

LAKESIDE UNION SCHOOL DISTRICT  
BOARD OF TRUSTEES  
SPECIAL MEETING  
AGENDA

Lakeside School Auditorium  
14535 Old River Road  
Bakersfield, CA 93311

May 20, 2024  
6:30 P.M.

Any materials required by law to be made available to the public prior to a meeting of the Board of Trustees of the District can be inspected at the following address during normal business hours: Lakeside Union School District Office, 14535 Old River Road, Bakersfield, CA 93311.

1. CALL TO ORDER, ROLL CALL AND FLAG SALUTE

BOARD OF TRUSTEES:            Mario Buoni(MB)                             Alan Banducci(AB)  
          Tamara Jones(TJ)                             Russell Robertson(RR)  
          Darin Buoni(DB)

2. DISCUSSION OR ACTION ITEMS

A. Budget and Finance

(1) Approval of Revised Audit for Year Ending June 30, 2023.

Moved            Seconded            Roll Call Vote: MB        AB        TJ        RR        DB         
Vote: Yes(Y)            No(N)            Abstained(A)            Absent(AB)           

3. ADVANCE PLANNING

A. Future Meeting Dates

(1) Regular Board Meeting – June 11, 2024 at 6:30 p.m. in the Lakeside School Auditorium.

(2) Special Board Meeting – June 18, 2024 at 6:30 p.m. in the Lakeside School Auditorium.

4. ADJOURNMENT

Time:           

Moved            Seconded            Roll Call Vote: MB        AB        TJ        RR        DB         
Vote: Yes(Y)            No(N)            Abstained(A)            Absent(AB)           

For information regarding how, to whom, and when a request for disability-related modification or accommodation, including auxiliary aids or services, may be made by a person with a disability who requires a modification or accommodation to participate in the public meeting, please contact Ty Bryson, District Superintendent.



Lakeside Union School District  
County of Kern  
Bakersfield, California  
June 30, 2023

Independent Auditor's Report  
and Financial Statements



Lakeside Union School District  
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June 30, 2023

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## **Independent Auditor's Report**

To the Board of Trustees  
Lakeside Union School District  
Bakersfield, California 93311

### **Report on the Audit of the Financial Statements**

#### **Opinions**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lakeside Union School District ("the District") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Lakeside Union School District as of June 30, 2023, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

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

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

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

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

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

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

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

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

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

### **Required Supplementary Information**

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

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lakeside Union School District's basic financial statements. The combining financial statements are presented for purposes of additional analysis and are not required parts of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements. The accompanying other supplementary information is presented for purposes of additional analysis as required by the State's audit guide, 2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting prescribed in Title 5, California Code of Regulations, Section 19810 and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements and other supplementary information 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.

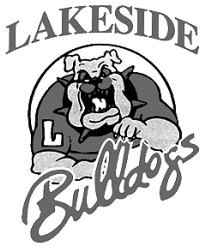
**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated May 6, 2024 on our consideration of Lakeside Union School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting and compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Lakeside Union School District's internal control over financial reporting and compliance.

Respectfully submitted,

A handwritten signature in cursive script that reads "Linger, Peterson & Shrum".

Linger, Peterson & Shrum  
Fresno, California  
May 6, 2024



# Lakeside Union School District

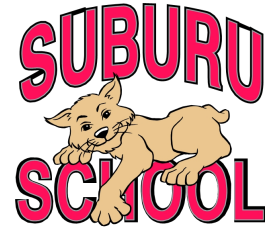
TY BRYSON, DISTRICT SUPERINTENDENT

*"BUILDING ON EXCELLENCE"*

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## **LAKESIDE UNION SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2023**

The discussion and analysis of the Lakeside Union School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

### **FINANCIAL HIGHLIGHTS**

Key financial highlights for fiscal year 2023 are as follows:

- Total assets increased \$4,787,060. Net position increased \$5,379,158 from the prior year net position, which represents a 136.42% increase from fiscal year 2022 net position.
- General revenues accounted for \$19,481,484 of the total revenues. Program specific revenues, in the form of charges for services were \$1,704,968 and operating grants and contributions accounted for \$9,652,876.
- The District had \$25,460,170 in expenses related to governmental activities; only \$11,357,844 of these expenses were offset by program specific charges for services, grants and contributions. General revenues (primarily interest, property taxes, and Federal and State aid not restricted to specific purposes) of \$19,481,484 were adequate to provide for these programs.

### **USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District as a financial whole, or as an entire operating entity.

The Statement of Net Position and Statement of Activities provide information about the activities as a whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending.



## **REPORTING THE DISTRICT AS A WHOLE**

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

While this report contains a large number of funds used by the District to provide programs and activities, the view of the District as a whole, looks at all financial transactions and asks the question: “How did we do financially during the fiscal year?” The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting system used by most private sector companies. This basis of accounting takes into account all of the current year’s revenues and expenses, regardless of when cash was received or paid.

These two statements report the District’s net position and changes in net position. This change in net position is important because it identifies whether the financial position of the District has improved or diminished for the District as a whole. The cause of this change may be the result of many factors, some financial, some not. Nonfinancial factors include the District’s property tax base, current property tax laws in California restricting revenue growth, facility conditions, required educational programs, and other factors.

In the Statement of Net Position and the Statement of Activities, the District reports the following activities:

- Governmental activities – All of the District’s programs and services are reported here, including instruction, support services, operation and maintenance of plant, pupil transportation, and extracurricular activities.

### **Reporting the District's Most Significant/Major Funds**

#### **Fund Financial Statements**

Fund financial reports provide detailed information about the District’s major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District’s most significant funds. The District’s major governmental funds are the General Fund and the Capital Facilities Fund.

#### **Governmental Funds**

All of the District’s activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at the fiscal year end for spending in future periods. 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 less financial resources that can be spent in the near future to finance educational programs. The relationship, or differences, between governmental activities reported in the Statement of Net Position and the Statement of Activities, and the governmental funds is reconciled in the financial statements.

## **THE DISTRICT AS A WHOLE**

### **Net Position**

The perspective of the Statement of Net Position is of the District as a whole. Table 1 provides a summary of the District's net position for 2023 compared to 2022:

**Table 1: Net Position**

	Governmental Activities	
	2023	2022
<b>Assets</b>		
Current and other assets	\$ 20,502,619	\$ 15,296,806
Capital assets, net	13,999,934	14,418,687
Total Assets	<u>34,502,553</u>	<u>29,715,493</u>
<b>Deferred Outflows</b>	<u>3,757,888</u>	<u>3,542,369</u>
<b>Liabilities</b>		
Current liabilities	1,180,498	1,527,698
Long-term liabilities	34,202,789	30,143,798
Total Liabilities	<u>35,383,287</u>	<u>31,671,496</u>
<b>Deferred Inflows</b>	<u>1,441,139</u>	<u>5,529,509</u>
<b>Net Position</b>		
Net investment in capital assets	(5,801,060)	(5,459,313)
Restricted	16,591,775	13,491,479
Unrestricted	(9,354,700)	(11,975,309)
Total Net Position	<u>\$ 1,436,015</u>	<u>\$ (3,943,143)</u>

Total assets increased \$4,787,060. Net position of the District's governmental activities increased \$5,379,158 from the prior year net position.

## Changes in Net Position

Table 2 reflects the change in net position for fiscal year 2023 compared to 2022:

**Table 2: Changes in Net Position**

	Governmental Activities	
	2023	2022
<b>Revenues:</b>		
Program revenues:		
Charges for services	\$ 1,704,968	\$ 2,528,089
Operating and capital grants and contributions	9,652,876	5,314,882
General revenues		
LCFF sources	17,023,413	14,240,710
State revenues	1,418,172	169,850
Local revenues	1,039,899	922,532
Total Revenues	30,839,328	23,176,063
<b>Program expenses:</b>		
Instruction	12,558,292	8,931,190
Instruction-related services	1,505,136	1,073,788
Pupil services	2,817,028	2,175,163
Ancillary services	42,875	54,270
Community services	94,277	74,064
General administration	1,097,307	1,271,880
Plant services	2,470,847	1,516,671
Other outgo	4,193,968	3,030,783
Interest on long-term debt	680,440	491,931
Total Expenses	25,460,170	18,619,740
<b>Changes in Net Position</b>	<u>\$ 5,379,158</u>	<u>\$ 4,556,323</u>

## THE DISTRICT'S FUNDS

The District's governmental funds are accounted for using the modified accrual basis of accounting. Total governmental funds had revenues of \$29,915,544, and expenditures of \$24,366,430. The positive change in the governmental fund balance for the year of \$5,549,114, reflects that the District was able to meet current costs with current revenue.

## General Fund Budgeting Highlights

The District's budget is prepared according to California law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During the course of fiscal year 2023, the District amended its General Fund budget as needed. The District uses a site-based budget. The budgeting systems are designed to tightly control total site budgets, but provide flexibility for site management.

### **CAPITAL ASSET AND DEBT ADMINISTRATION**

#### **Capital Assets**

At the end of fiscal year 2023, the District had \$13,999,934 invested in capital assets. Table 3 reflects fiscal year 2023 balances compared to 2022:

**Table 3: Capital Assets at Year-End (Net of Depreciation)**

	Governmental Activities	
	2023	2022
Land	\$ 5,825,200	\$ 5,825,200
Land improvement	2,114,020	2,293,579
Buildings	5,938,396	6,218,581
Equipment	122,318	81,327
Total	<u>\$ 13,999,934</u>	<u>\$ 14,418,687</u>

#### **Long-Term Debt**

At year-end, the District had \$11,246,000 in net pension liability. This is an increase of \$4,165,589 from last year as shown in Table 4.

**Table 4: Outstanding Debt, at Year-End**

	Governmental Activities	
	2023	2022
Net pension liability	\$ 11,246,000	\$ 7,080,411
General obligation bonds	17,844,044	17,969,527
Accreted interest on general obligation bonds	1,919,612	1,871,135
Postemployment health benefits	3,114,779	3,153,319
Compensated absences	78,354	69,406
Total	<u>\$ 34,202,789</u>	<u>\$ 30,143,798</u>

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

In light of the COVID pandemic, the United States Department of Agriculture declared that all K-12 students are eligible to receive free meals, regardless of the students' household incomes. This change increased the District's cafeteria funding to provide meals to students.

With the current Governor's interest in supporting school facility funding, there is hope for additional funding. With the challenges that are currently faced at Lakeside Union School District we will continue to explore and advocate for any possible funding sources to update and improve facilities. The District is committed to remaining fiscally conservative while making certain we address our facilities updates in an organized and informed fashion.

The Lakeside Union School District maintains more than the required 5% reserve for economic uncertainties, and continues to build its special reserves. The Lakeside Union School District has no long-term debt other than the net pension liability and, as in the past, will continue to be fiscally conservative.

In March 2020, the World Health Organization declared COVID-19 a global pandemic. This outbreak has continued to spread, and any related adverse public health developments have affected School Districts and Governments globally, resulting in an economic downturn. It has also disrupted the normal operations of the School District, forcing closures and changes needed to operate. It is not possible to predict the duration or magnitude of the adverse results of the outbreak and its effects on the School District or the results of operations at this time.

#### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances, and to reflect the District's accountability for the monies it receives. Questions about this report or additional financial information needs should be directed to Kimberly Scogin, Business Manager, at Lakeside Union School District, 14535 Old River Road, Bakersfield, California 93311.

