schedule of Expenditures of Federal Awards, and the supplementary information listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the non-major governmental fund financial statements and the Schedule of Expenditures of Federal Awards 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 a report dated March 17, 2022, on our consideration of Lynwood Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Lynwood Unified School 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 Lynwood Unified School District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Eide Sully LLP". The signature is written in black ink and is positioned above the typed name and date.

Rancho Cucamonga, California
March 17, 2022

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, 2021, with comparative information for the year ended June 30, 2020. 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 each governmental fund financial statement.

Proprietary Funds - When the District charges users for the services it provides, whether to outside customers or to other departments within the District, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the *Statement of Net 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 Districts 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

- As of June 30, 2021, the Restricted and Unrestricted General Fund reported a combined fund balance of \$49,396,747, an increase of \$14,897,376 over last year's ending balance.
- The total reported revenue in the General Fund was \$221,856,095. Compared to 2019-2020, the total revenues increased by \$28,876,983. The increase was attributed primarily to new one-time federal revenue received in the current year.
- The General Fund total expenditures were \$10,839,564 higher compared to 2019-2020.
- As of June 30, 2021, the General Fund reported an unrestricted reserve for economic uncertainties of \$25,805,202.

THE DISTRICT AS A WHOLE

Net Position

The District's net position was \$20,143,522 for the fiscal year ended June 30, 2021. Of this amount, \$(154,830,033) 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	
	2021	2020 (as restated)
Assets		
Current and other assets	\$ 128,856,453	\$ 115,771,975
Capital assets	250,765,775	250,940,148
Total assets	<u>379,622,228</u>	<u>366,712,123</u>
Deferred outflows of resources	<u>48,876,176</u>	<u>50,477,203</u>
Liabilities		
Current liabilities	43,883,700	36,748,290
Long-term liabilities	352,963,200	338,851,462
Total liabilities	<u>396,846,900</u>	<u>375,599,752</u>
Deferred inflows of resources	<u>11,507,982</u>	<u>17,675,213</u>
Net Position		
Net investment in capital assets	153,441,584	165,672,118
Restricted	21,531,971	19,218,611
Unrestricted (deficit)	<u>(154,830,033)</u>	<u>(160,976,367)</u>
Total net position	<u>\$ 20,143,522</u>	<u>\$ 23,914,362</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 13. 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	
	2021	2020*
Revenues		
Program revenues		
Charges for services and sales	\$ 10,156	\$ 226,763
Operating grants and contributions	88,433,428	44,316,546
General revenues		
Federal and State aid not restricted	135,308,690	139,328,864
Property taxes	21,317,428	26,760,812
Other general revenues	876,437	1,838,096
Total revenues	<u>245,946,139</u>	<u>212,471,081</u>
Expenses		
Instruction-related	163,013,115	162,471,510
Pupil services	25,017,337	23,936,298
Administration	31,471,502	18,637,657
Plant services	23,709,131	27,552,854
All other services	6,505,894	6,996,262
Total expenses	<u>249,716,979</u>	<u>239,594,581</u>
Change in net position	<u>\$ (3,770,840)</u>	<u>\$ (27,123,500)</u>

*The revenues and expenses for the fiscal year 2020 were not restated to show the effects of GASB 84 for comparative purposes.

Governmental Activities

As reported in the *Statement of Activities* on page 13, the cost of all of our governmental activities this year was \$249,716,979. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only \$21,317,428 because the cost was paid by those who benefited from the programs (\$10,156) or by other governments and organizations who subsidized certain programs with grants and contributions of \$88,433,428. The remaining "public benefit" portion of our governmental activities was paid with \$135,308,690 in Federal and State aid and \$876,437 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 including special instruction programs and other instructional programs, 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	
	2021	2020*	2021	2020*
Instruction-related	\$ 163,013,115	\$ 162,471,510	\$ (99,833,641)	\$(128,715,625)
Pupil services	25,017,337	23,936,298	(16,081,775)	(15,936,876)
Administration	31,471,502	18,637,657	(17,164,095)	(16,443,771)
Plant services	23,709,131	27,552,854	(22,183,126)	(27,330,720)
All other services	6,505,894	6,996,262	(6,010,758)	(6,624,280)
Total	\$ 249,716,979	\$ 239,594,581	\$ (161,273,395)	\$(195,051,272)

*The total and net cost of services for fiscal year 2020 were not restated to show the effects of GASB 84 for comparative purposes.

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of \$73,304,489, which is an increase of \$1,279,461, from last year (Table 4).

Table 4

Governmental Fund	Balances and Activity			
	July 1, 2020 as restated	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2021
General	\$ 34,499,371	\$ 221,856,095	\$ 206,958,719	\$ 49,396,747
Building	25,824,574	30,934	12,644,783	13,210,725
Student Activity	781,354	294,761	372,182	703,933
Child Development	8,213	4,668,620	4,421,959	254,874
Cafeteria	467,068	6,426,412	6,272,429	621,051
Capital Facilities	1,254,389	280,977	-	1,535,366
County School Facilities	2,060,226	247,731	14,381	2,293,576
Bond Interest and Redemption	7,123,675	3,423,404	5,265,053	5,282,026
Tax Override	6,158	33	-	6,191
Total	\$ 72,025,028	\$ 237,228,967	\$ 235,949,506	\$ 73,304,489

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 2021. (A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report on page 58).

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2021, the District had \$250,765,775 in a broad range of capital assets (net of depreciation), including land, buildings, furniture, and equipment. This amount represents a net decrease (including additions, deductions, and depreciation) of \$174,373, or 0.07%, from last year (Table 5).

Table 5

	Governmental Activities	
	2021	2020
Land and construction in progress	\$ 51,939,355	\$ 45,198,788
Buildings and improvements	192,339,631	199,752,587
Equipment	6,486,789	5,988,773
Total	<u>\$ 250,765,775</u>	<u>\$ 250,940,148</u>

Long-Term Liabilities

At June 30, 2021, the District had \$352,963,200 in long-term liabilities outstanding versus \$338,851,462 last year. Those long-term liabilities consisted of:

Table 6

	Governmental Activities	
	2021	2020
Long-Term Liabilities		
General obligation bonds	\$ 93,648,488	\$ 95,461,438
Certificates of participation	16,705,000	17,500,000
Unamortized premiums/(discounts)	4,959,138	5,256,060
Compensated absences	2,470,872	2,059,660
Claims liability	6,065,686	8,174,179
Net OPEB liability	28,024,797	26,562,757
Aggregate net pension liability	201,089,219	183,837,368
Total	<u>\$ 352,963,200</u>	<u>\$ 338,851,462</u>

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 current year or previous year's Average Daily Attendance (ADA), whichever is higher. However, attendance was held harmless for 2020-21. Consequently, allowing Lynwood Unified School District to use their 19-20 ADA. Therefore, LCFF funding is budgeted under the 19-20 P-2 ADA of 12,400.
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 93% for Lynwood Unified School District.
3. Per student ADA funding, under LCFF, is estimated at \$12,088.
4. The declining enrollment trend continues in Lynwood Unified School District and multi-year projections included in the budget assume 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 Chief Business Officer, at Lynwood Unified School District, 11321 Bullis Rd., Lynwood, California 90262, or e-mail at Gfromm@mylUSD.org.

