Lakeside Union School District

County of San Diego
Lakeside, California

Audit Report

June 30, 2021

WILKINSON HADLEY KING & CO. LLP
CPAs AND ADVISORS

Lakeside Union School District
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WILKINSON HADLEY
KING & CO. LLP
CPAS AND ADVISORS
El Cajon, CA | Berkeley, CA

Brian K. Hadley, CPA
Aubrey W. Mann, CPA
Kevin A. Sproul, CPA

Independent Auditor's Report

To the Board of Education
Lakeside Union School District
Lakeside, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lakeside Union School District (District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Lakeside Union School District as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

218 West Douglas Avenue, El Cajon, CA 92020
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Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements.

The accompanying supplementary information identified in the table of contents, as required by the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting,* prescribed in Title 5, *California Code of Regulations, Section 19810* is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the 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 January 31, 2022, 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 or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Wilkinson Hadley King & Co LLP

El Cajon, California
January 31, 2022

Lakeside Union School District
Management Discussion and Analysis
June 30, 2021
(Unaudited)

Our discussion and analysis of Lakeside Union School District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2021. It should be read in conjunction with the District's financial statements which follow this section. The intent of this discussion and analysis is to look at the District's financial performance. To provide a complete understanding of the District's financial performance, please read it in conjunction with the Independent Auditor's Report, the District's financial statements, and the notes to the financial statements.

The Management's Discussion and Analysis is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments issued June 1999. Certain comparative information is required to be presented in the Management's Discussion and Analysis.

Overview of the Financial Statements

The annual report consists of a series of parts – management's discussion and analysis (this section), the basic financial statements, required supplementary information, supplementary information, and findings and recommendations. These statements are organized so the reader can understand the School District as a financial whole. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Basic Financial Statements

The first two statements are district-wide financial statements, the Statement of Net Position, and the Statement of Activities. These statements provide information about the entire School 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. The fund financial statements also look at the District's more significant funds with all other non-major funds presented in total on one column.

The financial statements also provide notes that explain some of the supplementary information in the statements and provide more detailed data. The statements are followed by a section of supplementary information that further explains and supports the financial statements. A comparison of the District's general fund and major special revenue funds is provided.

District-wide Financial Condition

The Statement of Net Position is a District-wide financial statement that reports all that the District owns (assets) and owes (liabilities). It includes two charter schools that report under the same financial system as the District. The book value of all District assets, including buildings, land, and equipment as well as related depreciation are included in this financial statement. The following table summarizes the value of District net position for the year ended June 30, 2021:

Beginning Net Position	$ (58,311,384)
Change	266,583
Ending Net Position	**$ (58,044,801)**

The increase in the District's negative net position is primarily due to recognition of net pension liability required by Governmental Accounting Standards Board (GASB), Statement Number 68 and the net OPEB liability required by GASB Statement Number 75.

Comparative financial information as of June 30 from the Statement of Net Position is summarized in the following table:

	June 30, 2021	**June 30, 2020**
Current and Other Assets	$ 31,980,208	$ 32,599,574
Capital Assets	44,701,744	38,717,836
Total Assets	**$ 76,681,952**	**$ 71,317,410**
Deferred Outflows of Resources	$ 16,950,642	$ 18,535,458
Current and Other Liabilities	8,068,965	5,063,764
Long-term Liabilities	137,782,698	135,159,136
Total Liabilities	**$ 145,851,663**	**$ 140,222,900**
Deferred Inflows of Resources	$ 5,825,732	$ 7,989,229
Net Investment in Capital Assets	(10,627,800)	(24,934,743)
Restricted Net Assets	13,919,451	17,767,060
Unrestricted Net Assets	(61,336,452)	(51,191,578)
Total Net Position	**$ (58,044,801)**	**$ (58,359,261)**

The Statement of Activities is a District-wide financial statement that reports the District's cost of instruction and other District activities, and the resources that fund individual and general activities of the District. Comparative financial information for the year ended June 30 is presented in the following table:

	June 30, 2021	June 30, 2020
Revenues		
Program Revenues		
Charges for Services	$ 841,024	$ 1,109,501
Operating Grants and Contributions	20,228,261	12,029,399
General Revenues		
Taxes Levied for General Purposes	10,990,046	11,371,391
Taxes Levied for Debt Service	2,732,335	2,350,443
Taxes Levied for Other Specific Purpose	-	242,864
Federal and State Aid, Not Restricted	34,620,629	35,442,251
Interest and Investment Earnings	175,772	258,158
Interagency Revenues	592,929	464,976
Miscellaneous	443,200	688,048
Total Revenues	**$ 70,624,196**	**$ 63,957,031**
Expenses		
Government Activities:		
Instruction	$ 43,968,244	$ 42,391,761
Instruction-Related Services	5,368,329	4,901,595
Pupil Services	6,712,837	7,041,737
General Administration	5,216,401	5,264,724
Plant Services	4,610,352	4,517,901
Ancillary Services	8,136	-
Community Services	1,172,167	1,559,803
Interest on Long Term Debt	3,279,696	3,233,401
Other Outgo	21,451	3,083
Total Expenses	**$ 70,357,613**	**$ 68,914,005**
Total Increase (Decrease) in Net Position	**$ 266,583**	**$ (4,956,974)**

General Fund Financial and Budgetary Highlights

The General Fund accounts for the primary operations of the District. The District's initial budget is adopted by July 1 each year. Over the course of the year, the District's budget is revised several times to account for changes in categorical funding and to update budgets for prior-year carryover amounts. The budget is also revised to reflect mid-year changes to the State Budget which affects District funding. The following table summarizes the General Fund budget to actual information for the year ended June 30, 2021:

	Adopted Budget	Year-End Budget	Actual
Total Revenues	61,034,432	60,955,271	63,684,188
Total Expenditures	61,787,446	60,828,108	61,711,685
Total Other Sources/(Uses)	(44,139)	-	(162,468)

The actual net increase to the total revenue budget of $2,649,756 was due to increased one time funding associated with the COVID-19 pandemic.

The actual net increase to the total expenditure budget of $883,577 was a result of increased services necessary to provide a safe school opening amid the COVID-19 pandemic.

The following table summarizes the General Fund operational fund financial statements for the year ended June 30, 2021:

Total Revenues	63,684,188
Total Expenditures	61,711,685
Other Finance Sources & (Uses)	(162,468)
Net Change in Fund Balance	1,810,035

Over the years, Lakeside Union School District has maintained a strong and financially responsible budget with a reasonable and appropriate reserve balance. This sound financial condition is a result of the wisdom of the governing board and good fiscal management by staff. This is evident in careful budget management, compliant oversight, and revenue maximization by improving attendance rates and offering programs that increase enrollment. Fiscal year 2020-21 will be an especially challenging year, as the District navigates through the COVID-19 pandemic to offer hybrid and distance learning, while operating under a zero COLA environment and managing rapidly changing reopening guidance. Future financial performance is dependent on management's ability to continue to control expenses and maintain revenue levels in an environment of declining enrollment and the unique challenges brought forth by COVID-19.

Capital Projects

In 2014, the voters passed Measure L, which provided $31 million in general obligation bonds to be spent on facilities and technology improvements for all Lakeside Union School District school sites. Measure L was a reauthorization of a previous bond measure passed by the voters in November 2008. In November 2019, the District received $15 million in proceeds from the sale of Measure L, Series B bonds

The District completed a Long Range Master Facility Plan in 2018 and prioritized multiple projects to be completed with the Series B bond funds. The following projects continued and/or began planning and construction phases in the 2020-21 fiscal year:

- Fire alarm replacement and shade structures – Eucalyptus Hills and Winter Gardens
- Roof replacement – Lakeside Middle School
- Flooring replacement, modernization project and vacant lot improvements – Lakeside Farms
- HVAC Replacement and MPR improvement– Lindo Park
- Walkway maintenance – Lemon Crest
- Gym Modernization – Tierra Del Sol Middle
- Central Kitchen renovation
- Video surveillance system upgrade and parking lot improvements – Districtwide

The Work In Progress total of $4,430,696 on June 30, 2021 are all related to the bond projects listed above.

Capital Assets

The following tables show the values of capital assets at June 30, 2021 and June 30, 2019:

Comparative Schedule of Capital Assets
(net of depreciation)
June 30, 2020 and 2019

	2021	2020	Net Change
Governmental Activities:			
Land	$ 2,600,683	$ 2,600,683	$ -
Work in progress	4,430,696	1,096,773	3,333,923
Buildings	31,666,658	31,201,298	465,360
Improvements	3,370,371	991,643	2,378,728
Equipment	2,633,336	2,827,439	(194,103)
`			
Total	$ 44,701,744	$ 38,717,836	$ 5,983,908

Long Term Debt

The following table shows the long term Debt at June 30, 2021 and June 30, 2020:

Comparative Schedule of Outstanding Debt
June 30, 2020 and 2019

	2020	2020	Net Change
Governmental Activities:			
General Obligation Bonds	$ 64,106,973	$ 63,652,579	$ 454,394
Early retirement incentives	-	350,992	(350,992)
Total	$ 64,106,973	$ 64,003,571	$ 103,402

Financial Issues and Economic Factors

The District's average daily attendance, as reported in Period-2 annually, steadily increased from 2007-08 through 2015-16. More recently, the District experienced a decline in enrollment of approximately 60 students in 2016-17, an increase in 2017-18 of 125 students, followed by another decrease in 2018-19 of 92 students and a decrease in 2019-20 of 86 students,. The District is projecting a significant decline in enrollment for the 2020-21 year of approximately 309 students, partially due to the impacts of the COVID-19 pandemic. Demographic projections by the State Department of Finance indicate statewide declining enrollment as far out as the projection goes, 2027-28, by an average annual rate of 0.4%. Declining enrollment will have a negative impact on the District's largest source of revenue, the Local Control Funding Formula (LCFF).

District-wide health care costs have been growing in the past several years at an average rate of about 3% per year. As District health care costs and other expenditures rise, District Management must continue to closely monitor the District's limited financial resources.

GASB 68, Accounting and Financial Reporting for Pensions, was effective in the 2014-2015 fiscal year. The new standard requires the reporting of annual pension cost using an actuarially determined method and a net pension liability is expected to increase as a result. The District participates in state employee pension plans, PERS and STRS, and both are underfunded. The District's proportionate share of the liability is reported in the Statement of Net Positon as of June 30, 2021. The amount of the liability is material to the financial position of the District. To address the underfunding issues, the pension plans have raised the amount that employers must contribute to the plans each year and those increased costs will be significant.

Landmark legislation passed in 2013 reformed California school district finance by creating the LCFF. The LCFF is designed to provide a flexible funding mechanism that links student achievement to state funding levels. The LCFF provides a per pupil base grant amount, by grade span, that is augmented by supplemental funding for targeted student groups including those that are low income, English language learners, foster and homeless youth. All school districts reached the statewide targeted base funding levels in 2018-19. Moving forward, the LCFF revenue will increase only by the State COLA and the additional funding to close the gap to target funding is eliminated.

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 show the District's accountability for the funding it receives. If you have questions regarding this report or need additional financial information, contact Lisa Davis, Assistant Superintendent of Business Services, at Lakeside Union School District, 12335 Woodside Avenue, Lakeside, CA 92040.

Basic Financial Statements

Lakeside Union School District
Statement of Net Position
June 30, 2021

	Governmental Activities
Assets	
Cash	$ 22,808,867
Accounts Receivable	9,118,990
Due From Other Funds	192
Inventory	52,159
Capital Assets:	
Land	2,600,683
Land Improvements	4,267,024
Buildings & Improvements	53,969,532
Equipment	9,524,337
Work in Progress	4,430,696
Less Accumulated Depreciation	(30,090,528)
Total Assets	76,681,952
Deferred Outflows of Resources	16,950,642
Liabilities	
Accounts Payable and Other Current Liabilities	3,804,189
Tax Revenue Anticipation Notes	3,500,000
Unearned Revenue	764,776
Long-Term Liabilities:	
Due Within One Year	1,688,633
Due In More Than One Year	136,094,065
Total Liabilities	145,851,663
Deferred Inflows of Resources	5,825,732
Net Position	
Net Investment in Capital Assets	(10,627,800)
Restricted For:	
Capital Projects	6,872,685
Debt Service	2,350,615
Educational Programs	3,110,079
Other Purposes (Expendable)	1,448,813
Other Purposes (Nonexpendable)	137,259
Unrestricted	(61,336,452)
Total Net Position	$ (58,044,801)

The accompanying notes to the financial statements are an integral part of this statement.

Lakeside Union School District

Statement of Activities

For the Year Ended June 30, 2021

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
Functions	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Instruction	$ 43,968,244	$ 79,073	$ 13,135,525	$ -	$ (30,753,646)
Instruction-Related Services:					
Instructional Supervision and Administration	1,035,190	7,255	166,100	-	(861,835)
Instructional Library, Media and Technology	216,637	-	-	-	(216,637)
School Site Administration	4,116,502	9,429	518,007	-	(3,589,066)
Pupil Services:					
Home-to-School Transportation	1,446,475	-	-	-	(1,446,475)
Food Services	1,984,393	(76)	2,938,878	-	954,409
All Other Pupil Services	3,281,969	619	843,642	-	(2,437,708)
General Administration:					
Centralized Data Processing	779,011	-	38,480	-	(740,531)
All Other General Administration	4,437,390	4,649	755,931	-	(3,676,810)
Plant Services	4,610,352	642,354	1,584,156	-	(2,383,842)
Ancillary Services	8,136	-	8,242	-	106
Community Services	1,172,167	97,721	239,300	-	(835,146)
Interest on Long-Term Debt	3,279,696	-	-	-	(3,279,696)
Transfers Between Agencies	21,451	-	-	-	(21,451)
Total Governmental Activities	$ 70,357,613	$ 841,024	$ 20,228,261	$ -	(49,288,328)

General Revenues	
Taxes and Subventions:	
Property Taxes, Levied for General Purposes	$ 10,990,046
Property Taxes, Levied for Debt Service	2,732,335
Federal and State Aid Not Restricted for Specific Purposes	34,620,629
Interest and Investment Earnings	175,772
Interagency Revenues	592,929
Miscellaneous	443,200
Total General Revenues	49,554,911
Change in Net Position	266,583
Net Position - Beginning of Year, As Restated (See Note T)	(58,311,384)
Net Position - Ending	$ (58,044,801)

The accompanying notes to the financial statements are an integral part of this statement.