## Basic Financial Statements

Lakeside Union School District  
Statement of Net Position  
June 30, 2023

	Governmental Activities
Assets:	
Cash and cash equivalents	\$ 16,447,744
Accounts receivable	3,609,648
Due from grantor governments	445,227
Capital assets not depreciated	5,825,200
Capital assets, net of accumulated depreciation and amortization	8,174,734
Total assets	<u>34,502,553</u>
Deferred Outflows of Resources:	
Deferred outflows of resources - Pensions	2,936,332
Deferred outflows of resources - OPEB	821,556
Total deferred outflows of resources	<u>3,757,888</u>
Liabilities:	
Accounts payable	842,553
Due to grantor governments	294,078
Unearned revenue	43,867
Long-term liabilities	
Other than pensions and OPEB due within one year	273,170
Other than pensions and OPEB due after one year	19,568,840
Net pension liability	11,246,000
Other postemployment benefits liability (OPEB)	3,114,779
Total liabilities	<u>35,383,287</u>
Deferred Inflows of Resources:	
Deferred inflows of resources - Pensions	1,016,743
Deferred inflows of resources - OPEB	424,396
Total deferred inflows of resources	<u>1,441,139</u>
Net Position:	
Net investment in capital assets	(5,801,060)
Restricted for:	
Debt service	582,803
Capital projects	12,985,154
Other purposes	3,023,818
Unrestricted	(9,354,700)
Total net position	<u>\$ 1,436,015</u>

The accompanying notes are an integral part of this statement.

Lakeside Union School District  
Statement of Activities  
Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for	Operating	Revenue and
		Services	Grants and	Changes in
			Contributions	Net Position
				Governmental
				Activities
Primary Government:				
Governmental Activities:				
Instruction	\$ 12,558,292	\$ -	\$ 6,177,164	\$ (6,381,128)
Instruction-related services	1,505,136	-	163,475	(1,341,661)
Pupil services	2,817,028	-	2,023,519	(793,509)
Ancillary services	42,875	-	-	(42,875)
Community services	94,277	-	-	(94,277)
General administration	1,097,307	1,704,968	456,582	1,064,243
Plant services	2,470,847	-	(177,193)	(2,648,040)
Other outgo	4,193,968	-	1,009,329	(3,184,639)
Interest on long-term obligations	680,440	-	-	(680,440)
Total governmental activities	<u>25,460,170</u>	<u>1,704,968</u>	<u>9,652,876</u>	<u>(14,102,326)</u>
Total primary government	<u>\$ 25,460,170</u>	<u>\$ 1,704,968</u>	<u>\$ 9,652,876</u>	<u>(14,102,326)</u>
General Revenues:				
LCFF sources				17,023,413
State revenues				1,418,172
Local revenues				<u>1,039,899</u>
Total general revenues				<u>19,481,484</u>
Change in Net Position				5,379,158
Net Position - Beginning				<u>(3,943,143)</u>
Net Position - Ending				<u>\$ 1,436,015</u>

The accompanying notes are an integral part of this statement.



Lakeside Union School District  
Balance Sheet - Governmental Funds  
June 30, 2023

	General Fund (Combined)	Capital Facilities Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>				
Cash in County Treasury	\$ 6,115,538	\$ 7,572,574	\$ 2,676,942	\$ 16,365,054
Cash on hand and in banks	-	-	81,557	81,557
Cash in revolving fund	1,000	-	-	1,000
Cash with a fiscal agent/trustee	-	133	-	133
Accounts receivable	2,262,214	670,033	677,401	3,609,648
Due from grantor governments	445,227	-	-	445,227
Due from other funds	1,843,924	3,050,000	20,000	4,913,924
Total assets	<u>10,667,903</u>	<u>11,292,740</u>	<u>3,455,900</u>	<u>25,416,543</u>
<b>Liabilities and Fund Balance:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 794,349	\$ 10,866	\$ -	\$ 805,215
Due to grantor governments	294,078	-	-	294,078
Due to other funds	4,720,000	-	193,924	4,913,924
Current loans	-	-	-	-
Unearned revenue	43,867	-	-	43,867
Total liabilities	<u>5,852,294</u>	<u>10,866</u>	<u>193,924</u>	<u>6,057,084</u>
<b>Fund Balance:</b>				
<b>Nonspendable fund balances:</b>				
Revolving cash	1,000	-	-	1,000
Restricted fund balances	2,047,925	11,281,874	3,261,976	16,591,775
Assigned fund balances	452,945	-	-	452,945
<b>Unassigned:</b>				
Reserve for economic uncertainty	661,235	-	-	661,235
Other unassigned	1,652,504	-	-	1,652,504
Total fund balance	<u>4,815,609</u>	<u>11,281,874</u>	<u>3,261,976</u>	<u>19,359,459</u>
Total liabilities and fund balances	<u>\$ 10,667,903</u>	<u>\$ 11,292,740</u>	<u>\$ 3,455,900</u>	<u>\$ 25,416,543</u>

The accompanying notes are an integral part of this statement.

Lakeside Union School District  
Reconciliation of the Balance Sheet - Governmental Funds, to the Statement of Net Position  
June 30, 2023

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Total Fund Balances - Balance Sheet, Governmental Funds \$ 19,359,459

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:

Capital assets	23,629,730
Accumulated depreciation/amortization	(9,629,796)

Certain liabilities are not due and payable in the current period and therefore are not reported in the funds:

Accrued interest payable	(37,338)
General obligation bonds payable	(17,844,044)
Accreted interest	(1,919,612)
Other post-employment benefits payable (OPEB)	(3,114,779)
Net pension liability	(11,246,000)
Compensated absences payable	(78,354)

Deferred outflows and inflows of resources are not reported in the funds because they are applicable to future periods:

Deferred outflows of resources related to pensions	2,936,332
Deferred inflows of resources related to pensions	(1,016,743)
Deferred outflows of resources related to OPEB	821,556
Deferred inflows of resources related to OPEB	(424,396)

Total Fund Balance of Governmental Activities - Statement of Net Position	<u>\$ 1,436,015</u>
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The accompanying notes are an integral part of this statement.

Lakeside Union School District  
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds  
Year Ended June 30, 2023

	General Fund (Combined)	Capital Facilities Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
LCFF sources:				
State apportionment or State aid	\$ 12,909,892	\$ -	\$ -	\$ 12,909,892
Education protection account funds	1,302,421	-	-	1,302,421
Local sources	2,811,100	-	-	2,811,100
Federal revenue	3,092,437	-	616,917	3,709,354
Other State revenue	4,506,802	-	681,913	5,188,715
Other local revenue	1,340,245	1,849,225	804,592	3,994,062
Total revenues	<u>25,962,897</u>	<u>1,849,225</u>	<u>2,103,422</u>	<u>29,915,544</u>
Expenditures:				
Current:				
Instruction	11,704,375	-	-	11,704,375
Instruction-related services	1,452,794	-	-	1,452,794
Pupil services	1,919,896	-	812,594	2,732,490
Ancillary services	-	-	42,875	42,875
Community services	95,245	-	-	95,245
General administration	1,049,524	23,339	-	1,072,863
Plant services	2,155,914	68,099	18,968	2,242,981
Other outgo	4,193,968	-	-	4,193,968
Capital outlay	67,494	-	-	67,494
Debt service:				
Principal	-	-	125,483	125,483
Interest and other service charges	-	-	635,862	635,862
Total expenditures	<u>22,639,210</u>	<u>91,438</u>	<u>1,635,782</u>	<u>24,366,430</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,323,687</u>	<u>1,757,787</u>	<u>467,640</u>	<u>5,549,114</u>
Other Financing Sources (Uses):				
Other sources	-	-	3,899	3,899
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>3,899</u>	<u>3,899</u>
Net Change in Fund Balance	3,323,687	1,757,787	471,539	5,553,013
Fund Balance, July 1	1,491,922	9,524,087	2,790,437	13,806,446
Fund Balance, June 30	<u>\$ 4,815,609</u>	<u>\$ 11,281,874</u>	<u>\$ 3,261,976</u>	<u>\$ 19,359,459</u>

The accompanying notes are an integral part of this statement.

Lakeside Union School District

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

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Net Change in Fund Balances - Total Governmental Funds \$ 5,553,013

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Expenditures for capital outlay	67,494
Depreciation expense	(486,247)

Governmental funds report repayments of long-term debt as expenditures. In the Government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were: 125,483

Expenses reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in the funds:

Change in accrued interest payable and accreted interest	(44,578)
Compensated absences	(8,948)
Other post-employment benefits cost in excess of contributions	82,335

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (3,899)

In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual basis pension costs and actual employer contributions was: 94,505

Change in Net Position of Governmental Activities - Statement of Activities	<u>\$ 5,379,158</u>
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The accompanying notes are an integral part of this statement.

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

Lakeside Union School District (District) accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's "California School Accounting Manual." The accounting policies of the District conform to accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

#### ***Reporting Entity***

The District's combined financial statements include the accounts of all its operations. The District evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the District's reporting entity, as set forth in GASB Statement No. 14, "The Financial Reporting Entity," include whether:

- the organization is legally separate (can sue and be sued in its name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is fiscal dependency by the organization on the District

The District also evaluated each legally separate, tax-exempt organization whose resources are used principally to provide support to the District to determine if its omission from the reporting entity would result in financial statements which are misleading or incomplete. GASB Statement No. 14 requires inclusion of such an organization as a component unit when: 1) The economic resources received or held by the organization are entirely or almost entirely for the direct benefit of the District, its component units or its constituents; and 2) The District or its component units is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the organization; and 3) Such economic resources are significant to the District.

Based on these criteria, the District has no component units. Additionally, the District is not a component unit of any other reporting entity as defined by the GASB Statement.

#### ***Basis of Presentation, Basis of Accounting***

##### **Basis of Presentation**

Government-wide Statements: The statement of net position and the statement of activities include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) 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, including all taxes, are presented as general revenues.

**Fund Financial Statements:** The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The District reports the following major governmental funds:

General Fund is the general operating fund of the District. It is used to account for all financial resources not accounted for and reported in another fund. The General Fund, reported in these financial statements, includes the following Funds maintained by the District:

- Special Revenue Fund for Other Than Capital Outlay Projects (Fund 17)

Although funds listed above are separate funds authorized in the Education Code, they don't meet the definition of a Special Revenue Fund under accounting principles generally accepted in the United States of America, and have therefore been combined into the General Fund for financial reporting purposes. The beginning fund balances have also been combined.

Capital Facilities Fund is used to account for resources received from developer impact fees assessed under provisions of the California Environmental Quality Act (CEQA).

The District reports the following nonmajor governmental funds:

Student Body Fund is used to account for revenues received and expenditures made related to student activity funds.

Cafeteria Fund is used to account for revenues received and expenditures made to operate the District's cafeterias.

Building Fund is used to account for the acquisition of major governmental capital facilities and buildings from the sale of bond proceeds.

County School Facilities Fund is used to account for the accumulation and expenditure of funds for projects funded under the Leroy F. Greene School Facilities Act of 1998, as established by the Board in accordance with Education Code 42840 et seq.

Bond Interest and Redemption Fund is maintained by the County Treasurer and is used to account for both the accumulation of resources from ad valorem tax levies and the interest and redemption of principal of bonds issued by the District.

### Measurement Focus, Basis of Accounting

Government-wide Financial Statements: These financial statements are reported using the economic resources measurement focus. They are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within one year after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources.

### ***Encumbrances***

Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid. All encumbrances are liquidated as of June 30.

### ***Assets, Liabilities, and Equity***

#### Deposits and Investments

Cash balances held in banks and in revolving funds are insured to \$250,000 by the Federal Depository Insurance Corporation. All cash held by the financial institutions is fully insured or collateralized.

In accordance with Education Code Section 41001, the District maintains substantially all its cash in the Kern County Treasury. The county pools these funds with those of other districts in the county and invests the cash. These pooled funds are carried at cost, which approximates market value. Interest earned is deposited quarterly into participating funds, except for the Tax Override Funds, in which interest earned is credited to the general fund. Any investment losses are proportionately shared by all funds in the pool.

The county is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et seq. The funds maintained by the county are either secured by federal depository insurance or are collateralized.

Information regarding the amount of dollars invested in derivatives with Kern County Treasury was not available.

#### *Stores Inventories and Prepaid Expenditures*

Inventories are recorded using the purchases method in that the cost is recorded as an expenditure at the time individual inventory items are purchased. Inventories are valued at average cost and consist of expendable supplies held for consumption. Reported inventories are equally offset by a fund balance reserve, which indicates that these amounts are not "available for appropriation and expenditure" even though they are a component of net current assets.

