LOWELL JOINT SCHOOL DISTRICT

ORANGE COUNTY

AUDIT REPORT

For the Fiscal Year Ended
June 30, 2023

NIGRO & NIGRO PC

LOWELL JOINT SCHOOL DISTRICT
For the Fiscal Year Ended June 30, 2023
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NIGRO & NIGRO PC
A Professional Accountancy Corporation

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Lowell Joint School District
Whittier, California

Report on the Audit of the Financial Statements

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

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

Basis for Opinions
We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting.* Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | Shannon Bishop, CPA | Peter Glenn, CPA, CFE | Paul J. Kaymark, CPA | Jessica Berry, CPA | Angelika Vartikyan, CPA

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Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Expenditures of Federal Awards as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information, except for the LEA Organization Structure, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and other supplementary information listed in the table of contents, except for the LEA Organization Structure, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The LEA Organization Structure has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated December 6, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Nigro & Nigro, PC

Murrieta, California
December 6, 2023

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This discussion and analysis of Lowell Joint School District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2023. Please read it in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- The District's financial status increased overall as a result of this year's operations. Net position of governmental activities increased by $9.4 million.
- Governmental expenses were about $44.2 million. Revenues were about $53.6 million.
- The District acquired over $9.7 million in new capital assets during the year.
- Governmental funds decreased by $1.7 million, or 3.3%.
- Reserves for the General Fund decreased by $3.6 million or 73.5%. Revenues were $47.4 million, and expenditures and other financing uses were $41.2 million.

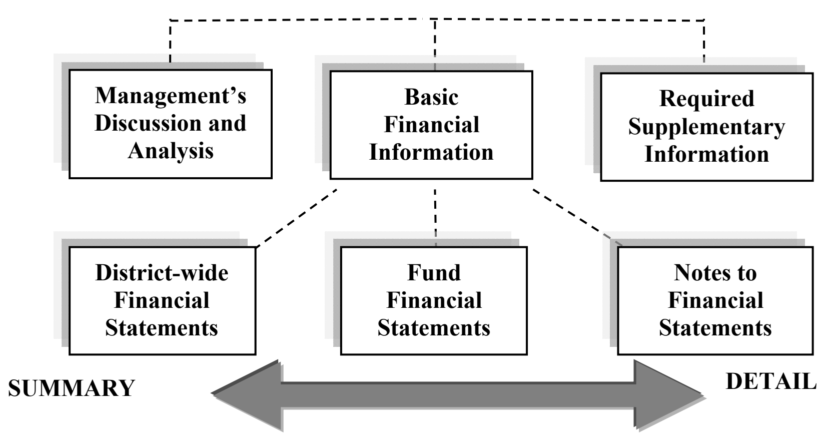
OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are District-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are *fund financial* statements that focus on individual parts of the District, reporting the District's operations in more detail than the District-wide statements.
  - The *governmental funds* statements tell how basic services like regular and special education were financed in the short term as well as what remains for future spending.
  - *Fiduciary funds* statement provides information about the financial relationships in which the District acts solely as a trustee or custodian for the benefit of others to whom the resources belong.

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1. Organization of Lowell Joint School District's Annual Financial Report



OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

District-Wide Statements
The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two District-wide statements report the District's net position and how it has changed. Net position – the difference between the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources – is one way to measure the District's financial health, or *position*.

- Over time, increases and decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.

- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's demographics and the condition of school buildings and other facilities.

- In the District-wide financial statements, the District's activities are categorized as *Governmental Activities*. Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state aid finance most of these activities.

Fund Financial Statements
The fund financial statements provide more detailed information about the District's most significant funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.

- The District establishes other funds to control and manage money for particular purposes (like repaying its long-term debt) or to show that it is properly using certain revenues.

The District has two kinds of funds:

- *Governmental funds* – Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, we provide additional information at the bottom of the governmental funds statements that explains the relationship (or differences) between them.

- *Fiduciary funds* – Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The District's fiduciary funds include CFD custodial funds. The accounting used for fiduciary funds is much like that used for proprietary funds.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position. The District's combined net position was higher on June 30, 2023, than it was the year before – increasing to $9.6 million (See Table A-1).

Table A-1: Statement of Net Position

	Governmental Activities		Variance Increase
	2023	2022	(Decrease)
Assets			
Current assets	$ 57,197,378	$ 58,762,068	$ (1,564,690)
Capital assets	42,462,259	33,774,513	8,687,746
Total assets	99,659,637	92,536,581	7,123,056
Total Deferred outflows of resources	16,510,327	13,360,913	3,149,414
Liabilities			
Current liabilities	7,255,639	7,115,811	139,828
Long-term liabilities	88,321,325	80,436,095	7,885,230
Total liabilities	95,576,964	87,551,906	8,025,058
Total Deferred inflows of resources	11,020,869	18,128,443	(7,107,574)
Net position			
Net investment in capital assets	3,428,653	3,703,846	(275,193)
Restricted	24,801,260	5,222,739	19,578,521
Unrestricted	(18,657,782)	(8,709,440)	(9,948,342)
Total net position	$ 9,572,131	$ 217,145	$ 9,354,986

Changes in net position, governmental activities. The District's total revenues increased 17.7% to $53.6 million (See Table A-2). The increase is due primarily to additional state grants.

The total cost of all programs and services increased 16.2% to $44.2 million. The District's expenses are predominantly related to educating and caring for students, 74.3%. The purely administrative activities of the District accounted for just 7.4% of total costs. A significant contributor to the increase in costs was negotiated salary increases and instructional-related services.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Table A-2: Statement of Activities

	Governmental Activities 2023	Governmental Activities 2022	Variance Increase (Decrease)
Revenues			
Program Revenues:			
Charges for services	$ 715,242	$ 300,324	$ 414,918
Operating grants and contributions	15,916,579	9,736,281	6,180,298
General Revenues:			
Property taxes	15,709,057	13,703,284	2,005,773
Federal and state aid not restricted	19,479,988	20,604,487	(1,124,499)
Other general revenues	1,778,207	1,211,845	566,362
Total Revenues	53,599,073	45,556,221	8,042,852
Expenses			
Instruction-related	28,935,311	25,315,191	3,620,120
Pupil services	3,930,725	3,056,593	874,132
Administration	3,254,364	2,429,641	824,723
Plant services	5,349,853	4,150,215	1,199,638
All other activities	2,773,834	3,130,294	(356,460)
Total Expenses	44,244,087	38,081,934	6,162,153
Increase (decrease) in net position	$ 9,354,986	$ 7,474,287	$ 1,880,699
Total Net Position	$ 9,572,131	$ 217,145	

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a combined fund balance of $50.5 million, which is below last year's ending fund balance of $52.3 million. The primary cause of the decreased fund balance is spending down the Building Fund on capital projects.

Table A-3: The District's Fund Balances

	Fund Balances				
	July 1, 2022	Revenues	Expenditures	Other Sources and (Uses)	June 30, 2023
Fund					
General Fund	$ 14,137,117	$ 47,436,484	$ 41,193,451	$ -	$ 20,380,150
Student Activity Fund	56,775	28,270	20,595	-	64,450
Child Development Fund	100,000	2,813,631	1,556,543	-	1,357,088
Cafeteria Fund	1,524,070	2,605,204	1,960,307	-	2,168,967
Deferred Maintenance Fund	2,285,659	126,084	228,532	-	2,183,211
Building Fund	18,379,076	231,255	9,991,438	-	8,618,893
Capital Facilities Fund	460,019	318,250	36,113	-	742,156
Special Reserve Fund (Capital Outlay)	13,830,257	935,598	523,059	-	14,242,796
Bond Interest and Redemption Fund	1,482,571	1,440,045	2,143,885	-	778,731
Totals	$ 52,255,544	$ 55,934,821	$ 57,653,923	$ -	$ 50,536,442

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (continued)

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget several times. The major budget amendments fall into these categories:

- Revenues – increased by $10.5 million primarily to reflect changes in federal and state categorical funding estimates.
- Salaries and benefits costs – increased $0.5 million due to revised benefit estimates.
- Other expenditures – increased by $7.8 million to re-budget prior years carryover funds.

While the District's final budget for the General Fund anticipated that revenues would exceed expenditures by about $1.4 million, the actual results for the year show that revenues exceeded expenditures by roughly $6.2 million. Actual revenues were $0.5 million less than anticipated, and expenditures were $5.4 million less than budgeted.

That amount consists primarily of restricted program dollars that were not spent as of June 30, 2023, that will be carried over into the 2023-24 budget, offset by STRS on-behalf contributions from the State that were not budgeted.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2022-23 the District had invested $9.7 million in new capital assets, related to ongoing modernization projects. (More detailed information about capital assets can be found in Note 6 to the financial statements). Total depreciation expense for the year was $0.1 million.

Table A-4: Capital Assets at Year End, Net of Depreciation

	Governmental Activities 2023	Governmental Activities 2022	Variance Increase (Decrease)
Land	$ 1,428,571	$ 1,428,571	$ -
Improvement of sites	1,078,851	1,104,036	(25,185)
Buildings	30,445,474	16,853,388	13,592,086
Equipment	898,349	841,816	56,533
Construction in progress	8,611,014	13,546,702	(4,935,688)
Totals	$ 42,462,259	$ 33,774,513	$ 8,687,746

Long-Term Debt

At year-end the District had $88.3 million in long-term debt – an increase of 9.8% from last year – as shown in Table A-5. (More detailed information about the District's long-term liabilities is presented in Notes 7-9 to the financial statements).

Table A-5: Outstanding Long-Term Debt at Year-End

	Governmental Activities 2023	Governmental Activities 2022	Variance Increase (Decrease)
General obligation bonds	$ 47,652,499	$ 48,449,743	$ (797,244)
Compensated absences	444,242	365,196	79,046
Other postemployment benefits	9,602,929	12,790,605	(3,187,676)
Net pension liability	30,621,655	18,830,551	11,791,104
Totals	$ 88,321,325	$ 80,436,095	$ 7,885,230

FACTORS BEARING ON THE DISTRICT'S FUTURE

State Budget
The Legislature passed an initial budget package on June 15, 2023. The Legislature's budget package adopted LAO estimates of local property tax revenues, which resulted in an increase to the Proposition 98 guarantee by $2.1 billion across 2022-23 and 2023-24. The legislative package used this additional funding primarily to help maintain previously approved programs. Relative to the May Revision, the Legislature's budget package also: (1) reallocated projected unspent funds in child care and State Preschool programs to increase provider rates and reduce family fees beginning October 1, 2023; (2) included a slightly different mix of reductions as the Governor from climate change-related packages (although a similar overall level); (3) restored $1 billion in 2023-24 in proposed General Fund reductions to transit capital funding and added flexibility to allow local agencies to use this funding for operations; (4) rejected the Governor's proposals to use General Fund cash to pay for certain capital outlay project costs, instead using lease revenue bond financing to pay for these costs; and (5) accelerated the time line to spend funds for MCO tax-related augmentations to around four years from eight to ten years. The Legislature passed an amended budget act and associated trailer bills on June 27, 2023 and June 29, 2023.