Lakeside Union School District

Balance Sheet – Governmental Funds
June 30, 2021

	General Fund	Building Fund	Nonmajor Governmental Funds	Total
Assets				
Cash and Cash Equivalents	$ 11,096,413	$ 5,920,298	$ 5,792,156	$ 22,808,867
Accounts Receivable	8,417,661	13,682	687,647	9,118,990
Due from Other Funds	102,992	-	273,224	376,216
Stores Inventories	-	-	52,159	52,159
Total Assets	$ 19,617,066	$ 5,933,980	$ 6,805,186	$ 32,356,232
Liabilities and Fund Balance:				
Liabilities:				
Accounts Payable	$ 2,220,142	$ 781,683	$ 175,907	$ 3,177,732
Due to Other Funds	273,224	287	102,513	376,024
Tax Revenue Anticipation Notes	3,500,000	-	-	3,500,000
Unearned Revenue	733,015	-	31,762	764,777
Total Liabilities	6,726,381	781,970	310,182	7,818,533
Fund Balance:				
Nonspendable	85,000	-	52,259	137,259
Restricted	2,208,579	5,152,010	6,421,603	13,782,192
Committed	791,393	-	-	791,393
Assigned	427,945	-	21,142	449,087
Unassigned	9,377,768	-	-	9,377,768
Total Fund Balance	12,890,685	5,152,010	6,495,004	24,537,699
Total Liabilities and Fund Balances	$ 19,617,066	$ 5,933,980	$ 6,805,186	$ 32,356,232

The accompanying notes to the financial statements are an integral part of this statement.

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

Total fund balances governmental funds:		$ 24,537,699
Amounts reported for assets, deferred outflows of resources, liabilities, and deferred inflows of resources for governmental activities in the statement of net position are different from amounts reported in governmental funds because:		
Capital assets: In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation.		
Capital assets relating to governmental activities, at historical cost	74,792,272	
Accumulated depreciation	(30,090,528)	
Net		44,701,744
Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatured interest owing at the end of the period was:		(626,456)
Long-term liabilities: In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:		
General obligation bonds payable	64,106,973	
Net pension liability	56,474,772	
Net OPEB liability	16,747,122	
Compensated absences	453,831	
Total		(137,782,698)
Deferred gain or loss on debt refunding: In the government wide financial statements deferred gain or loss on debt refunding is recognized as a deferred outflow of resources (for a loss) or a deferred inflow of resources (for a gain) and subsequently amortized over the life of the debt. Deferred gain or loss on debt refunding recognized as a deferred outflow of resources or deferred inflow of resources on the statement of net position was:		3,625,419

The accompanying notes to the financial statements are an integral part of this statement.

Deferred outflows and inflows of resources relating to pensions: In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.

Deferred outflows of resources relating to pensions	11,506,280	
Deferred inflows of resources relating to pensions	(5,456,453)	
Net		6,049,827

Deferred outflows and inflows of resources relating to other postemployment benefits (OPEB): In governmental funds, deferred outflows and inflows of resources relating to OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to OPEB are reported.

Deferred outflows of resources relating to OPEB	1,818,943	
Deferred inflows of resources relating to OPEB	(369,279)	
Net		1,449,664

Total net position governmental activities:	$ (58,044,801)

Lakeside Union School District

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
For the Year Ended June 30, 2021

	General Fund	Building Fund	Nonmajor Governmental Funds	Total
Revenues				
State Apportionment	$ 19,445,127	$ -	$ -	$ 19,445,127
Education Protection Account Funds	13,671,150	-	-	13,671,150
Property Taxes	10,990,046	-	2,732,335	13,722,381
Federal Revenue	7,061,625	-	2,802,204	9,863,829
Other State Revenue	7,197,562	-	535,698	7,733,260
Interest	156,509	122,037	59,820	338,366
Other Local Revenue	5,162,561	-	1,601,240	6,763,801
Total Revenues	$ 63,684,580	$ 122,037	$ 7,731,297	$ 71,537,914
Expenditures				
Current Expenditures:				
Instruction	42,187,731	-	460,658	42,648,389
Instruction - Related Services	5,151,083	-	145,994	5,297,077
Pupil Services	4,476,528	-	1,950,670	6,427,198
Ancillary Services	-	-	8,136	8,136
Community Services	58,334	-	1,091,476	1,149,810
General Administration	4,989,585	-	116,162	5,105,747
Plant Services	4,478,185	121,189	38,127	4,637,501
Other Outgoing	21,451	-	-	21,451
Capital Outlay	348,788	6,836,253	161,303	7,346,344
Debt Service:				
Principal	-	-	1,055,000	1,055,000
Interest	-	-	1,534,763	1,534,763
Total Expenditures	61,711,685	6,957,442	6,562,289	75,231,416
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,972,895	(6,835,405)	1,169,008	(3,693,502)
Other Financing Sources (Uses):				
Transfers In	60,409	-	222,877	283,286
Transfers Out	(283,286)	-	-	(283,286)
Total Other Financing Sources (Uses)	(222,877)	-	222,877	-
Net Change in Fund Balance	1,750,018	(6,835,405)	1,391,885	(3,693,502)
Fund Balance, Beginning of Year	11,140,667	11,987,415	5,103,119	28,231,201
Fund Balance, End of Year	$ 12,890,685	$ 5,152,010	$ 6,495,004	$ 24,537,699

The accompanying notes to the financial statements are an integral part of this statement.

Lakeside Union School District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2021

Total change in fund balances governmental funds:		$ (3,693,502)
Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds because:		
Capital outlay: In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:		
Expenditures for capital outlay	7,490,732	
Depreciation expense	(1,506,823)	
Net		5,983,909
Debt service: In governmental funds, repayments of long-term debt are reported 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:		1,055,000
Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period that it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period was:		(1,574,308)
Compensated absences: In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amounts earned. The difference between compensated absences paid and compensated absences earned was:		(98,004)
Pensions: 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:		(1,034,509)

The accompanying notes to the financial statements are an integral part of this statement.

Lakeside Union School District
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities, Continued
For the Year Ended June 30, 2021

Other postemployment benefits (OPEB): In governmental funds, OPEB expenses are recognized when employer OPEB contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis. This year the difference between OPEB expenses and actual employer OPEB contributions was:	(552,370)
Amortization of debt issue premium or discount or deferred gain or loss from debt refunding: In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount, plus any deferred gain or loss from debt refunding, is amortized as interest over the life of the debt. Amortization of debt issue premium or discount, or deferred gain or loss from debt refunding for the period is:	(170,625)
Other liabilities not normally liquidated with current financial resources: In government-wide statements, expenses must be accrued in connection with any liabilities incurred during the period that are not expected to be liquidated with current financial resources, in addition to compensated absences and long-term debt. Examples include special termination benefits such as retirement incentives over time, and structured legal settlements. This year, expenses incurred for such obligations were:	350,992
Change in net position of governmental activities:	$ 266,583

A. Summary of Significant Accounting Policies

Lakeside Union School District (District) accounts for its financial transactions in accordance with the policies and procedures of the California 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).

1. Reporting Entity

The District operates under a locally elected Board of Education form of government and provides educational services to grades K-8 as mandated by the state. A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments and agencies that are not legally separate from the District. For the District, this includes general operations, special revenue funds, capital facilities funds, debt service funds, and student-related activities.

2. Component Units

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. The District has no component units. Additionally, the District is not a component unit of any other reporting entity as defined by GASB.

3. Basis of Presentation

Government-Wide Statements. The statement of net position and the statement of activities display information about the primary government (the District). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenue, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenue 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. Indirect expense allocations that have been made in the funds have been reserved for the statement of activities. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting of operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from general revenues of the District.

Fund Financial Statements. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are presented. 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 non-major funds.

Governmental funds are used to account for activities that are governmental in nature. Governmental activities are typically tax-supported and include education of pupils, operation of food service programs, construction and maintenance of school facilities, and repayment of long-term debt.

Fiduciary funds are used to account for assets held by the District in a trustee or agency capacity for others that cannot be used to support the District's own programs.

Major Governmental Funds

The District reports the following major governmental funds:

General Fund: The general fund is the primary operating fund of the District. It is used to account for all activities except those that are required to be accounted for in another fund.

Building Fund: This fund exists primarily to account separately for proceeds from the sale of bonds (*Education Code §15146)* and may not be used for any purpose other than those for which the bonds were issued. Other authorized revenues to the Building Fund are proceeds from the sale or lease-with-option-to-purchase of real property (*Education Code §17462*) and revenue from rentals and leases of real property specifically authorized for deposit into the fund by the governing board (*Education Code §41003*).

Non-Major Governmental Funds

The District reports the following non-major governmental funds categorized by the fund type:

Special Revenue Funds: Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The District maintains the following nonmajor special revenue funds:

Associated Student Body Fund: This fund is used to account separately for the activities of associated student body organizations operated by the District.

Child Development Fund: This fund is used to account separately for federal, state, and local revenues to operate child development programs.

Cafeteria Special Revenue Fund: This fund is used to account separately for federal, state, and local resources to operate the food service program (*Education Code §38091 through §38093*). The Cafeteria Special Revenue Fund shall be used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code §38091 and §38100*).

Capital Projects Funds: Capital projects funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds). The District maintains the following nonmajor capital projects funds:

Capital Facilities Fund: The Capital Facilities Fund is used primarily to account separately for moneys received from fees levied on developers or other agencies as a condition of approving a development (*Education Code §17620 through §17626*). The authority for these levies may be county or city ordinances (*Government Code §65970 through §65981*) or private agreements between the District and the developer. All funds, including interest earned, are restricted to the purposes specified in *Government Code §65970 through §65981* or *Government Code §65995*, or items specified in agreements with the developer (*Government Code §66006*).

Special Reserve Fund for Capital Outlay Projects: This fund exists primarily to provide for the accumulation of general fund moneys for capital outlay purposes (*Education Code §42840*). This fund may also be used to account for any other revenues specifically for capital projects that are not restricted to other capital projects funds. Other authorized resources that may be deposited into this fund are proceeds from the sale or lease-with-option-to-purchase of real property (*Education Code §17462*) and rentals and leases of real property specifically authorized for deposit into the fund by the governing board (*Education Code§41003*).

Debt Service Funds: Debt service funds are established to account for the accumulation of resources for and the payment of principal and interest on general long-term debt. The District maintains the following nonmajor debt service funds:

Bond Interest and Redemption Fund: The bond interest and redemption fund is used for the repayment of bonds issued for the District (*Education Code §15125 through §15262*). The County of San Diego Auditor maintains control over the District's Bond Interest and Redemption Fund. The principal and interest on the bonds must be paid by the County Treasurer from taxes levied by the County Auditor-Controller.

4. Basis of Accounting – Measurement Focus

Government-Wide and Fiduciary Financial Statements. The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide and fiduciary fund financial statements 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 are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. The 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 sixty days 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 from 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.

5. 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 or at year end, whichever is sooner.

6. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. By state law, the District's governing board must adopt a final budget no later than July 1st. A public hearing must be conducted to receive comments prior to adoption. The District's governing board has satisfied these requirements.

These budgets are revised by the District's governing board and district superintendent during the year to give consideration to unanticipated income and expenditures.

Formal budgetary integration was used as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts.

7. Revenues and Expenses

a. Revenues – Exchange and Non-Exchange

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. Generally, available is defined as collectible within 60 days. However, to achieve comparability of reporting among California districts and so as to not distort normal revenue patterns, with specific respect to reimbursement grants and corrections to State-aid apportionments, the California Department of Education has defined available for districts as collectible within one year. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, property taxes, interest, certain grants, and other local sources.

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

b. Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable, and typically paid within 90 days. Principal and interest on long-term obligations, which has not matured, are recognized when paid in the governmental funds as expenditures. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds but are recognized in the government-wide financial statements.

8. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position

a. Deposits and Investments

Cash balances held in banks and in revolving funds are insured to $250,000 by the Federal Depository Insurance Corporation (FDIC). All cash held by the financial institutions is fully insured or collateralized. For purposes of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

In accordance with Education Code §41001, the District maintains substantially all its cash in the San Diego 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 §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 San Diego County Treasury was not available.

b. 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 using the first-in/first-out (FIFO) method and consist of expendable supplies held for consumption. Reported inventories are equally offset by a non-spendable fund balance designation, 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 expenditures during the benefiting period.

c. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital 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.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Life
Buildings & Improvements	20 - 50 Years
Land Improvements	10 - 25 Years
Equipment	5 - 15 Years

d. Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as liabilities of the District. The balance of the liabilities is recognized in the government-wide financial statements 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.

e. 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 occurrence 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 combined balance sheet and revenue is recognized.

f. 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.

g. 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 items) or legally required to remain intact (such as revolving cash accounts or principal of a permanent fund).

Restricted Fund Balance represents amounts that are subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations, or may be imposed by law through 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 or resolution. 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 convey 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.

h. Minimum Fund Balance Policy

The District maintains a minimum reserve for economic uncertainties of 3% of the District's general fund annual operating expenditures. The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. If the reserve for economic uncertainties drops below 3%, it shall be recovered as soon as fiscally possible. In the event of unanticipated changes in revenues or expenditures, it is the responsibility of the Superintendent/Designee to report the projections to the Board when they become known. Because amounts in the nonspendable, restricted, committed, and assigned categories are subject varying constraints in use, the Reserve for Economic Uncertainties consists of balances that are otherwise unassigned.

i. GASB 54 Fund Presentation

GASB Statement No. 54 defines a special revenue fund as a fund that has a special revenue source that is either restricted or committed to the financing of particular activities, that compose a substantial portion of the inflows of the fund, and that are reasonably expected to continue. The Pupil Transportation Fund (Fund 15), The Special Reserve Fund for Other Than Capital Outlay (Fund 17) and Special Reserve Fund for Other Postemployment Benefits (Fund 20) do not have continuing revenue sources that are either restricted or committed in nature. As such these funds do not meet the definition of special revenue funds under the provisions of GASB Statement No. 54. The funds have been combined with the general fund for reporting purposes.

j. Deferred Inflows and Deferred Outflows of Resources

Deferred outflows of resources is a consumption of net position that is applicable to a future reporting period. Deferred inflows of resources is an acquisition of 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.

k. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources relating to pension, deferred inflows of resources relating to pension, 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 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.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain timeframes. For this report, the following time frames are used:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Measurement Period	July 1, 2019 to June 30, 2020

l. Postemployment Benefits Other than Pensions (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources related to OPEB and deferred inflows of resources related to OPEB, and OPEB expense have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms.

Generally accepted accounting principles require the reported results must pertain to liability and asset information within certain defined timeframes. For this report the following timeframes are used:

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Measurement Period	July 1, 2020 to June 30, 2021

9. Property Taxes

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

10. Use of Estimates

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

11. 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 to an asset or liability.

12. New Accounting Pronouncements

The District has adopted accounting policies compliant with new pronouncements issued by the Government Accounting Standards Board (GASB) that are effective for the fiscal year ended June 30, 2021. Those newly implemented pronouncements are as follows:

Description	Date Issued
GASB Statement 84, Fiduciary Activities	01/2017
GASB Statement 90, Majority Equity Interest – an amendment of GASB Statements 14 and 61	08/2018
GASB Statement 93, Replacement of Interbank Offered Rates	03/2020
GASB Implementation Guide No. 2019-1, Implementation Guidance Update – 2019	04/2019
GASB Implementation Guide No. 2019-2, Fiduciary Activities	06/2019

The implementation of new accounting guidelines resulted in the following changes during the fiscal year ended June 30, 2021:

- The OPEB Trust Fund was previously accounted for as a fiduciary fund. It was determined by the District, as a result of applying definitions in GASB Statement No 84, that the District does not retain control of the assets and it is therefore no longer represented as a fiduciary fund.