The District has the option of reporting an expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditure when incurred.

#### *Capital Assets*

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.



Depreciation is computed using the straight-line method over the following estimated useful lives:

Asset Class	Examples	Estimated Useful Life in Years
Land		N/A
Site improvements	Paving, flagpoles, retaining walls, sidewalks, fencing, outdoor lighting	20
School buildings		50
Portable classrooms		25
HVAC systems	Heating, ventilation, air conditioning systems	20
Roofing		20
Interior construction		25
Carpet replacement		7
Electrical / plumbing		30
Sprinkler / fire system	Fire suppression systems	25
Outdoor equipment	Playground, radio towers, fuel tanks, pumps	20
Machinery and tools	Shop, maintenance equipment, tools	15
Kitchen equipment	Appliances	15
Custodial equipment	Floor scrubbers, vacuums, other	15
Science and engineering	Lab equipment, scientific apparatus	10
Furniture and accessories	Classroom and other furniture	20
Business machines	Fax, duplicating, and printing equipment	10
Copiers		5
Communications equipment	Mobile, portable radios, noncomputerized	10
Computer hardware	PC's, printers, network hardware	5
Computer software	Instructional, other short-term	5 to 10
Computer software	Administrative or long-term	10 to 20
Audiovisual equipment	Projectors, cameras (still and digital)	10
Athletic equipment	Gymnastics, football, weight machines, wrestling mats	10
Musical instruments	Pianos, strings, brass, percussion	10
Library books	Collections	5 to 7
Licensed vehicles	Buses, other on-road vehicles	8
Contractors' equipment	Major off-road vehicles, front-end loaders, large tractors, mobile air compressors	10
Grounds equipment	Mowers, tractors, attachments	15

#### Receivable and Payable Balances

The District believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

There are no significant receivables which are not scheduled for collection within one year of year end.

### Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as liabilities of the District. The current portion of the liabilities is recognized in the general fund at year end.

Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expense in the period taken since such benefits do not vest nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

### Unearned Revenue

Unearned revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the District prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

### Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the Government-wide Statement of Activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position.

Amounts due to and due from other funds as of June 30, 2023, consisted of the following:

	Interfund Receivables	Interfund Payables
General Fund	\$ 943,924	\$ 3,970,000
Cafeteria Special Revenue Fund	20,000	68,076
Special Revenue Fund for Other Than Capital Outlay Projects	900,000	750,000
Building Fund	-	123,348
Capital Facilities Fund	3,050,000	-
County Schools Facilities Fund	-	2,500
Total	<u>\$ 4,913,924</u>	<u>\$ 4,913,924</u>

### Property Taxes

Secured property taxes attach as an enforceable lien on property as of March 1. Taxes are payable in two installments on November 15 and March 15. Unsecured property taxes are payable in one installment on or before August 31. The County of Kern bills and collects the taxes for the District.

### Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows.

Nonspendable Fund Balance - represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance - represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance - represents amounts that can only be used for a specific purpose because of a formal action by the District's governing board. Committed amounts cannot be used for any other purpose unless the governing board removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the governing board. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance - represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the governing board or by an official or body to which the governing board delegates the authority. Specific amounts that are not restricted or committed" in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

Unassigned Fund Balance - represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for a purpose 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.

### ***Deferred Inflows and Deferred Outflows of Resources***

Deferred outflows of resources is a consumption of net assets or net position that is applicable to a future reporting period. Deferred inflows of resources is an acquisition of net assets or net position that is applicable to a future reporting period. Deferred outflows of resources and deferred inflows of resources are recorded in accordance with GASB Statement numbers 63 and 65.

### ***GASB 54 Fund Presentation***

Consistent with fund reporting requirements established by GASB Statement No. 54, Fund 17 (Special Reserve Fund for Other Than Capital Outlay) and Fund 20 (Special Reserve Fund for Postemployment Benefits) are merged with the General Fund for purposes of presentation in the audit report, if applicable.

### ***Pensions***

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the CalPERS Schools Pool Cost-Sharing Multiple-Employer Plan (CalPERS Plan) and CalSTRS Schools Pool Cost-Sharing Multiple Employer Plan (CalSTRS Plan) and additions to/deductions from the CalPERS Plan and CalSTRS Plan's fiduciary net positions have been determined on the same basis as they are reported by the CalPERS Financial Office and CalSTRS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined time frames. For this report, the following time frames are used:

Valuation Date (VD) (STRS)	June 30, 2022
Valuation Date (VD) (PERS)	June 30, 2021
Measurement Date (MD)	June 30, 2022
Measurement Period (MP)	July 1, 2021 to June 30, 2022

### ***Use of Estimates***

The preparation of financial statements in conformity with GAAP requires the use of management's estimates. Actual results could differ from those estimates.

### ***Fair Value Measurements***

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles as defined by Governmental Accounting Standards Board (GASB) Statement No. 72. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The hierarchy is detailed as follows:

- Level 1 Inputs: Quoted prices (unadjusted) in active markets for identical assets or liabilities that a government can access at the measurement date.
- Level 2 Inputs: Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.
- Level 3 Inputs: Unobservable inputs for an asset or liability.

For the current fiscal year the District did not have any recurring or nonrecurring fair value measurements.

### ***Excess Sick Leave***

The District did not authorize or accrue any excess sick leave as that term is defined in subdivision (c) of Education Code Section 22170.5 for the District's employees who are members of the California State Teachers' Retirement System (CalSTRS).

### ***Excess Expenditures Over Appropriations***

As of June 30, 2023, expenditures exceeded appropriations in individual funds as follows:

<u>Appropriations Category</u>	<u>Excess Expenditures</u>
General Fund (Combined):	
Employee Benefits	\$ 981,546
Books and Supplies	17,433
Other Outgo	4,193,968
Capital Facilities Fund:	
Services and Other Operating Expenditures	71,438

General Fund: The District incurred unanticipated expenditures for supplies and other outgo.

Capital Facilities Fund: The District incurred unanticipated expenditures for services and other operating expenditures

### ***Implementation of New Standards***

In the current fiscal year, the District implemented the following new standard. The applicable provisions of the new standard are summarized below. Implementation is reflected in the financial statements and the notes to the financial statements.

#### ***GASB Statement No. 96, Subscription-Based Information Technology Arrangements***

This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA.

### **Note 2 - Cash and Investments**

#### ***Cash in County Treasury***

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Kern County Treasury as part of the common investment pool (\$6,342,984,387 as of June 30, 2023). The fair value of the District's portion of this pool as of that date, as provided by the pool sponsor, was \$16,365,054. Assumptions made in determining the fair value of the pooled investment portfolios are available from the County Treasurer.

#### ***Cash on hand, in banks, and in revolving fund***

Cash balances on hand and in banks (\$81,557 as of June 30, 2023) and in the revolving fund \$1,000 are insured up to \$250,000 by the Federal Depository Insurance Corporation. All cash held by the financial institution is fully insured or collateralized.

The District's cash and investments balances at June 30, 2023 are as follows:

	Fair Value
Cash in County Treasury	\$ 16,365,054
Cash on hand and in banks	81,557
Cash in revolving fund	1,000
Cash with a fiscal agent/trustee	133
Total cash and cash equivalents	\$ 16,447,744

### ***Analysis of Specific Deposit and Investment Risks***

#### **Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The county is restricted by Government Code Section 53635 pursuant to Section 53601 to invest only in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the District was not exposed to significant credit risk.

#### **Custodial Credit Risk**

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name. At year end, the District was not exposed to significant custodial credit risk.

#### **Concentration of Credit Risk**

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the District was not exposed to significant concentration of credit risk.

#### **Interest Rate Risk**

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the District was not exposed to significant interest rate risk.

#### **Foreign Currency Risk**

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to significant foreign currency risk.

### ***Investment Accounting Policy***

The District is required by GASB Statement No. 31 to disclose its policy for determining which investments, if any, are reported at amortized cost. The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

The District's investments in external investment pools are reported in conformity with GASB Statement No. 77 unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

### **Note 3 - Accounts Receivable**

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

	General Fund (Combined)	Capital Facilities Fund	All Other Governmental Funds	Total Governmental Funds
Federal programs	\$ 2,464,927	-	\$ 661,600	\$ 3,126,527
State categorical aid programs	197,651	-	-	197,651
Interest	9,031	621,727	-	630,758
Other local receivables	35,832	48,306	15,801	99,939
Total	<u>\$ 2,707,441</u>	<u>\$ 670,033</u>	<u>\$ 677,401</u>	<u>\$ 4,054,875</u>

#### Note 4 - Capital Assets

Capital asset activity for the year ended June 30, 2023, was as follows:

Governmental activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 5,825,200	\$ -	\$ -	\$ 5,825,200
Total capital assets not being depreciated	<u>5,825,200</u>	<u>-</u>	<u>-</u>	<u>5,825,200</u>
Capital assets being depreciated:				
Buildings	11,965,725	-	-	11,965,725
Improvements of sites	3,972,134	-	-	3,972,134
Equipment	1,799,177	67,494	-	1,866,671
Total capital assets being depreciated	<u>17,737,036</u>	<u>67,494</u>	<u>-</u>	<u>17,804,530</u>
Less: Accumulated depreciation/amortization for:				
Buildings	(5,747,144)	(280,185)	-	(6,027,329)
Improvements of sites	(1,678,555)	(179,559)	-	(1,858,114)
Equipment	(1,717,850)	(26,503)	-	(1,744,353)
Total accumulated depreciation/amortization	<u>(9,143,549)</u>	<u>(486,247)</u>	<u>-</u>	<u>(9,629,796)</u>
Total capital assets being depreciated/amortized, net	<u>8,593,487</u>	<u>(418,753)</u>	<u>-</u>	<u>8,174,734</u>
Total governmental activities capital assets, net	<u>\$14,418,687</u>	<u>\$ (418,753)</u>	<u>\$ -</u>	<u>\$13,999,934</u>

Depreciation/amortization was charged to functions as follows:

Instruction	\$ 220,291
School site administration	2,720
Home-to-school transportation	765
Food services	263
All other general administration	6,496
Plant services	255,712
Total	<u>\$ 486,247</u>

#### Note 5 - Accounts Payable

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

	General Fund (Combined)	Capital Facilities Fund	All Other Governmental Funds	Total Governmental Funds
Vendor payables	\$ 149,402	\$ 10,866	\$ -	\$ 160,268
Salaries and benefits	939,025	-	-	939,025
Total	<u>\$ 1,088,427</u>	<u>\$ 10,866</u>	<u>\$ -</u>	<u>\$ 1,099,293</u>



**Note 6 - Unearned Revenue**

The District has received revenues for programs as advances, or before program expenditures were incurred. Such revenues are reported in these statements as "unearned," and will be recognized in subsequent periods as program expenditures are made.