K-14 Education
Funds Modest Increase in School and Community College Funding
The Proposition 98 minimum guarantee depends upon various formulas that adjust for several factors, including changes in state General Fund revenue. For 2022-23, the guarantee is down $3 billion (2.7 percent) compared with the estimates made in June 2022. The decrease in the guarantee is primarily attributable to lower General Fund revenue estimates, somewhat offset by higher local property tax revenue. For 2023-24, the guarantee increases by $953 million (0.9 percent) relative to the revised 2022-23 level. For 2023-24, projected increases in property tax revenue offset declines associated with lower General Fund revenue estimates.

Increase in Required Reserve Deposits
In certain circumstances, the Constitution requires the state to deposit some of the available Proposition 98 funding into a statewide reserve account for schools and community colleges. Under the adopted budget plan, the state deposits a total of $7.5 billion into this account across the 2021-22 through 2023-24 period—an increase of $1.3 billion compared with the estimates made in June 2022. The higher required deposits are primarily due to revenue estimates from the administration that have capital gains accounting for a larger share of General Fund revenue over the period.

Provides Large COLA to School and Community College Districts
In addition to the required reserve deposits, the budget package has several ongoing and one-time increases. The largest ongoing augmentation is $4.8 billion to provide an 8.22 percent COLA for K-12 and community college programs. In K-12, the budget also includes $300 million ongoing targeted to low-income schools with relatively high rates of student mobility within the school year, as well as $250 million one time for literacy coaches and reading specialists.

Budget Has Notable K-14 Structural Gap
The 2023-24 Proposition 98 spending level is not sufficient to fully fund all ongoing spending authorized in the budget package. To cover these costs, the budget package uses $1.9 billion in one-time, prior-year funding to fund the primary school and community college funding formulas ($1.6 billion for schools and $290 million for California Community Colleges). Using one-time funds to cover ongoing costs creates a deficit in the Proposition 98 budget the following year.

FACTORS BEARING ON THE DISTRICT'S FUTURE (continued)

Funds School Facilities Grants

The 2022-23 budget package provided $1.3 billion one-time non-Proposition 98 General Fund to cover the state share for new construction and modernization projects under the School Facility Program (SFP). The 2022-23 budget package also included intent language to provide an additional $2.1 billion in 2023-24 and $875 million in 2024-25. The budget provides about $2 billion to the SFP in 2023-24, which is $100 million less than the previously intended augmentation, and continues to assume an additional $875 million will be provided in 2024-25. The budget also delays the intended $550 million non-Proposition 98 General Fund increase to the California Preschool, Transitional Kindergarten and Full-Day Kindergarten Facilities Grant Program from 2023-24 to 2024-25.

All of these factors were considered in preparing the Lowell Joint School District budget for the 2023-24 fiscal year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the District's Business Office at (562) 943-0211.

LOWELL JOINT SCHOOL DISTRICT
Statement of Net Position
June 30, 2023

	Total Governmental Activities
ASSETS	
Deposits and investments	$ 53,388,715
Accounts receivable	3,747,619
Inventories	2,643
Other current assets	58,401
Capital assets:	
Non-depreciable assets	10,039,585
Depreciable assets	48,444,909
Less accumulated depreciation	(16,022,235)
Total assets	99,659,637
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	13,404,187
Deferred outflows related to OPEB	3,106,140
Total deferred outflows of resources	16,510,327
LIABILITIES	
Accounts payable	5,656,287
Accrued interest payable	594,703
Unearned revenue	1,004,649
Noncurrent liabilities	
Due or payable within one year	107,244
Due or payable after one year:	
Other than OPEB and pensions	47,989,497
Total OPEB liability	9,602,929
Net pension liability	30,621,655
Total liabilities	95,576,964
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	5,196,452
Deferred inflows related to OPEB	5,824,417
Total deferred inflows of resources	11,020,869
NET POSITION	
Net investment in capital assets	3,428,653
Restricted for:	
Capital projects	14,984,952
Debt service	778,731
Educational programs	8,973,127
Student activity	64,450
Unrestricted	(18,657,782)
Total net position	$ 9,572,131

LOWELL JOINT SCHOOL DISTRICT

Statement of Activities

For the Fiscal Year Ended June 30, 2023

		Program Revenues		Net (Expense)
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
Governmental Activities				
Instructional Services:				
Instruction	$ 24,747,083	$ 18,319	$ 10,383,506	$ (14,345,258)
Instruction-Related Services:				
Supervision of instruction	853,940	-	540,886	(313,054)
Instructional library, media and technology	743,499	-	10,778	(732,721)
School site administration	2,590,789	-	642,219	(1,948,570)
Pupil Support Services:				
Home-to-school transportation	183,516	-	-	(183,516)
Food services	1,704,685	65,012	2,514,505	874,832
All other pupil services	2,042,524	333,773	934,936	(773,815)
General Administration Services:				
Data processing services	114,193	-	-	(114,193)
Other general administration	3,140,171	2,797	94,149	(3,043,225)
Plant services	5,349,853	5,879	229,253	(5,114,721)
Ancillary services	51,079	-	28,036	(23,043)
Enterprise activities	(19,848)	-	-	19,848
Interest on long-term debt	1,332,580	-	-	(1,332,580)
Other outgo	433,795	289,462	538,311	393,978
Depreciation (unallocated)	976,228	-	-	(976,228)
Total Governmental Activities	$ 44,244,087	$ 715,242	$ 15,916,579	(27,612,266)

General Revenues:	
Property taxes	15,709,057
Federal and state aid not restricted to specific purpose	19,479,988
Interest and investment earnings	660,297
Miscellaneous	1,117,910
Total general revenues	36,967,252
Change in net position	9,354,986
Net position - July 1, 2022	217,145
Net position - June 30, 2023	$ 9,572,131

LOWELL JOINT SCHOOL DISTRICT
Balance Sheet – Governmental Funds
June 30, 2023

	General Fund	Child Development Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Deposits and investments	$ 23,411,798	$ 1,666,689	$ 9,964,712	$ 18,345,516	$ 53,388,715
Accounts receivable	3,391,933	-	7,300	348,386	3,747,619
Due from other funds	506,731	397,704	-	2,373	906,808
Inventories	-	-	-	2,643	2,643
Other current assets	58,401	-	-	-	58,401
Total Assets	$ 27,368,863	$ 2,064,393	$ 9,972,012	$ 18,698,918	$ 58,104,186
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	$ 3,624,391	$ 334,147	$ 1,300,807	$ 396,942	$ 5,656,287
Due to other funds	400,077	176,982	52,312	277,437	906,808
Unearned revenue	781,034	196,176	-	27,439	1,004,649
Total Liabilities	4,805,502	707,305	1,353,119	701,818	7,567,744
Fund Balances					
Nonspendable	51,877	-	-	2,643	54,520
Restricted	7,197,641	981,059	8,618,893	17,994,457	34,792,050
Assigned	14,006,073	376,029	-	-	14,382,102
Unassigned	1,307,770	-	-	-	1,307,770
Total Fund Balances	22,563,361	1,357,088	8,618,893	17,997,100	50,536,442
Total Liabilities and Fund Balances	$ 27,368,863	$ 2,064,393	$ 9,972,012	$ 18,698,918	$ 58,104,186

Total fund balances - governmental funds		$ 50,536,442
Amounts reported for governmental activities in the statement of net position are different from amounts reported in governmental funds because:		
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 at historical cost:	58,484,494	
Accumulated depreciation:	(16,022,235)	
Net:		42,462,259
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:		(594,703)
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 government-wide statements, consist of:		
General obligation bonds payable	47,652,499	
Compensated absences	444,242	
Other postemployment benefits payable	9,602,929	
Net pension liability	30,621,655	
Total:		(88,321,325)
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	13,404,187	
Deferred inflows of resources relating to pensions	(5,196,452)	
Net:		8,207,735
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	3,106,140	
Deferred inflows of resources relating to OPEB	(5,824,417)	
Net:		(2,718,277)
Total net position - governmental activities		$ 9,572,131

LOWELL JOINT SCHOOL DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
For the Fiscal Year Ended June 30, 2023

	General Fund	Child Development Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES					
LCFF sources	$ 32,922,210	$ -	$ -	$ -	$ 32,922,210
Federal sources	2,278,748	-	-	1,243,628	3,522,376
Other state sources	8,377,242	2,451,982	-	1,274,579	12,103,803
Other local sources	3,984,368	361,649	231,255	2,809,160	7,386,432
Total Revenues	47,562,568	2,813,631	231,255	5,327,367	55,934,821
EXPENDITURES					
Current:					
Instruction	27,235,579	1,004,924	-	-	28,240,503
Instruction-related services:					
Supervision of instruction	967,545	-	-	-	967,545
Instructional library, media and technology	728,537	-	-	-	728,537
School site administration	2,313,154	502,596	-	-	2,815,750
Pupil support services:					
Home-to-school transportation	183,516	-	-	-	183,516
Food services	5,675	-	-	1,761,855	1,767,530
All other pupil services	2,270,707	-	-	-	2,270,707
Ancillary services	31,775	-	-	20,595	52,370
General administration services:					
Data processing services	123,848	-	-	-	123,848
Other general administration	3,109,349	-	-	6,803	3,116,152
Plant services	3,933,469	18,040	500,999	214,005	4,666,513
Transfers of indirect costs	(44,344)	-	-	44,344	-
Intergovernmental	433,795	-	-	-	433,795
Capital outlay	129,378	30,983	9,490,439	492,472	10,143,272
Debt service:					
Principal	-	-	-	700,000	700,000
Interest	-	-	-	1,443,885	1,443,885
Total Expenditures	41,421,983	1,556,543	9,991,438	4,683,959	57,653,923
Excess (Deficiency) of Revenues Over (Under) Expenditures	6,140,585	1,257,088	(9,760,183)	643,408	(1,719,102)
Fund Balances, July 1, 2022	16,422,776	100,000	18,379,076	17,353,692	52,255,544
Fund Balances, June 30, 2023	$ 22,563,361	$ 1,357,088	$ 8,618,893	$ 17,997,100	$ 50,536,442

LOWELL JOINT SCHOOL DISTRICT

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

Total net change in fund balances - governmental funds		$ (1,719,102)
Amounts reported for governmental *activities* in the statement of activities are different because:		
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 was:		
Expenditures for capital outlay	9,663,974	
Depreciation expense	(976,228)	
Net:		8,687,746
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 a reduction of liabilities. Expenditures for repayment of the principal portion of long term debt were:		700,000
In governmental funds, if debt is issued at a premium or at a discount, the premium is recognized as an Other Financing Source in the period it is incurred. In the government-wide statements, the premium is amortized as interest over the life of the debt. Amortization of premium for the period was:		97,244
In governmental funds, interest on long-term debt is recognized in the period 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:		14,964
In governmental funds, compensated absences are measured by the amounts paid during the period. In the statements of activities, compensated absences are measured by the amounts earned. The difference between compensated absences paid and compensated absences earned was:		(79,046)
In government 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 and actual employer contributions was:		1,548,723
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:		104,457
Change in net position of governmental activities		$ 9,354,986

LOWELL JOINT SCHOOL DISTRICT
Statement of Fiduciary Net Position
June 30, 2023

	Trust Funds
ASSETS	Retiree Benefits Fund
Deposits and investments	$ 568,042
Total assets	568,042
LIABILITIES	
Accounts payable	-
NET POSITION	
Restricted for postemployment benefits	$ 568,042

LOWELL JOINT SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2023

	Trust Funds
	Retiree Benefits Fund
ADDITIONS	
Increase in fair value of investments	$ 28,422
In-district contributions	100,000
Total Additions	128,422
DEDUCTIONS	
Operating expenses	380
Total Deductions	380
Change in net position	128,042
Net position as originally stated	-
Adjustment for restatement (Note 14)	440,000
Net position - July 1, 2022	440,000
Net position - June 30, 2023	$ 568,042

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Lowell Joint School District (the "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 as prescribed by the Governmental Accounting Standards Board. The following is a summary of the more significant policies:

A. Reporting Entity

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, food service, and student-related activities of the District.