Lynwood Unified School District
Statement of Net Position
June 30, 2021

	Governmental Activities
Assets	
Deposits and investments	\$ 93,122,089
Receivables	33,928,308
Prepaid expense	576,690
Stores inventories	263,020
Other current assets	966,346
Capital assets not depreciated	51,939,355
Capital assets, net of accumulated depreciation	198,826,420
Total assets	379,622,228
Deferred Outflows of Resources	
Deferred charge on refunding	2,456,827
Deferred outflows of resources related to OPEB	1,852,365
Deferred outflows of resources related to pensions	44,566,984
Total deferred outflows of resources	48,876,176
Liabilities	
Accounts payable	37,398,543
Interest payable	1,247,901
Unearned revenue	5,237,256
Long-term liabilities	
Long-term liabilities other than OPEB and pensions due within one year	4,347,819
Long-term liabilities other than OPEB and pensions due in more than one year	119,501,365
Net other postemployment benefits (OPEB) liability	28,024,797
Aggregate net pension liability	201,089,219
Total liabilities	396,846,900
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	3,923,904
Deferred inflows of resources related to pensions	7,584,078
Total deferred inflows of resources	11,507,982
Net Position	
Net investment in capital assets	153,441,584
Restricted for	
Debt service	4,040,316
Capital projects	3,828,942
Educational programs	13,662,713
Other activities	8,364,673
Unrestricted (deficit)	(163,194,706)
Total net position	\$ 20,143,522

Lynwood Unified School District
Statement of Activities
Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Instruction	\$ 136,257,086	\$ 4,192	\$ 55,125,179	\$ (81,127,715)
Instruction-related activities				
Supervision of instruction	8,710,736	665	3,807,601	(4,902,470)
Instructional library, media, and technology	1,465,843	-	135,956	(1,329,887)
School site administration	16,579,450	61	4,105,820	(12,473,569)
Pupil services				
Home-to-school transportation	3,588,910	-	367,213	(3,221,697)
Food services	6,913,987	75	5,620,508	(1,293,404)
All other pupil services	14,514,440	6	2,947,760	(11,566,674)
Administration				
Data processing	14,029,591	-	10,377,000	(3,652,591)
All other administration	17,441,911	2,157	3,928,250	(13,511,504)
Plant services	23,709,131	2,590	1,523,415	(22,183,126)
Facility acquisition and construction	-	-	-	-
Ancillary services	587,177	340	2,647	(584,190)
Community services	1,343,647	-	-	(1,343,647)
Enterprise services	32,111	70	492,079	460,038
Interest on long-term liabilities	3,900,496	-	-	(3,900,496)
Other outgo	642,463	-	-	(642,463)
Total governmental activities	<u>\$ 249,716,979</u>	<u>\$ 10,156</u>	<u>\$ 88,433,428</u>	<u>(161,273,395)</u>
General Revenues and Subventions				
Property taxes, levied for general purposes				17,435,935
Property taxes, levied for debt service				3,382,652
Taxes levied for other specific purposes				498,841
Federal and State aid not restricted to specific purposes				135,308,690
Interest and investment earnings				411,974
Miscellaneous				464,463
Subtotal, general revenues and subventions				<u>157,502,555</u>
Change in Net Position				(3,770,840)
Net Position - Beginning, as restated				<u>23,914,362</u>
Net Position - Ending				<u><u>\$ 20,143,522</u></u>

Lynwood Unified School District
Balance Sheet – Governmental Funds
June 30, 2021

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets				
Deposits and investments	\$ 52,133,548	\$ 15,497,918	\$ 12,489,763	\$ 80,121,229
Receivables	32,790,076	39,233	1,084,370	33,913,679
Prepaid expenditures	576,690	-	-	576,690
Stores inventories	136,964	-	126,056	263,020
Other current assets	966,346	-	-	966,346
Total assets	\$ 86,603,624	\$ 15,537,151	\$ 13,700,189	\$ 115,840,964
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 31,995,314	\$ 2,326,426	\$ 2,977,479	\$ 37,299,219
Unearned revenue	5,211,563	-	25,693	5,237,256
Total liabilities	37,206,877	2,326,426	3,003,172	42,536,475
Fund Balances				
Nonspendable	764,754	-	127,156	891,910
Restricted	13,662,713	13,210,725	10,569,861	37,443,299
Unassigned	34,969,280	-	-	34,969,280
Total fund balances	49,396,747	13,210,725	10,697,017	73,304,489
Total liabilities and fund balances	\$ 86,603,624	\$ 15,537,151	\$ 13,700,189	\$ 115,840,964

Lynwood Unified School District
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
 June 30, 2021

Total Fund Balance - Governmental Funds		\$ 73,304,489
<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	\$ 487,884,447	
Accumulated depreciation is	<u>(237,118,672)</u>	
Net capital assets		250,765,775
<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>		
		(1,247,901)
<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.</p>		
		6,850,479
<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)	2,456,827	
Net other postemployment benefits (OPEB) liability	1,852,365	
Aggregate net pension liability	<u>44,566,984</u>	
Total deferred outflows of resources		48,876,176
<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	(3,923,904)	
Aggregate net pension liability	<u>(7,584,078)</u>	
Total deferred inflows of resources		(11,507,982)
<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>		
		(201,089,219)
<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>		
		(28,024,797)
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.</p>		
<p>Long-term liabilities at year-end consist of</p>		
General obligation bonds	(91,327,605)	
Premium on issuance	(4,975,395)	
Discount on issuance	16,257	
Certificates of participation	(16,705,000)	
Compensated absences (vacations)	(2,470,872)	
In addition, capital appreciation general obligation bonds were issued. The accretion of interest to date on the general obligation bonds is	<u>(2,320,883)</u>	
Total long-term liabilities		<u>(117,783,498)</u>
Total net position - governmental activities		<u>\$ 20,143,522</u>

Lynwood Unified School District
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2021

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues				
Local Control Funding Formula	\$ 150,034,582	\$ -	\$ -	\$ 150,034,582
Federal sources	36,278,189	-	6,257,093	42,535,282
Other State sources	33,475,346	-	4,318,271	37,793,617
Other local sources	2,067,978	30,934	4,124,111	6,223,023
Total revenues	<u>221,856,095</u>	<u>30,934</u>	<u>14,699,475</u>	<u>236,586,504</u>
Expenditures				
Current				
Instruction	113,175,358	-	3,248,133	116,423,491
Instruction-related activities				
Supervision of instruction	7,887,858	-	15,810	7,903,668
Instructional library, media, and technology	1,245,596	-	61,282	1,306,878
School site administration	13,757,203	-	1,058,988	14,816,191
Pupil services				
Home-to-school transportation	1,285,273	-	-	1,285,273
Food services	160,683	-	6,079,161	6,239,844
All other pupil services	14,120,710	-	387,614	14,508,324
Administration				
Data processing	13,224,208	-	-	13,224,208
All other administration	15,727,481	-	178,244	15,905,725
Plant services	22,317,119	-	23,254	22,340,373
Ancillary services	576,422	-	-	576,422
Community services	1,252,997	-	-	1,252,997
Facility acquisition and construction	228,725	12,644,783	28,465	12,901,973
Debt service				
Principal	795,000	-	2,265,000	3,060,000
Interest and other	561,623	-	3,000,053	3,561,676
Total expenditures	<u>206,316,256</u>	<u>12,644,783</u>	<u>16,346,004</u>	<u>235,307,043</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>15,539,839</u>	<u>(12,613,849)</u>	<u>(1,646,529)</u>	<u>1,279,461</u>
Other Financing Sources (Uses)				
Transfers in	-	-	642,463	642,463
Transfers out	<u>(642,463)</u>	<u>-</u>	<u>-</u>	<u>(642,463)</u>
Net Financing Sources (Uses)	<u>(642,463)</u>	<u>-</u>	<u>642,463</u>	<u>-</u>
Net Change in Fund Balances	14,897,376	(12,613,849)	(1,004,066)	1,279,461
Fund Balance - Beginning, as restated	<u>34,499,371</u>	<u>25,824,574</u>	<u>11,701,083</u>	<u>72,025,028</u>
Fund Balance - Ending	<u>\$ 49,396,747</u>	<u>\$ 13,210,725</u>	<u>\$ 10,697,017</u>	<u>\$ 73,304,489</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, 2021

Total Net Change in Fund Balances - Governmental Funds \$ 1,279,461

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 expenses in the Statement of Activities.

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

Depreciation expense	\$ (13,619,124)
Capital outlays	<u>13,444,751</u>

Net expense adjustment	(174,373)
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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: (452,050)

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. (411,212)

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. (13,261,203)

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. (746,689)

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

Premium amortization	297,825
Discount amortization	(903)
Deferred charge on refunding amortization	(139,795)

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, 2021

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	\$ 2,265,000
Certificates of participation	795,000

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.

(43,897)

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.