- Associated Student Body Funds were previously accounted for as fiduciary funds. It was determined by the District, as a result of applying definitions in GASB Statement No. 84, that the funds are governmental rather than fiduciary. The District established a special revenue fund to account for these activities.

Implementation of these standards did not result in any additional changes to financial accounting or reporting for the District.

B. Compliance and Accountability

1. Finance Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures", violations of finance-related legal and contractual provisions, if any are reported below, along with actions taken to address such violations:

Violation	Action Taken
None Reported	Not Applicable

2. Deficit Fund Balance or Fund Net Position of Individual Funds

The following funds are funds having deficit fund balances or fund net position at year end, if any, along with remarks which address such deficits:

Fund Name	Deficit Amount	Remarks
None	Not Applicable	Not Applicable

C. Fair Value Measurements

The District's investments at June 30, 2021, categorized within the fair value hierarchy established by generally accepted accounting principles, were as follows:

		Fair Value Measurement Using		
	Amount	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
External investment pools measured at fair value				
San Diego County Treasury	$ 22,621,824	$ -	$ 22,621,824	$ -
Total investments by fair value level	$ 22,621,824	$ -	$ 22,621,824	$ -

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

The San Diego County Treasury is not registered with the Securities and Exchange Commission (SEC) as an investment company; however, the County Treasury acts in accordance with investment policies monitored by a Treasury Oversight Committee consisting of members appointed by participants in the investment pool and up to five members of the public having expertise, or an academic background in, public finance. In addition, the County Treasury is audited annually by an independent auditor.

D. Cash and Investments

As of June 30, 2021, the District held the following cash and cash equivalents:

	General Fund	Building Fund	Nonmajor Governmental Funds	Total
Cash in County Treasury	$ 10,965,623	$ 5,895,680	$ 5,676,226	$ 22,537,529
FMV Adjustment	45,790	24,618	13,887	84,295
Cash in Bank and in Revolving Fund	85,000	-	102,043	187,043
Total Cash and Cash Equivalents	$ 11,096,413	$ 5,920,298	$ 5,792,156	$ 22,808,867

1. Cash in County Treasury

In accordance with Education Code §41001, the District maintains substantially all of its cash in the San Diego County Treasury as part of the common investment pool ($22,537,529 as of June 30, 2021). The fair value of the District's portion of this pool as of that date, as provided by the pool sponsor, was $22,621,824. Assumptions made in determining the fair value of the pooled investment portfolios are available from the County Treasurer.

2. Cash on Hand, In Banks, and in Revolving Fund

Cash balances on hand and in banks ($101,943 as of June 30, 2021) and in revolving fund ($85,100 as of June 30, 2021) are insured up to $250,000 by the Federal Depository Insurance Corporation (FDIC).

3. Investments Authorized by the California Government Code and the District's Investment Policy

The table below identifies the investment types that are authorized for the District by the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District's investment policy.

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

4. Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The county treasury is restricted by Government Code §53635 pursuant to §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 risk.

At June 30, 2021, credit risk for the District's investments was as follows:

Investment Type	Rating	Rating Agency	Amount
County Treasurer's Investment Pool	Unrated	Not Applicable	$ 22,621,824

b. 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. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

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 June 30, 2021, the District's bank balances did not exceed FDIC limitations and were therefore not exposed to custodial credit risk.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the California Government Code. Investments in any one issuer that represent five percent or more of the total investments are either an external investment pool and are therefore exempt. As such, the District was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District maintains pooled investments with the San Diego County Treasury with a fair value of $22,621,824. The average weighted maturity for this pool was 613 days at June 30, 2021.

e. 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 foreign currency risk.

5. 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 at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is a 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.

E. Accounts Receivable

There are no significant receivables which are not scheduled for collection within one year of year end. Accounts receivable balances as of June 30, 2021, consisted of:

	Major Governmental Funds		Nonmajor	
	General Fund	Building Fund	Governmental Funds	Total
Federal Government:				
Title I	$ 298,585	$ -	$ -	$ 298,585
Special Education	1,722,368	-	-	1,722,368
ESSER	51,370	-	-	51,370
ESSER II	618,798	-	-	618,798
Child Nutrition Program	-	-	488,985	488,985
School Improvement	26,591	-	-	26,591
State Government:				
LCFF State Aid	3,270,434	-	-	3,270,434
Lottery	332,323	-	-	332,323
Child Nutrition Program	-	-	139,800	139,800
Special Education	1,458,863	-	-	1,458,863
Child Development Preschoc	-	-	53,758	53,758
Local Sources				
Interest	18,557	13,682	5,104	37,343
ASES	203,844	-	-	203,844
ELOG Paraprofessional	180,676	-	-	180,676
Other Local Sources	235,252	-	-	235,252
Total Accounts Receivable	$ 8,417,661	$ 13,682	$ 687,647	$ 9,118,990

F. Capital Assets

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

Governmental activities:	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	$ 2,600,683	$ -	$ -	$ 2,600,683
Work in progress	1,096,773	5,950,228	2,616,305	4,430,696
Total capital assets not being depreciated	3,697,456	5,950,228	2,616,305	7,031,379
Capital assets being depreciated:				
Land improvements	1,781,620	2,485,404	-	4,267,024
Buildings and improvements	52,621,606	1,347,926	-	53,969,532
Equipment	9,200,859	323,478	-	9,524,337
Total capital assets being depreciated	63,604,085	4,156,808	-	67,760,893
Less accumulated depreciation for:				
Land improvements	(789,977)	(106,676)	-	(896,653)
Buildings and improvements	(21,420,308)	(882,566)	-	(22,302,874)
Equipment	(6,373,420)	(517,581)	-	(6,891,001)
Total accumulated depreciation	(28,583,705)	(1,506,823)	-	(30,090,528)
Total capital assets being depreciated, net	35,020,380	2,649,985	-	37,670,365
Governmental activities capital assets, net	$ 38,717,836	$ 8,600,213	$ 2,616,305	$ 44,701,744

Depreciation was charged to functions as follows:

Instruction	$ 1,200,848
Instruction Related	7,549
Pupil Services	208,121
Community Services	2,983
General Administration	36,576
Plant Services	50,746
	$ 1,506,823

G. Interfund Balances & Activities

1. Due To and From Other Funds

Balances due to and due from other funds at June 30, 2021 consisted of the following:

Interfund Receivable (Due From Other Funds)	Interfund Payable (Due To Other Funds)	Amount	Purpose
General Fund	Building Fund	$ 287	OPEB allocations
General Fund	Nonmajor Governmental Funds	23,744	OPEB allocations
General Fund	Nonmajor Governmental Funds	30,478	IDC
General Fund	Nonmajor Governmental Funds	553	Work Order
General Fund	Nonmajor Governmental Funds	8,127	Developer fees
General Fund	Nonmajor Governmental Funds	235	Payroll Suspense
General Fund	Nonmajor Governmental Funds	34,464	Utilities
General Fund	Nonmajor Governmental Funds	4,913	Field Trip Transportation
Nonmajor Governmental Funds	General Fund	222,877	Child Development Preschool Deficit
Nonmajor Governmental Funds	General Fund	50,337	ASES year end revenue adjustment
Nonmajor Governmental Funds	General Fund	10	Child Nutrition Catering
	Total	$ 376,025	

2. Transfers To and From Other Funds

Transfers to and from other funds at June 30, 2021, consisted of the following:

Transfers In	Transfers Out	Amount	Purpose
Nonmajor Governmental Funds	General Fund	$ 222,877	Program contribution
General Fund	General Fund	60,409	Transfer reserves
	Total	$ 283,286	

H. Accounts Payable

Accounts payable balances as of June 30, 2021, consisted of:

	Major Governmental Funds		Nonmajor	Total
	General Fund	Building Fund	Governmental Funds	Governmental Funds
Vendors Payable	$ 1,123,981	$ 781,436	$ 161,623	$ 2,067,040
Payroll and Benefits	973,636	247	14,284	988,167
Other Current Liabilities	122,525	-	-	122,525
Total Accounts Payable	$ 2,220,142	$ 781,683	$ 175,907	$ 3,177,732

I. Unearned Revenue

Unearned revenue balances as of June 30, 2021, consisted of:

	Major Governmental Funds		Nonmajor	Total
	General Fund	Building Fund	Governmental Funds	Governmental Funds
Federal Programs				
Title II	$ 17,651	$ -	$ -	$ 17,651
Title III	311	-	-	311
Title IV	3,668	-	-	3,668
State Programs				
In Person Instruction Grant	711,385	-	-	711,385
Local Sources				
School Lunch Balances	-	-	31,762	31,762
Total Unearned Revenue	$ 733,015	$ -	$ 31,762	$ 764,777

J. Short Term Debt Activity

The District accounts for short-term debts for maintenance purposes through the General Fund. The proceeds from loans are shown in the financial statements as other financing sources.

On March 30, 2021, the District issued $7,500,000 in Tax Revenue Anticipation Notes (TRANs) as a part of the County of San Diego and San Diego County School Districts Tax and Revenue Anticipation Note Program, Series 2020-21 B. The TRANs bear interest of 0.25% with principal and interest due June 30, 2021. The TRANs were issued to supplement cash flows.

The District participated in the County of San Diego and San Diego County School Districts Tax and Revenue Anticipation Note Program, Series 2020B-2 issued March 18, 2021. The notes mature on January 31, 2022 including interest at 0.25%. The District's share of the Tax and Revenue Anticipation Notes issued was $3,500,000. The notes were issued to supplement cash flows of the District.

Description	Beginning Balance	Issued	Redeemed	Ending Balance
TRAN - 2020-21 B1	$ -	$ 7,500,000	$ 7,500,000	$ -
TRAN - 2020-21 B2	-	3,500,000	-	3,500,000
Total Tax Revenue Anticipation Notes	$ -	$11,000,000	$ 7,500,000	$ 3,500,000

K. Fund Balance Classifications of the Governmental Funds

Ending fund balance classifications of the governmental funds for the year ended June 30, 2021, consisted of:

	Major Governmental Funds		Nonmajor	Total
	General Fund	Building Fund	Governmental Funds	Governmental Funds
Nonspendable Fund Balance				
Revolving Cash	$ 85,000	$ -	$ 100	$ 85,100
Inventory	-	-	52,159	52,159
Prepaid Expenditures	-	-	-	-
Total Nonspendable Fund Balance	85,000	-	52,259	137,259
Restricted Fund Balance				
Child Nutrition Program	-	-	1,302,234	1,302,234
Child Development Program	-	-	1,000,095	1,000,095
Capital Projects	-	5,152,010	1,720,675	6,872,685
Educational Programs	425,565	-	-	425,565
SB 117 Covid-19 LEA Response	84,739	-	-	84,739
Expanded Learning Opportunities	1,689,057	-	-	1,689,057
Debt Service	-	-	2,350,615	2,350,615
Student Activity Funds	-	-	47,984	47,984
Other Purposes	9,218	-	-	9,218
Total Restricted Fund Balance	2,208,579	5,152,010	6,421,603	13,782,192
Commmitted Fund Balance				
Deferred Maintenance	400,000	-	-	400,000
OPEB	391,393	-	-	391,393
Total Committed Fund Balance	791,393	-	-	791,393
Assigned Fund Balance				
Carryover Balances	424,578	-	-	424,578
Other Purposes	3,367	-	21,142	24,509
Total Assigned Fund Balance	427,945	-	21,142	449,087
Unassigned Fund Balance				
For Economic Uncertanties	1,846,476	-	-	1,846,476
Other Unassigned	7,531,292	-	-	7,531,292
Total Unassigned Fund Balance	9,377,768	-	-	9,377,768
Total Fund Balance	$ 12,890,685	$ 5,152,010	$ 6,495,004	$ 24,537,699

L. Long Term Obligations

1. 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, 2021, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation Bonds	$ 63,652,579	$ 1,595,365	$ 1,140,971	$ 64,106,973	$ 1,234,802
Early Retirement Incentive	350,992	-	350,992	-	-
Net Pension Liability*	54,360,245	2,114,527	-	56,474,772	-
Net OPEB Obligation*	16,439,493	307,629	-	16,747,122	-
Compensated Absences*	355,827	98,004		453,831	453,831
Total Governmental Activities	$ 135,159,136	$ 4,115,525	$ 1,491,963	$ 137,782,698	$ 1,688,633

*Other long-term liabilities

- Payments for general obligation bonds are made from the bond interest and redemption fund.
- Payments for early retirement incentives are made from the general fund.
- Payments for pension contributions are made from the general fund, child development fund and cafeteria fund.
- Payments for OPEB contributions are made from the general fund, child development fund and cafeteria fund.
- Payments for compensated absences are made from the general fund, child development fund and the cafeteria fund.

2. General Obligation Bonds

The District's bonded debt consists of various issues of general obligation bonds that are generally callable with interest payable semiannually. Bond proceeds pay primarily for acquiring or constructing capital facilities. The District repays general obligation bonds from voter-approved property taxes.

November 4, 2008, registered voters authorized the issuance of $79,550,000 principal amount of general obligation bonds.

November 4, 2014, registered voters reauthorized the issuance of $31,000,000 principal amount of general obligation bonds.

Of amounts authorized by registered voters, $13,100,000 remains unissued.

General obligation bonds at June 30, 2021 consisted of the following:

	Date of Issue	Interest Rate	Maturity Date	Amount of Original Issue
2008 Election, Series A	04/23/09	3.00 - 6.03%	08/01/33	$ 21,833,149
2008 Election, Series B	10/07/10	6.14 - 6.49%	08/01/50	12,982,209
2015 Refunding Bonds	06/09/15	2.00 - 4.00%	08/01/35	6,185,000
2016 Refunding Bonds	11/02/16	2.00 - 4.00%	08/01/33	17,815,000
2014 Election, Series B	11/15/18	4.00 - 5.75%	08/01/45	15,000,000
Total				$ 73,815,358

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
2008 Election, Series A					
Principal	$ 1,783,149	$ -	$ -	$ 1,783,149	$ -
Premium	51,687	-	-	51,687	-
Accreted Interest	2,282,368	343,702	-	2,626,070	-
2008 Election, Series B					
Principal	10,690,031	-	-	10,690,031	-
Premium	278,929	-	-	278,929	-
Accreted Interest	8,534,509	1,251,663	-	9,786,172	-
2015 Refunding Bonds					
Principal	5,850,000	-	50,000	5,800,000	150,000
Discount	(76,005)		(650)	(75,355)	(1,949)
2016 Refunding Bonds					
Principal	17,455,000	-	500,000	16,955,000	510,000
Premium	1,898,722	-	54,389	1,844,333	55,477
2014 Election, Series B					
Principal	14,010,000	-	505,000	13,505,000	490,000
Premium	894,189	-	32,232	861,957	31,274
Total	$ 63,652,579	$ 1,595,365	$ 1,140,971	$ 64,106,973	$ 1,234,802

The annual requirements to amortize the bonds outstanding at June 30, 2021 are as follows:

Year Ended June 30,	Principal	Interest	Accreted Interest	Total
2022	$ 1,150,000	$ 1,474,406	$ -	$ 2,624,406
2023	775,000	1,426,794	-	2,201,794
2024	1,005,000	1,383,494	-	2,388,494
2025	860,152	1,352,744	819,848	3,032,744
2026	939,216	1,339,769	780,784	3,059,769
2027-2031	9,978,781	5,970,096	2,336,219	18,285,096
2032-2036	15,666,731	2,998,664	5,838,269	24,503,664
2037-2041	7,698,397	1,593,800	19,836,603	29,128,800
2042-2046	7,518,639	602,900	12,402,929	20,524,468
2047-2051	3,141,264	-	32,162,109	35,303,373
Total	$ 48,733,180	$ 18,142,667	$ 74,176,761	$ 141,052,608

Amounts represented in the repayment schedule for accreted interest are reflective of 100% of amounts to be repaid. Amounts represented as accreted interest in the debt summary are reflective of amounts that have accrued as of June 30, 2021.