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 identified no organizations that are required to be reported as component units.

The District has evaluated the activity of the Lowell Joint Education Foundation and has determined that the Foundation does not meet the criteria to be reported as a component unit.

B. Basis of Presentation, Basis of Accounting

1. Basis of Presentation

District-Wide Financial 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 revenues, and other nonexchange transactions.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation, Basis of Accounting (continued)

1. Basis of Presentation (continued)

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

Major Governmental Funds
The District maintains the following major governmental funds:

General Fund: This is the chief operating fund for the District. It is used to account for the ordinary operations of the District. All transactions except those accounted for in another fund are accounted for in this fund. The District also maintains a Deferred Maintenance Fund which does not currently meet the definition of a special revenue fund as it is not primarily composed of restricted or committed revenue sources. Because this fund does not meet the definition of a special revenue fund under GASB 54, the activity in this fund is being reported within the General Fund.

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

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

Non-Major Governmental Funds
The District maintains the following non-major governmental funds:

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

Student Activity Fund: The District maintains a separate fund for each school that operates an ASB fund, whether it is organized or not.

Cafeteria Fund: This fund is used to account separately for federal, state, and local resources to operate the food service program (*Education Code* Sections 38090 and 38093).

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 and other capital assets (other than those financed by proprietary funds and trust funds).

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation, Basis of Accounting (continued)

1. Basis of Presentation (continued)

Non-Major Governmental Funds (continued)

Capital Facilities Fund: This fund is used to primarily account separately for moneys received from fees levied on development projects as a condition of approval (*Education Code* Sections 17620-17626 and *Government Code* Section 65995 et seq.).

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* Section 42840). This fund may also be used to account for any other revenues specifically for capital projects that are not restricted to fund 21, 25, 30, 35, or 49.

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.

Bond Interest and Redemption Fund: This fund is used for the repayment of bonds issued for the District (*Education Code* Sections 15125-15262).

Fiduciary Funds: Fiduciary funds are used to account for assets held in a trustee or custodial capacity for others that cannot be used to support the District's own programs. The key distinction between trust and custodial funds is that trust funds are subject to a trust agreement that affects the degree of management involvement and the length of time that the resources are held. The District maintains the following fiduciary funds:

Retiree Benefit Fund: This fund exists to account separately for amounts held in trust from salary reduction agreements, other irrevocable contributions for employees' retirement benefit payments, or both.

2. Measurement Focus, Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resource or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The District-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation, Basis of Accounting (continued)

2. Measurement Focus, Basis of Accounting (continued)
Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities for the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

As a general rule the effect of interfund activity has been eliminated from the District-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the District's proprietary funds and various other functions of the District. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

3. Revenues – Exchange and Non-Exchange Transactions
Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year. Generally, available is defined as collectible within 60 days. However, to achieve comparability of reporting among California districts and so as not to 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, interest, certain grants, and other local sources.

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

C. Budgetary Data
The budgetary process is prescribed by provisions of the California *Education Code* and requires the governing board to hold a public hearing and adopt an operating budget no later than July 1 of each year. The District governing board satisfied these requirements. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for. For budget purposes, on behalf payments have not been included as revenue and expenditures as required under generally accepted accounting principles.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Encumbrances

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

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

1. Cash and Cash Equivalents

The District considers cash and cash equivalents to be cash on hand and demand deposits. In addition, because the Treasury Pool is sufficiently liquid to permit withdrawal of cash at any time without prior notice or penalty, equity in the pool is also deemed to be a cash equivalent.

2. Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

3. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value. 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.

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

Description	Estimated Lives
Buildings	20-50 years
Land Improvements	5-40 years
Machinery and Equipment	2-15 years

4. Unearned Revenue

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

Certain grants received that have not met eligibility requirements are recorded as unearned revenue. On the governmental fund financial statements, receivables that will not be collected within the available period are also recorded as unearned revenue.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

5. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

6. Compensated Absences

The liability for compensated absences reported in the District-wide statements consists of unpaid, accumulated vacation balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

7. Leases

Lessee:

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long- term debt on the statement of net position.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

7. Leases (continued)

Lessor:
At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The District uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The District monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

8. Subscription-Based Information Technology Arrangements
A SBITA is defined as a contract that conveys control of the right to use another party's information technology software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction.

The subscription term includes the period during which the District has a noncancellable right to use the underlying IT assets. The subscription term also includes periods covered by an option to extend or to terminate.

The District recognizes a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. The District recognizes the subscription liability at the commencement of the subscription term, which is when the subscription asset is placed into service. The subscription liability is measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments are discounted using the interest rate the SBITA vendor charges the District which may be implicit, or the District's incremental borrowing rate if the interest rate is not readily determinable. The District recognizes amortization of the discount on the subscription liability as an outflow of resources (for example, interest expense) in subsequent financial reporting periods.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

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

10. Pensions
For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California State Teachers Retirement System (CalSTRS) and California Public Employees' Retirement System (CalPERS) plans and addition to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalSTRS and CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

11. Fund Balances
The fund balance for Governmental Funds is reported in classifications based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Nonspendable: Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories and prepaid assets.

Restricted: Fund balance is reported as restricted when the constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provision or by enabling legislation.

Committed: The District's highest decision-making level of authority rests with the District's Board. Fund balance is reported as committed when the Board passes a resolution that places specified constraints on how resources may be used. The Board can modify or rescind a commitment of resources through passage of a new resolution.

Assigned: Resources that are constrained by the District's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent may be expressed by either the Board, committees (such as budget or finance), or officials to which the Board has delegated authority.

Unassigned: Unassigned fund balance represents fund balance that has not been restricted, committed, or assigned and may be utilized by the District for any purpose. When expenditures are incurred, and both restricted and unrestricted resources are available, it is the District's policy to use restricted resources first, then unrestricted resources in the order of committed, assigned, and then unassigned, as they are needed.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

12. Net Position

Net position is classified into three components: net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

- **Net investment in capital assets** – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

- **Restricted** – This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

- **Unrestricted net position** – This component of net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted".

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

F. Minimum Fund Balance Policy

During the 2010-11 fiscal year, pursuant to GASB Statement No. 54, the District adopted a minimum fund balance policy for the General Fund in order to protect the District against revenue shortfalls or unpredicted expenditures. The policy requires a Reserve for Economic Uncertainties consisting of unassigned amounts equal to no less than five percent of total General Fund expenditures and other financing uses.

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

G. Property Tax Calendar

The County is responsible for the assessment, collection, and apportionment of property taxes for all jurisdictions including the schools and special districts within the County. The Board of Supervisors levies property taxes as of September 1 on property values assessed on July 1. Secured property tax payments are due in two equal installments. The first is generally due November 1 and is delinquent with penalties on December 10, and the second is generally due on February 1 and is delinquent with penalties on April 10. Secured property taxes become a lien on the property on January 1.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Use of Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those estimates.

NOTE 2 – DEPOSITS AND INVESTMENTS

Deposits and investments as of June 30, 2023 are classified in the accompanying financial statements as follows:

Governmental funds and activities	$	53,388,715
Fiduciary funds		568,042
Total deposits and investments	$	53,956,757

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

Cash on hand and in banks	$	426,804
Cash in revolving fund		51,877
Cash with fiscal agent		568,042
Investments		52,910,034
Total deposits and investments	$	53,956,757

Pooled Funds
In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the interest-bearing Orange County Treasurer's Pooled Investment Fund. The District is considered to be an involuntary participant in an external investment pool. The fair value of the District's investment in the pool is reported in the financial statements at amounts based upon the District's pro-rata share of the fair value provided by the Orange County Treasurer for the entire portfolio (in relation to the amortized cost of that polio). The balance available for withdrawal is based on the accounting records maintained by the Orange County Treasurer, which is recorded on the amortized basis.

Custodial Credit Risk – Deposits
Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. Cash balances held in banks are insured up to $250,000 by the Federal Depository Insurance Corporation (FDIC) and are collateralized by the respective financial institutions. In addition, 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 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits.

As of June 30, 2023, $194,763 of the District's bank balance was exposed to custodial credit risk because it was uninsured and collateralized by securities held by the pledging financial institution's trust department or agency, but not in the name of the District.

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

Investments - Interest Rate Risk
The District's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District's investment policy limits investment purchases to investments with a term not to exceed three years. Investments purchased with maturity terms greater than three years require approval by the Board of Trustees. Investments purchased with maturities greater than one year require written approval by the Superintendent prior to commitment. Maturities of investments held at June 30, 2023, consist of the following:

	Fair Value	Less Than One Year	One Year Through Five Years	Fair Value Measurement	Rating
Investments:					
Orange County Investment Pool	$ 52,910,034	$ 52,910,034	$ -	Uncategorized	N/A

Investments - Credit Risk
The District's investment policy limits investment choices to obligations of local, state and federal agencies, commercial paper, certificates of deposit, repurchase agreements, corporate notes, banker acceptances, and other securities allowed by *State Government Code* Section 53600. At June 30, 2023, all investments represented governmental securities which were issued, registered and held by the District's agent in the District's name.

Investments - Concentration of Credit Risk
The District does not place limits on the amount it may invest in any one issuer. At June 30, 2023, the District had no investments outside of the County Pool.

Fair Value Measurements
The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 – Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

Level 2 – Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

Level 3 – Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that date if reasonably available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

Uncategorized – Investments in the Orange County Treasury Investment Pool are not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at $1.00 net asset value per share.