6,821,996

Change in net position of governmental activities

\$ (3,770,840)

Lynwood Unified School District
Statement of Net Position – Proprietary Funds
June 30, 2021

	<u>Governmental Activities - Internal Service Fund</u>
Assets	
Current assets	
Deposits and investments	\$ 13,000,860
Receivables	<u>14,629</u>
Total current assets	<u>13,015,489</u>
Liabilities	
Current liabilities	
Accounts payable	99,324
Current portion of claims liability	<u>952,819</u>
Total current liabilities	<u>1,052,143</u>
Noncurrent liabilities	
Claims liability	<u>5,112,867</u>
Total liabilities	<u>6,165,010</u>
Net Position	
Restricted	<u>6,850,479</u>
Total net position	<u><u>\$ 6,850,479</u></u>

Lynwood Unified School District
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds
Year Ended June 30, 2021

	<u>Governmental Activities - Internal Service Fund</u>
Operating Revenues	
Charges for services	<u>\$ 7,331,254</u>
Operating Expenses	
Payroll costs	272,935
Other operating cost	<u>202,989</u>
Total operating expenses	<u>475,924</u>
Operating Income	<u>6,855,330</u>
Nonoperating Revenues	
Fair market value adjustments	(73,057)
Interest income	<u>39,723</u>
Total nonoperating revenues	<u>(33,334)</u>
Change in Net Position	6,821,996
Total Net Position - Beginning	<u>28,483</u>
Total Net Position - Ending	<u><u>\$ 6,850,479</u></u>

Lynwood Unified School District
Statement of Cash Flows – Proprietary Funds
Year Ended June 30, 2021

	<u>Governmental Activities - Internal Service Fund</u>
Operating Activities	
Cash receipts from customers	\$ 7,331,254
Cash payments to employees for services	<u>(2,417,296)</u>
Net Cash From Operating Activities	<u>4,913,958</u>
Investing Activities	
Interest on investments	<u>(34,755)</u>
Net Change in Cash and Cash Equivalents	4,879,203
Cash and Cash Equivalents, Beginning	<u>8,121,657</u>
Cash and Cash Equivalents, Ending	<u><u>\$ 13,000,860</u></u>
Reconciliation of Operating Income to Net Cash From Operating Activities	
Operating income	\$ 6,855,330
Changes in assets and liabilities	
Other assets	362,836
Accounts payable	(195,715)
Claims liability	<u>(2,108,493)</u>
Net Cash From Operating Activities	<u><u>\$ 4,913,958</u></u>

Lynwood Unified School District
Statement of Fiduciary Net Position – Fiduciary Funds
June 30, 2021

	<u>Scholarship Trust</u>
Assets	
Deposits and investments	\$ 24,097
Receivables	<u>51</u>
Total assets	<u><u>\$ 24,148</u></u>
Liabilities	
Accounts payable	<u>\$ 1,000</u>
Net Position	
Held in trusts for specify purposes	<u><u>\$ 23,148</u></u>

Lynwood Unified School District
Statement of Changes in Net Position – Fiduciary Funds
June 30, 2021

	<u>Scholarship Trust</u>
Additions	
Interest	<u>\$ 131</u>
Net increase (decrease) in fiduciary net position	<u> 131</u>
Net Position - Beginning	<u> 23,017</u>
Net Position - Ending	<u><u>\$ 23,148</u></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 \$560,152.

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.

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. 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.

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, capital 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. The deferred charge on refunding resulted from the difference between the carrying value of the refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred amounts related to pension and OPEB related to contributions subsequent to measurement date, differences between contributions and the District's proportionate share of contributions, differences between projected and actual earnings on investment, differences between expected and actual experience, and changes of assumptions.

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 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 CalSTRS Medicare Premium Payment Program (MPP) and additions to/deductions from MPP's fiduciary net position have been determined on the same basis as they are reported by MPP. For this purpose, 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.

Fund Balances - Governmental Funds

As of June 30, 2021, 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, 2020. 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 \$29,896,644 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. 84

As of July 1, 2020, the District adopted GASB Statement No. 84, Fiduciary Activities. The objective of this Statement is to improve the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. Greater consistency and comparability enhance the value provided by the information reported in financial statements for assessing government accountability and stewardship. The impact to the District resulted in a reclassification of the District’s student body activities from fiduciary to governmental. The effect of the implementation of this standard on beginning fund balance and net position is disclosed in Note 15.

Note 2 - Deposits and Investments

Summary of Deposits and Investments

Deposits and investments as of June 30, 2021, are classified in the accompanying financial statements as follows:

Governmental funds	\$ 80,121,229
Proprietary funds	13,000,860
Fiduciary funds	24,097

Total deposits and investments	\$ 93,146,186

Deposits and investments as of June 30, 2021, consisted of the following:

Cash on hand and in banks	\$ 991,423
Cash in revolving	52,200
Investments	92,102,563

Total deposits and investments	\$ 93,146,186

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.

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>\$ 92,102,563</u>	1045

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 is not required to be rated, nor has it been rated as of June 30, 2021.

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, 2021, the District has \$394,940 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, 2021, 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	\$ 10,503,607	\$ -	\$ 647,483	\$ -	\$ 11,151,090	\$ -
State Government						
LCFF apportionment	16,197,401	-	-	-	16,197,401	-
Categorical aid	3,741,466	-	404,537	-	4,146,003	-
Lottery	940,815	-	-	-	940,815	-
Local Government						
Interest	59,099	39,233	19,220	14,629	132,181	-
Other local sources	1,347,688	-	13,130	-	1,360,818	51
Total	\$ 32,790,076	\$ 39,233	\$ 1,084,370	\$ 14,629	\$ 33,928,308	\$ 51

Note 4 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2021, was as follows:

	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 32,298,855	\$ -	\$ -	\$ 32,298,855
Construction in progress	12,899,933	6,740,567	-	19,640,500
Total capital assets not being depreciated	45,198,788	6,740,567	-	51,939,355
Capital assets being depreciated				
Land improvements	13,328,105	1,343,796	-	14,671,901
Buildings and improvements	398,467,204	4,044,347	-	402,511,551
Furniture and equipment	17,445,599	1,316,041	-	18,761,640
Total capital assets being depreciated	429,240,908	6,704,184	-	435,945,092
Total capital assets	474,439,696	13,444,751	-	487,884,447
Accumulated depreciation				
Land improvements	(4,912,857)	(570,278)	-	(5,483,135)
Buildings and improvements	(207,129,865)	(12,230,821)	-	(219,360,686)
Furniture and equipment	(11,456,826)	(818,025)	-	(12,274,851)
Total accumulated depreciation	(223,499,548)	(13,619,124)	-	(237,118,672)
Governmental activities capital assets, net	\$ 250,940,148	\$ (174,373)	\$ -	\$ 250,765,775

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

Governmental Activities	
Instruction	\$ 11,249,377
Food services	367,718
All other pupil services	640,098
All other administration	803,528
Plant services	558,403
Total depreciation expenses governmental activities	\$ 13,619,124

Note 5 - Interfund Transactions

Operating Transfers

Interfund transfers for the year ended June 30, 2021, consisted of the following:

The General Fund transferred to the Child Development Non-Major Governmental Fund to support school program encroachment.	\$ 642,463
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Note 6 - Accounts Payable

Accounts payable at June 30, 2021, consisted of the following:

	General Fund	Building Fund	Non-Major Governmental Funds	Proprietary Funds	Total Governmental Funds	Fiduciary Funds
Vendor payables	\$ 16,285,246	\$ 2,304,839	\$ 236,766	\$ 99,324	\$ 18,926,175	\$ 1,000
LCFF apportionment	908,015	-	-	-	908,015	-
Salaries and benefits	14,802,053	21,587	2,740,713	-	17,564,353	-
Total	\$ 31,995,314	\$ 2,326,426	\$ 2,977,479	\$ 99,324	\$ 37,398,543	\$ 1,000

Note 7 - Unearned Revenue

Unearned revenue at June 30, 2021, consisted of the following:

	General Fund	Non-Major Governmental Funds	Total
Federal financial assistance	\$ 652,401	\$ -	\$ 652,401
State categorical aid	4,559,162	25,693	4,584,855
Total	\$ 5,211,563	\$ 25,693	\$ 5,237,256