	General Fund (Combined)
American Rescue Plan – Homeless Children and Youth II (ARP HCY II)	\$ 2,548
Child Dev: California Prekindergarten Planning and Implementation Grant	
Program – California Universal Prekindergarten Planning Grants	41,319
Total	<u>\$ 43,867</u>

**Note 7 - Long-term Obligations other than Pension and OPEB*****Long-Term Obligation Activity***

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended June 30, 2023, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities:</b>					
General obligation bonds	\$ 17,969,527	\$ -	\$ 125,483	\$ 17,844,044	\$ 117,825
Accreted interest	1,871,135	212,994	164,517	1,919,612	155,345
Other postemployment benefits payable	3,153,319	-	38,540	3,114,779	-
Net pension liability	7,080,411	4,165,589	-	11,246,000	-
Compensated absences	69,406	8,948	-	78,354	-
Total governmental activities	<u>\$ 30,143,798</u>	<u>\$ 4,387,531</u>	<u>\$ 328,540</u>	<u>\$ 34,202,789</u>	<u>\$ 273,170</u>

The funds typically used to liquidate other long-term liabilities in the past are as follows:

Liability	Activity Type	Fund
General obligation bonds	Governmental	Bond Interest and Redemption
Accreted interest	Governmental	Bond Interest and Redemption
Other postemployment benefits payable	Governmental	General
Net pension liability	Governmental	General
Compensated absences	Governmental	General

***General Obligation Bonds and Accreted Interest***

The outstanding general obligation bond debt of the District at June 30, 2023, is as follows:

Bond	Issue Date	Maturity Date	Interest Rate %
Election of 2008, Series 2009 A	5/14/09	9/1/33	2.00 - 6.00
Election of 2008, Series 2013 A	10/29/13	6/1/45	3.00 - 6.54
Election of 2008, Series 2020	11/17/20	6/1/45	3.00 - 3.00
2020 Refunding	11/17/20	6/1/44	2.50 - 2.75

Bond	Original Issue	Bonds Outstanding 07/01/22	Issued During Year	Redeemed During Year	Bonds Outstanding 06/30/23
Election of 2008, Series 2009 A	\$ 3,637,362	\$ 1,539,527	\$ -	\$ 125,483	\$ 1,414,044
Election of 2008, Series 2020	1,700,000	1,700,000	-	-	1,700,000
2020 Refunding	14,730,000	14,730,000	-	-	14,730,000
Total	<u>\$30,394,918</u>	<u>\$17,969,527</u>	<u>\$ -</u>	<u>\$ 125,483</u>	<u>\$17,844,044</u>

The annual requirements to amortize general obligation bonds, payable and outstanding, and accreted interest as of June 30, 2023 are as follows:

Year Ending June 30,	General Obligation Bonds		
	Principal	Interest	Total
2024	\$ 117,825	\$ 642,120	\$ 759,945
2025	116,352	658,593	774,945
2026	121,784	688,161	809,945
2027	132,829	717,116	849,945
2028	150,722	754,223	904,945
2029-2033	931,959	4,210,976	5,142,935
2034-2038	4,977,573	2,666,352	7,643,925
2039-2043	7,635,000	1,270,125	8,905,125
2044-2045	3,660,000	160,800	3,820,800
Total	<u>\$ 17,844,044</u>	<u>\$ 11,768,466</u>	<u>\$ 29,612,510</u>

Year Ending June 30,	Accreted Interest
2024	\$ 155,345
2025	154,236
2026	162,207
2027	168,470
2028	176,857
2029-2033	888,966
2034-2038	213,531
Total	<u>\$ 1,919,612</u>

### ***Compensated Absences***

Compensated absences at June 30, 2023 consisted of:

	Compensated Absences	Benefits	Total
Classified	\$ 71,687	\$ 6,667	\$ 78,354

All amounts are due after one year.

## Note 8 - Pension

### ***General Information About the Pension Plans***

#### *Plan Descriptions*

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and Local Government resolution. Support by the State for the CalSTRS plan is such that the plan has a special funding situation as defined by GASB Statement No. 68. CalSTRS and CalPERS issue publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on their respective websites.

#### *Benefits Paid*

CalSTRS and CalPERS provide service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 62 for normal benefits or at age 55 with statutorily reduced benefits. Employees hired prior to January 1, 2013 are eligible to retire at age 60 for normal benefits or at age 55 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. All members are eligible for death benefits after one year of total service.

The Plans' provisions and benefits in effect at June 30, 2023 are summarized as follows:

	CalSTRS	
	Before Jan. 1, 2013	On or After Jan. 1, 2013
Hire Date		
Benefit Formula	2% at 60	2% at 62*
Benefit Vesting Schedule	5 Years	5 Years
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	55-60	55-62
Monthly benefits, as a % of eligible compensation	1.4-2.4%	1.16-2.4%**
Required Employee Contribution Rates	10.25%	10.21%
Required Employer Contribution Rates	16.92%	16.92%
Required State Contribution Rates	10.83%	10.83%

	CalPERS	
	Before	On or After
Hire Date	Jan. 1, 2013	Jan. 1, 2013
Benefit Formula	2% at 60	2% at 62*
Benefit Vesting Schedule	5 Years	5 Years
Benefit Payments	Monthly for Life	Monthly For Life
Retirement Age	50-62	52-67
Monthly Benefits as a % of Eligible Compensation	1.1-2.5%	1.0-2.5%
Required Employee Contribution Rates	7.00%	8.00%
Required Employer Contribution Rates	25.37%	25.37%

\*Amounts are limited to 120% of Social Security Wage Base.

\*\*The contribution rate for CalSTRS 2% at 62 members is based, in part, on the normal cost of benefits and may increase or decrease in future years.

### ***Contributions***

#### **CalSTRS**

For the fiscal year ended June 30, 2023 (measurement date June 30, 2022), California Education Code Section 22950 requires members to contribute monthly to the system 10.205% (if hired on or after January 1, 2013) or 10.25% (if hired before January 1, 2013) of the creditable compensation upon which members' contributions under this part are based. In addition, the employer required rates established by the CalSTRS Board have been established at 16.92% of creditable compensation for the fiscal year ended June 30, 2022. Beginning in the fiscal year June 30, 2023 and for each fiscal year thereafter, the CalSTRS Board has the authority to increase or decrease percentages paid specific to reflect the contribution required to eliminate by June 30, 2046, the remaining unfunded actuarial obligation with respect to service credited to members before July 1, 2014, as determined by the Board based upon a recommendation from its actuary. Those adjustments are limited to 1% annually, not to exceed 20.25% of creditable compensation. For 2022-23, the employer rate reflects a 2.18% reduction from the rate that was originally required in the funding plan.

#### **CalPERS**

California Public Employees' Retirement Law section 20814(c) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. The CalPERS Board retains the authority to amend contribution rates. The total plan contributions are determined through 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 employer is required to contribute the difference between the actuarially determined rate and the contribution rate of the employees. For the fiscal year ended June 30, 2023 (measurement date June 30, 2022) the employee contribution rate was 7.00% and the employer contribution rate was 22.910% of covered payroll. For 2022-23, the employer rate reflects a 2.16% reduction from the rate originally adopted by the board on April 20, 2022, due to an amendment of Government Code 20825.2(c).

### On Behalf Payments

Consistent with California Education Code Section 22955.1, the State of California makes contributions to CalSTRS on behalf of employees working for the District. For the fiscal year ended June 30, 2023 (measurement date June 30, 2022) the State contributed 10.828% of salaries creditable to CalSTRS. Consistent with the requirements of generally accepted accounting principles, the District has recorded these contributions as revenue and expense in the fund financial statements (current financial resources measurement focus). The government-wide financial statements have recorded revenue and expense for pension expense paid on behalf of the District (economic resources measurement focus). Contributions reported for on behalf payments are based on the District's proportionate share of the States contribution for the fiscal year.

Contributions made by the state on behalf of the District and the State's pension expense associated with District employees for the past three fiscal years are as follows:

Year Ended June 30,	CalSTRS	
	On Behalf Contribution Rate	On Behalf Contribution Amount
2021	10.33%	\$ 599,532
2022	10.83%	675,059
2023	10.83%	598,039

The State contributed an additional \$1.1 Billion to CalSTRS during the 2019-20 fiscal year, \$297 Million during the 2020-21 and \$840 Million during the 2021-22 fiscal year as a continuing settlement associated with SB90.

### Contributions Recognized

For the fiscal year ended June 30, 2023 (measurement period June 30, 2022), the contributions recognized for each plan were:

	Fund Financial Statements (Current Financial Resources Measurement Focus)		
	CalSTRS	CalPERS	Total
Contributions - Employer	\$ 1,293,086	\$ 520,717	\$ 1,813,803
Contributions - State On Behalf Payments	598,039	-	598,039
Total Contributions	<u>\$ 1,891,125</u>	<u>\$ 520,717</u>	<u>\$ 2,411,842</u>

### ***Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions***

As of June 30, 2023 (measured June 30, 2022), the District reported net pension liabilities for its proportionate shares of the net pension liability of each plan as follows:

	Proportionate Share of Net Pension Liability
CalSTRS	\$ 7,444,000
CalPERS	3,802,000
Total Net Pension Liability	<u>\$ 11,246,000</u>

The District's net pension liability for each Plan is measured as the proportionate share of the total net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2022. The total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022 (STRS) and June 30, 2021 (PERS) rolled forward to measurement date June 30, 2022 using standard update procedures. 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 plans relative to the projected contributions of all participating employers, as actuarially determined.

The District's proportionate share of the net pension liability for each Plan as of June 30, 2022 and June 30, 2023 were as follows:

	CalSTRS		CalPERS	
	District's Proportionate Share	State's Proportionate Share*	Total For District Employees	District's Proportionate Share
Proportion June 30, 2022	0.010%	0.005%	0.015%	0.011%
Proportion June 30, 2023	0.011%	0.006%	0.017%	0.011%
Change in Proportion	0.001%	0.001%	0.002%	0.000%

\*Represents State's Proportionate Share on Behalf of District employees

#### Pension Expense

	CalSTRS	CalPERS	Total
Change in Net Pension Liability (Asset)	\$ 2,667,286	\$ 1,498,118	\$ 4,165,404
On Behalf Contribution Amount	598,039	-	598,039
Employer Contributions to Pension Plan	1,186,669	387,938	1,574,607
Change in Other Outflows/Inflows of Resources	(2,659,965)	(1,600,129)	(4,260,094)
Total Pension Expense	<u>\$ 1,792,029</u>	<u>\$ 285,927</u>	<u>\$ 2,077,956</u>

#### Deferred Outflows and Inflows of Resources

At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		
	CalSTRS	CalPERS	Total
Pension contributions subsequent to measurement date	\$ 1,293,086	\$ 520,717	\$ 1,813,803
Differences between actual and expected experience	6,106	17,181	23,287
Changes in assumptions	369,162	281,218	650,380
Net difference between projected and actual earnings	-	448,862	448,862
Total Deferred Outflows of Resources	<u>\$ 1,668,354</u>	<u>\$ 1,267,978</u>	<u>\$ 2,936,332</u>

	Deferred Inflows of Resources		
	CalSTRS	CalPERS	Total
Differences between actual and expected experience	\$ (558,135)	\$ (94,588)	\$ (652,723)
Changes in assumptions	-	-	-
Net difference between projected and actual earnings	(364,020)	-	(364,020)
Total Deferred Inflows of Resources	<u>\$ (922,155)</u>	<u>\$ (94,588)</u>	<u>\$ (1,016,743)</u>

Pension contributions made subsequent to measurement date reported as deferred outflows of resources will be recognized as a portion of pension expense in the year ended June 30, 2023. The remaining amounts reported as deferred outflows or deferred inflows of resources will be recognized as an increase or decrease to pension expense over a five year period. Pension expense resulting from deferred outflows and deferred inflows of resources will be recognized as follows:

Year Ended June 30	Deferred Outflows of Resources		Deferred Inflows of Resources		Net Effect on Expenses
	CalSTRS	CalPERS	CalSTRS	CalPERS	
2024	\$ 1,621,111	\$ 708,506	\$ (389,087)	\$ (33,164)	\$ 1,907,366
2025	15,748	164,583	(411,439)	(33,164)	(264,272)
2026	15,748	121,189	(555,250)	(28,260)	(446,573)
2027	15,747	273,700	536,346	-	825,793
2028	-	-	(77,175)	-	(77,175)
Thereafter	-	-	(25,550)	-	(25,550)
Total	<u>\$ 1,668,354</u>	<u>\$ 1,267,978</u>	<u>\$ (922,155)</u>	<u>\$ (94,588)</u>	<u>\$ 1,919,589</u>

#### Actuarial Assumptions

Total pension liabilities for the fiscal year ended June 30, 2023 were based on actuarial valuations were determined using the following actuarial assumptions:

	CalSTRS	CalPERS
Fiscal Year	June 30, 2023	June 30, 2023
Measurement Date	June 30, 2022	June 30, 2022
Valuation Date	June 30, 2022	June 30, 2021
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Experience Study Period	2015-2018	2000-2019
Actuarial Assumptions:		
Discount Rate	7.10%	6.90%
Inflation	2.75%	2.30%
Wage Growth	3.50%	(3)
Investment Rate of Return	7.10%	7.00%
Post Retirement Benefit Increase	(1)	(4)
Mortality	(2)	(5)

(1) CalSTRS post retirement benefit increases assumed at 2% simple (annually) maintaining 85% purchasing power level.