Accreted interest is the process of systematically increasing the carrying amount of capital appreciation bonds to their estimated value at the maturity date of the bond. The District imputes the effective interest rate, using the present value, the face value, and the period of the bond and multiplies the effective interest rate by the book value of the debt at the end of the period.

Bond Premium and Discount

Bond premium arises when the market rate of interest is higher than the stated interest rate on the bond. Bond discount arises when the market rate of interest is lower than the stated interest rate on the bond. Generally Accepted Accounting Principles (GAAP) require that the premium increase the face value of the bond and the discount decrease the face value of the bond and then amortize the premium or discount over the life of the bond.

Effective interest on general obligation bonds issued at a premium or discount are as follows:

	2008 Election Series A	2008 Election Series B	2015 Refunding	2016 Refunding	2014 Election Series B
Total Interest Payments	$ 23,929,697	$ 79,073,622	$ 3,328,219	$ 8,717,336	$ 11,652,125
Bond Premium/Discount	(846,769)	(338,737)	80,353	(1,937,882)	(957,376)
Net Interest Payments	23,082,928	78,734,885	3,408,572	6,779,454	10,694,749
PAR Amount of Bonds	21,833,149	12,982,209	6,185,000	17,815,000	15,000,000
Periods	21	38	20	15	26
Effective Interest Rate	5.03%	15.96%	2.76%	2.54%	2.74%

3. Early Retirement Incentive

On June 20, 2015 the District offered an early retirement incentive through CalSTRS for which eligible employees received two years of service credit in exchange for early retirement. The incentive was utilized by twelve employees. The District elected to defer payments on the service credits over an eight-year period at a fixed interest rate of 5%. The District incurred a one-time administrative fee of $360 for each employee (total of $4,320). Total principal incurred for the service credits was $573,762.

In February 2018, the District offered an early retirement incentive through the San Diego County Schools Fringe Benefits Consortium whereby a 403(b) plan was offered to classified employees for the 2017-18 fiscal year. A total of fifteen employees utilized the incentive whereby each employee received 40% of their base salary over three years in three equal payments. Total incentive cost to the District amounts to $224,156, which includes an administrative fee of 1% for each year, to be paid in three equal payments.

Early retirement incentive activity for the year ended June 30, 2021, consisted of:

	Beginning Balance	Increases	Decreases	Ending Balance
2015 STRS Option III	$ 276,274	$ -	$ 276,274	$ -
2018 FBC Classified	74,718	-	74,718	-
Total	$ 350,992	$ -	$ 350,992	$ -

4. Compensated Absences

Total unpaid employee compensated absences as of June 30, 2021 amounted to $453,831. This amount is included as part of long-term liabilities in the government-wide financial statements.

5. Net Pension Liability

The District’s beginning net pension liability was $54,360,245 and increased by $2,114,527 during the year ended June 30, 2021 for a ending net pension liability of $56,474,772. See Note M for additional information regarding the net pension liability.

6. Net OPEB Liability

The District’s beginning net OPEB liability was $16,439,493 and increased by $307,629 during the year ended June 30, 2021 for a ending net OPEB liability of $16,747,122. See Note N for additional information regarding the net OPEB liability.

M. Pension Plans

1. General Information about the Pension Plans

a. 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.

b. 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 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 Plan's provisions and benefits in effect at June 30, 2021 are summarized as follows:

	CalSTRS	
Hire Date	Before Jan. 1, 2013	After 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	55-60	55-62
Monthly Benefits as a % of Eligible Compensation	1.1 - 2.4%	1.0 - 2.4%*
Required Employee Contribution Rates (2020-21)	10.250%	10.205%
Required Employer Contribution Rates (2020-21)	16.150%	16.150%
Requried State Contribution Rates (2020-21)	10.328%	10.328%

*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.

	CalPERS	
	Before	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 (2020-21)	7.000%	7.000%
Requried State Contribution Rates (2020-21)	20.700%	20.700%

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

c. Contributions

CalSTRS

For the fiscal year ended June 30, 2021, California Education Code §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 16.15% of creditable compensation for the fiscal year ended June 30, 2021. Rates are defined in Education Code §22950.5 through the fiscal year ending June 30, 2021. Beginning in the fiscal year ending on June 30, 2022, 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 2020-21, the employer rate reflects a 2.95% reduction from the rate that was originally required in the funding plan.

CalPERS

California Public Employees' Retirement Law §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, 2021, the employee contribution rate was 7.00% and the employer contribution rate was 20.700% of covered payroll. For 2020-21, the employer rate reflects a 1.98% reduction from the rate originally adopted by the board on April 21, 2020, due to an amendment of Government Code §20825.2.

On Behalf Payments

Consistent with California Education Code §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, 2021 the State contributed 10.328% 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:

CalSTRS			
Year Ended June 30,	On Behalf Contribution Rate	On Behalf Contribution Amount	On Behalf Pension Expense
2019	9.828%	$ 3,574,436	$ (679,068)
2020	10.328%	2,418,803	764,610
2021	10.328%	2,646,954	1,733,236

CalPERS			
Year Ended June 30,	On Behalf Contribution Rate	On Behalf Contribution Amount	On Behalf Pension Expense
2019	N/A	$ 692,389	N/A

The contributions made by the State during the fiscal year ended June 30, 2019, included amounts resulting from Senate Bill (SB) 90 settlement in which the State contributed an additional $2.2 Billion to CalSTRS and $904 Million to CalPERS during the 2018-19 fiscal year in order to reduce employer contribution rates in 2019-20 and 2020-21. In addition, the State contributed an additional $1.1 Billion to CalSTRS during the 2019-20 fiscal year and $297 Million to CalSTRS during the 2020-21 fiscal year as a continuing settlement associated with SB90.

d. Contributions Recognized

For the fiscal year ended June 30, 2021 (measurement period June 30, 2020), the contributions recognized for each plan were:

	Governmental Fund Financial Statements (Current Financial Resources Measurement Focus)		
	CalSTRS	CalPERS	Total
Contributions - Employer	$ 3,843,522	$ 1,841,236	$ 5,684,758
Contributions - State On Behalf Payments	2,646,954	-	2,646,954
Total Governmental Funds	$ 6,490,476	$ 1,841,236	$ 8,331,712

	Government-Wide Financial Statements (Economic Resources Measurement Focus)		
	CalSTRS	CalPERS	Total
Contributions - Employer	$ 4,004,796	$ 1,862,866	$ 5,867,662
Contributions - State On Behalf Payments	-	-	-
Total Government-Wide	$ 4,004,796	$ 1,862,866	$ 5,867,662

2. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2020 (measurement date) the District reported net pension liabilities for its proportionate share of the net pension liability of each plan as follows:

	Proportionate Share of the Net Pension Liability		
	CalSTRS	CalPERS	Total
Governmental Activities	$ 37,061,897	$ 19,412,875	$ 56,474,772

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, 2020. The total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 rolled forward to measurement date June 30, 2020 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, 2020 and June 30, 2021 were as follows:

	CalSTRS			CalPERS
	District's Proportionate Share	State's Proportionate Share*	Total For District Employees	District's Proportionate Share
Governmental Activities				
Proportion June 30, 2020	0.0404%	0.0237%	0.0641%	0.0612%
Proportion June 30, 2021	0.0382%	0.0270%	0.0652%	0.0633%
Change in Proportion	-0.0022%	0.0033%	0.0011%	0.0021%

*Represents State's Proportionate Share on behalf of District employees.

a. Pension Expense

	Governmental Activities		
	CalSTRS	CalPERS	Total
Change in Net Pension Liability (Asset)	$ 533,854	$ 1,580,673	$ 2,114,527
State On Behalf Pension Expense	1,733,236	-	1,733,236
Employer Contributions to Pension Expense	3,843,522	1,841,236	5,684,758
Change in Contributions Subsequent to Measurement Date	161,274	21,630	182,904
Change in Other Deferred Outflows/Inflows of Resources	(1,839,944)	577,022	(1,262,922)
Total Pension Expense - Governmental	$ 4,431,942	$ 4,020,561	$ 8,452,503

b. Deferred Outflows and Inflows of Resources

At June 30, 2021, The District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		
	CalSTRS	CalPERS	Total
Governmental Activities			
Pension contributions subsequent to measurement date	$ 3,843,522	$ 1,841,236	$ 5,684,758
Differences between actual and expected experience	64,573	1,034,177	1,098,750
Changes in assumptions	3,032,993	85,962	3,118,955
Changes in employer's proportionate share	-	536,202	536,202
Net difference between projected and actual earnings	682,510	385,105	1,067,615
Total Deferred Outflows of Resources	$ 7,623,598	$ 3,882,682	$ 11,506,280

	Deferred Inflows of Resources		
	CalSTRS	CalPERS	Total
Governmental Activities			
Differences between actual and expected experience	$ 871,128	$ -	$ 871,128
Changes in employer's proportionate share	3,952,557	632,768	4,585,325
Total Deferred Inflows of Resources	$ 4,823,685	$ 632,768	$ 5,456,453

Pension contributions made subsequent to the measurement date reported as deferred outflows of resources will be recognized as a portion of pension expense in the year ended June 30, 2022. 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:

Governmental Activities					
	Deferred Outflows of Resources		Deferred Inflows of Resources		
Year Ended June 30,	CalSTRS	CalPERS	CalSTRS	CalPERS	Net Effect on Expenses
2022	$ 4,108,203	$ 2,577,332	$ (1,738,972)	$ (250,233)	$ 4,696,330
2023	1,248,387	544,774	(1,394,310)	(250,232)	148,619
2024	1,579,229	446,188	(916,430)	(132,303)	976,684
2025	575,343	314,388	(562,032)	-	327,699
2026	56,219	-	(159,329)	-	(103,110)
Thereafter	56,217	-	(52,612)	-	3,605
Total	$ 7,623,598	$ 3,882,682	$ (4,823,685)	$ (632,768)	$ 6,049,827

c. Actuarial Assumptions

Total pension liabilities for the fiscal year ended June 30, 2021, were based on actuarial valuations determined using the following actuarial assumptions:

	CalSTRS	CalPERS
Fiscal Year	June 30, 2021	June 30, 2021
Measurement Date	June 30, 2020	June 30, 2020
Valuation Date	June 30, 2019	June 30, 2019
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Experience Study Period	2015 - 2018	1997 - 2015
Actuarial Assumptions:		
Discount Rate	7.10%	7.15%
Inflation	2.75%	2.50%
Wage Growth	3.50%	(3)
Investment Rate of Return	7.10%	7.15%
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, 2.50% thereafter.

(5) CalPERS mortality table was developed based on CalPERS specific data. The table includes 15 years of mortality improvement using the Society of Actuaries 90% of scale MP-2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

a. Discount Rate

The discount rate used to measure the total pension liability was 7.10% for CalSTRS and 7.15% for CalPERS. The projection of cash flows used to determine the discount rates assumed the contributions from the 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 calculations is not necessary for either plan. The stress test results are presented in detailed reports that can be obtained from 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 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 Years 1 - 10(2)	Real Return Years 11+(3)
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%

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

b. 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%	6.15%
Net Pension Liability	$ 55,995,364	$ 27,909,548
Current Discount Rate	7.10%	7.15%
Net Pension Liability	$ 37,061,897	$ 19,412,875
1% Increase	8.10%	8.15%
Net Pension Liability	$ 21,429,654	$ 12,361,063

3. Total Pension Liability, Pension Plan Fiduciary Net Position and Net Pension Liability

CalSTRS

	Increase (Decrease)				
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)	State's Share of Net Pension Liability (c)	District's Share of Net Pension Liability (a) - (b) - (c)
Balance at June 30, 2020 (Previously Reported)	$ 211,273,968	$ 153,306,337	$ 57,967,631	$ 21,439,588	$ 36,528,043
Changes for the year					
CalSTRS auditor adjustment	(1,306)	-	(1,306)	(541)	(765)
Change in proportionate share	3,625,450	2,630,729	994,721	2,981,708	(1,986,987)
Service cost	4,791,799	-	4,791,799	1,984,689	2,807,110
Interest	15,233,219	-	15,233,219	6,309,364	8,923,855
Difference between expected and actual experience	(628,679)	-	(628,679)	(260,389)	(368,290)
Change in assumptions	671,766	-	671,766	278,235	393,531
Change in benefits	-	-	-	-	-
Contributions:					
Employer	-	3,969,267	(3,969,267)	(1,644,009)	(2,325,258)
Employee	-	2,438,361	(2,438,361)	(1,009,931)	(1,428,430)
State on oehalf	-	2,903,044	(2,903,044)	(1,202,396)	(1,700,648)
Net investment income	-	6,595,629	(6,595,629)	(2,731,808)	(3,863,821)
Other income	-	66,212	(66,212)	(27,424)	(38,788)
Benefit payments[(1)]	(10,461,448)	(10,461,448)	-	-	-
Administrative expenses	-	(142,884)	142,884	59,181	83,703
Borrowing costs	-	(61,816)	61,816	25,603	36,213
Other expenses	-	(4,145)	4,145	1,716	2,429
Net changes	13,230,801	7,932,949	5,297,852	4,763,998	533,854
Balance at June 30, 2021	$ 224,504,769	$ 161,239,286	$ 63,265,483	$ 26,203,586	$ 37,061,897

(1) – Includes refunds of employee contributions

CalPERS

	Increase (Decrease) Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at June 30, 2020			
(Previously Reported)	$ 59,534,585	$ 41,702,383	$ 17,832,202
Changes for the year			
Change in proportionate share	2,026,780	1,419,705	607,075
Service cost	1,457,007	-	1,457,007
Interest	4,368,534	-	4,368,534
Difference between expected			
and actual experience	286,267	-	286,267
Change in assumptions	-	-	-
Change in benefits	-	-	-
Contributions:			
Employer	-	1,813,381	(1,813,381)
Employee	-	663,048	(663,048)
Nonemployer	-	571,952	(571,952)
Net plan to plan resource movement	-	103	(103)
Net investment income	-	2,150,219	(2,150,219)
Benefit payments[1]	(2,955,520)	(2,955,520)	-
Administrative expenses	-	(60,493)	60,493
Other expenses	-	-	-
Net changes	5,183,068	3,602,395	1,580,673
Balance at June 30, 2021	$ 64,717,653	$ 45,304,778	$ 19,412,875

(1) – Includes refunds of employee contributions

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalSTRS and CalPERS financial reports available on their respective websites.