NOTE 3 – ACCOUNTS RECEIVABLE

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

	Governmental Funds			
	General Fund	Building Fund	Non-Major Governmental Funds	Totals
Federal Government:				
Categorical aid programs	$ 1,399,070	$ -	$ 156,980	$ 1,556,050
State Government:				
Lottery	189,132	-	-	189,132
Categorical aid programs	1,238,250	-	185,809	1,424,059
Local:				
Interest	52,475	7,300	5,597	65,372
Special education	357,753	-	-	357,753
Other local	155,253	-	-	155,253
Total	$ 3,391,933	$ 7,300	$ 348,386	$ 3,747,619

NOTE 4 – INTERFUND ACTIVITIES

Balances Due To/From Other Funds
Balances due to/from other funds at June 30, 2023, consisted of the following:

General Fund due to Child Development Fund for Universal PreKinder and July and August advance	$ 397,704
General Fund due to Cafeteria Fund for expenditure reimbursement	2,373
Building Fund due to General Fund for payroll, benefits, and expenditure reimbursement	52,312
Cafeteria Fund due to General Fund for PERS, clearing, and payroll	277,437
Child Development Fund due to General Fund for payroll, benefits, and year end clearing	176,982
Total	$ 906,808

NOTE 5 – FUND BALANCES

At June 30, 2023, fund balances of the District's governmental funds were classified as follows:

	General Fund	Child Development Fund	Building Fund	Non-Major Governmental Funds	Total
Nonspendable:					
Revolving cash	$ 51,877	$ -	$ -	$ -	$ 51,877
Inventories	-	-	-	2,643	2,643
Total Nonspendable	51,877	-	-	2,643	54,520
Restricted:					
Categorical programs	6,804,160	981,059	-	-	7,785,219
Student activity	-	-	-	64,450	64,450
Food service program	-	-	-	2,166,324	2,166,324
Deferred maintenance program	393,481	-	-	-	393,481
Capital projects	-	-	8,618,893	14,984,952	23,603,845
Debt service	-	-	-	778,731	778,731
Total Restricted	7,197,641	981,059	8,618,893	17,994,457	34,792,050
Assigned:					
Chromebooks replacement	1,400,000	-	-	-	1,400,000
Textbook adoption	2,000,000	-	-	-	2,000,000
Additional 2% reserve per board	566,343	-	-	-	566,343
GASB retiree & health benefits	400,000	-	-	-	400,000
Furniture replacement	1,200,000	-	-	-	1,200,000
Vehicle replacement	350,000	-	-	-	350,000
Equipment	300,000	-	-	-	300,000
Lunch tables	150,000	-	-	-	150,000
Intervention	550,000	-	-	-	550,000
Site beautification	500,000	-	-	-	500,000
8.75 FTE commitment	3,300,000	-	-	-	3,300,000
Future program operations	1,500,000	-	-	-	1,500,000
Deferred maintenance program	1,789,730	-	-	-	1,789,730
Other assignments	-	376,029	-	-	376,029
Total Assigned	14,006,073	376,029	-	-	14,382,102
Unassigned:					
Reserve for economic uncertainties	1,307,770	-	-	-	1,307,770
Total Unassigned	1,307,770	-	-	-	1,307,770
Total	$ 22,563,361	$ 1,357,088	$ 8,618,893	$ 17,997,100	$ 50,536,442

NOTE 6 – CAPITAL ASSETS AND DEPRECIATION

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

	Balance, July 1, 2022	Additions	Retirements	Balance, June 30, 2023
Capital assets not being depreciated:				
Land	$ 1,428,571	$ -	$ -	$ 1,428,571
Construction in progress	13,546,702	7,838,380	12,774,068	8,611,014
Total capital assets not being depreciated	14,975,273	7,838,380	12,774,068	10,039,585
Capital assets being depreciated:				
Improvement of sites	2,079,129	40,705	-	2,119,834
Buildings	28,862,936	14,413,314	-	43,276,250
Equipment	2,903,182	145,643	-	3,048,825
Total capital assets being depreciated	33,845,247	14,599,662	-	48,444,909
Accumulated depreciation for:				
Improvement of sites	(975,093)	(65,890)	-	(1,040,983)
Buildings	(12,009,548)	(821,228)	-	(12,830,776)
Equipment	(2,061,366)	(89,110)	-	(2,150,476)
Total accumulated depreciation	(15,046,007)	(976,228)	-	(16,022,235)
Total capital assets being depreciated, net	18,799,240	13,623,434	-	32,422,674
Governmental activity capital assets, net	$ 33,774,513	$ 21,461,814	$ 12,774,068	$ 42,462,259

NOTE 7 – LONG-TERM LIABILITIES OTHER THAN OPEB OR PENSIONS

Changes in long-term debt for the year ended June 30, 2023, were as follows:

	Balance, July 1, 2022	Additions	Deductions	Balance, June 30, 2023	Amount Due Within One Year
General Obligation Bonds:					
Principal payments	$ 45,740,000	$ -	$ 700,000	$ 45,040,000	$ 10,000
Issuance premiums	2,709,743	-	97,244	2,612,499	97,244
Sub-total - bonds	48,449,743	-	797,244	47,652,499	107,244
Compensated Absences	365,196	79,046	-	444,242	-
Totals	$ 48,814,939	$ 79,046	$ 797,244	$ 48,096,741	$ 107,244

General Obligations Bonds will be paid from the Bond Interest and Redemption Fund. Compensated absences will be paid for by the fund for which the employee worked.

General Obligation Bonds

Election of 2018

On November 6, 2018, the voters of the District approved by more than 55% Measure LL, authorizing the Board of Trustees to issue general obligation bonds in an amount not to exceed $48,000,000. Proceeds from the sale of the bonds authorized by Measure LL shall be used for the purpose of making essential repairs and upgrades to neighborhood schools.

NOTE 7 – LONG-TERM LIABILITIES OTHER THAN OPEB OR PENSIONS (continued)

General Obligation Bonds (continued)

A summary of bonds issued by the District is below:

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Balance, July 1, 2022	Additions	Deductions	Balance, June 30, 2023
Election of 2018 (Measure LL)								
Series 2019	7/16/2019	8/1/2048	3.0% - 5.0%	$ 14,000,000	$ 11,740,000	$ -	$ -	$ 11,740,000
Series 2020	10/28/2020	8/1/2050	2.25% - 5.00%	34,000,000	34,000,000	-	700,000	33,300,000
					$ 45,740,000	$ -	$ 700,000	$ 45,040,000

The annual requirements to amortize general obligation bonds payable outstanding at June 30, 2023 were as follows:

Fiscal Year	Principal	Interest	Total
2023-2024	$ 10,000	$ 1,427,038	$ 1,437,038
2024-2025	80,000	1,424,788	1,504,788
2025-2026	145,000	1,419,163	1,564,163
2026-2027	215,000	1,410,163	1,625,163
2027-2028	290,000	1,397,538	1,687,538
2028-2033	2,815,000	6,649,562	9,464,562
2033-2038	5,845,000	5,606,312	11,451,312
2038-2043	9,845,000	4,100,650	13,945,650
2043-2048	14,485,000	2,463,131	16,948,131
2048-2051	11,310,000	439,288	11,749,288
Totals	$ 45,040,000	$ 26,337,633	$ 71,377,633

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB)

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

	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	$ 9,461,817	$ 3,106,140	$ 5,824,417	$ 591,242
MPP Program	141,112	-	-	(31,244)
Totals	$ 9,602,929	$ 3,106,140	$ 5,824,417	$ 559,998

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

District Plan

The details of each plan are as follows:

Plan Description
The District's single-employer defined benefit OPEB plan provides OPEB for eligible certificated, classified, and management employees of the District. The District sponsors healthcare coverage under the California Public Employees Medical and Hospital Care Act ("PEMHCA"), commonly referred to as PERS Health. PEMHCA provides health insurance through a variety of Health Maintenance Organization (HMO) and Preferred Provider Organization (PPO) options. The authority to establish and amend the benefit terms and financing requirements are governed by collective bargaining agreements with plan members. The District has assets that are accumulated in a trust administer that meets the criteria in paragraph 4 of Statement 75. The District participates in the California Employers' Retiree Benefit Trust (CERBT) Fund, which is a Section 115 trust fund dedicated to prefunding Other Post-Employment Benefits (OPEB) for all eligible California public agencies.

Benefits Provided
The District makes the required statutory PEMHCA contribution as described above, subject to the "Equal Contribution Method" under which the District's contribution for retirees is equal to its basic contribution for active employees. The District also pays a percent-of-premiums administrative fee to PEMHCA for each retiree. Further, the District makes supplemental contributions towards certain eligible retirees' premiums until age 65, as described below.

Employees who have completed at least 10 years of service with the District, and are at least age 55 at retirement, are eligible to receive a monthly District contribution under one of two options: (1) the lesser of the PEMHCA option they have selected, or the single-party Kaiser rate for the Los Angeles Area, plus retiree-only dental and vision coverage through ASCIP; or (2) the lesser of the PEMHCA option they have selected, or the two-party Kaiser rate for the Los Angeles Area; both offset by the District's statutory minimum contribution to PEMHCA. Supplemental benefits are payable until age 65, after which the contribution reverts to the statutory minimum for the retiree's further lifetime.

Employees hired after July 1, 2013 must be at least age 60 at retirement in order to be eligible for District supplemental contributions described above.

Supplemental benefits are pro-rated for employees who worked less than eight hours per day in accordance with the employee contracts.

Three former Board Members, one retired superintendent, and one sitting Board Member are entitled to lifetime District-paid medical, dental, vision and life coverage for retiree and/or spouse.

Employees covered by benefit terms
At July 1, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	61
Active employees	218
Total	279

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

District Plan (continued)

Contributions
The required contribution is based on projected pay-as-you-go financing requirements. The District adopted an irrevocable trust in June 2022, with initial contributions posted in July 2022. The trust is reflected in reporting information for fiscal year ending June 30, 2023.

Total OPEB Liability
The District's total OPEB liability of $9,461,817 for the Plan was measured as of June 30, 2022, and was determined by an actuarial valuation as of July 1, 2021. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

Actuarial assumptions and other inputs
The total OPEB liability in the July 1, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	July 1, 2021
Inflation	3.00%
Salary increases	3.00%
Healthcare cost trend rates	5.75 percent for 2022, 5.50 percent for 2023, 5.20 percent for 2024-2069, and 4.50 percent for 2070 and later years; Medicare ages: 4.50 percent for all years.

Discount Rate
For OPEB Plans that are not administered through trusts that meet the criteria in paragraph 4, GASB 75 requires a discount rate that is a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Reporting Date	Measurement Date	Fidelity GO AA 20 Years Municipal Index	Discount Rate
June 30, 2022	June 30, 2021	1.92%	1.92%
June 30, 2023	June 30, 2022	3.69%	3.84%

Mortality Rates
Mortality rates are from the CalSTRS Experience Analysis (2015-2018) and CalPERS Experience Study (2000-2019).