(2) CalSTRS base mortality tables are custom tables derived to best fit the patterns of mortality among CalSTRS members. The projection scale was set to equal 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table issued by the Society of Actuaries.

(3) Varies by entry age and service.

(4) CalPERS post retirement benefit increases assumes 2.00% until PPPA floor on purchasing power applies, 2.30% thereafter.

(5) CalPERS mortality table was developed based on CalPERS specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using the 80% of Scale MP-2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website.

#### Discount Rate

The discount rate used to measure the total pension liability was 7.10% CalSTRS and 7.15% for CalPERS. The projection of cash flows used to determine the discount rate assumed the contributions from plan members, employers, and state contributing agencies (where applicable) will be made at statutory contribution rates. To determine whether the District bond rate should be used in the calculation of a discount rate for each plan, CalSTRS and CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current discount rates are adequate and the use of the discount bond rate calculation is not necessary for either plan. The stress test results are presented in a detailed report that can be obtained from the CalPERS and CalSTRS respective websites.

The CalPERS discount rate was increased from 7.50% to 7.65% at measurement date June 30, 2015 (Fiscal year June 30, 2016) to correct for an adjustment to exclude administrative expenses. Subsequently, CalPERS discount rate was decreased from 7.65% to 7.15% at measurement date June 30, 2017 (Fiscal year June 30, 2018) to adjust for changes resulting from actuarially determined amounts.

The CalSTRS discount rate was adjusted from 7.60% to 7.10% for measurement date June 30, 2017 (Fiscal year June 30, 2018) to adjust for changes resulting from a new actuarial experience study.

According to Paragraph 30 of GASB Statement No. 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The investment return assumption used in the accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalSTRS and CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalSTRS and CalPERS are scheduled to review actuarial assumptions as part of their regular Asset Liability Management (ALM) review cycle. CalSTRS completed their ALM November 2019 with new policies in effect on July 1, 2021. CalPERS completed their ALM in 2018 with new policies in effect on July 1, 2018. Both CalSTRS and CalPERS conduct new ALM's every 4 years.

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.



In determining the long-term expected rate of return, CalSTRS and 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 10 years) and long-term (11-60 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 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 equivalent to the single equivalent rate calculated above and rounded down to the nearest quarter of one percent.

The tables below reflect the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

#### CalSTRS

Asset Class	Assumed Asset Allocation	Long Term Expected Real Rate of Return*
Public Equity	42.00%	4.80%
Real Estate	15.00%	3.60%
Private Equity	13.00%	6.30%
Fixed Income	12.00%	1.30%
Risk Mitigating Strategies	10.00%	1.80%
Inflation Sensitive	6.00%	3.30%
Cash/Liquidity	2.00%	-0.40%

\*20 year average

#### CalPERS

Asset Class (1)	Assumed Asset Allocation	Real Return
Global Equity - Cap-weighted	30.00%	4.54%
Global Equity - Non-Cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	27.00%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-59.00%

(1) In the Basic Financial Statements, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-Term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities

(2) An expected inflation of 2.00% used for this period

(3) An expected inflation of 2.92% used for this period

(4) Figures are based on the previous ALM of 2017

*Sensitivity to Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*

The following represents the District's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	CalSTRS	CalPERS
1% Decrease	6.10%	5.90%
Net Pension Liability	\$ 12,642,465	\$ 5,491,558
Current Discount Rate	7.10%	6.90%
Net Pension Liability	\$ 7,444,000	\$ 3,802,000
1% Increase	8.10%	7.90%
Net Pension Liability	\$ 3,127,487	\$ 2,404,854

**Note 9 - Other Retirement Plans**

***Section 403(b) Tax-Sheltered Annuity Plan***

*Plan Description*

The District's Board of Trustees authorized the establishment of a Section 403(b) Tax-Sheltered Annuity Plan. This is a retirement plan funded by elective deferrals made under salary reduction agreements.

*Funding Policy*

All eligible employees electing to participate in this plan choose the amount of monthly compensation deferrals up to the maximums allowed by the Internal Revenue Code and its regulations and rulings. The District does not contribute to the plan on behalf of participating employees. For the fiscal year ended June 30, 2023, there were seven employees that had elected to participate, with total compensation deferrals of \$51,211.

## **Note 10 - Postemployment Benefits other than Pension Benefits (OPEB)**

### ***General Information about the OPEB plan***

#### ***Plan Description***

The District provides postemployment health care benefits to eligible employees and their dependents under a single employer defined benefit OPEB plan. Benefit provisions and the authority to pay benefits as they come due are established and may be amended by the District, as approved by the Board of Education. The OPEB Plan is administered by the District. The District provides health insurance only. All coverages are self-insured on a pooled basis through the Self-Insured Schools of California (SISC). There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

The OPEB plan does not issue stand-alone financial reports that are available to the public.

#### ***Eligibility for District-Paid Benefits***

The amount and duration of District-paid contributions for retiree health insurance varies by employment classification, age and date of hire as follows:

Classified employees hired before March 1, 2009 are eligible to retire and receive District-paid health benefits after attaining age 55 and completing at least 15 years of full-time District service. The District pays 100% of the medical premium under the PBC 100-D \$20/Rx 9-35 option for an eligible retiree, spouse, and dependents until age 65, subject to a cap of \$19,778 per year. Classified employees hired on or after March 1, 2009 are not eligible for retiree health benefits.

Certificated employees hired prior to July 1, 2009 are eligible to retire and receive District-paid health benefits after attaining age 55 and completing at least 15 years of full-time District service. The District pays 100% of the medical premium for an eligible retiree, spouse, and dependents until age 65, subject to a cap of \$18,038 per year. Certificated employees hired on or after July 1, 2009 are not eligible for retiree health benefits.

Effective July 1, 1990, employees must be hired in an eight-hour assignment to qualify for the health and welfare benefit package. There is currently one grandfathered Classified employee participating in the District health plans with full-time equivalency less than 100%; this person will receive pro-rata District paid benefits.

#### ***Employees Covered by Benefit Terms***

At June 30, 2023, the following retirees were covered by the benefit terms:

Inactive employees currently receiving benefit payments	10
Inactive employees entitled to but not yet receiving benefit payments	-
Participating active employees	40
Total number of participants	<u>50</u>

### ***Total OPEB Liability***

#### ***Actuarial Assumptions and Other Inputs***

The Net OPEB liability actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Inflation	2.50%
Salary increases	3.00% per year
Investment return / discount rate	3.69%
Healthcare cost trend rates	6.00% per year
Retirees' share of costs	0.00% of projected health insurance premiums

The discount rate was based on an index of 20-year, tax-exempt general obligation municipal bonds.

Mortality rates were based on the postretirement and preretirement rates from the 2000-2019 CalPERS experience study. The CalSTRS mortality rates used were from the experience analysis 2015-2018.

#### ***Changes in OPEB Liability***

	Total OPEB Liability
Balance at June 30, 2022	\$ 3,153,319
Changes for the year:	
Service cost	77,678
Interest	60,606
Benefit payments	(149,552)
Difference between expected and actual experience	292,415
Changes in assumptions and other inputs	(319,687)
Net changes	(38,540)
Balance at June 30, 2023	<u>\$ 3,114,779</u>

There were no changes in benefit terms for the fiscal year ended June 30, 2023. The discount rate changed from 1.92% to 3.57%. There were no changes to any other inputs or assumptions.

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

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

	1 % Decrease 2.69%	Discount Rate 3.69%	1% Increase 4.69%
Total OPEB Liability	\$ 3,294,392	\$ 3,114,779	\$ 2,940,775

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

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

	1% Decrease 5.00%	Healthcare Cost Trend Rate 6.00%	1% Increase 7.00%
Total OPEB Liability	\$ 2,876,713	\$ 3,114,779	\$ 3,382,090

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

For the fiscal year ended June 30, 2023, the District recognized OPEB expense of (82,335).

At June 30, 2023 the District reported the following deferred outflows and inflows of resources related to other postemployment benefits.

Year Ending June 30,	Deferred Inflows of Resources	Deferred Outflows of Resources
2024	\$ 79,703	\$ 353,930
2025	79,703	113,341
2026	79,703	113,341
2027	67,935	102,347
2028	40,467	62,122
Thereafter	76,885	76,475
Total	<u>\$ 424,396</u>	<u>\$ 821,556</u>

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

	Deferred Inflows of Resources	Deferred Outflows of Resources
Assumption changes	\$ 279,220	\$ 299,063
Difference between expected and actual experience	145,176	281,904
Contributions made subsequent to measurement date	-	240,589
Total	<u>\$ 424,396</u>	<u>\$ 821,556</u>

**Note 11 - Commitments and Contingencies**

***State and Federal Allowances, Awards, and Grants***

The District has received state and federal funds for specific purposes that are subject to view and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursement will not be material.

**Pending Assessment for Disputed Tax Revenues**

The Kern County Auditor-Controller's Office has impounded disputed revenues of school district taxes on secured and unsecured property based on claims or actions filed for the return of such tax revenues. The claims and actions are regarding the valuation of mineral rights that could trigger repayment of property taxes. Revenues are impounded until the final disposition of the claim or action. The Kern County Auditor-Controller has estimated the contingent liability as of June 30, 2023 as follows:

Pending appeals for taxes	\$	355,212
Pending appeals for interest		8,686
Total		363,898
Less amount held by Kern County Auditor-Controller		-
Net contingent liability	\$	363,898

**Note 12 - Restricted Fund Balances**

Restricted fund balances at June 30, 2023 are as follows:

Expanded Learning Opportunities Program	\$	1,455,569
Educator Effectiveness, FY 2021-22		211,753
Lottery: Instructional Materials		129,666
Special Ed: Learning Recovery Support		62,624
Arts, Music, and Instructional Materials Discretionary Block Grant		85,357
Classified School Employee Professional Development Block Grant		7,806
Low-Performing Students Block Grant		95,150
Student Body Fund		79,547
Cafeteria Special Revenue Fund		896,346
Building Fund		1,631,200
Capital Facilities Fund		11,281,874
County Schools Facilities Fund		72,080
Bond Interest and Redemption Fund		582,803
Total	\$	16,591,775

**Note 13 - Joint Power Agreements**

The District participates in four joint ventures under joint powers agreements (JPAs) as follows:

- Schools Legal Services  
(legal services)
- Self-Insured Schools of California I (SISC I)  
(workers' compensation insurance)
- Self-Insured Schools of California II (SISC II)  
(property and liability insurance)
- Self-Insured Schools of California III (SISC III)  
(health insurance)

The relationships between the District and the other JPAs are such that none of the other JPAs are component units of the District for financial reporting purposes.

The JPAs provide insurance and services as noted for member organizations.

Each JPA is governed by a board consisting of a representative from each member organization. Such governing board controls the operations of its JPA, including selection of management and approval of operating budgets, independent of any influence by the member districts beyond representation on the governing board.

Each member organization pays premiums and fees commensurate with the level of coverage or services requested, and shares surpluses and deficits proportionate to its participation in each JPA.

Each JPA is independently accountable for its fiscal matters, and maintains its own accounting records.

The District's share of year-end assets, liabilities, or fund equity has not been calculated by the entities.

Condensed financial information for the above JPAs for the year ended June 30, 2023 was not available as of the audit report date. Complete financial statements for the JPAs may be obtained from the JPAs at the addresses indicated below.

Schools Legal Services

Kern County Superintendent of Schools  
1300 17th St., No. 7  
Bakersfield, CA 93301

SISC I, II and III

Self-Insured Schools of California  
Kern County Superintendent of Schools  
P. O. Box 1847  
Bakersfield, CA 93303-1847

#### **Note 14 - Subsequent Events**

Subsequent events have been evaluated through May 6, 2024, the date these financial statements were available to be issued.