N. Postemployment Benefits Other than Pension Benefits (OPEB)

A. Plan Description

The California Public Employees Retirement System (CalPERS) administers the Lakeside Union School District Retiree Benefits Plan (Plan) through the California Employers' Retiree Benefit Trust (CERBT). The plan is a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for employee groups as follows:

The District provides the ability to enroll in retiree health benefits (including medical, dental and vision) to eligible retirees and their dependents. The District's financial obligation is to pay for retiree medical for the retiree only coverage to age 65 subject to an annual maximum benefit allotment. The retiree pays for any amounts above the annual maximum and for the cost of covering dependents. Retirees can elect dental and vision coverage on a self-pay basis. The District does not contribute any retiree health benefits beyond the retiree's attainment of age 65. The current applicable maximum benefit allotments and eligibility for coverage are described below.

Certificated Employees

The District provides retiree medical including prescription drug benefits to eligible retirees and their eligible dependents to the retirees' attainment of age 65. Eligibility for retiree medical benefits requires retirement under STRS on or after age 55 with at least 15 years of District eligible service.

The District's contribution for eligible employees who retired before January 1, 2018 is an amount equal to the premium for retiree only subject to a maximum, which is equivalent to the cost of the employee only health coverage under the most expensive HMO health plan offered by the District annually. The District's contribution for eligible employees who retire on or after January 1, 2018 is an amount equal to the premium for retiree only subject to a maximum, which is equivalent to the cost of the employee only health coverage under the UHC Network 1 health plan offered by the District annually. The District does not provide any financial contribution for coverage beyond age 65. Retirees can elect dependent medical and dental coverage on a self-paid basis. Spouse coverage ceases upon the death of the retiree. The District does not provide any financial contribution for coverage beyond age 65. Retirees can elect dependent medical coverage and additional dental coverage on a self-paid basis. Spouse coverage ceases upon the death of the retiree.

Classified Employees

The District provides retiree medical including prescription drug benefits to eligible retirees and their eligible dependents to the retirees' attainment of age 65. For employees hired before September 11, 2014, eligibility for retiree medical and dental benefits requires retirement under PERS on or after age 55 with at least 10 years of District eligible service. For employees hired on or after September 11, 2014, eligibility for retiree medical benefits requires retirement under PERS on or after age 55 with at least 15 years of District eligible service.

The District's contribution for eligible employees who retire on or before December 31, 2019 is an amount equal to the retiree only premium up to the most expensive HMO that is available to bargaining unit members. The District's contribution for eligible employees who retire on or after January 1, 2020 is an amount equal to the premium for retiree only subject to a maximum, which is $7,740 in 2018. If the District's Kaiser and/or UHC Network 1 health care plans exceeds the specific maximum contribution paid by the District, the District will pay 50% of the increased cost and the employee will pay 50% of the increased cost. The District does not provide any financial contribution for coverage beyond age 65. Retirees can elect dependent medical and dental coverage on a selfpaid basis, except for 4 Classified retirees who are grandfathered in for District-paid dental coverage. Spouse coverage ceases upon the death of the retiree.

Management Employees

The District provides retiree medical including prescription drug benefits to eligible retirees and their eligible dependents to the retirees' attainment of age 65. There are some management employees with lifetime medical coverage and/or some life insurance coverage. Eligibility for retiree medical benefits requires retirement under STRS/PERS (age 55 for STRS and age 50 for PERS) with at least 10 years of District eligible service.

The District's contribution is 100% of the retiree-only medical premium. The District does not provide any financial contribution for coverage beyond age 65 for retirees without lifetime coverage. Retirees can elect dependent medical and dental coverage on a self-paid basis, except for 3 Management retirees who are grandfathered in for District-paid dental coverage. Spouse coverage ceases upon the death of the retiree.

Employees Covered by Benefit Terms

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

Inactive plan members or beneficiaries currently receiving benefits	84
Inactive plan members entitled to but not yet receiving benefits	0
Active plan members	488
	572

Contributions

The District makes contributions to CERBT to fund as much of the OPEB liability as determined feasible in current operating budget. Contributions are determined by management of the District based on budget implications. Plan members are not required to contribute to the plan.

B. Net OPEB Liability

The District's net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Fiscal Year	July 1st to June 30th
Measurement Date	June 30, 2021
Funding Policy	Pay-as-you-go
Asset Return	7.0% per annum
Discount Rate	2.19% per annum
Inflation	2.75% per annum
Salary Increases	3.0% per annum
Pre-retirement Turnover	Utilizes the Crocker-Sarason T-5 Turnover Table
Mortality Rates	Utilizes the RPH 2014 mortality table with generational improvements utilizing MP 2018
Retirement Rates	Ranges from 7.5% to 100% based on age with 100% retiring by age 70.
Retirement Eligibility Age	55 for CalSTRS members, 50 for CalPERS members
Participant Rates	85% of future active employees are assumed to elect retiree health coverage at retirement. 75% are assumed to elect Kaiser HMO 10 Plan and the remainder to select HMO Network or the Network 1 HMO.
Spouse Coverage	15% of future retirees electing coverage are assumed to elect coverage for their spouse. Spouses are assumed to be the same age as retiree.
Average Claim Costs	Based on premiums and fundraising, expected claims are expected to range from $9,793 to $12,580
Medical Trend Rates	From 5.0% to 7.0%

Discount Rate

The discount rate of 2.19% is a blended rate between the rate of return and the resulting rate using the average of 3-20 year municipal bond rate indices: S&P Municipal Bond 20 Year High Grade Rate Index, Bond Buyer 20-Bond GO Index, and Fidelity GO AA 20 Year Bond Index.

The discount rate has decreased from the June 30, 2020 discount rate of 2.45%.

Actuarial Cost Method

The actuarial cost method used to determine the allocation of the retiree health actuarial liability to the past (accrued), current and future periods is the Entry Age Normal (EAN) cost method. The EAN cost method is a projected benefit cost method which means the cost is based on the projected benefit expected to be paid at retirement.

The EAN normal cost equals the level annual amount of contribution from the employee's date of hire (entry date) to their retirement date that is sufficient to fund the projected benefit. As required by GASB 75, the normal cost is calculated to remain level as a percentage of pay. The EAN actuarial accrued liability equals the present value of all future benefits for retired and current employees and their beneficiaries less the portion expected to be funded by future normal costs.

Actuarial Value of Assets

Any assets of the plan are valued on a market value basis.

Long-Term Expected Rate of Return

The long-term expected rate of return on OPEB 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 OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major class included in the OPEB plan's target asset allocation as of June 30, 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	59%	5.50%
Fixed Income	25%	2.35%
Treasury Inflation Protected Securities (TIPS)	5%	1.50%
Real Estate Investment Trusts	8%	3.65%
Commodities	3%	1.75%
Cash	0%	0.00%

Long-term expected rate of return is 7.00%.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at June 30, 2020	$ 17,037,967	$ 657,320	$ 16,380,647
Changes for the year:			
Service cost	1,089,729	-	1,089,729
Interest	432,201	-	432,201
Experience differences	(263,287)		(263,287)
Changes of assumptions	329,781	-	329,781
Contributions - employer	-	1,040,355	(1,040,355)
Net investment income	-	182,240	(182,240)
Benefit payments	(979,572)	(979,572)	-
Administrative expenses	-	(646)	646
Net change	608,852	242,377	366,475
Balance at June 30, 2021	$ 17,646,819	$ 899,697	$ 16,747,122

Sensitivity of the net 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 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease (1.19%)	Valuation Discount Rate (2.19%)	1% Increase (3.19%)
Net OPEB Liability	$ 17,791,092	$ 16,747,122	$ 15,278,901

Sensitivity of the net OPEB liability to changes in the health care 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 are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trends Rate	1% Increase
	5.25% Decreasing to 3.50%	6.25% Decreasing to 4.50%	7.25% Decreasing to 5.50%
Net OPEB Liability	$ 14,547,393	$ 16,747,122	$ 18,815,705

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

For the year ended June 30, 2021, the District recognized OPEB expense of $1,685,740. At June 30, 2021 the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Experience differences	$ 789,228	$ (234,033)
Changes of assumptions	1,029,715	(42,190)
Difference from projected earnings	-	(93,056)
Total	$ 1,818,943	$ (369,279)

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

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Effect on OPEB Expense
2022	$ 276,434	$ (65,188)	$ 211,246
2023	276,434	(65,190)	211,244
2024	276,434	(65,800)	210,634
2025	276,434	(56,084)	220,350
2026	225,520	(29,254)	196,266
Thereafter	487,687	(87,763)	399,924
Total	$ 1,818,943	$ (369,279)	$ 1,449,664

Payables to the OPEB Plan

At June 30, 2021, the District did not have any payables to the OPEB plan outstanding.

O. Risk Management

The District is exposed to risk of losses due to:

- Torts,
- Theft of, damage to, or destruction of assets,
- Business interruption,
- Errors or omissions,
- Job related illness or injuries to employees,
- Natural disasters,
- Other risks associated with public entity risk pools

Risk management is the process of managing the District's activities to minimize the adverse effects of these risks. The main element of risk management are risk control (to minimize the losses that strike an organization) and risk financing (to obtain finances to provide for or restore the economic damages of those losses). Risk financing techniques include risk retention, risk transfer to and from an insurer, and risk transfer to a non-insurer.

The District has implemented the risk financing technique of risk transfer to an insurer. The District has purchased property & liability insurance as well as workers compensation insurance to cover any losses resulting from the risks identified above.

There have been no significant changes in property and liability or workers compensation coverage during the current fiscal year.

P. Participation in Joint Powers Authorities

The District is a member of two joint powers agreements (JPA) entities, the San Diego County Schools Risk Management (SDCSRM) and the San Diego County Schools Fringe Benefits Consortium (SDCSFBC) for the operation of a common risk management and insurance programs for property and liability coverage, workers compensation, and other employee benefits. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage from coverage in the prior year.

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

Q. Commitments and Contingencies

1. State and Federal Allowances, Awards, and Grants

   The District has received state and federal funds for specific purposes that are subject review 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.

2. Litigation

   The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District as of June 30, 2021.

3. Construction Commitments

   As of June 30, 2021, the District had the following commitments with respect to unfinished capital projects:

Construction in Process:	Commitment	*Expeceted Date of Final Completion
746 - Lakeside Farms Modernization	$ 268,369	February 2022
748 - Lindo Park MPR	324,109	February 2022
749 - TDS Gym Modernization	1,967,378	January 2022
754 - TDS MPR Modernization	150,911	September 2021

* Expected date of final completion subject to change

R. Deferred Outflows of Resources

The District issued refunding bonds June 2015 and November 2016, and as a result of the calculated gain or loss, a loss on refunding was recognized as a deferred outflow of resources. The loss on refunding will be amortized over the life of the refunding bonds utilizing the straight line method.

In accordance with GASB Statement No. 68 & 71, payments made subsequent to the pension plan measurement date and other items as outlined in the GASB pronouncement have been recorded as deferred outflows of resources.

In accordance with GASB Statement No. 75 certain items related to OPEB as identified in the GASB statement are recorded as deferred outflows of resources.

A summary of the deferred outflows of resources as of June 30, 2021, is as follows:

Description	Beginning Balance	Increases	Decreases	Ending Balance
Refunding Loss - 2015 Bonds	$ 2,317,333	$ -	$ 144,833	$ 2,172,500
Refunding Loss - 2016 Bonds	1,564,682	-	111,763	1,452,919
Pension Related				-
CalSTRS	5,328,626	6,832,673	4,537,701	7,623,598
CalPERS	4,758,421	3,664,535	4,540,274	3,882,682
OPEB Related	1,750,659	68,284	-	1,818,943
Total Deferred Outflows of Resources	$ 15,719,721	$ 10,565,492	$ 9,334,571	$ 16,950,642

Future amortization of deferred outflows is as follows:

Year Ending June 30,	Refunding Losses	Pension Related	OPEB Related	Total
2022	$ 256,596	$ 6,685,535	$ 276,434	$ 7,218,565
2023	256,596	1,793,161	276,434	2,326,191
2024	256,596	2,025,417	276,434	2,558,447
2025	256,596	889,731	276,434	1,422,761
2026	256,596	56,219	225,520	538,335
Thereafter	2,342,439	56,217	487,687	2,886,343
Total	$ 3,625,419	$ 11,506,280	$ 1,818,943	$ 16,950,642

S. Deferred Inflows of Resources

In accordance with GASB Statement No. 68 & 71, items as outlined in the GASB statement have been recorded as deferred inflows of resources.

In accordance with GASB Statement No. 75 certain items related to OPEB as identified in the GASB statement are recorded as deferred inflows of resources.

A summary of the deferred inflows of resources as of June 30, 2021, is as follows:

Description	Beginning Balance	Increases	Decreases	Ending Balance
Pension Related				
CalSTRS	$ 4,207,383	$ 2,355,277	$ 1,738,975	$ 4,823,685
CalPERS	909,855	-	277,087	632,768
OPEB Related	56,254	313,025	-	369,279
Total Deferred Inflows of Resources	$ 5,173,492	$ 2,668,302	$ 2,016,062	$ 5,825,732

Future amortization of deferred inflows is as follows:

Year Ending June 30,	Pension Related	OPEB Related	Total
2022	$ 1,989,205	$ 65,188	$ 2,054,393
2023	1,644,542	65,190	1,709,732
2024	1,048,733	65,800	1,114,533
2025	562,032	56,084	618,116
2026	159,329	29,254	188,583
Thereafter	52,612	87,763	140,375
Total	$ 5,456,453	$ 369,279	$ 5,825,732

T. Adjustment to Beginning Balance

As a result of the implementation of GASB Statement No. 84, the District adjusted beginning fund balance/net position as follows:

	Associated Student Body Fund
Beginning Fund Balance as Reported in June 30, 2020 Audit Report	$ -
Adjustments to Beginning Balance	
GASB 84 Implementation	47,877
Beginning Fund Balance, as Restated	$ 47,877

	Governmental Activities
Beginning Net Position as Reported in June 30, 2020 Audit Report	$ (58,359,261)
Adjustments to Beginning Balance	
GASB 84 Implementation	47,877
Beginning Net Position, as Restated	$ (58,311,384)

U. Upcoming Accounting Guidance

The Governmental Accounting Standards Board (GASB) issues pronouncements and additional guidance for governmental agencies to establish consistent accounting across all governments in the United States. The following table represents items that have been issued by GASB that will become effective in future periods:

Description	Date Issued	Fiscal Year Effective
GASB Statement 87, Leases	06/2017	2021-22
GASB Statement 89, Accounting for Interest Cost Incurred before the End of a Construction Period	06/2018	2021-22
GASB Statement 91, Conduit Debt Obligations	05/2019	2022-23
GASB Statement 92, Omnibus 2020	01/2020	2021-22
GASB Statement 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements	03/2020	2022-23
GASB Statement 96, Subscription-Based Information Technology Arrangements	05/2020	2022-23
GASB Statement 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements 14, 84 and supersession of GASB Statement 32	06/2020	2021-22
GASB Statement 98, The Annual Comprehensive Financial Report	10/2021	2021-22
GASB Implementation Guide No. 2019-3, Leases	08/2019	2021-22
GASB Implementation Guide No. 2020-1, Implementation Guidance Update – 2020	04/2020	2021-22
GASB Implementation Guide No. 2021-1, Implementation Guidance Update – 2021	05/2021	2021-22 Thru 2023-24

The effects of the upcoming guidance and pronouncements on the District's financial statements has not yet been determined.