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

District Plan(continued)

Changes in the Total OPEB Liability

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability (Asset)
Balance at July 1, 2021	$ 12,622,973	$ -	$ 12,622,973
Changes for the year:			
Service cost	732,777	-	732,777
Interest	252,909	-	252,909
Employer contributions	-	808,608	(808,608)
Benefit payments	(368,608)	(368,608)	-
Changes of assumptions	(3,338,234)	-	(3,338,234)
Net changes	(2,721,156)	440,000	(3,161,156)
Balance at June 30, 2022	$ 9,901,817	$ 440,000	$ 9,461,817

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate
The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

Discount Rate	OPEB Liability
1% decrease	$ 11,011,702
Current discount rate	$ 9,461,817
1% increase	$ 8,222,126

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates
The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

Healthcare Cost Trend Rate	OPEB Liability
1% decrease	$ 7,932,564
Current trend rate	$ 9,461,817
1% increase	$ 11,440,841

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

District Plan (continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB
For the year ended June 30, 2023, the District recognized OPEB expense of $591,242. In addition, at June 30, 2023, 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
District contributions subsequent to the measurement date of the net OPEB liability	$ 477,685	$ -
Differences between expected and actual experience	-	2,585,145
Changes of assumptions	2,628,455	3,239,272
Totals	$ 3,106,140	$ 5,824,417

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

Year Ended June 30:	Deferred Outflows of Resources	Deferred Inflows of Resources
2024	$ 471,322	$ 865,766
2025	471,322	865,766
2026	471,322	865,766
2027	471,322	784,277
2028	410,034	768,261
Thereafter	333,133	1,674,581
Totals	$ 2,628,455	$ 5,824,417

Medicare Premium Payment (MPP) Program

Plan Description
The MPP Program is a cost-sharing multiple-employer other postemployment benefit (OPEB) plan established pursuant to Chapter 1032, Statutes of 2000 (SB 1435). CalSTRS administers the MPP Program through the Teachers' Health Benefit Fund (THBF).

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2021 annual actuarial valuation report, Medicare Premium Payment Program. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: https://www.calstrs.com/general-information/gasb-6768.

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

Medicare Premium Payment (MPP) Program (continued)

Benefits Provided
The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the DB Program who were retired or began receiving a disability allowance prior to July 1, 2012, and were not eligible for premium-free Medicare Part A. Members who retire on or after July 1, 2012, are not eligible for coverage under the MPP Program.

As of June 30, 2022, 4,770 retirees participated in the MPP Program; however, the number of retired members who will participate in the program in the future is unknown as eligibility cannot be predetermined.

The MPP Program is funded on a pay-as-you-go basis from a portion of monthly employer contributions. In accordance with Education Code section 22950, contributions that would otherwise be credited to the DB Program each month are instead credited to the MPP Program to fund monthly program and administrative costs. Total redirections to the MPP Program are monitored to ensure that total incurred costs do not exceed the amount initially identified as the cost of the program.

Total OPEB Liability
At June 30, 2023, the District reported a liability of $141,112 for its proportionate share of the net OPEB liability for the MPP Program. The total OPEB liability for the MPP Program as of June 30, 2022, was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2021 and rolling forward the total OPEB liability to June 30, 2022. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportions of the net OPEB liability for the two most recent measurement periods were:

	Percentage Share of MPP Program		
	Fiscal Year Ending June 30, 2023	Fiscal Year Ending June 30, 2022	Change Increase/ (Decrease)
Measurement Date	June 30, 2022	June 30, 2021	
Proportion of the Net OPEB Liability	0.042838%	0.684900%	-0.642062%

For the year ended June 30, 2023, the District reported OPEB expense of $(31,244).

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

Medicare Premium Payment (MPP) Program (continued)

Actuarial assumptions and other inputs

The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Measurement Date	June 30, 2022
Valuation Date	June 30, 2021
Experience Study	June 30, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal
Investment Rate of Return	3.54%
Healthcare Cost Trend Rates	4.5% for Medicare Part A, and 5.4% for Medicare Part B

Assumptions were made about future participation (enrollment) into the MPP Program as CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' ages increase. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility but are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 209 or an average of 0.14% of the potentially eligible population of 145,282.

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

Discount Rate

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2022, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund (SMIF), which is a pooled investment program administered by the California State Treasurer.

As the MPP Program is funded on a pay-as-you-go basis, the OPEB plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, the MPP Program used the Bond Buyer's 20-Bond GO Index from Bondbuyer.com as of June 30, 2022, as the discount rate, which was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate as of June 30, 2022, was 3.54%, which is an increase of 1.38% from 2.16% as of June 30, 2021.

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

Medicare Premium Payment (MPP) Program (continued)

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

Discount Rate	MPP OPEB Liability
1% decrease	$ 188,340
Current discount rate	$ 141,112
1% increase	$ 130,092

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

Medicare Cost Trend Rates	MPP OPEB Liability
1% decrease	$ 129,476
Current trend rate	$ 141,112
1% increase	$ 154,303

NOTE 9 – PENSION PLANS

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).

For the fiscal year ended June 30, 2023, the District reported net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	$ 19,833,637	$ 6,687,025	$ 2,886,649	$ 2,466,826
CalPERS	10,788,018	6,717,162	2,309,803	1,629,883
Totals	$ 30,621,655	$ 13,404,187	$ 5,196,452	$ 4,096,709

NOTE 9 – PENSION PLANS (continued)

The details of each plan are as follows:

A. California State Teachers' Retirement System (CalSTRS)

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2021, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: https://www.calstrs.com/general-information/gasb-6768.

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

The STRP is a multiple-employer, cost-sharing defined benefit plan composed of four programs: Defined Benefit (DB) Program, Defined Benefit Supplement (DBS) Program, Cash Balance Benefit (CBB) Program and Replacement Benefits (RB) Program. A Supplemental Benefit Maintenance Account (SBMA) exists within the STRP and provides purchasing power protection for DB Program benefits. The STRP holds assets for the exclusive purpose of providing benefits to members of these programs and their beneficiaries. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor and obligor of the trust. In addition, the state is both an employer and non-employer contributing entity to the STRP. The District contributes exclusively to the STRP Defined Benefit Program; thus, disclosures are not included for the other plans.

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

	STRP Defined Benefit Program	
	On or before	On or after
Hire Date	December 31, 2012	January 1, 2013
Benefit Formula	2% at 60	2% at 62
Benefit Vesting Schedule	5 years of service	5 years of service
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	60	62
Monthly Benefits as a Percentage of Eligible Compensation	2.0%-2.4%	2.0%-2.4%
Required Member Contribution Rate	10.25%	10.205%
Required Employer Contribution Rate	19.10%	19.10%
Required State Contribution Rate	10.828%	10.828%

NOTE 9 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

Contributions
The parameters for member, employer and state contribution rates are set by the California Legislature and the Governor and detailed in the Teachers' Retirement Law. Current contribution rates were established by California Assembly Bill 1469 (CalSTRS Funding Plan), which was passed into law in June 2014, and various subsequent legislation.

The CalSTRS Funding Plan established a schedule of contribution rate increases shared among members, employers and the state to bring CalSTRS toward full funding by 2046. California Senate Bill 90 (Chapter 33, Statutes of 2019) and California Assembly Bill 84 (Chapter 16, Statutes of 2020) (collectively, special legislation)—signed into law in June 2019 and June 2020, respectively —provided supplemental contributions to the DB Program along with supplemental contribution rate relief to employers through fiscal year 2021–22.

The contribution rates for each program for the year ended June 30, 2023, are presented above, and the District's total contributions were $3,375,465.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
At June 30, 2023, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of net pension liability	$	19,833,637
State's proportionate share of the net pension liability associated with the District		9,932,608
Total	$	29,766,245

The net pension liability was measured as of June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportions of the net pension liability for the two most recent measurement periods were:

	Percentage Share of Risk Pool		
	Fiscal Year Ending June 30, 2023	Fiscal Year Ending June 30, 2022	Change Increase/ (Decrease)
Measurement Date	June 30, 2022	June 30, 2021	
Proportion of the Net Pension Liability	0.028543%	0.027959%	0.000584%

NOTE 9 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

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

For the year ended June 30, 2023, the District recognized pension expense of $2,466,825. In addition, the District recognized pension expense and revenue of $(742,887) for support provided by the State. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 3,375,465	$ -
Net change in proportionate share of net pension liability	2,311,686	429,637
Difference between projected and actual earnings on pension plan investments	-	969,903
Changes of assumptions	983,604	-
Differences between expected and actual experience	16,270	1,487,109
Totals	$ 6,687,025	$ 2,886,649

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 7 years.

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

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2024	$ 1,488,513	$ 1,238,240
2025	461,495	1,314,166
2026	461,495	1,481,828
2027	371,001	(1,427,311)
2028	252,492	208,795
Thereafter	276,563	70,930
Totals	$ 3,311,560	$ 2,886,649

NOTE 9 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

Actuarial Methods and Assumptions
The total pension liability for the STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2021 and rolling forward the total pension liability to June 30, 2022. In determining the total pension liability, the financial reporting actuarial valuation used the following actuarial methods and assumptions:

Valuation Date	June 30, 2021
Experience Study	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.00%
Inflation	2.75%
Payroll Growth	3.50%

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

The long-term investment rate of return assumption was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS investment staff and investment consultants as inputs to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study.

For each current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of expected 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class as of June 30, 2022, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Public Equity	42.0%	4.8%
Real Estate	15.0%	3.6%
Private Equity	13.0%	6.3%
Fixed Income	12.0%	1.3%
Risk Mitigating Strategies	10.0%	1.8%
Inflation Sensitive	6.0%	3.3%
Cash/Liquidity	2.0%	(0.4%)

NOTE 9 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

Discount Rate
The discount rate used to measure the total pension liability was 7.10%, which was unchanged from prior fiscal year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers are made at statutory contribution rates in accordance with the rate increases. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return of 7.10% and assume that contributions, benefit payments and administrative expenses occur midyear. Based on those assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	$ 33,684,872
Current discount rate (7.10%)	19,833,637
1% increase (8.10%)	8,332,948

On Behalf Payments
The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS pursuant to Sections 22954, 22955, and 22955.1 of the Education Code and Public Resources Code Section 6217.5. Through the special legislation approved in June 2019 and June 2020, the State made supplemental contributions of approximately $2.2 billion to CalSTRS on behalf of employers to supplant the amounts submitted by employers for fiscal years 2019–20 through 2021–22. Under accounting principles generally accepted in the United States of America, these amounts are reported as revenues and expenditures in the fund financial statements. The total amount recognized by the District for its proportionate share of the State's on-behalf contributions is $1,593,397.