## Required Supplementary Information



Lakeside Union School District  
General Fund (Combined)  
Budgetary Comparison Schedule  
June 30, 2023

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
LCFF sources:				
State apportionment or State aid	\$ 20,638,693	\$ 9,892,460	\$ 12,909,892	\$ 3,017,432
Education protection account				
funds	8,892,670	4,279,858	1,302,421	(2,977,437)
Local sources	3,055,273	2,830,467	2,811,100	(19,367)
Federal revenue	6,864,906	2,954,886	3,092,437	137,551
Other State revenue	10,828,390	5,383,766	4,506,802	(876,964)
Other local revenue	2,401,363	1,328,063	1,340,245	12,182
Total revenues	<u>52,681,295</u>	<u>26,669,500</u>	<u>25,962,897</u>	<u>(706,603)</u>
Expenditures:				
Current:				
Certificated salaries	16,244,833	7,156,354	7,090,108	(66,246)
Classified salaries	6,502,959	2,527,751	2,318,220	(209,531)
Employee benefits	10,878,051	4,356,935	5,338,481	981,546
Books and supplies	5,145,920	1,323,674	1,341,107	17,433
Services and other	5,961,551	2,980,027	2,289,833	(690,194)
Other outgo	1,351,401	-	4,193,968	4,193,968
Direct support / indirect costs	(56,935)	4,000,000	(1)	(4,000,001)
Capital outlay	3,917,652	505,854	67,494	(438,360)
Debt service:				
Principal	95,955	-	-	-
Interest and other service				
charges	84,217	-	-	-
Total expenditures	<u>50,125,604</u>	<u>22,850,595</u>	<u>22,639,210</u>	<u>(211,385)</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>2,555,691</u>	<u>3,818,905</u>	<u>3,323,687</u>	<u>(495,218)</u>
Other Financing Sources (Uses):				
Transfers out	(6,481,698)	-	-	-
Total other financing sources				
(uses)	<u>(6,481,698)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(3,926,007)	3,818,905	3,323,687	(495,218)
Fund Balance, July 1	1,491,922	1,491,922	1,491,922	-
Fund Balance, June 30	<u>\$ (2,434,085)</u>	<u>\$ 5,310,827</u>	<u>\$ 4,815,609</u>	<u>\$ (495,218)</u>

Lakeside Union School District  
Capital Facilities Fund  
Budgetary Comparison Schedule  
June 30, 2023

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Other local revenue	\$ 353,133	\$ 1,849,225	\$ 1,496,092
Total revenues	<u>353,133</u>	<u>1,849,225</u>	<u>1,496,092</u>
Expenditures:			
Current:			
Services and other	20,000	91,438	71,438
Total expenditures	<u>20,000</u>	<u>91,438</u>	<u>71,438</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>333,133</u>	<u>1,757,787</u>	<u>1,424,654</u>
Other Financing Sources (Uses):			
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	333,133	1,757,787	1,424,654
Fund Balance, July 1	<u>9,524,087</u>	<u>9,524,087</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 9,857,220</u>	<u>\$ 11,281,874</u>	<u>\$ 1,424,654</u>

Lakeside Union Elementary School District  
Schedule of the District's Proportionate Share of the Net Pension Liability  
California State Teachers' Retirement System  
Last Ten Fiscal Years\*

	Fiscal Year								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's portion of the net pension liability (asset)	0.011%	0.010%	0.011%	0.011%	0.011%	0.011%	0.011%	0.011%	0.011%
District's proportionate share of the net pension liability (asset)	7,444,000	4,776,520	10,276,230	10,045,121	10,277,962	10,110,864	9,109,374	7,544,000	6,375,000
State's proportionate share of the net pension liability (asset) associated with the District	3,727,927	2,403,410	5,297,355	2,531,542	5,905,942	6,004,744	5,005,873	3,990,000	3,849,000
Total	<u>\$11,171,927</u>	<u>\$7,179,930</u>	<u>\$15,573,585</u>	<u>\$12,576,663</u>	<u>\$16,183,904</u>	<u>\$16,115,608</u>	<u>\$14,115,247</u>	<u>\$11,534,000</u>	<u>\$10,224,000</u>
District's covered-employee payroll	7,090,106	6,592,941	5,831,570	5,840,857	6,045,241	6,035,239	5,816,017	5,628,000	5,201,000
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	104.99%	72.45%	176.22%	171.98%	170.02%	167.53%	156.63%	134.04%	122.57%
Plan fiduciary net position as a percentage of the total pension liability	81.20%	86.46%	71.72%	72.56%	70.99%	69.46%	69.98%	74.02%	74.00%

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information for those years for which information is available.

Lakeside Union Elementary School District  
Schedule of the District's Proportionate Share of the Net Pension Liability  
California Public Employees' Retirement System  
Last Ten Fiscal Years\*

	Fiscal Year								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's portion of the net pension liability (asset)	0.011%	0.011%	0.012%	0.012%	0.012%	0.012%	0.012%	0.012%	0.011%
District's proportionate share of the net pension liability (asset)	\$3,802,000	\$2,303,891	\$3,422,083	\$3,350,715	\$3,185,180	\$2,878,086	\$2,295,290	\$1,745,000	\$1,262,000
District's covered-employee payroll	\$2,361,176	\$2,000,858	\$1,706,063	\$1,860,869	\$1,887,658	\$1,615,408	\$1,534,523	\$1,402,000	\$1,310,000
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	161.02%	115.15%	200.58%	180.06%	168.74%	178.16%	149.58%	124.47%	96.34%
Plan fiduciary net position as a percentage of the total pension liability	80.97%	81.04%	70.25%	70.05%	70.85%	71.87%	73.90%	79.40%	83.38%

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information for those years for which information is available.

Lakeside Union Elementary School District  
Schedule of District Contributions  
California State Teachers' Retirement System  
Last Ten Fiscal Years\*

	Fiscal Year								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	1,186,669	1,060,649	941,580	472,823	975,432	870,885	388,617	603,878	461,831
Contributions in relation to the contractually required contribution	(1,186,669)	(1,060,649)	(941,580)	(472,823)	(975,432)	(870,885)	(388,617)	(603,878)	(461,831)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	7,090,106	6,592,941	5,831,570	5,840,857	6,045,241	6,035,239	5,816,017	5,628,000	5,201,000
Contributions as a percentage of covered-employee payroll	16.74%	16.09%	16.15%	8.10%	16.14%	14.43%	6.68%	10.73%	8.88%

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information for those years for which information is available.

Lakeside Union Elementary School District  
Schedule of District Contributions  
California Public Employee' Retirement System  
Last Ten Fiscal Years\*

	Fiscal Year								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	387,938	394,080	336,479	318,790	293,665	250,889	213,115	166,138	154,245
Contributions in relation to the contractually required contribution	(387,938)	(394,080)	(336,479)	(318,790)	(293,665)	(250,889)	(213,115)	(166,138)	(154,245)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	2,361,176	2,000,858	1,706,063	1,860,869	1,887,658	1,615,408	1,534,523	1,402,000	1,310,000
Contributions as a percentage of covered-employee payroll	16.43%	19.70%	19.72%	17.13%	15.56%	15.53%	13.89%	11.85%	11.77%

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information for those years for which information is available.

Lakeside Union School District  
Schedule of Changes in the District's Total OPEB Liability and Related Ratios  
Single Employer Plan  
Last Ten Fiscal Years\*

	Fiscal Year					
	2023	2022	2021	2020	2019	2018
Total OPEB liability:						
Service cost	\$ 77,678	\$ 95,746	-	\$ 70,522	\$ 120,226	\$ 120,226
Interest	60,606	74,287	-	96,787	105,465	105,465
Differences between expected and actual experience	292,415	-	-	(302,120)	-	-
Changes of assumptions or other inputs	(319,687)	113,782	-	282,102	-	-
Other adjustments	-	191,771	-	-	(136,992)	-
Benefit payments	(149,552)	(132,946)	-	(110,226)	(88,699)	(88,699)
Net change in total OPEB liability	(38,540)	342,640	-	37,065	-	136,992
Total OPEB liability - beginning	3,153,319	2,810,679	2,810,679	2,773,614	2,773,614	2,636,622
Total OPEB liability - ending	<u>\$ 3,114,779</u>	<u>\$ 3,153,319</u>	<u>\$ 2,810,679</u>	<u>\$ 2,810,679</u>	<u>\$ 2,773,614</u>	<u>\$ 2,773,614</u>
Covered-employee payroll	9,451,282	8,576,044	7,537,633	7,681,148	7,932,899	7,996,408
Total OPEB liability as a percentage of covered-employee payroll	32.96%	36.77%	37.29%	36.59%	34.96%	34.69%

Notes to schedule: There were no changes of benefit terms or assumptions in 2023. The following are the discount rates used in each period.

2023	3.69%
2022	1.92%
2021	2.45%
2020	3.13%
2019	4.00%
2018	4.00%

\*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

## Supplementary Information



Lakeside Union School District  
Local Education Agency Organization Structure  
June 30, 2023

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The District was established in 1941 is located in Kern County, California. There were no changes in the boundaries of the District during the year ended June 30, 2023. The District currently operates two elementary schools.

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Governing Board

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Name	Office	Term Expiration
Alan Banducci	President	2026
Darin Buoni	Vice President	2026
Tamara Jones	Clerk	2024
Mario Buoni	Member	2024
Russell Robertson	Member	2026

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Administration

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Ty Bryson  
Superintendent

Kimberly Scogin  
Business Manager

Lakeside Union School District  
Schedule of Average Daily Attendance  
Year Ended June 30, 2023

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	<u>Second Period Report</u>		<u>Annual Report</u>	
	<u>Report</u>	<u>Revised</u>	<u>Report</u>	<u>Revised</u>
TK/K-3:				
Regular ADA	635.78	635.78	643.92	646.05
Grades 4-6:				
Regular ADA	475.07	478.35	479.33	478.35
Grades 7 and 8:				
Regular ADA	303.07	303.07	303.33	303.07
ADA Grand Totals	<u>1,413.92</u>	<u>1,417.20</u>	<u>1,426.58</u>	<u>1,427.47</u>

There were audit findings which resulted in revisions to attendance. Refer to Schedule of Findings and Questioned Costs.

Average daily attendance is a measurement of the number of pupils attending classes of the district or charter school. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionment of state funds are made to school districts and charter schools. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

Lakeside Union School District  
Schedule of Instructional Time  
Year Ended June 30, 2023

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Grade Level	Ed. Code 46207 Minutes Requirement	Ed. Code 46207 Adjusted & Reduced	2022-23 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Traditional Kindergarten	36,000	N/A	46,800	180	N/A	Complied
Kindergarten	36,000	N/A	44,190	180	N/A	Complied
Grade 1	50,400	N/A	52,650	180	N/A	Complied
Grade 2	50,400	N/A	52,650	180	N/A	Complied
Grade 3	50,400	N/A	52,650	180	N/A	Complied
Grade 4	54,000	N/A	55,980	180	N/A	Complied
Grade 5	54,000	N/A	55,980	180	N/A	Complied
Grade 6	54,000	N/A	56,412	180	N/A	Complied
Grade 7	54,000	N/A	57,420	180	N/A	Complied
Grade 8	54,000	N/A	57,420	180	N/A	Complied

School districts and charter schools must maintain their instructional minutes as defined in Education Code Section 46207. This schedule is required of all districts, including basic aid districts.

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. This schedule presents information on the amount of instruction time offered by the District and whether the District complied with the provisions of Education Code Sections 46200 through 46206.