V. COVID-19 Considerations

In March 2020 the World Health Organization declared the outbreak of the novel coronavirus COVID-19 a global pandemic. The nature of the pandemic resulted in a mandatory school property closure affecting the Lakeside Union School District from March 16, 2020 and continuing into the Fall of the 2020-21 school year. California Governor Gavin Newsom issued a state-wide executive order mandating that schools remain closed until the county in which the school is located is off the COVID-19 watch list for fourteen consecutive days. The 2020-21 fiscal year opened in a fully distance learning model, until such time as campuses were re-opened.

In addition to school closures, new regulations and safety measures were required to be put in place by all schools in California as part of a re-opening plan. The Lakeside Union School District established and followed a re-opening plan that they believe is providing a safe environment for the students and teachers.

The federal and state government have established temporary funding to assist in the additional costs that resulted from the COVID-19 pandemic. All California school districts are eligible for these funds. Some funding provided as a result of COVID-19 is intended to be spent over multiple years. The District has taken all of the requirements of each funding source into consideration in preparation of budgets for upcoming years.

Required Supplementary Information

Lakeside Union School District
Budgetary Comparison Schedule – General Fund
For the Year Ended June 30, 2021

	Budgeted Amounts			Variance to Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
LCFF Sources				
State Apportionment	$ 29,646,640	$ 24,316,667	$ 19,445,127	$ (4,871,540)
Education Protection Account	3,913,650	8,873,121	13,671,150	4,798,029
Property Taxes	10,532,311	10,902,813	10,990,046	87,233
Federal Revenue	6,445,575	6,501,398	7,061,625	560,227
Other State Revenue	5,480,926	5,227,323	7,197,562	1,970,239
Interest Income	150,000	150,000	156,509	6,509
Other Local Revenue	4,865,330	4,983,949	5,162,169	178,220
Total Revenues	61,034,432	60,955,271	63,684,188	2,728,917
Expenditures				
Current Expenditures:				
Certificated Salaries	24,662,632	24,588,729	25,073,320	(484,591)
Classified Salaries	8,829,152	8,785,560	8,795,940	(10,380)
Employee Benefits	17,674,468	17,551,344	17,924,309	(372,965)
Books and Supplies	3,909,188	3,126,565	2,881,327	245,238
Services and Other Operating	6,722,798	6,788,072	6,786,794	1,278
Other Outgo	-	2,770	3,893	(1,123)
Transfers of Indirect Costs	(129,931)	(108,783)	(102,686)	(6,097)
Capital Outlay	75,000	93,851	348,788	(254,937)
Total Expenditures	61,743,307	60,828,108	61,711,685	(883,577)
Excess (Deficiency) of Revenues Over Expenditures	(708,875)	127,163	1,972,503	1,845,340
Other Financing Sources (Uses)				
Interfund Transfers In	-	-	60,409	60,409
Interfund Transfers Out	(44,139)	-	(222,877)	(222,877)
Net Financing Sources (Uses)	(44,139)	-	(162,468)	(222,877)
Net Change in Fund Balance	(753,014)	127,163	1,810,035	1,682,872
Fund Balance - Beginning of Year	11,077,283	11,077,283	11,077,283	-
Fund Balance - End of Year	$ 10,324,269	$ 11,204,446	$ 12,887,318	$ 1,682,872

Lakeside Union School District

Schedule of the District's Proportionate Share of the Net Pension Liability - CalSTRS

Last Ten Fiscal Years*

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
District's proportion of the net pension liability (asset)	0.0382%	0.0404%	0.0424%	0.0450%	0.0471%	0.0451%	0.0436%	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset)	$ 37,061,897	$ 36,528,043	$ 38,942,832	$ 41,574,495	$ 38,081,550	$ 30,364,814	$ 25,487,786	N/A	N/A	N/A
State's proportionate share of the net pension liability (asset) associated with the District	26,203,587	21,439,588	20,405,766	22,518,940	21,592,046	18,133,022	14,033,604	N/A	N/A	N/A
Total	$ 63,265,484	$ 57,967,631	$ 59,348,598	$ 64,093,435	$ 59,673,596	$ 48,497,836	$ 39,521,390	N/A	N/A	N/A
District's covered payroll**	23,543,058	21,738,729	22,502,689	23,769,141	23,392,667	20,842,725	19,326,546	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	157.42%	168.03%	173.06%	174.91%	162.79%	145.69%	131.88%	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	71.82%	72.56%	70.99%	69.46%	70.04%	74.02%	76.52%	N/A	N/A	N/A

*This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

**Covered payroll on this schedule is based on measurement date, as such covered payroll represented for each fiscal year is the covered payroll from the prior year as identified on the schedule of contributions.

Lakeside Union School District

Schedule of the District's Contributions - CalSTRS

Last Ten Fiscal Years*

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	$ 3,843,522	$ 4,025,863	$ 3,539,065	$ 3,247,138	$ 2,990,158	$ 2,510,033	$ 1,850,834	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	(3,843,522)	(4,025,863)	(3,539,065)	(3,247,138)	(2,990,158)	(2,510,033)	(1,850,834)	N/A	N/A	N/A
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ (1,850,834)	N/A	N/A	N/A
District's covered payroll**	$ 23,798,898	$ 23,543,058	$ 21,738,729	$ 22,502,689	$ 23,769,141	$ 23,392,667	$ 20,842,725	N/A	N/A	N/A
Contributions as a percentage of covered payroll	16.15%	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%	N/A	N/A	N/A

*This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

**Covered payroll on this schedule is based on the fiscal year.

Lakeside Union School District

Schedule of the District's Proportionate Share of the Net Pension Liability – CalPERS

Last Ten Fiscal Years*

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
District's proportion of the net pension liability (asset)	0.0633%	0.0612%	0.0637%	0.0661%	0.0603%	0.0613%	0.0586%	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset)	$ 19,412,875	$ 17,832,202	$ 16,975,627	$ 15,788,647	$ 11,911,296	$ 9,029,628	$ 6,651,738	N/A	N/A	N/A
District's covered payroll**	$ 9,195,244	$ 8,562,861	$ 8,489,119	$ 8,494,456	$ 7,303,361	$ 6,812,395	$ 6,160,776	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	211.12%	208.25%	199.97%	185.87%	163.09%	132.55%	107.97%	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	70.00%	70.05%	70.85%	71.87%	73.90%	79.43%	83.38%	N/A	N/A	N/A

*This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

**Covered payroll on this schedule is based on measurement date, as such covered payroll represented for each fiscal year is the covered payroll from the prior year as identified on the schedule of contributions.

Lakeside Union School District

Schedule of the District's Contributions - CalPERS

Last Ten Fiscal Years*

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	$ 1,841,236	$ 1,813,394	$ 1,546,624	$ 1,318,445	$ 1,179,710	$ 865,229	$ 801,887	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	(1,841,236)	(1,813,394)	(1,546,624)	(1,318,445)	(1,179,710)	(865,229)	(801,887)	N/A	N/A	N/A
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	N/A	N/A	N/A
District's covered payroll**	$ 8,894,860	$ 9,195,244	$ 8,562,861	$ 8,489,119	$ 8,494,456	$ 7,303,361	$ 6,812,395	N/A	N/A	N/A
Contributions as a percentage of covered payroll	20.700%	19.721%	18.062%	15.531%	13.888%	11.847%	11.771%	N/A	N/A	N/A

*This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

**Covered payroll on this schedule is based on the fiscal year.

Lakeside Union School District

Schedule of Changes in the District's Net OPEB Liability and Related Ratios – LSUSD Retiree Health Benefit Plan
Last Ten Fiscal Years*

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Total OPEB liability:										
Service cost	$ 1,089,729	$ 988,908	$ 935,348	$ 903,718	N/A	N/A	N/A	N/A	N/A	N/A
Interest	432,201	484,645	511,233	480,489	N/A	N/A	N/A	N/A	N/A	N/A
Changes of benefit terms	-	(97,284)	(214,514)	-	N/A	N/A	N/A	N/A	N/A	N/A
Differences between expected					N/A	N/A	N/A	N/A	N/A	N/A
and actual experience	(263,287)	1,014,722	-	-	N/A	N/A	N/A	N/A	N/A	N/A
Changes of assumptions	329,781	685,182	356,398	(98,446)	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments	(979,572)	(869,731)	(856,503)	(829,004)	N/A	N/A	N/A	N/A	N/A	N/A
Net change in total OPEB liability	608,852	2,206,442	731,962	456,757	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability - beginning	17,037,967	14,831,525	14,099,563	13,642,806	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability - ending	$ 17,646,819	$ 17,037,967	$ 14,831,525	$ 14,099,563	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position:										
Contributions - employer	$ 1,040,355	$ 869,731	$ 956,503	$ 1,329,004	N/A	N/A	N/A	N/A	N/A	N/A
Contributions - employee	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A
Net investment income	182,240	22,702	35,423	-	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments	(979,572)	(869,731)	(856,503)	(829,004)	N/A	N/A	N/A	N/A	N/A	N/A
Administrative expenses	(646)	(547)	(258)	-	N/A	N/A	N/A	N/A	N/A	N/A
Other expenses	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A
Net change in plan fiduciary net position	242,377	22,155	135,165	500,000	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position - beginning	657,320	635,165	500,000	-	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position - ending	$ 899,697	$ 657,320	$ 635,165	$ 500,000	N/A	N/A	N/A	N/A	N/A	N/A
Net OPEB liability	$ 16,747,122	$ 16,380,647	$ 14,196,360	$ 13,599,563	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of total OPEB liability	5.10%	3.86%	4.28%	3.55%						
Covered payroll	32,185,534	31,248,091	30,064,000	30,064,000	N/A	N/A	N/A	N/A	N/A	N/A
Net OPEB liability as a percentage of covered payroll	52.03%	52.42%	47.22%	45.24%	N/A	N/A	N/A	N/A	N/A	N/A

*This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

Lakeside Union School District

Schedule of the District's Contributions – LSUSD Retiree Health Benefit Plan
Last Ten Fiscal Years*

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarial determined contributions	$ -	$ -	$ -	$ -	N/A	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	(1,040,355)	(869,731)	(956,503)	(1,329,004)	N/A	N/A	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	$ (1,040,355)	$ (869,731)	$ (956,503)	$ (1,329,004)	N/A	N/A	N/A	N/A	N/A	N/A
District's covered payroll**	32,185,534	31,248,091	30,064,000	$ 30,064,000	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	3.232%	2.783%	3.182%	4.42%	N/A	N/A	N/A	N/A	N/A	N/A

*This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

The Plan does not have actuarially determined contributions.

Budgetary Comparison Schedule – General Fund

As described in Note A to these financial statements, for purposes of reporting in conformity with GASB Statement No. 54, the District's Pupil Transportation Fund (Fund 15), Special Reserve Fund for Other Than Capital Outlay (Fund 17) and Special Reserve Fund for Other Postemployment Benefits (Fund 20) were included with the general fund as the fund did not meet the definition of a special revenue fund under GASB Statement No. 54. The Budgetary Comparison Schedule included in the Required Supplementary Information is based on the legally adopted budget for the General Fund only. Below is a table reconciling between the General Fund as reported in the Basic Financial Statements and the General Fund as reported in the Budgetary Comparison Schedule.

General Fund - Basic Financial Statements Ending Fund Balance	$ 12,890,685
Less Fund 15 Fund Balance	(3,121)
Less Fund 17 Fund Balance	(246)
Less Fund 20 Fund Balance	-
General Fund - Budgetary Comparison Schedule Ending Fund Balance	$ 12,887,318
General Fund - Basic Financial Statements Net Change in Fund Balance	$ 1,750,018
Less Fund 15 Net Change in Fund Balance	(43)
Less Fund 17 Net Change in Fund Balance	(3)
Less Fund 20 Net Change in Fund Balance	60,063
General Fund - Budgetary Comparison Schedule Net Change in Fund Balance	$ 1,810,035

Excess of Expenditures Over Appropriations

As of June 30, 2021, the District's expenditures which exceeded appropriations in the following categories:

Appropriations Category	Excess Expenditures	Reason for Excess Expenditures
General Fund:		
Certificated Salaries	$ 484,591	The District incurred additional expenditures as a direct relation to the COVID-19 pandemic.
Classified Salaries	10,380	The District incurred additional expenditures as a direct relation to the COVID-19 pandemic.
Employee Benefits	372,965	The District incurred additional expenditures as a direct relation to the COVID-19 pandemic.
Other Outgo	1,123	The District underestimated the costs of other outgo.
Transfers of Indirect Costs	6,097	The District underestimated the transfers of indirect costs.
Capital Outlay	254,937	The District incurred additional expenditures as a direct relation to the COVID-19 pandemic.

Amounts in excess of appropriations were not considered a violation of any laws, regulations, contracts or grant agreements and did not have a direct or material effect on the financial statements.

Schedule of District's Proportionate Share – CalSTRS

1. Benefit Changes: There were no changes to benefits during the periods being reported.

2. Changes in Assumptions: Assumptions used in determining the total pension liability of the CalSTRS Plan changed due to actuarial experience studies. Changes in assumptions effective in fiscal year 2020-21 (measured as of June 30, 2020) were to termination rates and service retirement rates based on the experience study for the period July 1, 2015, through June 30, 2018. Changes in assumptions effective in fiscal year 2017-18 (measured as of June 30, 2017) were to price inflation, wage growth, discount rate and mortality tables based on the experience study for the period July 1, 2010, through June 30, 2015.