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, 2020	Additions	Deductions	Balance June 30, 2021	Due in One Year
Long-Term Liabilities					
General obligation bonds	\$ 95,461,438	\$ 452,050	\$ (2,265,000)	\$ 93,648,488	\$ 2,740,000
Certificates of participation	17,500,000	-	(795,000)	16,705,000	655,000
Unamortized debt premiums	5,273,220	-	(297,825)	4,975,395	-
Unamortized debt discounts	(17,160)	-	903	(16,257)	-
Compensated absences	2,059,660	411,212	-	2,470,872	-
Claims liability	8,174,179	(613,524)	(1,494,969)	6,065,686	952,819
Total	\$ 128,451,337	\$ 249,738	\$ (4,851,891)	\$ 123,849,184	\$ 4,347,819

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, 2020	Interest Issued	Interest Accreted	Bonds Redeemed	Bonds Outstanding June 30, 2021
5/1/2003	5/1/2028	5.52-6.90%	\$ 19,999,801	\$ 1,423,064	\$ -	\$ 79,637	\$ -	\$ 1,502,701
2/9/2012	8/1/2027	2.00-5.00%	14,700,000	11,390,000	-	-	-	11,390,000
2/12/2013	8/1/2038	2.00-5.00%	16,500,000	1,610,000	-	-	(360,000)	1,250,000
7/15/2014	8/1/2039	1.25-4.28%	10,655,000	10,165,000	-	-	-	10,165,000
4/19/2016	8/1/2041	2.00-4.00%	9,610,000	9,325,000	-	-	(50,000)	9,275,000
7/25/2017	8/1/2042	2.00-4.09%	8,863,701	9,873,374	-	372,413	-	10,245,787
7/25/2017	8/1/2023	2.00-2.76%	715,000	580,000	-	-	(115,000)	465,000
7/25/2017	8/1/2042	2.00-5.00%	15,535,000	12,770,000	-	-	-	12,770,000
01/28/20	8/1/2049	2.25-4.00%	25,000,000	25,000,000	-	-	(1,575,000)	23,425,000
03/17/20	8/1/2039	0.99-2.52%	13,325,000	13,325,000	-	-	(165,000)	13,160,000
				\$ 95,461,438	\$ -	\$ 452,050	\$ (2,265,000)	\$ 93,648,488

Debt Service Requirements to Maturity

Bonds Maturing Fiscal Year	Principal Including Accreted Interest to Date	Accreted Interest to Maturity	Current Interest To Maturity	Total
2022	\$ 2,740,000	\$ -	\$ 2,994,963	\$ 5,734,963
2023	3,015,000	-	2,883,714	5,898,714
2024	2,696,481	3,519	2,733,637	5,433,637
2025	2,947,225	17,775	2,646,811	5,611,811
2026	3,217,971	27,029	2,543,987	5,788,987
2027-2031	15,160,522	1,114,478	11,211,566	27,486,566
2032-2036	14,829,232	1,320,768	9,483,633	25,633,633
2037-2041	21,580,889	3,214,111	7,073,016	31,868,016
2042-2046	15,291,168	3,353,832	3,846,200	22,491,200
2047-2050	12,170,000	-	1,266,400	13,436,400
Total	<u>\$ 93,648,488</u>	<u>\$ 9,051,512</u>	<u>\$ 46,683,927</u>	<u>\$ 149,383,927</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, 2020	Issued	Redeemed	COP Outstanding June 30, 2021
07/10/07	10/01/37	4.00-5.00%	\$ 4,260,000	\$ 2,495,000	\$ -	\$ 255,000	\$ 2,240,000
02/02/16	10/01/37	2.00-5.00%	16,325,000	15,005,000	-	540,000	14,465,000
			<u>\$ 20,585,000</u>	<u>\$ 18,025,000</u>	<u>\$ -</u>	<u>\$ 795,000</u>	<u>\$ 16,705,000</u>

The certificates mature through 2038 as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 655,000	\$ 699,806	\$ 1,354,806
2023	700,000	665,931	1,365,931
2024	725,000	630,306	1,355,306
2025	760,000	593,181	1,353,181
2026	805,000	554,056	1,359,056
2027-2031	4,630,000	2,113,656	6,743,656
2032-2036	5,790,000	967,734	6,757,734
2037-2038	2,640,000	92,556	2,732,556
Total	<u>\$ 16,705,000</u>	<u>\$ 6,317,226</u>	<u>\$ 23,022,226</u>

Compensated Absences

The long-term portion of accumulated unpaid employee vacation for the District at June 30, 2021, amounted to \$2,470,872.

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 \$6,065,686, using a discount factor of 1.00%.

Note 9 - Net Other Postemployment Benefit (OPEB) Liability

For the fiscal year ended June 30, 2021, 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	\$ 27,024,294	\$ 1,852,365	\$ 3,923,904	\$ (614,062)
Medicare Premium Payment (MPP) Program	1,000,503	-	-	(132,627)
Total	<u>\$ 28,024,797</u>	<u>\$ 1,852,365</u>	<u>\$ 3,923,904</u>	<u>\$ (746,689)</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, 2021, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	134
Active employees	<u>1,350</u>
Total	<u><u>1,484</u></u>

Benefits provided

The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the plan. The District's Governing Board (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, 2021, the District paid \$1,267,684 in benefits.

Total OPEB Liability of the District

The District's total OPEB liability of \$27,024,294 was measured as of June 30, 2021 and was determined by an actuarial valuation as of that date.

Actuarial assumptions

The total OPEB liability in the June 30, 2021, 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	2.19 percent
Healthcare cost trend rates	4.50 percent for 2021

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, 2021, valuation were based on the results of an actual experience study for the period July 1, 2020, to June 30, 2021.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance, June 30, 2020	\$ 25,694,881
Service cost	1,382,117
Interest	703,499
Differences between expected and actual experience	(315,152)
Changes of assumptions	826,633
Benefit payments	(1,267,684)
Net change in total OPEB liability	1,329,413
Balance, June 30, 2021	\$ 27,024,294

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 (1.19%)	\$ 28,811,086
Current discount rate (2.19%)	27,024,294
1% increase (3.19%)	25,279,735

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%)	\$ 25,306,793
Current healthcare cost trend rate (4.50%)	27,024,294
1% increase (5.50%)	29,055,343

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$614,062. At June 20, 2021, 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	\$ -	\$ 3,798,139
Changes of assumptions	1,852,365	125,765
Total	\$ 1,852,365	\$ 3,923,904

Amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	\$ (203,870)
2023	(203,870)
2024	(203,870)
2025	(203,870)
2026	(203,870)
Thereafter	(1,052,189)
Total	\$ (2,071,539)

Medicare Premium Payment (MPP) Program

Plan Description

The Medicare Premium (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, 2019, 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 STRP 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's contributions. 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, 2021, the District reported a liability of \$1,000,503 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019. 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, 2020, and June 30, 2019, respectively, was 0.2361% and 0.2331%, resulting in a net increase in the proportionate share of 0.0030%.

For the year ended June 30, 2021, the District recognized OPEB expense of \$(132,627).

Actuarial Methods and Assumptions

The June 30, 2020, total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2019, and rolling forward the total OPEB liability to June 30, 2020, using the assumptions listed in the following table:

Measurement Date	June 30, 2020	June 30, 2019
Valuation Date	June 30, 2019	June 30, 2018
Experience Study	July 1, 2014 through June 30, 2018	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	2.21%	3.50%
Medicare Part A Premium Cost Trend Rate	4.50%	3.70%
Medicare Part B Premium Cost Trend Rate	5.40%	4.10%

For the valuation as of June 30, 2019, 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 294 or an average of 0.18% of the potentially eligible population (159,339).

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, 2020 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, 2020, is 2.21%. 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 2.21%, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2020, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate decreased 1.29% from 3.50% as of June 30, 2019.