Lakeside Union School District  
Schedule of Financial Trends and Analysis  
Year Ended June 30, 2023

General Fund (Combined)	Budget 2024 (see note a)	2023	2022	2021
Revenue and other financial sources	\$22,556,159	\$25,962,897	\$19,798,234	\$18,514,933
Expenditures	21,716,722	22,639,210	19,331,812	17,475,772
Other uses and transfers out	-	-	-	-
Total outgo	21,716,722	22,639,210	19,331,812	17,475,772
Change in fund balance (deficit)	839,437	3,323,687	466,422	1,039,161
Ending fund balance	\$ 5,655,046	\$ 4,815,609	\$ 1,491,922	\$ 1,539,714
Available reserves (see note b)	\$ 2,851,251	\$ 2,313,739	\$ 86,656	\$ 925,860
Available reserves as a percentage of total outgo	13.1%	10.2%	0.4%	5.3%
Total long-term debt	\$32,165,352	\$34,202,789	\$30,143,798	\$34,565,680
Average daily attendance at P-2	1,407	1,417	1,328	1,350

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.

The fund balance of the General Fund (combined) has increased by \$3,275,895 (212.8%) over the past two years. The fiscal year 2023-2024 budget projects an increase of \$839,437 (17.4%). For an organization of this size, the State recommends available reserves of at least 3% of total General Fund expenditures, transfers out and other uses (total outgo).

The District hasn't incurred an operating deficit in any of the past three years, and projects an increase during the 2023-2024 fiscal year. Total long-term debt has decreased by \$362,891 over the past two years.

Average daily attendance has increased by 67 over the past two years. The District anticipates average daily attendance to decrease by 10 during fiscal year 2023-2024.

Notes:

- The budget for 2024 is included for analytical purposes only and has not been subjected to audit.
- Available reserves consist of all unassigned fund balances and all funds reserved for economic uncertainties contained within the General Fund.

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

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This schedule provides the information necessary to reconcile the fund balances of all funds and the total liabilities balance of the general long-term debt account group as reported on the SACS report to the audited financial statements. Funds that required no adjustment are not presented.

	Student Body Fund	Cafeteria Special Revenue Fund
June 30, 2023, annual financial and budget report fund balances	\$ -	\$ 234,746
Adjustments and reclassifications:		
To record student body activity for the year	79,547	-
To record accounts receivable	-	661,600
Net adjustments and reclassifications	79,547	661,600
June 30, 2023, audited financial statement fund balances	<u>\$ 79,547</u>	<u>\$ 896,346</u>

***Charter Schools***

No charter schools are chartered by Lakeside Union School District.

Lakeside Union School District  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2023

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal ALN	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture - passed through California Department of Education			
Child Nutrition Cluster			
Child Nutrition: School Programs	10.555	13523	\$ 616,917
Total Child Nutrition Cluster			<u>616,917</u>
Total U.S. Department of Agriculture			<u>616,917</u>
U.S. Department of Education - passed through California Department of Education			
Special Education Cluster			
Special Ed: ARP IDEA Part B, Sec. 611, Local Assistance Entitlement	84.027	15638	57,760
Special Education: IDEA Basic Local Assistance Entitlement, Part B, Section 611	84.027	13379	306,290
Special Ed: IDEA Preschool Grants, Part B, Section 619 (Age 3-4-5)	84.173	13430	21,407
Special Ed: ARP IDEA Part B, Sec. 619, Preschool Grants	84.173	15639	10,150
Total Special Education Cluster			<u>395,607</u>
ESEA (ESSA): Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	183,947
ESEA (ESSA) : Title III, English Learner Student Program	84.365	14346	37,879
ESEA (ESSA): Title II, Part A, Supporting Effective Instruction Local Grants	84.367	14341	51,788
ESEA (ESSA) Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	44,153
COVID-19: Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	15536	(142,724)
COVID-19: Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D	15547	857,676
COVID-19: Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425D	15559	839,143
COVID-19: Expanded Learning Opportunities (ELO) Grant ESSER II State Reserve	84.425D	15618	143,228
COVID-19: Expanded Learning Opportunities (ELO) Grant GEER II	84.425C	15619	32,872
COVID-19: Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Emergency Needs	84.425D	15620	93,368
COVID-19: Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Learning Loss	84.425D	15621	160,951
COVID-19: Governor's Emergency Education Relief (GEER) Fund: Learning Loss Mitigation	84.425C	15517	10,515
COVID-19: Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U	10155	384,034
Total U.S. Department of Education			<u>3,092,437</u>
Total Federal Programs			<u>\$ 3,709,354</u>

The accompanying notes are an integral part of this statement.

*Basis of Presentation*

The accompanying schedule of expenditures of federal awards ("the Schedule") includes the federal grant activity of Lakeside Union School District. The information in the Schedule is presented in accordance with the 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"). Therefore, some amounts may differ from amounts presented in, or used in the preparation of, the basic financial statements.

*Summary of Significant Accounting Policies*

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. These 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. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Lakeside Union School District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

The District did not participate in any loan or loan guarantee programs as described in Title 2, Code of Federal Regulations, Part 200.502(b) during the year ended June 30, 2023.

*Subrecipients*

The District did not provide any awards to subrecipients.



Lakeside Union School District  
Combining Balance Sheet - All General Funds  
June 30, 2023

	General Fund	Special Revenue Fund for Other Than Capital Outlay Projects	General Fund (Combined)
<b>Assets:</b>			
Cash in County Treasury	\$ 6,037,136	\$ 78,402	\$ 6,115,538
Cash in revolving fund	1,000	-	1,000
Accounts receivable	2,261,696	518	2,262,214
Due from grantor governments	445,227	-	445,227
Due from other funds	943,924	900,000	1,843,924
Total assets	<u>9,688,983</u>	<u>978,920</u>	<u>10,667,903</u>
<b>Liabilities and Fund Balance:</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 794,349	\$ -	\$ 794,349
Due to grantor governments	294,078	-	294,078
Due to other funds	3,970,000	750,000	4,720,000
Unearned revenue	43,867	-	43,867
Total liabilities	<u>5,102,294</u>	<u>750,000</u>	<u>5,852,294</u>
<b>Fund Balance:</b>			
<b>Nonspendable fund balances:</b>			
Revolving cash	1,000	-	1,000
Restricted fund balances	2,047,925	-	2,047,925
Assigned fund balances	224,025	228,920	452,945
<b>Unassigned:</b>			
Reserve for economic uncertainty	661,235	-	661,235
Other unassigned	1,652,504	-	1,652,504
Total fund balance	<u>4,586,689</u>	<u>228,920</u>	<u>4,815,609</u>
Total liabilities and fund balances	<u>\$ 9,688,983</u>	<u>\$ 978,920</u>	<u>\$ 10,667,903</u>

The accompanying notes are an integral part of this statement.

Lakeside Union School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - All General Funds  
Year Ended June 30, 2023

	General Fund	Special Revenue Fund for Other Than Capital Outlay Projects	General Fund (Combined)
Revenues:			
LCFF sources:			
State apportionment or State aid	\$ 12,909,892	\$ -	\$ 12,909,892
Education protection account funds	1,302,421	-	1,302,421
Local sources	2,811,100	-	2,811,100
Federal revenue	3,092,437	-	3,092,437
Other State revenue	4,506,802	-	4,506,802
Other local revenue	1,338,636	1,609	1,340,245
Total revenues	<u>25,961,288</u>	<u>1,609</u>	<u>25,962,897</u>
Expenditures:			
Current:			
Instruction	11,704,375	-	11,704,375
Instruction-related services	1,452,794	-	1,452,794
Pupil services	1,919,896	-	1,919,896
Community services	95,245	-	95,245
General administration	1,049,524	-	1,049,524
Plant services	2,155,914	-	2,155,914
Other outgo	4,193,968	-	4,193,968
Capital outlay	67,494	-	67,494
Total expenditures	<u>22,639,210</u>	<u>-</u>	<u>22,639,210</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,322,078</u>	<u>1,609</u>	<u>3,323,687</u>
Net Change in Fund Balance	3,322,078	1,609	3,323,687
Fund Balance, July 1	1,264,611	227,311	1,491,922
Fund Balance, June 30	<u>\$ 4,586,689</u>	<u>\$ 228,920</u>	<u>\$ 4,815,609</u>

The accompanying notes are an integral part of this statement.

Lakeside Union School District  
Combining Balance Sheet - Nonmajor Funds  
June 30, 2023

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Projects Funds	Debt Service Fund - Bond Interest and Redemption Fund	Total Nonmajor Governmental Funds
Assets:				
Cash in County Treasury	\$ 280,812	\$ 1,817,028	\$ 579,102	\$ 2,676,942
Cash on hand and in banks	81,557	-	-	81,557
Accounts receivable	661,600	12,100	3,701	677,401
Due from other funds	20,000	-	-	20,000
Total assets	<u>1,043,969</u>	<u>1,829,128</u>	<u>582,803</u>	<u>3,455,900</u>
Liabilities and Fund Balance:				
Liabilities:				
Due to other funds	68,076	125,848	-	193,924
Total liabilities	<u>68,076</u>	<u>125,848</u>	<u>-</u>	<u>193,924</u>
Fund Balance:				
Restricted fund balances	975,893	1,703,280	582,803	3,261,976
Total fund balance	<u>975,893</u>	<u>1,703,280</u>	<u>582,803</u>	<u>3,261,976</u>
Total liabilities and fund balances	<u>\$ 1,043,969</u>	<u>\$ 1,829,128</u>	<u>\$ 582,803</u>	<u>\$ 3,455,900</u>

The accompanying notes are an integral part of this statement.

Lakeside Union School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Funds  
Year Ended June 30, 2023

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Projects Funds	Debt Service Fund - Bond Interest and Redemption Fund	Total Nonmajor Governmental Funds
Revenues:				
Federal revenue	\$ 616,917	\$ -	\$ -	\$ 616,917
Other State revenue	679,324	-	2,589	681,913
Other local revenue	74,350	37,646	692,596	804,592
Total revenues	<u>1,370,591</u>	<u>37,646</u>	<u>695,185</u>	<u>2,103,422</u>
Expenditures:				
Current:				
Pupil services	812,594	-	-	812,594
Ancillary services	42,875	-	-	42,875
Plant services	-	18,968	-	18,968
Debt service:				
Principal	-	-	125,483	125,483
Interest and other service charges	-	-	635,862	635,862
Total expenditures	<u>855,469</u>	<u>18,968</u>	<u>761,345</u>	<u>1,635,782</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>515,122</u>	<u>18,678</u>	<u>(66,160)</u>	<u>467,640</u>
Other Financing Sources (Uses):				
Other sources	-	-	3,899	3,899
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>3,899</u>	<u>3,899</u>
Net Change in Fund Balance	515,122	18,678	(62,261)	471,539
Fund Balance, July 1	460,771	1,684,602	645,064	2,790,437
Fund Balance, June 30	<u>\$ 975,893</u>	<u>\$ 1,703,280</u>	<u>\$ 582,803</u>	<u>\$ 3,261,976</u>

The accompanying notes are an integral part of this statement.

Lakeside Union School District  
Combining Balance Sheet - Nonmajor Special Revenue Funds  
June 30, 2023

	Student Body Fund	Cafeteria Special Revenue Fund	Total Nonmajor Special Revenue Funds
Assets:			
Cash in County Treasury	\$ -	\$ 280,812	\$ 280,812
Cash on hand and in banks	79,547	2,010	81,557
Accounts receivable	-	661,600	661,600
Due from other funds	-	20,000	20,000
Total assets	<u>79,547</u>	<u>964,422</u>	<u>1,043,969</u>
Liabilities and Fund Balance:			
Liabilities:			
Due to other funds	-	68,076	68,076
Total liabilities	<u>-</u>	<u>68,076</u>	<u>68,076</u>
Fund Balance:			
Restricted fund balances	<u>79,547</u>	<u>896,346</u>	<u>975,893</u>
Total fund balance	<u>79,547</u>	<u>896,346</u>	<u>975,893</u>
Total liabilities and fund balances	<u>\$ 79,547</u>	<u>\$ 964,422</u>	<u>\$ 1,043,969</u>

The accompanying notes are an integral part of this statement.