Schedule of District's Contributions – CalSTRS

The total pension liability for California State Teachers' Retirement System (CalSTRS) for measurement date June 30, 2020, was determined with a valuation completed June 30, 2019 (released in May 2020). In determining the total pension liability, the financial reporting actuarial valuation used the following actuarial methods and assumptions:

Reporting Period	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018
Measurement Date	06/30/14	06/30/15	06/30/16	06/30/17
Valuation Date	06/30/13	06/30/14	06/30/15	06/30/16
Experience Study	07/01/06 - 06/30/10	07/01/06 - 06/30/10	07/01/06 - 06/30/10	07/01/06 - 06/30/15
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment Rate of Return(1)	7.60%	7.60%	7.60%	7.10%
Consumer Price Inflation	3.00%	3.00%	3.00%	2.75%
Wage Growth (Average)	3.75%	3.75%	3.75%	3.50%
Post-retirement Benefit Increases	2.00% Simple	2.00% Simple	2.00% Simple	2.00% Simple

Reporting Period	June 30, 2019	June 30, 2020	June 30, 2021
Measurement Date	06/30/18	06/30/19	06/30/20
Valuation Date	06/30/17	06/30/18	06/30/19
Experience Study	07/01/06 - 06/30/15	07/01/06 - 06/30/15	07/01/15 - 06/30/18
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment Rate of Return(1)	7.10%	7.10%	7.10%
Consumer Price Inflation	2.75%	2.75%	2.75%
Wage Growth (Average)	3.50%	3.50%	3.50%
Post-retirement Benefit Increases	2.00% Simple	2.00% Simple	2.00% Simple

(1) – Net of investment expenses but gross of administrative expenses.

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

Additional information can be obtained by reviewing the CalSTRS Actuarial Experience Study on the CalSTRS website.

Schedule of District's Proportionate Share – CalPERS

1. Benefit Changes: There were no changes to benefits during the periods being reported.

2. Changes in Assumptions. On December 21, 2016, the CalPERS Board lowered the discount rate for funding purposes from 7.50% to 7.00% using a three-year phase-in beginning with the June 30, 2016, actuarial valuations and the June 30, 2017 valuations for the School Pool. The final scheduled decrease from 7.25% to 7.00% for the school pool valuation occurred in the June 30, 2019, valuation. The CalPERS Board adopted new actuarial assumptions based on the recommendations in the December 2017 CalPERS Experience Study and Review of Actuarial Assumptions. This study reviewed the retirement rates, termination rates, mortality rates, rates of salary increases, and inflation assumption for the Plan. These new assumptions are incorporated into the June 30, 2018, actuarial valuations.

Schedule of District's Contributions – CalPERS

The total pension liability for California Public Employees Retirement System – School Pool (CalPERS) for measurement date June 30, 2020, was determined with a valuation completed June 30, 2019. In determining the total pension liability, the financial reporting actuarial valuation used the following actuarial methods and assumptions:

Reporting Period	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018
Measurement Date	06/30/14	06/30/15	06/30/16	06/30/17
Valuation Date	06/30/13	06/30/14	06/30/15	06/30/16
Experience Study	07/01/97 - 06/30/11	07/01/97 - 06/30/11	07/01/97 - 06/30/11	07/01/97 - 06/30/11
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment Rate of Return	7.50%	7.65%	7.65%	7.15%
Consumer Price Inflation	2.75%	2.75%	2.75%	2.75%
Wage Growth (Average)	3.00%	3.00%	3.00%	3.00%
Post-retirement Benefit Increases	2.00% Simple	2.00% Simple	2.00% Simple	2.00% Simple

Reporting Period	June 30, 2019	June 30, 2020	June 30, 2021
Measurement Date	06/30/18	06/30/19	06/30/20
Valuation Date	06/30/17	06/30/18	06/30/19
Experience Study	07/01/97 - 06/30/15	07/01/97 - 06/30/15	07/01/97 - 06/30/15
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment Rate of Return	7.50%	7.50%	7.15%
Consumer Price Inflation	2.50%	2.50%	2.50%
Wage Growth (Average)	3.00%	3.00%	2.75%
Post-retirement Benefit Increases	2.00% Simple	2.00% Simple	2.00% Simple

The mortality table used was developed based on CalPERS specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table please refer to the December 2017 experience study report (based on demographic data from 1997 to 2015) available on the CalPERS website.

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

1) Benefit Changes: In 2019 the District made changes to benefit terms consistent with bargaining agreements. There have been no additional changes to benefits in periods being reported.

2) Changes in Assumptions: Changes in assumptions include changes in the discount rate annually.

3) The following are the discount rates used for each period:

Year	Discount Rate
2018	3.35%
2019	3.22%
2020	2.45%
2021	2.19%

Schedule of District's Contributions to OPEB Plan

The District is not currently obtaining actuarially determined contributions. The District is funding OPEB contributions on a pay-as-you-go basis through the OPEB trust.

Combining Statements as Supplementary Information

Lakeside Union School District

Combining Balance Sheet – Nonmajor Governmental Funds
June 30, 2021

	Special Revenue Funds	Capital Project Funds	Debt Service Fund Bond Interest & Redemption Fund	Total Nonmajor Governmental Funds
Assets				
Cash and Cash Equivalents	$ 1,698,390	$ 1,743,151	$ 2,350,615	$ 5,792,156
Accounts Receivable	684,663	2,984	-	687,647
Due from Other Funds	273,224	-	-	273,224
Stores Inventories	52,159	-	-	52,159
Total Assets	$ 2,708,436	$ 1,746,135	$ 2,350,615	$ 6,805,186
Liabilities and Fund Balance:				
Liabilities:				
Accounts Payable	$ 175,907	$ -	$ -	$ 175,907
Due to Other Funds	94,386	8,127	-	102,513
Unearned Revenue	31,762	-	-	31,762
Total Liabilities	302,055	8,127	-	310,182
Fund Balance:				
Nonspendable	52,259	-	-	52,259
Restricted	2,350,313	1,720,675	2,350,615	6,421,603
Assigned	3,809	17,333	-	21,142
Total Fund Balance	2,406,381	1,738,008	2,350,615	6,495,004
Total Liabilities and Fund Balances	$ 2,708,436	$ 1,746,135	$ 2,350,615	$ 6,805,186

Lakeside Union School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –
Nonmajor Governmental Funds
June 30, 2021

	Special Revenue Funds	Capital Project Funds	Debt Service Fund: Bond Interest & Redemption Fund	Total Nonmajor Governmental Funds
Revenues				
Property Taxes	$ -	$ -	$ 2,732,335	$ 2,732,335
Federal Revenue	2,802,204	-	-	2,802,204
Other State Revenue	535,698	-	-	535,698
Interest	18,627	22,557	18,636	59,820
Other Local Revenue	1,342,139	258,726	375	1,601,240
Total Revenues	$ 4,698,668	$ 281,283	$ 2,751,346	$ 7,731,297
Expenditures				
Current Expenditures:				
Instruction	460,658	-	-	460,658
Instruction - Related Services	145,994	-	-	145,994
Pupil Services	1,950,670	-	-	1,950,670
Ancillary Services	8,136	-	-	8,136
Community Services	1,091,476	-	-	1,091,476
General Administration	102,686	13,476	-	116,162
Plant Services	22,226	15,901	-	38,127
Capital Outlay	161,303	-	-	161,303
Debt Service:				
Principal	-	-	1,055,000	1,055,000
Interest	-	-	1,534,763	1,534,763
Total Expenditures	3,943,149	29,377	2,589,763	6,562,289
Excess (Deficiency) of Revenues Over (Under) Expenditures	755,519	251,906	161,583	1,169,008
Other Financing Sources (Uses):				
Transfers In	222,877	-	-	222,877
Total Other Financing Sources (Uses)	222,877	-	-	222,877
Net Change in Fund Balance	978,396	251,906	161,583	1,391,885
Fund Balance, Beginning of Year	1,427,985	1,486,102	2,189,032	5,103,119
Fund Balance, End of Year	$ 2,406,381	$ 1,738,008	$ 2,350,615	$ 6,495,004

Lakeside Union School District

Combining Balance Sheet – Nonmajor Special Revenue Funds
June 30, 2021

	Associated Student Body Fund	Child Development Fund	Cafeteria Fund	Total Nonmajor Special Revenue Funds
Assets				
Cash in County Treasury	$ 48,678	$ 802,475	$ 847,237	$ 1,698,390
Accounts Receivable	-	55,877	628,786	684,663
Due from Other Funds	-	273,214	10	273,224
Stores Inventories	-	-	52,159	52,159
Total Assets	$ 48,678	$ 1,131,566	$ 1,528,192	$ 2,708,436
Liabilities and Fund Balance:				
Liabilities:				
Accounts Payable	$ 694	$ 70,425	$ 104,788	$ 175,907
Due to Other Funds	-	57,237	37,149	94,386
Unearned Revenue	-	-	31,762	31,762
Total Liabilities	694	127,662	173,699	302,055
Fund Balance:				
Nonspendable	-	-	52,169	52,169
Restricted	47,984	1,000,095	1,302,324	2,350,403
Assigned	-	3,809	-	3,809
Total Fund Balance	47,984	1,003,904	1,354,493	2,406,381
Total Liabilities and Fund Balances	$ 48,678	$ 1,131,566	$ 1,528,192	$ 2,708,436

Lakeside Union School District

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

June 30, 2021

	Associated Student Body Fund	Child Development Fund	Cafeteria Fund	Total Nonmajor Special Revenue Funds
Revenues				
Federal Revenue	$ -	$ 22,601	$ 2,779,603	$ 2,802,204
Other State Revenue	-	257,077	278,621	535,698
Interest	-	11,383	7,244	18,627
Other Local Revenue	8,242	1,320,094	13,803	1,342,139
Total Revenues	$ 8,242	$ 1,611,155	$ 3,079,271	$ 4,698,668
Expenditures				
Current Expenditures:				
Instruction	-	460,658	-	460,658
Instruction - Related Services	-	145,994	-	145,994
Pupil Services	-	-	1,950,670	1,950,670
Ancillary Services	8,136	-	-	8,136
Community Services	-	1,091,476	-	1,091,476
General Administration	-	16,058	86,628	102,686
Plant Services	-	18,537	3,689	22,226
Capital Outlay	-	-	161,303	161,303
Total Expenditures	8,136	1,732,723	2,202,290	3,943,149
Excess (Deficiency) of Revenues Over (Under) Expenditures	106	(121,568)	876,981	755,519
Other Financing Sources (Uses):				
Transfers In	-	222,877	-	222,877
Total Other Financing Sources (Use	-	222,877	-	222,877
Net Change in Fund Balance	106	101,309	876,981	978,396
Fund Balance, Beginning of Year	47,878	902,595	477,512	1,427,985
Fund Balance, End of Year	$ 47,984	$ 1,003,904	$ 1,354,493	$ 2,406,381

Lakeside Union School District

Combining Balance Sheet – Nonmajor Capital Projects Funds

June 30, 2021

	Capital Facilities Fund	Special Reserve for Capital Outlay Fund	Total Nonmajor Capital Projects Funds
Assets			
Cash in County Treasury	$ 1,725,848	$ 17,303	$ 1,743,151
Accounts Receivable	2,954	30	2,984
Total Assets	$ 1,728,802	$ 17,333	$ 1,746,135
Liabilities and Fund Balance:			
Liabilities:			
Due to Other Funds	$ 8,127	$ -	$ 8,127
Total Liabilities	8,127	-	8,127
Fund Balance:			
Restricted	1,720,675	-	1,720,675
Assigned	-	17,333	17,333
Total Fund Balance	1,720,675	17,333	1,738,008
Total Liabilities and Fund Balances	$ 1,728,802	$ 17,333	$ 1,746,135

Lakeside Union School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –
Nonmajor Capital Projects Funds
June 30, 2021

	Capital Facilities Fund	Special Reserve for Capital Outlay Fund	Total Nonmajor Capital Projects Funds
Revenues			
Interest	22,320	237	22,557
Other Local Revenue	258,726	-	258,726
Total Revenues	$ 281,046	$ 237	$ 281,283
Expenditures			
Current Expenditures:			
General Administration	13,476	-	13,476
Plant Services	15,901	-	15,901
Total Expenditures	29,377	-	29,377
Net Change in Fund Balance	251,669	237	251,906
Fund Balance, Beginning of Year	1,469,006	17,096	1,486,102
Fund Balance, End of Year	$ 1,720,675	$ 17,333	$ 1,738,008

Other Supplementary Information

Lakeside Union School District

Local Education Agency Organization Structure
June 30, 2021

The Lakeside Union School District was established in 1890 and is comprised of an area of approximately 75 square miles in San Diego County. There were no changes in the boundaries of the District during the current fiscal year. The District is currently operating six elementary schools, two middle schools, a special education high school, and is the authorizer of two charter schools.

On July 1, 1997, the District authorized River Valley Charter High School which provides education to students in grades 7-12.

On April 18, 2002 the District authorized Barona Indian Charter School which provides education to students in grades K-8.

GOVERNING BOARD

Name	Office	Term and Term Expiration
Holly Ferrante	President	Four Year Term Expires November 30, 2022
Bonnie LaChappa	Vice President	Four Year Term Expires November 30, 2022
Andrew Hayes	Clerk	Four Year Term Expires November 30, 2022
Lara Hoefer Moir	Member	Four Year Term Expires November 30, 2024
Don Whisman	Member	Four Year Term Expires November 30, 2022

ADMINISTRATION

Andy Johnsen, Ed.D.
Superintendent

Erin Garcia
Assistant Superintendent
Business Services

Kim Reed, Ed.D.
Assistant Superintendent
Educational Services

Lakeside Union School District

Schedule of Instructional Time
Year Ended June 30, 2021

Grade Level	Minimum Daily Minutes Offered	Instructional Days Offered Traditional Calendar	J-13A Credited Days	Status
Transitional Kindergarten	180	180	N/A	Complied
Kindergarten	180	180	N/A	Complied
1st Grade	230	180	N/A	Complied
2nd Grade	230	180	N/A	Complied
3rd Grade	230	180	N/A	Complied
4th Grade	240	180	N/A	Complied
5th Grade	240	180	N/A	Complied
6th Grade	240	180	N/A	Complied
7th Grade	240	180	N/A	Complied
8th Grade	240	180	N/A	Complied

This schedule provides the information necessary to determine if the District has complied with Article 8 (commencing with Section 46200) of Chapter 2 of Part 26 of the Education Code. The requirements are as follows:

1) EC §46207: As a condition of apportionment the following annual instructional minutes must be offered:
   - To pupils in Kindergarten 36,000 minutes
   - To pupils in grades 1 to 3 50,400 minutes
   - To pupils in grades 4 to 8 54,000 minutes
   - To pupils in grades 9 to 12 64,800 minutes
2) EC §46208: As a condition of apportionment 180 school days must be offered for traditional calendars. In order to qualify as a school day the following minimum daily minutes must be met:
   - EC §46112:Grades 1 to 3 230 minutes
   - EC §46113: Grades 4 to 8 240 minutes
   - EC §46114: Kindergarten 180 minutes
   - EC §46141: Grades 9 to 12 240 minutes

Under Senate Bill 98 and Senate Bill 820, annual instructional minutes requirements were waived for the 2020-21 school year. For school districts and classroom-based charter schools, in order for a day to count as a day of instruction towards meeting the annual instructional day requirement, students must be scheduled to attend for the school day established by the local governing board and the school day must be equivalent to at least a minimum day of instruction as follows:

- 180 instructional minutes in TK/Kindergarten, continuation high schools, opportunity schools, and students concurrently enrolled in a community college.
- 230 instructional minutes in grades 1 to 3
- 240 minutes in grades 4 to 12

As a result of the COVID-19 pandemic, the District operated a portion of the year under distance learning and a portion of the year under in person classroom instruction.