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:

<u>Discount Rate</u>	<u>Net OPEB Liability</u>
1% decrease (1.21%)	\$ 1,106,335
Current discount rate (2.21%)	1,000,503
1% increase (3.21%)	910,448

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 current Medicare costs trend rates, 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:

<u>Medicare Costs Trend Rate</u>	<u>Net OPEB Liability</u>
1% decrease (3.50% Part A and 4.40% Part B)	\$ 907,190
Current Medicare costs trend rate (4.50% Part A and 5.40% Part B)	1,000,503
1% increase (5.50% Part A and 6.40% Part B)	1,107,924

Note 10 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Building Fund	Non-Major Governmental Funds	Total
Nonspendable				
Revolving cash	\$ 51,100	\$ -	\$ 1,100	\$ 52,200
Stores inventories	136,964	-	126,056	263,020
Prepaid expenditures	576,690	-	-	576,690
Total nonspendable	<u>764,754</u>	<u>-</u>	<u>127,156</u>	<u>891,910</u>
Restricted				
Legally restricted programs	13,662,713	-	1,452,702	15,115,415
Food service	-	-	555,387	555,387
Capital projects	-	13,210,725	4,732,830	17,943,555
Debt services	-	-	5,288,217	5,288,217
Total restricted	<u>13,662,713</u>	<u>13,210,725</u>	<u>10,569,861</u>	<u>37,443,299</u>
Unassigned				
Reserve for economic uncertainties	25,805,202	-	-	25,805,202
Remaining unassigned	9,164,078	-	-	9,164,078
Total unassigned	<u>34,969,280</u>	<u>-</u>	<u>-</u>	<u>34,969,280</u>
Total	<u>\$ 49,396,747</u>	<u>\$ 13,210,725</u>	<u>\$ 10,697,017</u>	<u>\$ 73,304,489</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, 2019 to June 30, 2021:

	Workers' Compensation
Liability Balance, July 1, 2019	\$ 6,432,000
Claims and changes in estimates	3,527,129
Claims payments	(1,784,950)
Liability Balance, June 30, 2020	8,174,179
Claims and changes in estimates	(613,524)
Claims payments	(1,494,969)
Liability Balance, June 30, 2021	\$ 6,065,686
Assets available to pay claims at June 30, 2021	\$ 13,015,489

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, 2021, 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	\$ 131,303,140	\$ 32,476,720	\$ 6,947,549	\$ 18,420,205
CalPERS	69,786,079	12,090,264	636,529	13,310,694
Total	\$ 201,089,219	\$ 44,566,984	\$ 7,584,078	\$ 31,730,899

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, 2019, 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, 2021, are summarized as follows:

	STRP Defined Benefit Program	
	On or before December 31, 2012	On or after January 1, 2013
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	16.15%	16.15%
Required state contribution rate	10.328%	10.328%

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, 2020, are presented above and the District's total contributions were \$11,655,026.

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

At June 30, 2021, 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	\$ 131,303,140
State's proportionate share of the net pension liability	<u>67,686,784</u>
Total	<u><u>\$ 198,989,924</u></u>

The net pension liability was measured as of June 30, 2020. 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, 2020 and June 30, 2019, respectively, was 0.1355% and 0.1317%, resulting in a net increase in the proportionate share of 0.0038%.

For the year ended June 30, 2021, the District recognized pension expense of \$18,420,205. In addition, the District recognized pension expense and revenue of \$9,482,254 for support provided by the State. At June 30, 2021, 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	\$ 11,655,026	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	4,667,081	3,244,575
Differences between projected and actual earnings on pension plan investments	3,119,007	-
Differences between expected and actual experience in the measurement of the total pension liability	231,690	3,702,974
Changes of assumptions	<u>12,803,916</u>	<u>-</u>
Total	<u><u>\$ 32,476,720</u></u>	<u><u>\$ 6,947,549</u></u>

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

The deferred outflows 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
2022	\$ (1,903,200)
2023	1,062,703
2024	2,120,212
2025	1,839,292
Total	\$ 3,119,007

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
2022	\$ 4,144,430
2023	3,135,936
2024	2,954,515
2025	20,418
2026	90,620
Thereafter	409,219
Total	\$ 10,755,138

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, 2019 and rolling forward the total pension liability to June 30, 2020. The financial reporting actuarial valuation as of June 30, 2019, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2019
Measurement date	June 30, 2020
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 (Pension Consulting Alliance-PCA) 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 future valuation, CalSTRS 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, 2020, 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 (7.10%) and assuming 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%)	\$ 198,380,755
Current discount rate (7.10%)	131,303,140
1% increase (8.10%)	75,921,124

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, 2019 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, 2021, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire date	December 31, 2012	January 1, 2013
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	20.700%	20.700%

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 the 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, 2021, are presented above and the total District contributions were \$6,814,670.

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

As of June 30, 2021, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$69,786,079. The net pension liability was measured as of June 30, 2020. 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, 2020 and June 30, 2019, respectively, was 0.2274% and 0.2225%, resulting in a net increase in the proportionate share of 0.0049%.

For the year ended June 30, 2021, the District recognized pension expense of \$13,310,694. At June 30, 2021, 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	\$ 6,814,670	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	105,786	636,529
Differences between projected and actual earnings on pension plan investments	1,452,725	-
Differences between expected and actual experience in the measurement of the total pension liability	3,461,175	-
Changes of assumptions	255,908	-
Total	\$ 12,090,264	\$ 636,529

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
2022	\$ (543,640)
2023	484,907
2024	842,849
2025	668,609
Total	\$ 1,452,725

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
2022	\$ 2,136,602
2023	893,369
2024	149,664
2025	6,705
Total	\$ 3,186,340

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, 2019, and rolling forward the total pension liability to June 30, 2020. The financial reporting actuarial valuation as of June 30, 2019, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2019
Measurement date	June 30, 2020
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%)	\$ 100,330,215
Current discount rate (7.15%)	69,786,079
1% increase (8.15%)	44,435,980

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 \$7,660,135 (10.328% 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, 2021.

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, 2021.

Construction Commitments

As of June 30, 2021, 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, 2021, the District made payments of \$1,526,734 and \$42,141 to SCR and SELF, respectively.

Note 15 - Restatement

As of July 1, 2020, the District adopted GASB Statement No. 84, Fiduciary Activities (GASB 84). As a result of the implementation of GASB 84, the District has reclassified its associated student body activity previously reported as fiduciary funds to a governmental fund – Student Activity Fund. The following table describes the effects of the implementation on beginning fund balance/net position.

	Non-Major Governmental Funds	Total Governmental Funds
Beginning fund balance previously reported at June 30, 2020	\$ 10,919,729	\$ 71,243,674
Prior period adjustment - Implementation of GASB 84		
Reclassification of student activity funds from agency funds to a special revenue fund	781,354	781,354
Fund Balance Restated July 1, 2020	\$ 11,701,083	\$ 72,025,028
The restatement of net position is identified as follows:		
Government Activities		
Beginning Net Position Government Wide as previously Reported at June 30, 2020		\$ 23,133,008
Reclassification of student activity funds from agency funds to a special revenue fund		781,354
Net Position Restated at July 1, 2020		\$ 23,914,362



Required Supplementary Information
June 30, 2021

Lynwood Unified School District

Lynwood Unified School District
 Budgetary Comparison Schedule – General Fund
 Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variances - Positive (Negative)
	Original	Final		Final to Actual
Revenues				
Local Control Funding Formula	\$ 138,381,675	\$ 150,034,582	\$ 150,034,582	\$ -
Federal sources	20,906,815	36,281,572	36,278,189	(3,383)
Other State sources	13,700,846	31,366,210	33,475,346	2,109,136
Other local sources	1,040,000	2,214,530	2,067,978	(146,552)
Total revenues ¹	<u>174,029,336</u>	<u>219,896,894</u>	<u>221,856,095</u>	<u>1,959,201</u>
Expenditures				
Current				
Certificated salaries	71,232,876	70,738,065	72,579,336	(1,841,271)
Classified salaries	34,405,724	32,044,166	32,404,897	(360,731)
Employee benefits	42,276,682	47,815,811	48,533,738	(717,927)
Books and supplies	15,737,198	21,416,283	21,436,584	(20,301)
Services and operating expenditures	25,011,224	28,511,155	28,593,680	(82,525)
Other outgo	1,386,351	1,410,667	56,523	1,354,144
Capital outlay	318,026	1,354,875	1,354,875	-
Debt service				
Debt service - principal	-	-	795,000	(795,000)
Debt service - interest and other	-	-	561,623	(561,623)
Total expenditures ¹	<u>190,368,081</u>	<u>203,291,022</u>	<u>206,316,256</u>	<u>(3,025,234)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(16,338,745)</u>	<u>16,605,872</u>	<u>15,539,839</u>	<u>(1,066,033)</u>
Other Financing Uses				
Transfers out	<u>(2,027,458)</u>	<u>(1,530,339)</u>	<u>(642,463)</u>	<u>887,876</u>
Net Change in Fund Balances	(18,366,203)	15,075,533	14,897,376	(178,157)
Fund Balance - Beginning	<u>34,499,371</u>	<u>34,499,371</u>	<u>34,499,371</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 16,133,168</u>	<u>\$ 49,574,904</u>	<u>\$ 49,396,747</u>	<u>\$ (178,157)</u>