Lakeside Union School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Special Revenue Funds

Year Ended June 30, 2023

	Student Body Fund	Cafeteria Special Revenue Fund	Total Nonmajor Special Revenue Funds
Revenues:			
Federal revenue	\$ -	\$ 616,917	\$ 616,917
Other State revenue	-	679,324	679,324
Other local revenue	69,455	4,895	74,350
Total revenues	<u>69,455</u>	<u>1,301,136</u>	<u>1,370,591</u>
Expenditures:			
Current:			
Pupil services	-	812,594	812,594
Ancillary services	42,875	-	42,875
Total expenditures	<u>42,875</u>	<u>812,594</u>	<u>855,469</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>26,580</u>	<u>488,542</u>	<u>515,122</u>
Net Change in Fund Balance	26,580	488,542	515,122
Fund Balance, July 1	52,967	407,804	460,771
Fund Balance, June 30	<u>\$ 79,547</u>	<u>\$ 896,346</u>	<u>\$ 975,893</u>

The accompanying notes are an integral part of this statement.

Lakeside Union School District  
Combining Balance Sheet - Nonmajor Capital Projects Funds  
June 30, 2023

	Building Fund	County Schools Facilities Fund	Total Nonmajor Capital Projects Funds
Assets:			
Cash in County Treasury	\$ 1,754,548	\$ 62,480	\$ 1,817,028
Accounts receivable	-	12,100	12,100
Total assets	<u>1,754,548</u>	<u>74,580</u>	<u>1,829,128</u>
Liabilities and Fund Balance:			
Liabilities:			
Due to other funds	123,348	2,500	125,848
Total liabilities	<u>123,348</u>	<u>2,500</u>	<u>125,848</u>
Fund Balance:			
Restricted fund balances	1,631,200	72,080	1,703,280
Total fund balance	<u>1,631,200</u>	<u>72,080</u>	<u>1,703,280</u>
Total liabilities and fund balances	<u>\$ 1,754,548</u>	<u>\$ 74,580</u>	<u>\$ 1,829,128</u>

The accompanying notes are an integral part of this statement.

Lakeside Union School District  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Capital  
Projects Funds  
Year Ended June 30, 2023

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	Building Fund	County Schools Facilities Fund	Total Nonmajor Capital Projects Funds
Revenues:			
Other local revenue	\$ (1)	\$ 37,647	\$ 37,646
Total revenues	<u>(1)</u>	<u>37,647</u>	<u>37,646</u>
Expenditures:			
Current:			
Plant services	18,968	-	18,968
Total expenditures	<u>18,968</u>	<u>-</u>	<u>18,968</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(18,969)</u>	<u>37,647</u>	<u>18,678</u>
Net Change in Fund Balance	(18,969)	37,647	18,678
Fund Balance, July 1	1,650,169	34,433	1,684,602
Fund Balance, June 30	<u>\$ 1,631,200</u>	<u>\$ 72,080</u>	<u>\$ 1,703,280</u>

The accompanying notes are an integral part of this statement.



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## Other Auditor's Reports

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

To the Board of Trustees  
Lakeside Union School District  
Bakersfield, California 93311

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 Lakeside Union School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Lakeside Union School District's basic financial statements, and have issued our report thereon dated May 6, 2024.

**Report on Internal Control Over Financial Reporting**

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

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Lakeside Union School 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.

Respectfully submitted,

A handwritten signature in black ink that reads "Linger, Peterson & Shrum". The script is cursive and fluid.

Linger, Peterson & Shrum  
Fresno, California  
May 6, 2024

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

To the Board of Trustees  
Lakeside Union School District  
Bakersfield, California 93311

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

**Opinion on Each Major Program**

We have audited Lakeside Union School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Lakeside Union School District's major federal programs for the year ended June 30, 2023. Lakeside Union School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Lakeside Union School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

**Basis for Opinion on Each Major Federal Program**

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

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

**Responsibilities of Management for Compliance**

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

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

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

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

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

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

## Report on Internal Control Over Compliance

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

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

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

## Purpose of This Report

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.

Respectfully submitted,



Linger, Peterson & Shrum  
Fresno, California  
May 6, 2024

## **Independent Auditor's Report on State Compliance**

To the Board of Trustees  
Lakeside Union School District  
Bakersfield, California 93311

### **Report on Compliance**

#### **Opinion**

We have audited the District's compliance with the requirements specified in the 2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting, applicable to the District's state program requirements identified below for the year ended June 30, 2023.

In our opinion, Lakeside Union School District complied, in all material respects, with the laws and regulations of the state programs noted in the table below for the year ended June 30, 2023.

#### **Basis for Opinion**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the 2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

#### **Responsibilities of Management for Compliance**

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



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

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards, and the 2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and the 2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above performing such other procedures as we consider necessary in the circumstances;
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the 2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting, but not for the purpose of expressing an opinion on the effectiveness of the District's internal controls over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine the District's compliance with the state laws and regulations applicable to the following items:

**Local Education Agencies Other Than Charter Schools:**

Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	No
Continuation Education	Not applicable
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not applicable
GANN Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not applicable
Middle or Early College High Schools	Not applicable
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Not applicable
Apprenticeship: Related and Supplemental Instruction	Not applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not applicable
Home to School Transportation Reimbursement	Yes
Independent Study Certification for ADA Loss and Mitigation	Not applicable

**School Districts, County Offices of Education, and Charter Schools:**

California Clean Energy Jobs Act	Not applicable
After/Before School Education and Safety Program	Not applicable
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not applicable
Immunizations	Not applicable
Educator Effectiveness	Yes
Expanded Learning Opportunities (ELO-G)	Not applicable
Career Technical Education Incentive Grant	Not applicable
Transitional Kindergarten	Yes

**Charter Schools:**

Attendance	Not applicable
Mode of Instruction	Not applicable
Nonclassroom-Based Instruction/Independent Study	Not applicable
Determination of Funding for Nonclassroom-Based Instruction	Not applicable
Annual Instructional Minutes - Classroom Based	Not applicable
Charter School Facility Grant Program	Not applicable

The term "Not applicable" is used above to mean either the District did not offer the program during the current fiscal year or the program applies to a different type of local education agency.

We did not perform procedures for Independent Study as the District's ADA was considered immaterial and not required per state testing guidance.

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

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

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

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

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

### **Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance with the requirements referred to above, which is required to be reported in accordance with the 2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting, published by the Education Audit Appeals Panel and which is described in the accompanying schedule of audit findings and questioned costs as finding 2023-001. Our opinion is not modified with respect to matters identified.

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

**Purpose of This Report**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the 2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

A handwritten signature in black ink that reads "Linger, Peterson & Shrum". The script is cursive and fluid.

Linger, Peterson & Shrum

Fresno, California

May 6, 2024

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## Summary of Auditor's Results

### Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified? No

One or more significant deficiencies identified that are not considered to be material weaknesses? No

Noncompliance material to financial statements noted? No

### Federal Awards

Internal control over major programs:

One or more material weaknesses identified? No

One or more significant deficiencies identified that are not considered to be material weaknesses? No

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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, para. 200.516(a)? No

Identification of major programs:

<b>Name of federal program or cluster</b>	<b>Assistance Listing Number (ALN)</b>
COVID-19: ESF Programs	84.425C, 84.425D, 84.425U
Child Nutrition Cluster	10.555

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

Auditee qualified as low-risk auditee? Yes

### State Awards

Any audit findings disclosed that are required to be reported in accordance with the state's Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting? Yes

Type of auditor's report issued on compliance for state programs: Unmodified

### **Financial Statement Findings**

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with paragraphs 5.18 through 5.20 of "Government Auditing Standards."

There were no financial statement findings or questioned costs.

### **Federal Award Findings and Questioned Costs**

This section identifies the audit findings required to be reported by the Uniform Guidance (e.g., significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs).

There were no federal award findings or questioned costs.

### **State Award Findings and Questioned Costs**

This section identifies the audit findings pertaining to noncompliance with state program rules and regulations.

#### **2023-001    Attendance Reporting [10000]**

##### Federal Program Information

This finding does not relate to any federal programs.

##### Criteria or Specific Requirement

According to Education Code Sections 41341(a)(1) and 14503(a), attendance reports must be amended for any change in ADA.

##### Condition

The average daily attendance for the P2 was understated by 3.28 ADA and Annual was understated by 0.89 ADA.

##### Questioned Costs

The District was underpaid for the P2 by 3.28 ADA and Annual by 0.89 ADA, calculated below as \$36,612.59.

### Perspective

The LCFF Derived Value of ADA by Gradespan for the District, including the floor and gap, based on the 2022-23 Principal Apportionment is as follows:

P2	Second Period per District	Second Period per Audit	Underreported Difference
Grades TK - 3	635.78	635.78	-
Grades 4 - 6	475.07	478.35	3.28
Grades 7-8	303.07	303.07	-
Total	1,413.92	1,417.20	3.28

P2	Derived Value of ADA	Understated ADA	Underpaid Apportionment
Grades TK - 3	\$ 12,048.34	0.00	\$ -
Grades 4 - 6	\$ 11,077.95	3.28	\$ 36,335.68
Grades 7-8	\$ 11,406.57	0.00	\$ -
Total	\$ 34,532.86	3.28	\$ 36,335.68

Annual	Annual per District	Annual per Audit	Underreported Difference
Grades TK - 3	643.92	646.05	2.13
Grades 4 - 6	479.33	478.35	(0.98)
Grades 7-8	303.33	303.07	(0.26)
Total	1,426.58	208.88	0.89

The Lottery Prop 20 and Non-Prop 20 funding are as followed:

Lottery Prop 20	\$ 152,662.10
Non-Prop 20	\$ 291,190.09
Total	\$ 443,852.19

Divided by total ADA 1,426.58

Adjustment per ADA	\$ 311.13
Finding ADA amount above	0.89
Underpaid apportionment	\$ 276.91

Total underpaid apportionment \$ 36,612.58

### Effect

The District's ADA was underreported on the P2 by 3.28 ADA resulting in an underpaid apportionment of \$36,335.68. Since the District's ADA was underreported on the Annual, it affects Lottery Prop 20 and Non-Prop 20 calculations for apportionment in the amount of \$276.91. The State will adjust the Local Control Funding Formula and lottery funding in 2023-24 to reflect this increase in apportionment, once the amended attendance reports are filed.



Cause

The District transposed their month four calculations and reported the incorrect apportionment amounts.

Recommendation

An amended P2 and Annual "Attendance School District" Report should be filed.

Views of Responsible Officials and Planned Corrective Actions

The District management has reviewed all attendance for both school sites, and will prepare the amended P2 and Annual reports.

Lakeside Union School District  
Summary Schedule of Prior Audit Findings  
June 30, 2023

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Finding/Recommendation	Current Status	Management's Explanation If Not Implemented
2022-001 Miscellaneous [60000] The clearing account is a temporary account containing amounts to be transferred to another account. The District inappropriately used the clearing account to issue checks to refund parents of students who had a balance on their lunch account.	Implemented	
2022-002 Miscellaneous [60000] The District's management did not provide the Auditor with requested information and documentation of items pertinent to complete the annual audit and assist in drafting the related audit report with sufficient time to submit the report by December 15.	Implemented	
2022-003 Federal Compliance [50000] This finding relates to one federal program, the Child Nutrition Cluster (10.553, 10.555, 10.559). We review all the claim reimbursement summaries for the fiscal year for our testing. The District's management did not file claim reimbursement summaries and were not able to provide required documents to complete this test.	Implemented	



## Lakeside Union School District

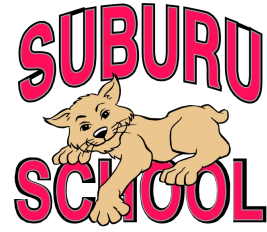
TY BRYSON, DISTRICT SUPERINTENDENT

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**Lakeside Union School District  
Corrective Action Plan  
June 30, 2023**

Finding Number: 2023-001

Contact Person: Kimberly Scogin, Business Manager

Anticipated Completion Date: June 30, 2024

Corrective Action Plan: The administration will thoroughly review the attendance calculations to ensure the correct number is reported.