Lakeside Union School District

Schedule of Financial Trends and Analysis
Year Ended June 30, 2021

General Fund	Budget 2022 (See Note 1)	2021	2020	2019
Revenues and Other Financing Sources	$ 62,051,219	$ 63,744,597	$ 59,123,718	$ 60,409,651
Expenditures and Other Financing Uses	62,735,263	61,934,562	59,269,110	58,817,791
Net Change in Fund Balance	(684,044)	1,810,035	(145,392)	1,591,860
Ending Fund Balance	$ 12,203,274	$ 12,887,318	$ 11,077,283	$ 11,222,675
Available Reserves (See Note 2)	$ 10,664,861	$ 9,377,768	$ 9,568,239	$ 10,235,904
Available Reserves as a Percentage of Total Outgo	17.00%	15.14%	16.14%	17.40%
Long Term Debt	$ 64,346,577	$ 64,106,973	$ 63,652,579	$ 64,451,757
Average Daily Attendance at P2 (See Note 4)	4,806	N/A	4,806	4,867

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 general fund balance has increased by $1,664,643 (14.83%) over the past two years. The fiscal year 2021-22 budget projects a decrease of $684,044 (5.31%). For a district of this size, the State recommends available reserves of 3% of total general fund expenditures and other financing uses (total outgo).

Total long-term debt has decreased by $344,784 (0.53%) over the past two years.

As a result of the COVID-19 pandemic there was no attendance reporting for the 2020-21 fiscal year. Each LEA was funded based on the 2019-20 average daily attendance (ADA) reported.

Notes:

1. Budget 2022 is included for analytical purposes only and has not been subjected to audit.
2. Available reserves consist of all unassigned fund balances contained within the general fund.
3. As described in Note A to these financial statements, for purposes of reporting in conformity with GASB Statement No 54, the District's Pupil Transportation Fund (Fund 15), Special Reserve Fund for Other Than Capital Outlay (Fund 17) and Special Reserve Fund for Other Postemployment Benefits (Fund 20) were included with the general fund for reporting purposes. The above Schedule of Financial Trends and Analysis contains only the financial information of the general fund.

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

	General Fund (Fund 01)	Pupil Transportation Fund (Fund 15)	Special Reserve Fund for Other than Capital Outlay (Fund 17)	Special Reserve Fund for Postemployment Benefits (Fund 20)
June 30, 2021, annual financial and budget report fund balances	$ 12,887,318	$ 3,121	$ 246	$ -
Adjustments and reclassifications:				
Increasing (decreasing) the fund balance:				
GASB 54 Fund Presentation	3,367	(3,121)	(246)	-
Net adjustments and reclassifications	3,367	(3,121)	(246)	-
June 30, 2020, audited financial statement fund balances	$ 12,890,685	$ -	$ -	$ -

This schedule provides the information necessary to reconcile the fund balances of all funds as reported on the SACS Annual Financial and Budget Report with the audited financial statements. Funds that required no adjustment are not presented.

Lakeside Union School District

Schedule of Charter Schools

Year Ended June 30, 2021

The Lakeside Union School District charters the following charter schools:

Charter Schools	Charter Number	Included in Audit?
River Valley Charter High School	0120	No
Barona Indian Charter School	0469	No

This schedule is provided to list all charter schools chartered by the District and displays information for each charter school on whether or not the charter school is included in the District audit.

Lakeside Union School District

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

Federal Grantor/Pass Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Subrecipient Expenditures	Total Federal Expenditures
CHILD NUTRITION CLUSTER:				
U.S. Department of Agriculture				
Passed through California Department of Education				
School Breakfast Program	10.553	13526	$ -	$ 709,005
National School Lunch Program	10.555	13523	-	1,328,054
National School Lunch Program - Noncash Commodities	10.555	13392	-	126,164
Total Child Nutrition Cluster			-	2,163,223
SPECIAL EDUCATION (IDEA) CLUSTER:				
U.S. Department of Education				
Passed through California Department of Education				
IDEA Basic Local Assistance	84.027	13379	-	1,205,932
IDEA Local Assistance, Private Schools	84.027	10115	-	1,358
IDEA Mental Health	84.027	13430	-	70,301
IDEA Preschool Grants	84.173	15197	-	58,790
IDEA Preschool Staff Development	84.173	13431	-	470
Total Special Education (IDEA) Cluster			-	1,336,851
OTHER PROGRAMS:				
U.S. Department of Agriculture				
Passed through California Department of Education				
Child and Adult Care Food Program	10.558	13666	-	576,163
Cash in Lieu of Commodities	10.558	13534	-	40,217
U.S. Department of Treasury				
Passed through California Department of Education				
Corona Virus Relief Fund - Learning Loss Mitigation	21.019	25516	-	2,667,104
U.S. Department of Education				
Direct Program:				
Impact Aid	84.041	-	-	242,143
Passed through California Department of Education				
Title I	84.010	14329	-	853,435
ESSA School Improvement Funding	84.010	15438	-	47,309
IDEA Early Intervention	84.181	23761	-	25,167
Title III English Learner Student Program	84.365	14346	-	9,394
Title II Supporting Effective Instruction	84.367	14341	-	75,621
Title IV Student Support Academic Enrichment	84.424	15396	-	7,604
Governor's Emergency Education Relief Fund	84.425C	15517	-	414,470
CARES Act - Elementary and Secondary School Emergency Relief	84.425D	15536	-	483,828
CARES Act - Elementary and Secondary School Emergency Relief II	84.425D	15547	-	837,814
Total Other Programs			-	6,280,269
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ -	$ 9,780,343

See accompanying notes to schedule of expenditures of federal awards.

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with requirements of 2 CFR §200.502 *Basis for Determining Federal Awards Expended* and 2CFR §200.510(b) *Schedule of Expenditures of Federal Awards.* Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Summary of Significant Accounting Policies

The expenditures reported on the schedule 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.

Indirect Cost Rate

Indirect costs were calculated in accordance with 2 CFR §200.412 *Direct and Indirect Costs.* The District used an indirect cost rate of 7.02% based on the rate approved by the California Department of Education for each program which did not have a pre-defined allowable indirect cost rate. The District did not elect to use the 10% de minimis cost rate as covered in 2 CFR §200.414 *Indirect Costs.* The following programs utilized a lower indirect cost rate based on program restrictions or other factors determined by the District:

Program	CFDA #	Indirect Cost Rate
ESSA School Improvement Funding for LEAs	84.010	6.68%
Child Nutrition Cluster	10.553, 10.555	5.00%

Schoolwide Program

The District operates “schoolwide programs” at all school sites. Using federal funding, schoolwide programs are designed to upgrade an entire educational program within a school for all students, rather than limiting services to certain targeted students. The following federal program amounts were expended by the District in it’s schoolwide programs:

Program	CFDA #	Amount Expended
Title I	84.010	$ 853,435
ESSA School Improvement Funding	84.010	47,309

Personal Protective Equipment (PPE) (Unaudited)

As a result of the COVID-19 Pandemic the District received personal protective equipment (PPE) valued at $75,000 from the federal government.

Reconciliation of Revenues

Under grant provisions for Corona Virus Relief Fund – Learning Loss Mitigation (CFDA #21.019) expenditures for the program could begin March 2020; however, revenue was not apportioned until the 2020-21 fiscal year. As a result, the revenue is recognized for expenditures occurring from the start of the grant through June 30, 2021, while the schedule of expenditures of federal awards recognizes only expenditures incurred during the 2020-21 fiscal year.

Under grant provisions for CARES Act – Elementary & Secondary School Emergency Relief (CFDA #84.425D) expenditures for the program could begin March 2020; however, revenue was not apportioned until the 2020-21 fiscal year. As a result, the revenue is recognized for expenditures occurring from the start of the grant through June 30, 2021, while the schedule of expenditures of federal awards recognizes only expenditures incurred during the 2020-21 fiscal year.

The District received a one time stipend for Child Development Coronavirus Relief Supplement (CFDA #93.575) for which the District did not incur any expenditures during the 2020-21 fiscal year resulting in a timing difference between revenue recognition and expenditure of the funds.

The following schedule provides a reconciliation between revenues reported on the Statement of Revenues, Expenditures and Change in Fund Balances and the related expenditures reported on the Schedule of Expenditures of Federal Awards:

Total Federal Revenues on Statement of Revenues, Expenditures and Changes in Fund Balance	$ 9,863,829
Less: Amounts expended in 2019-20 for Coronavirus Relief Fund - Learning Loss Mitigation	(43,589)
Less: Amounts expended in 2019-20 for Elementary & Secondary School Emergency Relief	(17,296)
Less: Amounts representing Coronavirus Relief Supplement	(22,601)
Total Federal Expenditures on Schedule of Expenditures of Federal Awards	$ 9,780,343

Other Independent Auditors' Reports

WILKINSON HADLEY
KING & CO. LLP
CPAS AND ADVISORS
El Cajon, CA | Berkeley, CA

Brian K. Hadley, CPA
Aubrey W. Mann, CPA
Kevin A. Sproul, CPA

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 Education
Lakeside Union School District
Lakeside, California

We have audited, in accordance with the 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 and each major fund of Lakeside Union School District (District), as of and for the year ended June 30, 2021, 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 January 31, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered 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 opinion 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.

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*.

218 West Douglas Avenue, El Cajon, CA 92020
Phone: 619-447-6700 | Fax: 619-447-6707 | whllp.com

Purpose of this Report

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

Wilkinson Hadley King & Co LLP

El Cajon, California
January 31, 2022

WILKINSON HADLEY
KING & CO. LLP
CPAS AND ADVISORS
El Cajon, CA | Berkeley, CA

Brian K. Hadley, CPA
Aubrey W. Mann, CPA
Kevin A. Sproul, CPA

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

To the Board of Education
Lakeside Union School District
Lakeside, California

Report on Compliance for Each Major Federal Program

We have audited Lakeside Union School District's compliance with the types of compliance requirements described 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, 2021. 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.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Lakeside Union School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Lakeside Union School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

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

218 West Douglas Avenue, El Cajon, CA 92020
Phone: 619-447-6700 | Fax: 619-447-6707 | whllp.com

Report on Internal Control Over Compliance

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

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

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

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

Wilkinson Hadley King & Co LLP

El Cajon, California
January 31, 2022

WILKINSON HADLEY
KING & CO. LLP
CPAS AND ADVISORS
El Cajon, CA | Berkeley, CA

Brian K. Hadley, CPA
Aubrey W. Mann, CPA
Kevin A. Sproul, CPA

Independent Auditor's Report on State Compliance

To the Board of Education
Lakeside Union School District
Lakeside, California

Report on State Compliance

We have audited the Lakeside Union School District's compliance with the types of compliance requirements described in the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting,* prescribed in Title 5, *California Code of Regulations,* Section 19810, that could have a direct and material effect on each of the District's state programs identified below for the fiscal year ended June 30, 2021.

Management's Responsibility for State Compliance

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each applicable program as identified in the State's Audit Guide *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance,* prescribed in Title 5, *California Code of Regulations,* Section 19810. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the comptroller General of the United States; and the State's audit guide *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting,* prescribed in Title 5, *California Code of Regulations, S*ection 19810. Those standards and audit guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the state programs noted below. An audit includes examining, on a test basis, evidence about each school's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

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

Description	Procedures Performed
Local Education Agencies Other Than Charter Schools	
A. Attendance and Distance Learning	Yes
B. Teacher Certification and Misassignments	Yes
C. Kindergarten Continuance	Yes
F. Instructional Time	Yes
G. Instructional Materials	Yes
H. Ratio of Administrative Employees to Teachers	Yes
I. Classroom Teacher Salaries	Yes
J. Early Retirement Incentive	N/A
K. Gann Limit Calculation	Yes
L. School Accountability Report Card	Yes
O. K-3 Grade Span Adjustment	Yes
Q. Apprenticeship: Related and Supplemental Instruction	N/A
R. Comprehensive School Safety Plan	Yes
S. District of Choice	N/A
School Districts, County Offices of Education, and Charter Schools	
T. California Clean Energy Jobs Act	Yes
V. Proper Expenditure of Education Protection Account Funds	Yes
W. Unduplicated Local Control Funding Formula Pupil Counts	Yes
Charter Schools	
Y. Independent Study - Course Based	N/A
AA. Attendance	N/A
BB. Mode of Instruction	N/A
CC. Nonclassroom Based Instruction/Independent Study	N/A
DD. Determination of Funding for Nonclassroom Based Instruction	N/A
FF. Charter School Facility Grant Program	N/A

The term N/A 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.

Opinion on State Compliance

In our opinion, Lakeside Union School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the statutory requirements listed in the schedule above for the year ended June 30, 2021.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing. This report is an integral part of an audit performed in accordance with *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting,* prescribed in Title 5, *California Code of Regulations,* Section 19810. Accordingly, this report is not suitable for any other purpose.

Wilkinson Hadley King & Co LLP

El Cajon, California
January 31, 2022

Auditor's Results, Findings & Recommendations

Lakeside Union School District

Schedule of Auditor's Results
Year Ended June 30, 2021

FINANCIAL STATEMENTS

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
One or more material weakness(es) identified?	____ Yes X No
One or more significant deficiencies identified that are not considered material weakness(es)?	____ Yes X No
Noncompliance material to financial statements noted?	____ Yes X No

FEDERAL AWARDS

Internal control over major programs:	
One or more material weakness(es) identified?	____ Yes X No
One or more significant deficiencies identified that are not considered material weakness(es)?	____ Yes X No
Type of auditor's report issued on compliance for major programs:	Unmodified
Compliance supplement utilized for single audit	July 2021 with December 2021 Addendum
Any audit findings disclosed that are required to be reported in accordance with 2 CFR §200.516?	____ Yes X No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.027, 84.173	Special Education Cluster
84.425C	Governor's Emergency Education Relief Fund
84.425D	CARES Act - Elementary and Secondary School Emergency Relief
84.425D	CARES Act - Elementary and Secondary School Emergency Relief II
21.019	Learning Loss Mitigation

Dollar threshold used to distinguish between Type A and Type B programs	$750,000
Auditee qualified as low-risk auditee?	X Yes ____ No

STATE AWARDS

Any audit findings disclosed that are required to be reported in accordance with *2020-21 Guide for Annual Audits of California K-12 Local Education Agencies?*	____ Yes X No
Type of auditor's report issued on compliance for state programs:	Unmodified

Findings represent significant deficiencies, material weaknesses, and/or instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards,* Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), or the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Finding codes as identified in the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* are as follows:

Five Digit Code	AB 3627 Finding Type
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities
43000	Apprenticeship: Related and Supplemental Instruction
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

A. Financial Statement Findings

None

B. Federal Awards

None

C. State Award Findings

None

Lakeside Union School District

Schedule of Prior Year Audit Findings

Year Ended June 30, 2021

Finding/Recommendation	Status	Explanation if Not Implemented
There were no findings reported for the year ended June 30, 2020.		