¹ 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 \$7,660,135 are included in the actual revenues and expenditures but have not been 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, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability				
Service cost	\$ 1,382,117	\$ 1,531,173	\$ 1,404,848	\$ 1,381,363
Interest	703,499	910,483	937,895	872,138
Difference between expected and actual experience	(315,152)	(4,211,100)	-	-
Changes of assumptions	826,633	692,532	711,572	(197,633)
Benefit payments	<u>(1,267,684)</u>	<u>(1,193,248)</u>	<u>(962,854)</u>	<u>(904,088)</u>
Net change in total OPEB liability	1,329,413	(2,270,160)	2,091,461	1,151,780
Total OPEB Liability - Beginning	<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>\$ 27,024,294</u>	<u>\$ 25,694,881</u>	<u>\$ 27,965,041</u>	<u>\$ 25,873,580</u>
Covered Payroll	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>
Total OPEB Liability as a Percentage of Covered Payroll	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

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

Lynwood Unified School District
Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program
Year Ended June 30, 2021

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

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

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

Lynwood Unified School District
Schedule of the District's Proportionate Share of the Net Pension Liability
Year Ended June 30, 2021

	2021	2020	2019	2018	2017	2016	2015
CalSTRS							
Proportion of the net pension liability	0.1355%	0.1317%	0.1319%	0.1323%	0.1416%	0.1377%	0.1255%
Proportionate share of the net pension liability	\$ 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	67,686,784	69,395,458	69,395,458	72,400,580	65,203,398	49,026,090	44,291,578
Total	<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>\$ 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	<u>174.57%</u>	<u>165.64%</u>	<u>173.69%</u>	<u>173.97%</u>	<u>163.64%</u>	<u>137.85%</u>	<u>131.20%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>72%</u>	<u>73%</u>	<u>71%</u>	<u>69%</u>	<u>70%</u>	<u>74%</u>	<u>77%</u>
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
CalPERS							
Proportion of the net pension liability	0.2274%	0.2225%	0.2216%	0.2230%	0.2371%	0.2237%	0.2084%
Proportionate share of the net pension liability	\$ 69,786,079	\$ 59,085,038	\$ 59,085,038	\$ 53,234,498	\$ 46,821,724	\$ 32,971,588	\$ 23,663,277
Covered payroll	<u>\$ 32,908,204</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	<u>212.06%</u>	<u>191.64%</u>	<u>198.23%</u>	<u>172.95%</u>	<u>166.68%</u>	<u>135.18%</u>	<u>108.13%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>70%</u>	<u>70%</u>	<u>71%</u>	<u>72%</u>	<u>74%</u>	<u>79%</u>	<u>83%</u>
Measurement Date	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 Contributions
Year Ended June 30, 2021

	2021	2020	2019	2018	2017	2016	2015
CalSTRS							
Contractually required contribution	\$ 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>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>
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>
Contributions as a percentage of covered payroll	<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>
CalPERS							
Contractually required contribution	\$ 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>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>
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>
Contributions as a percentage of covered payroll	<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, 2021, the District General Fund exceeded the budgeted amount in total as follows:

Funds	Expenditures and Other Uses		
	Budget	Actual	Excess
General Fund	\$ 204,821,361	\$ 206,958,719	\$ 2,137,358

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 2.66% in 2020 to 2.19% in 2021.

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 Benefits Terms* – There were no changes in the benefits terms since the previous valuation.
- *Changes in Assumptions* – The plan rate of investment return assumption was changed from 3.50% to 2.21% 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 District 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, 2021

Lynwood Unified School District

Lynwood Unified School District
Schedule of Expenditures of Federal Awards
June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing / Federal CFDA Number	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	\$ 2,695,003
Special Education Grants to States - Mental Health	84.027A	15197	145,219
Special Education Preschool Grants - Preschool Staff Development	84.173	13430	58,478
Special Education Preschool Grants - Preschool Capacity Building	84.173	13839	<u>12,000</u>
Total Special Education (IDEA) Cluster			<u>2,910,700</u>
COVID-19 Elementary and Secondary School Emergency Relief (ESSER) Funds	84.425D	15536	2,846,233
COVID-19 Elementary and Secondary School Emergency Relief II (ESSER II) Funds	84.425D	15547	6,299,967
COVID-19 Governor's Emergency Education Relief (GEER) Fund	84.425C	15517	87,214
COVID-19 CARES Act Supplemental Meal Reimbursement	84.425D	15535	<u>210,528</u>
Subtotal			<u>9,443,942</u>
Adult Education - Basic Grants to States	84.002A	14508	98,570
Adult Education - Basic Grants to States	84.002	13978	25,973
Adult Education - Basic Grants to States	84.002A	14109	<u>41,463</u>
Subtotal			<u>166,006</u>
Migrant Education State Grant Program	84.011	14838	101,828
Migrant Education State Grant Program	84.011	10005	<u>16,716</u>
Subtotal			<u>118,544</u>
Career and Technical Education - Basic Grants to States	84.048	14894	5,706
Career and Technical Education - Basic Grants to States	84.048	14893	<u>128,948</u>
Subtotal			<u>134,654</u>
Title I Grants to Local Educational Agencies	84.010	14329	5,757,391
Title I, School Improvement (CSI)	84.010	15438	<u>102,434</u>
Subtotal			<u>5,859,825</u>
Title III, Limited English Proficiency (LEP)	84.365	14346	349,638
Student Support and Academic Enrichment Program	84.424	15396	426,021
Title IV, Part B, Twenty-First Century Community Learning Centers	84.287	14349	1,214,925
Education for Homeless Children and Youth	84.196	14332	72,266
Special Education-Grants for Infants and Families	84.181	23761	<u>27,811</u>
Total U.S. Department of Education			<u>20,724,332</u>

Lynwood Unified School District
Schedule of Expenditures of Federal Awards
June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing / Federal CFDA Number	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	93.575	15555	<u>\$ 180,259</u>
U.S. Department of Treasury			
Passed Through CDE			
COVID-19 Coronavirus Relief Fund	21.019	25516	<u>15,764,386</u>
U.S. Department of Agriculture			
Passed Through CDE			
Child Nutrition Cluster			
National School Lunch Program	10.555	13391	48,467
National School Lunch Program - Meal Supplements	10.555	13396	841
School Breakfast Program - Especially Needy Breakfast	10.553	13526	25,262
National School Lunch Program - Summer Food Program	10.559	13004	3,007,435
National School Lunch Program - Commodity Supplemental Food	10.555	13391	<u>875,089</u>
Total Child Nutrition Cluster			<u>3,957,094</u>
Child and Adult Care Food Program	10.558	13004	<u>1,909,211</u>
Total U.S. Department of Agriculture			<u>5,866,305</u>
Total Federal Financial Assistance			<u><u>\$ 42,535,282</u></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	Dec 2018 – Dec 2022
Julian Del Real-Calleros	Vice-President	Apr 2021 – Dec 2022*
Gary Hardie Jr.	Clerk	Dec 2020 – Dec 2024
Maria G. Lopez	Member	Dec 2020 – Dec 2024
Alma Carina Castro, Ed.D.	Member	Dec 2020 – Dec 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 Instructional Time

Year Ended June 30, 2021

Grade Level	Number of Actual Days		Number of Days Credited Form J-13A	Total Days Offered	Status
	Traditional Calendar	Multitrack Calendar			
Kindergarten	180	N/A	-	180	Complied
Grades 1 - 3					
Grade 1	180	N/A	-	180	Complied
Grade 2	180	N/A	-	180	Complied
Grade 3	180	N/A	-	180	Complied
Grades 4 - 8					
Grade 4	180	N/A	-	180	Complied
Grade 5	180	N/A	-	180	Complied
Grade 6	180	N/A	-	180	Complied
Grade 7	180	N/A	-	180	Complied
Grade 8	180	N/A	-	180	Complied
Grades 9 - 12					
Grade 9	180	N/A	-	180	Complied
Grade 10	180	N/A	-	180	Complied
Grade 11	180	N/A	-	180	Complied
Grade 12	180	N/A	-	180	Complied