B. California Public Employees Retirement System (CalPERS)

Plan Description
Qualified employees are eligible to participate in the Schools Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2021 annual actuarial valuation report, Schools Pool Accounting Report. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: https://www.calpers.ca.gov/page/employers/actuarial-resources/gasb.

NOTE 9 – PENSION PLANS (continued)

B. California Public Employees Retirement System (CalPERS) (continued)

Benefits Provided

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

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

	Schools Pool (CalPERS)	
	On or before	On or after
Hire Date	December 31, 2012	January 1, 2013
Benefit Formula	2% at 55	2% at 62
Benefit Vesting Schedule	5 years of service	5 years of service
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	55	62
Required Employee Contribution Rate	7.00%	8.00%
Required Employer Contribution Rate	25.37%	25.37%

Contributions

The benefits for the defined benefit pension plans are funded by contributions from members, employers, non-employers, and earnings from investments. Member and employer contributions are a percentage of applicable member compensation. Member contribution rates are defined by law and depend on the respective employer’s benefit formulas. In some circumstances, contributions are made by the employer to satisfy member contribution requirements. Member and employer contribution rates are determined by periodic actuarial valuations or by state statute. Actuarial valuations are based on the benefit formulas and employee groups of each employer. Non-employer contributions are not expected each year, but when provided they are accrued for. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2023 are presented above, and the total District contributions were $1,419,832.

NOTE 9 – PENSION PLANS (continued)

B. California Public Employees Retirement System (CalPERS) (continued)

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

As of June 30, 2023, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $10,788,018. The net pension liability was measured as of June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportions of the net pension liability for the two most recent measurement periods were:

	Percentage Share of Risk Pool		
	Fiscal Year Ending June 30, 2023	Fiscal Year Ending June 30, 2022	Change Increase/ (Decrease)
Measurement Date	June 30, 2022	June 30, 2021	
Proportion of the Net Pension Liability	0.031352%	0.030032%	0.001320%

For the year ended June 30, 2023, the District recognized pension expense of $1,629,883. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 1,419,832	$ -
Net change in proportionate share of net pension liability	1,135,384	-
Difference between projected and actual earnings on pension plan investments	3,315,154	2,041,383
Changes of assumptions	798,036	-
Differences between expected and actual experience	48,756	268,420
Totals	$ 6,717,162	$ 2,309,803

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 3.9 years.

NOTE 9 – PENSION PLANS (continued)

B. California Public Employees Retirement System (CalPERS) (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)
Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2024	$ 1,596,241	$ 774,574
2025	1,516,716	774,574
2026	1,323,639	760,654
2027	860,733	-
2028	-	-
Thereafter	-	-
Totals	$ 5,297,330	$ 2,309,803

Actuarial Methods and Assumptions
Total pension liability for the Schools Pool was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2021 and rolling forward the total pension liability to June 30, 2022. The financial reporting actuarial valuation as of June 30, 2021 used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2021
Experience Study	2000-2019
Actuarial Cost Method	Entry age normal
Discount Rate	6.9%
Inflation Rate	2.3%
Salary Increases	Varies by entry age and service

Post-retirement mortality rates are based on CalPERS' experience and include generational mortality improvement using 80 percent of Scale MP 2020 published by the Society of Actuaries. These tables are used to estimate the value of benefits expected to be paid for service and disability retirements. For disability retirements, impaired longevity is recognized by a separate table.

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term.

NOTE 9 – PENSION PLANS (continued)

B. California Public Employees Retirement System (CalPERS) (continued)

Actuarial Methods and Assumptions (continued)
The target asset allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Real Return
Global Equity Cap-weighted	30.00%	4.54%
Global Equity Non-Cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	(5.00%)	(0.59%)

Discount Rate
The discount rate used to measure the total pension liability was 6.9%. The discount rate is not adjusted for administrative expenses. The fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return for the pension plan's investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

Discount Rate	Net Pension Liability
1% decrease (5.9%)	$ 15,583,838
Current discount rate (6.9%)	10,788,018
1% increase (7.9%)	6,824,449

C. Social Security
As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by social security or an alternative plan. The District has elected to use the Social Security as its alternative plan.

D. Payables to the Pension Plans
At June 30, 2023, the District reported payables of $331,435 and $98,748 for the outstanding amount of legally required contributions to the CalSTRS and CalPERS pension plans, respectively, for the fiscal year ended June 30, 2023.

NOTE 10 – JOINT VENTURES

Lowell Joint School District participates in a joint venture under joint powers agreements (JPAs) with the Alliance of Schools for Cooperative Insurance Programs (ASCIP). The relationship between the District and the JPA is such that the JPA is not a component unit of the District for financial reporting purposes. Audited financial statements are available from the respective entities.

The JPA provides medical, property and liability insurance coverage and workers' compensation insurance coverage for their members. The JPA is governed by a board consisting of a representative for each district category. The governing board controls the operations of its JPA independent of any influence by the member districts beyond their representation on the governing board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate only to its participation in the JPA.

NOTE 11 – RISK MANAGEMENT

Property and Liability
The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2023, the District participated in the ASCIP public entity risk pool for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation
For fiscal year 2023, the District was in the ASCIP JPA for workers' compensation, with York Risk Services Group acting as claims administrator. The District has $438,408 on hand with ASCIP from separation from the Whittier Area Schools Insurance Authority (WASIA) Joint Powers Agency (JPA) in 2011 for workers' compensation reserves to be held until maturity of prior year claims.

Employee Medical Benefits
The District has contracted with CalPERS to provide employee health and welfare benefits.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

A. State and Federal Allowances, Awards and Grants
The District has received state and federal funds for specific purposes that are subject to 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.

B. Construction Commitments
As of June 30, 2023, the District had commitments with respect to unfinished capital projects of approximately $7.5 million.

C. Litigation
The District is involved in certain legal matters that arose out of the normal course of business. The District has not accrued a liability for any potential litigation against it because it does not meet the criteria to be considered a liability at June 30, 2023.

NOTE 13 – DEFERRED COMPENSATION PLAN

The District has adopted a deferred compensation plan on February 14, 1998 in accordance with Internal Revenue Code Section 457 for its eligible employees. Under this plan, employees may choose to defer income until retirement or termination. The District established a custodial agreement with Credit Union of Southern California (CUSC) and created a custodial account on behalf of the plan participants.

The District makes no contributions under the plan. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, are held in such custodial account for the exclusive benefit of the employee participants and their beneficiaries. The District determined that the custodial account established with CUSC qualifies as a third party trust agreement as described in GASB Statement No. 32, Accounting and Financial Reporting for Internal Revenue Section 457 Deferred Compensation plans. Accordingly, the Plan net assets are excluded from the accompanying general purpose financial statements.

While the District has full power and authority to administer and to adopt rules and regulations for the plan, all investment decisions under the plan are the responsibility of the plan participants. The District has no liability for losses under the plan, but does have the duty of due care that would be required of an ordinary prudent investor. Under certain circumstances, employees may modify their arrangements with the plan to provide for greater or lesser contributions or to terminate their participation. If participants retire under the plan or terminate service with the District, they may be eligible to receive payments under the plan in accordance with provisions thereof. In the event of serious financial emergency, the District may approve, upon request, withdrawal from the plan by the participants, along with their allocated contributions. At June 30, 2023, assets of the plan totaled $50,262.

NOTE 14 – ADJUSTMENT FOR RESTATEMENT

The beginning net position of the Retiree Benefits Trust Fund was restated by $440,000 to account for cash balance held in trust for retiree benefits.

Required Supplementary Information

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LOWELL JOINT SCHOOL DISTRICT
Budgetary Comparison Schedule – General Fund
For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts Original	Budgeted Amounts Final	Actual (Budgetary Basis)	Variance with Final Budget - Pos (Neg)
Revenues				
LCFF sources	$ 30,836,281	$ 33,359,234	$ 32,922,210	$ (437,024)
Federal sources	2,373,272	3,954,571	2,278,748	(1,675,823)
Other state sources	970,670	6,907,089	8,377,242	1,470,153
Other local sources	3,204,644	3,712,910	3,858,284	145,374
Total Revenues	37,384,867	47,933,804	47,436,484	(497,320)
Expenditures				
Current:				
Certificated salaries	17,180,295	17,475,779	17,587,677	(111,898)
Classified salaries	6,016,319	6,153,703	6,283,787	(130,084)
Employee benefits	10,641,722	10,696,386	11,820,839	(1,124,453)
Books and supplies	1,691,230	4,732,818	1,851,259	2,881,559
Services and other operating expenditures	2,543,759	7,107,978	3,220,371	3,887,607
Transfers of indirect costs	(156,300)	(156,300)	(44,344)	(111,956)
Capital outlay	11,970	48,000	46,594	1,406
Intergovernmental	349,152	490,347	427,268	63,079
Total Expenditures	38,278,147	46,548,711	41,193,451	5,355,260
Excess (Deficiency) of Revenues Over (Under) Expenditures	(893,280)	1,385,093	6,243,033	4,857,940
Fund Balances, July 1, 2022	11,931,503	14,137,117	14,137,117	-
Fund Balances, June 30, 2023	$ 11,038,223	$ 15,522,210	20,380,150	$ 4,857,940
Other Fund Balances included in the Statement of Revenues, Expenditures and Changes in Fund Balances:				
Deferred Maintenance Fund			2,183,211	
Total reported General Fund balance on the Statement of Revenues, Expenditures and Changes in Fund Balances:			$ 22,563,361	

LOWELL JOINT SCHOOL DISTRICT
Budgetary Comparison Schedule – Child Development Fund
For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget -
	Original	Final	(Budgetary Basis)	Pos (Neg)
Revenues				
Other state sources	$ 1,400,000	$ 1,400,000	$ 2,451,982	$ 1,051,982
Other local sources	264,000	265,335	361,649	96,314
Total Revenues	1,664,000	1,665,335	2,813,631	1,148,296
Expenditures				
Current:				
Certificated Salaries	541,261	541,261	296,573	244,688
Classified Salaries	100,606	100,060	468,348	(368,288)
Employee Benefits	249,949	249,949	322,932	(72,983)
Books and Supplies	-	42,792	44,158	(1,366)
Services and Other Operating Expenditures	607,000	533,910	393,550	140,360
Transfers of indirect costs	110,500	110,500	-	110,500
Capital Outlay	-	31,000	30,982	18
Total Expenditures	1,609,316	1,609,472	1,556,543	52,929
Excess (Deficiency) of Revenues Over (Under) Expenditures	54,684	55,863	1,257,088	1,201,225
Fund Balances, July 1, 2022	100,000	100,000	100,000	-
Fund Balances, June 30, 2023	$ 154,684	$ 155,863	$ 1,357,088	$ 1,201,225

LOWELL JOINT SCHOOL DISTRICT

Schedule of Proportionate Share of the Net Pension Liability-CalSTRS
For the Fiscal Year Ended June 30, 2023