Lynwood Unified School District
 Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
 Year Ended June 30, 2021

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

	<u>General Fund</u>	<u>Building Fund</u>	<u>Student Activity Fund</u>	<u>Child Development Fund</u>
Fund Balance				
Balance, June 30, 2021, Unaudited Actuals	\$ 49,689,624	\$ 13,298,168	\$ 699,513	\$ 260,809
Increase in				
Cash in bank	-	-	8,057	-
Decrease in				
Cash in county treasury	(292,877)	(87,443)	-	(5,935)
Stores inventories	-	-	(3,632)	-
Other assets	-	-	(5)	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance, June 30, 2021, Audited Financial Statements	<u>\$ 49,396,747</u>	<u>\$ 13,210,725</u>	<u>\$ 703,933</u>	<u>\$ 254,874</u>

	<u>Cafeteria Fund</u>	<u>Capital Facilities Fund</u>	<u>County School Facilities Fund</u>	<u>Bond Interest and Redemption Fund</u>	<u>Internal Service Fund</u>
Fund Balance					
Balance, June 30, 2021, Unaudited Actuals	\$ 630,039	\$ 1,543,937	\$ 2,307,083	\$ 5,311,828	\$ 6,923,536
Increase in					
Cash in bank	-	-	-	-	-
Decrease in					
Cash in county treasury	(8,988)	(8,571)	(13,507)	(29,802)	(73,057)
Stores inventories	-	-	-	-	-
Other assets	-	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance, June 30, 2021, Audited Financial Statements	<u>\$ 621,051</u>	<u>\$ 1,535,366</u>	<u>\$ 2,293,576</u>	<u>\$ 5,282,026</u>	<u>\$ 6,850,479</u>

Lynwood Unified School District
 Schedule of Financial Trends and Analysis
 Year Ended June 30, 2021

	(Budget) 2022 ¹	2021	2020	2019
General Fund ³				
Revenues	\$ 272,098,120	\$ 219,489,861	\$ 190,418,779	\$ 196,519,118
Expenditures	280,445,253	203,293,450	191,974,214	193,405,468
Other uses	1,970,088	642,463	1,734,554	2,001,623
Total Expenditures and Other Uses	<u>282,415,341</u>	<u>203,935,913</u>	<u>193,708,768</u>	<u>195,407,091</u>
Increase/(Decrease) in Fund Balance	<u>(10,317,221)</u>	<u>14,666,073</u>	<u>(3,289,989)</u>	<u>1,112,027</u>
Ending Fund Balance	<u>\$ 38,519,374</u>	<u>\$ 48,836,595</u>	<u>\$ 34,170,522</u>	<u>\$ 37,460,511</u>
Available Reserves ²	<u>\$ 27,157,148</u>	<u>\$ 34,969,280</u>	<u>\$ 24,202,505</u>	<u>\$ 28,768,665</u>
Available Reserves as a Percentage of Total Outgo	<u>9.62%</u>	<u>17.15%</u>	<u>12.49%</u>	<u>14.72%</u>
Long-Term Liabilities	<u>N/A</u>	<u>\$ 352,963,200</u>	<u>\$ 338,851,462</u>	<u>\$ 309,341,974</u>
K-12 Average Daily Attendance at P-2	<u>11,510</u>	<u>12,415</u>	<u>12,415</u>	<u>12,824</u>

The General Fund balance has increased by \$11,376,084 over the past two years. The fiscal year 2021-2022 budget projects a decrease of \$10,317,221 (21%). For a district this size, the State recommends available reserves of at least 3% 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 2020-2021 fiscal year. Total long-term liabilities have increased by \$43,621,226 over the past two years.

Average daily attendance has decreased by 409 over the past two years. A decline of 905 ADA is anticipated during fiscal year 2021-2022.

1 Budget 2022 is included for analytical purposes only and has not been subjected to audit.

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

3 General Fund amounts do not include activity related to the consolidation of the 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, 2021

	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
Assets								
Deposits and investments	\$ 642,441	\$ 1,051,940	\$ 1,594,115	\$ 1,519,143	\$ 2,393,920	\$ 5,282,026	\$ 6,178	\$ 12,489,763
Receivables	-	378,576	684,470	16,223	5,088	-	13	1,084,370
Stores inventories	61,492	-	64,564	-	-	-	-	126,056
Total assets	\$ 703,933	\$ 1,430,516	\$ 2,343,149	\$ 1,535,366	\$ 2,399,008	\$ 5,282,026	\$ 6,191	\$ 13,700,189
Liabilities and Fund Balances								
Liabilities								
Accounts payable	\$ -	\$ 1,149,949	\$ 1,722,098	\$ -	\$ 105,432	\$ -	\$ -	\$ 2,977,479
Unearned revenue	-	25,693	-	-	-	-	-	25,693
Total liabilities	-	1,175,642	1,722,098	-	105,432	-	-	3,003,172
Fund Balances								
Nonspendable	61,492	-	65,664	-	-	-	-	127,156
Restricted	642,441	254,874	555,387	1,535,366	2,293,576	5,282,026	6,191	10,569,861
Total fund balances	703,933	254,874	621,051	1,535,366	2,293,576	5,282,026	6,191	10,697,017
Total liabilities and fund balances	\$ 703,933	\$ 1,430,516	\$ 2,343,149	\$ 1,535,366	\$ 2,399,008	\$ 5,282,026	\$ 6,191	\$ 13,700,189

Lynwood Unified School District
Combining Statement of Revenues, Expenditure, and Changes in Fund Balances – Non-Major Governmental
Funds
Year Ended June 30, 2021

	Student Activity Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund
Revenues				
Federal sources	\$ -	\$ 180,259	\$ 6,076,834	\$ -
Other State sources	-	3,770,859	275,671	-
Other local sources	294,761	75,039	73,907	280,977
Total revenues	<u>294,761</u>	<u>4,026,157</u>	<u>6,426,412</u>	<u>280,977</u>
Expenditures				
Current				
Instruction	-	3,248,133	-	-
Instruction-related activities				
Supervision of instruction	-	15,810	-	-
Instructional library, media, and technology	-	61,282	-	-
School site administration	-	1,058,988	-	-
Pupil services				
Food services	-	-	6,079,161	-
All other pupil services	372,182	15,432	-	-
Administration				
All other administration	-	-	178,244	-
Plant services	-	8,230	15,024	-
Facility acquisition and construction	-	14,084	-	-
Debt service				
Principal	-	-	-	-
Interest and other	-	-	-	-
Total expenditures	<u>372,182</u>	<u>4,421,959</u>	<u>6,272,429</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(77,421)</u>	<u>(395,802)</u>	<u>153,983</u>	<u>280,977</u>
Other Financing Sources				
Transfers in	-	642,463	-	-
Net Change in Fund Balances	(77,421)	246,661	153,983	280,977
Fund Balance - Beginning, as restated	<u>781,354</u>	<u>8,213</u>	<u>467,068</u>	<u>1,254,389</u>
Fund Balance - Ending	<u>\$ 703,933</u>	<u>\$ 254,874</u>	<u>\$ 621,051</u>	<u>\$ 1,535,366</u>

Lynwood Unified School District

Combining Statement of Revenues, Expenditure, and Changes in Fund Balances – Non-Major Governmental
Funds
Year Ended June 30, 2021

	County School Facilities Fund	Bond Interest and Redemption Fund	Tax Override Fund	Non-Major Governmental Funds
Revenues				
Federal sources	\$ -	\$ -	\$ -	\$ 6,257,093
Other State sources	248,946	22,795	-	4,318,271
Other local sources	(1,215)	3,400,609	33	4,124,111
Total revenues	<u>247,731</u>	<u>3,423,404</u>	<u>33</u>	<u>14,699,475</u>
Expenditures				
Current				
Instruction	-	-	-	3,248,133
Instruction-related activities				
Supervision of instruction	-	-	-	15,810
Instructional library, media, and technology	-	-	-	61,282
School site administration	-	-	-	1,058,988
Pupil services				
Food services	-	-	-	6,079,161
All other pupil services	-	-	-	387,614
Administration				
All other administration	-	-	-	178,244
Plant services	-	-	-	23,254
Facility acquisition and construction	14,381	-	-	28,465
Debt service				
Principal	-	2,265,000	-	2,265,000
Interest and other	-	3,000,053	-	3,000,053
Total expenditures	<u>14,381</u>	<u>5,265,053</u>	<u>-</u>	<u>16,346,004</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>233,350</u>	<u>(1,841,649)</u>	<u>33</u>	<u>(1,646,529)</u>
Other Financing Sources				
Transfers in	-	-	-	642,463
Net Change in Fund Balances	233,350	(1,841,649)	33	(1,004,066)
Fund Balance - Beginning, as restated	2,060,226	7,123,675	6,158	11,701,083
Fund Balance - Ending	<u>\$ 2,293,576</u>	<u>\$ 5,282,026</u>	<u>\$ 6,191</u>	<u>\$ 10,697,017</u>

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, 2020. The information is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the net position 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, 2021, 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 Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. The District neither met nor exceeded 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 47612 through 47612.5.

Districts must maintain their instructional minutes at the 1986-87 requirements, as required by *Education Code* Section 47612.5.

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

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



Independent Auditor's Reports
June 30, 2021

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 Board of Directors
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, 2021, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements and have issued our report thereon dated March 17, 2022.

Emphasis of Matter – Change in Accounting Principle

As discussed in Notes 1 and 15 to the financial statements, the District has adopted the provisions of GASB Statement No. 84, Fiduciary Activities, which has resulted in a restatement of the net position and fund balance as of July 1, 2020. Our opinions are not modified with respect to this matter.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Rancho Cucamonga, California
March 17, 2022



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

To the Board of Directors
Lynwood Unified School District
Lynwood, California

Report on Compliance for Each Major Federal Program

We have audited Lynwood Unified School District's (the District) compliance with the types of compliance requirements described 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, 2021. 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.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each of the Major Federal Program

In our opinion, the District's complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

The District's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP". The signature is written in black ink and is positioned above the printed name and date.

Rancho Cucamonga, California
March 17, 2022



Independent Auditor's Report on State Compliance

To the Board of Directors
Lynwood Unified School District
Lynwood, California

Report on State Compliance

We have audited Lynwood Unified School District's (the District) compliance with the types of compliance requirements described in the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, applicable to the state laws and regulations listed in the table below for the year ended June 30, 2021.

Management's Responsibility

Management is responsible for compliance with the state laws and regulations as identified in the table below.

Auditor's Responsibility

Our responsibility is to express an opinion on the District's compliance with state laws and regulations based on our audit of the types of compliance requirements referred to below. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements listed below has occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on state compliance. However, our audit does not provide a legal determination of the District's compliance.

Compliance Requirements Tested

In connection with the audit referred to above, we selected and tested transactions and records to determine the District’s compliance with laws and regulations applicable to the following items:

	<u>Procedures Performed</u>
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS	
Attendance and Distance Learning	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	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
K-3 Grade Span Adjustment	Yes
Apprenticeship: Related and Supplemental Instruction	No, see below
Comprehensive School Safety Plan	Yes
District of Choice	No, see below
SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS	
California Clean Energy Jobs Act	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Independent Study - Course Based	No, see below
CHARTER SCHOOLS	
Attendance	No, see below
Mode of Instruction	No, see below
Nonclassroom-Based Instruction/Independent Study	No, see below
Determination of Funding for Nonclassroom-Based Instruction	No, see below
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 Apprenticeship: Related and Supplemental Instruction procedures because the program is not offered by the District.

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

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

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

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

Unmodified Opinion

In our opinion, Lynwood Unified School District complied, in all material respects, with the laws and regulations of the state programs referred to above for the year ended June 30, 2021.

The purpose of this report on state compliance is solely to describe the results of our testing based on the requirements of the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

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

Rancho Cucamonga, California
March 17, 2022

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

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

Identification of major programs:

Name of Federal Program or Cluster	Assistance Listing Number (ALN)
COVID-19 Coronavirus Relief Fund	21.019
COVID-19 Educational Stabilization Funds	84.425D, 84.425C
Child and Adult Care Food Program	10.558
Child Nutrition Cluster	10.553, 10.555, 10.559
Dollar threshold used to distinguish between type A and type B programs:	\$1,276,058
Auditee qualified as low-risk auditee?	No

STATE COMPLIANCE

Type of auditor's report issued on compliance for programs:	Unmodified
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None noted.

None reported.

None reported.

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

Financial Statement Findings

2020-001 30000 – Financial Statement Preparation and Audit Adjustments

Criteria or Specific Requirements

Management should have an internal control system in place designed to provide for the preparation of the financial statements being audited. This includes proper reporting on a modified accrual basis of accounting and the ability to convert the trial balance from modified accrual to full accrual under the requirements of the Governmental Accounting Standards Board (GASB). It also includes the ability to prepare the required footnote disclosures by GASB. Additionally, this includes posting of all material adjustments necessary to accurately reflect the activity of the District throughout the year.

Condition

Communicating Internal Control Related Matters Identified in an Audit defines a material weakness and significant deficiency. According to these definitions, an internal control system design must include elements to accurately prepare financial statements without adjustments by the auditor. As auditors, we were requested to assist management in the preparation of the financial statements from the trial balances. This preparation included certain accrual closing entries, government-wide reporting conversion entries and footnotes.

Questioned costs

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

Context

Certain accrual closing entries related to accounts receivable and claims liabilities were misstated.

Effect

The auditor proposed certain accrual closing entries, government-wide reporting conversion entries and prepared the footnotes and reported financial data in accordance with generally accepted accounting principles to address the overstatement of accounts receivable and the understatement of claims liabilities.

Cause

The condition identified appears to have been caused by the lack of formal procedures related to this process, including the assignment of personnel to track and monitor these activities on a regular basis.

Repeat Finding

No.

Recommendation

Management and those charged with governance should implement a control system which allows for the monitoring of receivables, claims liabilities, and the related disclosure and consider whether to accept the degree of risk associated with this condition because of cost or other considerations.

Current Status

Implemented

2020-002 Code 50000 (Material Weakness)

Federal Program Affected

Title: Child Nutrition Cluster

CFDA: 10.553, 10.555, 10.559

Pass-Through Agency: California Department of Education

Federal Agency: U.S. Department of Agriculture

Criteria or Specific Requirements

Per Title 2, Code of Federal Regulations, Part 200, Subpart E, Section 200.430(i)(1)(vii), charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.

Condition

Lynwood Unified School District did not have sufficient controls in place to ensure that employees working on multiple activities or cost objectives maintain time accounting documentation in accordance with Federal requirements. Specifically, 10 employees were missing their time accounting documentation for the 2019-2020 fiscal year.

Questioned Costs

This finding represents a material weakness in internal control over federal compliance. However, there were no questioned costs associated with this finding as we did not identify any noncompliance or unallowable expenditures as a result of the finding.

Context

A significant amount of the Federal expenditures related to these programs are derived from payroll costs. While the salaries appear to be reasonable and necessary for the program objectives, the District did not provide the required supporting documentation as outlined in the Title 2, Code of Federal Regulations, Part 200, Subpart E, Section 200.430 (i)(1)(vii). Further, there does not appear to be adequate policies and procedures necessary to support that the District has controls over compliance objectives.

Effect

The District has not complied with the requirements identified in Title 2, Code of Federal Regulations, Part 200, Subpart E, Section 200.430 (i)(1)(vii).

Cause

The condition identified appears to have materialized due to the District's lack of established procedures to ensure compliance with the requirements under Title 2, Code of Federal Regulations, Part 200, Subpart E, Section 200.430 (i)(1)(vii).

Repeat Finding (Yes or No)

No.

Recommendation

The District should review the requirements stated in Title 2, Code of Federal Regulations, Part 200, Subpart E, Section 200.430 (i)(1)(vii) and implement a procedure to address the control deficiency currently identified with the District's time accounting documentation as it relates to employees working on single or multiple activities or cost objectives.

Current Status

Implemented