*Last Ten Fiscal Years**

	2021-22	2020-21	2019-20	2018-19	2017-18
District's proportion of the net pension liability	0.0285%	0.0280%	0.0268%	0.0265%	0.0258%
District's proportionate share of the net pension liability	$ 19,833,637	$ 12,723,736	$ 26,006,899	$ 23,920,337	$ 23,742,714
State's proportionate share of the net pension liability associated with the District	9,932,608	6,402,090	13,406,560	13,050,141	13,593,814
Totals	$ 29,766,245	$ 19,125,826	$ 39,413,459	$ 36,970,478	$ 37,336,528
District's covered-employee payroll	$ 16,269,125	$ 15,346,745	$ 14,586,397	$ 14,175,228	$ 13,997,942
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	121.91%	82.91%	178.30%	168.75%	169.62%
Plan fiduciary net position as a percentage of the total pension liability	81%	87%	72%	73%	71%

	2016-17	2015-16	2014-15	2013-14
District's proportion of the net pension liability	0.0250%	0.0270%	0.0250%	0.0280%
District's proportionate share of the net pension liability	$ 23,149,952	$ 21,837,870	$ 16,831,000	$ 16,831,000
State's proportionate share of the net pension liability associated with the District	13,695,316	12,433,740	8,901,720	10,163,387
Totals	$ 36,845,268	$ 34,271,610	$ 25,732,720	$ 26,994,387
District's covered-employee payroll	$ 13,252,997	$ 13,241,445	$ 12,798,224	$ 11,954,788
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	174.68%	164.92%	131.51%	140.79%
Plan fiduciary net position as a percentage of the total pension liability	69%	70%	74%	77%

** This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.*

LOWELL JOINT SCHOOL DISTRICT
Schedule of Proportionate Share of the Net Pension Liability-CalPERS
For the Fiscal Year Ended June 30, 2023

*Last Ten Fiscal Years**

	2021-22	2020-21	2019-20	2018-19	2017-18
District's proportion of the net pension liability	0.0314%	0.0300%	0.0272%	0.0260%	0.0258%
District's proportionate share of the net pension liability	$ 10,788,018	$ 6,106,815	$ 8,358,040	$ 7,588,302	$ 6,866,935
District's covered-employee payroll	$ 4,781,536	$ 4,366,932	$ 3,928,640	$ 3,717,220	$ 3,428,691
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	225.62%	139.84%	212.75%	204.14%	200.28%
Plan fiduciary net position as a percentage of the total pension liability	70%	81%	70%	70%	71%

	2016-17	2015-16	2014-15	2013-14
District's proportion of the net pension liability	0.0267%	0.0279%	0.0285%	0.0266%
District's proportionate share of the net pension liability	$ 6,371,011	$ 5,510,267	$ 4,200,928	$ 3,022,553
District's covered-employee payroll	$ 3,410,354	$ 3,413,413	$ 3,071,880	$ 2,977,583
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	186.81%	161.43%	136.75%	101.51%
Plan fiduciary net position as a percentage of the total pension liability	72%	74%	79%	83%

** This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.*

*Last Ten Fiscal Years**

	2022-23	2021-22	2020-21	2019-20	2018-19
Contractually required contribution	$ 3,375,465	$ 2,752,736	$ 2,478,499	$ 2,494,274	$ 2,307,727
Contributions in relation to the contractually required contribution	3,375,465	2,752,736	2,478,499	2,494,274	2,307,727
Contribution deficiency (excess):	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 17,672,593	$ 16,269,125	$ 15,346,745	$ 14,586,397	$ 14,175,228
Contributions as a percentage of covered-employee payroll	19.10%	16.92%	16.15%	17.10%	16.28%

	2017-18	2016-17	2015-16	2014-15
Contractually required contribution	$ 2,019,903	$ 1,667,227	$ 1,420,807	$ 1,136,482
Contributions in relation to the contractually required contribution	2,019,903	1,667,227	1,420,807	1,136,482
Contribution deficiency (excess):	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 13,997,942	$ 13,252,997	$ 13,241,445	$ 12,798,224
Contributions as a percentage of covered-employee payroll	14.43%	12.58%	10.73%	8.88%

** This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.*

LOWELL JOINT SCHOOL DISTRICT

Schedule of Pension Contributions-CalPERS
For the Fiscal Year Ended June 30, 2023

*Last Ten Fiscal Years**

	2022-23	2021-22	2020-21	2019-20	2018-19
Contractually required contribution	$ 1,419,832	$ 1,095,450	$ 903,955	$ 774,767	$ 671,404
Contributions in relation to the contractually required contribution	1,419,832	1,095,450	903,955	774,767	671,404
Contribution deficiency (excess):	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 5,596,500	$ 4,781,536	$ 4,366,932	$ 3,928,640	$ 3,717,220
Contributions as a percentage of covered-employee payroll	25.370%	22.910%	20.700%	19.721%	18.062%

	2017-18	2016-17	2015-16	2014-15
Contractually required contribution	$ 532,510	$ 473,630	$ 404,387	$ 361,591
Contributions in relation to the contractually required contribution	532,510	473,630	404,387	361,591
Contribution deficiency (excess):	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 3,428,691	$ 3,410,354	$ 3,413,413	$ 3,071,880
Contributions as a percentage of covered-employee payroll	15.531%	13.888%	11.847%	11.771%

** This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.*

LOWELL JOINT SCHOOL DISTRICT

Schedule of Changes in the District's Total OPEB Liability and Related Ratios
For the Fiscal Year Ended June 30, 2023

*Last Ten Fiscal Years**

Employer's Fiscal Year Measurement Period	2022-23 2021-22	2021-22 2020-21	2020-21 2019-20	2019-20 2018-19	2018-19 2017-18	2017-18 2016-17
Total OPEB liability						
Service cost	$ 732,777	$ 615,993	$ 600,464	$ 489,135	$ 455,123	$ 441,867
Interest	252,909	358,485	389,044	385,262	328,707	318,118
Differences between expected and actual experience	-	(3,268,001)	-	(127,892)	-	-
Changes of assumptions or other inputs	(3,338,234)	1,125,260	1,623,317	1,317,728	(742,533)	-
Benefit payments	(368,608)	(446,920)	(404,329)	(372,730)	(406,789)	(436,312)
Net change in total OPEB liability	(2,721,156)	(1,615,183)	2,208,496	1,691,503	(365,492)	323,673
Total OPEB liability - beginning	12,622,973	14,238,156	12,029,660	10,338,157	10,703,649	10,379,976
Total OPEB liability - ending	$ 9,901,817	$ 12,622,973	$ 14,238,156	$ 12,029,660	$ 10,338,157	$ 10,703,649
Plan fiduciary net position						
Contributions - employer	$ 808,608	$ -	$ -	$ -	$ -	$ -
Benefit payments	(368,608)	-	-	-	-	-
Net change in plan fiduciary net position	440,000	-	-	-	-	-
Plan fiduciary net position - beginning	-	-	-	-	-	-
Plan fiduciary net position - ending	$ 440,000	$ -	$ -	$ -	$ -	$ -
District's net OPEB liability - ending	$ 9,461,817	$ 12,622,973	$ 14,238,156	$ 12,029,660	$ 10,338,157	$ 10,703,649
Plan fiduciary net position as a percentage of the total OPEB liability	4.44%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered-employee payroll	$ 19,797,805	$ 17,499,937	$ 17,721,154	$ 17,220,221	$ 18,705,914	$ 17,737,894
Total OPEB liability as a percentage of covered-employee payroll	50.01%	72.13%	80.35%	69.86%	55.27%	60.34%

** This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.*

LOWELL JOINT SCHOOL DISTRICT

Schedule of the OPEB Contributions
For the Fiscal Year Ended June 30, 2023

*Last Ten Fiscal Years**

Employer's Fiscal Year **Measurement Period**	**2022-23** **2021-22**	**2021-22** **2020-21**	**2020-21** **2019-20**	**2019-20** **2018-19**	**2018-19** **2017-18**	**2017-18** **2016-17**
Actuarially determined contribution	$ 808,576	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the actuarially determined contribution	808,608	-	-	-	-	-
Contribution deficiency (excess)	$ (32)	N/A	N/A	N/A	N/A	N/A
Covered-employee payroll	$ 19,797,805	$ 17,499,937	$ 17,721,154	$ 17,220,221	$ 18,705,914	$ 17,737,894
Contributions as a percentage of covered-employee payroll	4.08%	0.00%	0.00%	0.00%	0.00%	0.00%

** This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.*

LOWELL JOINT SCHOOL DISTRICT

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

For the Fiscal Year Ended June 30, 2023

*Last Ten Fiscal Years**

Employer's Fiscal Year **Measurement Period**	**2022-23** **2021-22**	**2021-22** **2020-21**	**2020-21** **2019-20**	**2019-20** **2018-19**	**2018-19** **2017-18**	**2017-18** **2016-17**
District's proportion of net OPEB liability	0.0428%	0.0420%	0.0407%	0.0409%	0.0406%	0.0398%
District's proportionate share of net OPEB liability	$ 141,112	$ 167,632	$ 172,356	$ 152,439	$ 155,497	$ 167,616
Covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A
District's net OPEB liability as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total OPEB liability	(0.94%)	(0.80%)	(0.71%)	(0.81%)	0.40%	0.01%

** This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.*

NOTE 1 – PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the *Governmental Accounting Standards Board* and provisions of the *California Education Code*. The governing board is required to hold a public hearing and adopt an operating budget no later than July 1 of each year. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoptions with the legal restriction that expenditures cannot exceed appropriations by major object account.

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

This schedule presents information for the original and final budgets and actual results of operations, as well as the variances from the final budget to actual results of operations.

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

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

Change in benefit terms – There were no changes in benefit terms since the previous valuations for either CalSTRS and CalPERS.

***Change of assumptions* -** There were no changes in economic assumptions since the previous valuations for either CalSTRS or CalPERS.

Schedule of District Contributions

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

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

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

Change in benefit terms – There were no changes in benefit terms since the previous valuation.

Change of assumptions – Liability changes resulting from changes in economic and demographic assumptions are deferred based on the average working life. The discount rate was changed from 1.92 percent to 3.84 percent since the previous valuation.

Schedule of OPEB Contributions

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

NOTE 1 – PURPOSE OF SCHEDULES (continued)

Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program
This schedule presents information on the District's proportionate share of the net OPEB liability – MPP Program and the plans' fiduciary net position. In the future, as data becomes available, ten years of information will be presented. As of June 30, 2012, active members are no longer eligible for future enrollment in the MPP program; therefore, the covered payroll disclosure is not applicable.

Change in benefit terms – There were no changes in benefit terms since the previous valuation.

Change of assumptions – The discount rate was changed from 2.16 percent to 3.54 percent since the previous valuation.

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Supplementary Information

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The Lowell Joint School District was established in 1906 and is located in the southeastern portion of Los Angeles County and the northwestern portion of Orange County. It serves families from the communities of La Habra, La Habra Heights, and Whittier. There were no changes in the boundaries of the District during the current year. The District operates five elementary schools and one intermediate school.

The Board of Trustees and the District Administration for the fiscal year ending June 30, 2023 were as follows:

GOVERNING BOARD

Member	Office	Term Expires
Karen Shaw	President	December, 2026
Anastasia Shackelford	Vice President	December, 2026
Anthony Zegarra	Clerk	December, 2024
Christina Berg	Member	December, 2026
Melissa Salinas	Member	December, 2024

DISTRICT ADMINISTRATORS

Jim Coombs,
Superintendent

Sheri McDonald, Ed.D.,
Assistant Superintendent, Instruction

Carl Erickson,
Assistant Superintendent, Administrative Services

David Bennett,
Assistant Superintendent, Business Services

LOWELL JOINT SCHOOL DISTRICT
Schedule of Average Daily Attendance
For the Fiscal Year Ended June 30, 2023

	Second Period Report	Annual Report
Regular ADA & Extended Year:		
TK/Grades K-3	1,203.89	1,220.03
Grades 4-6	914.27	915.28
Grades 7-8	709.36	710.21
Total ADA	2,827.52	2,845.52

Schedule of Instructional Time
For the Fiscal Year Ended June 30, 2023

Grade Level	Instructional Minutes Requirement	Instructional Minutes Offered	Instructional Days Offered	Status
Kindergarten	36,000	46,095	180	Complied
Grade 1	50,400	54,460	180	Complied
Grade 2	50,400	54,460	180	Complied
Grade 3	50,400	54,460	180	Complied
Grade 4	54,000	54,460	180	Complied
Grade 5	54,000	54,460	180	Complied
Grade 6	54,000	54,460	180	Complied
Grade 7	54,000	61,088	180	Complied
Grade 8	54,000	61,205	180	Complied

LOWELL JOINT SCHOOL DISTRICT
Schedule of Financial Trends and Analysis
For the Fiscal Year Ended June 30, 2023

General Fund	(Budget) 2024 [2]	2023 [3]	2022	2021
Revenues and other financing sources	$ 43,364,825	$ 47,436,484	$ 40,466,236	$ 35,642,390
Expenditures	42,039,440	41,193,451	38,561,922	32,072,881
Other uses and transfers out	-	-	100,000	-
Total outgo	42,039,440	41,193,451	38,661,922	32,072,881
Change in fund balance (deficit)	1,325,385	6,243,033	1,804,314	3,569,509
Ending fund balance	$ 21,705,535	$ 20,380,150	$ 14,137,117	$ 12,332,803
Available reserves [1]	$ 4,202,303	$ 1,307,770	$ 4,930,879	$ 1,603,644
Available reserves as a percentage of total outgo	10.0%	3.2%	12.8%	5.0%
Total long-term debt	$ 88,214,081	$ 88,321,325	$ 80,436,095	$ 98,635,587
Average daily attendance at P-2	2,815	2,828	2,894	N/A

The General Fund balance has increased by $8.0 million over the past two years. The fiscal year 2023-24 adopted budget projects an increase of $1.3 million. For a district of this size, the state recommends available reserves of at least 3% of total general fund expenditures, transfers out, and other uses (total outgo).

The District has experienced an operating surplus in each of the past three years, and anticipates incurring an operating surpuls during the 2023-24 fiscal year. Long-term debt has decreased by $10.3 million over the past two years.

Average daily attendance decreased by 66 in 2022-23 compared to 2021-22. Budgeted ADA for 2023-24 is 2,815.

[1] Available reserves consist of all unassigned fund balances in the General Fund.

[2] Revised Final Budget September, 2023.

[3] The actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Deferred Maintenance Fund in accordance with the fund type definitions promulgated by GASB Statement No. 54.

LOWELL JOINT SCHOOL DISTRICT

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

For the Fiscal Year Ended June 30, 2023

	General Fund	Child Development Fund
June 30, 2023, annual financial and budget report (SACS) fund balances	$ 19,983,906	$ 1,024,849
Adjustments and reclassifications:		
Increasing (decreasing) the fund balance:		
Accounts payable understated	(459,633)	-
Cash in banks understated	-	332,239
Accounts receivable understated	855,877	-
Net adjustments and reclassifications	396,244	332,239
June 30, 2023, audited financial statement fund balances	$ 20,380,150	$ 1,357,088

LOWELL JOINT SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Cluster Expenditures	Federal Expenditures
Federal Programs:				
U.S. Department of Agriculture:				
Passed through California Dept. of Education (CDE):				
Child Nutrition Cluster:				
School Breakfast Program - Especially Needy	10.553	13526	$ 255,710	
Summer Food Service Program Operations	10.559	13004	858,098	
USDA Donated Foods	10.555	13391	129,822	
Total Child Nutrition Cluster				$ 1,243,630
Total U.S. Department of Agriculture				1,243,630
U.S. Department of Education:				
Passed through California Dept. of Education (CDE):				
Every Student Succeeds Act (ESSA):				
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329		397,810
Title II, Part A, Supporting Effective Instruction	84.367	14341		127,225
English Language Acquisition State Grants:				
Title III, Limited English Proficiency	84.365	14346	14,539	
Title III, Part A, Immigration Education Program	84.365	15146	2,287	
Total English Language Acquisition State Grants				16,826
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396		21,908
COVID-19: Education Stabilization Funds:				
Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D	15547	74,145	
Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U	15559	311,460	
Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U	10155	257,154	
Expanded Learning Opportunities Grant: ESSER II State Reserve	84.425D	15618	45,975	
Expanded Learning Opportunities Grant GEER II	84.425C	15619	66,644	
Expanded Learning Opportunities Grant: ESSER III State Reserve, Emergency Needs	84.425U	15620	189,291	
Expanded Learning Opportunities Grant: ESSER III State Reserve Learning Loss	84.425U	15535	92,125	
Total Education Stabilization Funds				1,036,794
Passed through North Orange County SELPA:				
Individuals with Disabilities Education Act (IDEA):				
Special Education Cluster:				
Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	655,687	
Preschool Grants, Part B, Section 619 (Age 3-4-5)	84.173	13430	22,496	
Total Special Education Cluster				678,183
Total U.S. Department of Education				2,278,746
Total Expenditures of Federal Awards				$ 3,522,376

Of the Federal expenditures presented in the schedule, the District provided no Federal awards to subrecipients.

NOTE 1 – PURPOSE OF SCHEDULES

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

Schedule of Instructional Time
This schedule presents information on the number of instructional days offered by the District and whether the District complied with Article 8 (commencing with Section 46200) of Chapter 2 Part 26 of the *Education Code*.

Schedule of Financial Trends and Analysis
This schedule discloses the District's financial trends by displaying past years' data along with current year budget information. These financial trend disclosures are used to evaluate the District's ability to continue as a going concern for a reasonable period of time. The instructional time presented in this schedule includes the days that the District was closed due to the COVID-19 pandemic.

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Unaudited Actual financial report to the audited financial statements.

Schedule of Expenditures of Federal Awards
The schedule of expenditures of Federal awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements. The District did not elect to use the ten percent de minimis indirect cost rate.

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Other Independent Auditors' Reports

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INDEPENDENT AUDITORS' 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*

Board of Trustees
Lowell Joint School District
Whittier, 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, each major fund, and the aggregate remaining fund information of Lowell Joint School District as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 6, 2023.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as Finding 2023-001 that we consider to be a significant deficiency.

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | Shannon Bishop, CPA | Peter Glenn, CPA, CFE | Paul J. Kaymark, CPA | Jessica Berry, CPA | Angelika Vartikyan, CPA

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Report on Compliance and Other Matters
As part of obtaining reasonable assurance about whether the District's financial statements are free of 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*.

Lowell Joint School District's Response to Findings
Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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

Nigro & Nigro, PC

Murrieta, California
December 6, 2023

NIGRO & NIGRO PC
A Professional Accountancy Corporation

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Trustees
Lowell Joint School District
Whittier, California

Report on Compliance for Each Major Federal Program

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

In our opinion, the Lowell Joint School District compiled, 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, 2023.

Basis for Opinion on Each Major Federal Program
We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

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

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | Shannon Bishop, CPA | Peter Glenn, CPA, CFE | Paul J. Kaymark, CPA | Jessica Berry, CPA | Angelika Vartikyan, CPA

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

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Lowell Joint School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the Lowell Joint School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Lowell Joint School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

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

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

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

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.

Nigro & Nigro, PC

Murrieta, California
December 6, 2023

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INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Trustees
Lowell Joint School District
Whittier, California

Report on Compliance

Opinion
We have audited the Lowell Joint School District's (District) compliance with the requirements specified in the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* applicable to the District's state program requirements identified below for the year ended June 30, 2023.

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

Basis for Opinion
We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

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

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | Shannon Bishop, CPA | Peter Glenn, CPA, CFE | Paul J. Kaymark, CPA | Jessica Berry, CPA | Angelika Vartikyan, CPA

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Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit;

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances;

- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the District's internal controls over compliance. Accordingly, we express no such opinion; and

- Select and test transactions and records to determine the District's compliance with the state laws and regulations applicable to the following items:

Description	Procedures Performed
Local Education Agencies Other Than Charter Schools:	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	Not Applicable
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Not Applicable
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable
Home to School Transportation Reimbursement	Yes
Independent Study Certification for ADA Loss Mitigation	Yes

Description	Procedures Performed
School Districts, County Offices of Education, and Charter Schools:	
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program	Not Applicable
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study – Course Based	Not Applicable
Immunizations	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Not Applicable
Transitional Kindergarten	Yes
Charter Schools:	
Attendance	Not Applicable
Mode of Instruction	Not Applicable
Nonclassroom-Based Instruction/Independent Study	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
Annual Instructional Minutes – Classroom-Based	Not Applicable
Charter School Facility Grant Program	Not Applicable

Areas marked as "Not Applicable" were not operated by the District.

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

Other Matters
The results of our auditing procedures disclosed instances of noncompliance, which are described in the accompanying schedule of findings and questioned costs as Findings 2023-002 and 2023-003.

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

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Nigro & Nigro, PC

Murrieta, California
December 6, 2023

Schedule of Findings and Questioned Costs

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LOWELL JOINT SCHOOL DISTRICT
Summary of Auditors' Results
For the Fiscal Year Ended June 30, 2023

Financial Statements

Type of auditors' report issued	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(s) identified not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(s) identified not considered to be material weaknesses?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance, Section 200.516(a)?	No

Identification of major programs:

Assistance Listing Numbers	Name of Federal Program or Cluster
84.425C, 84.425D, 84.425U	Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs:	$ 750,000
Auditee qualified as low-risk auditee?	Yes

State Awards

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards.* Pursuant to Assembly Bill (AB) 3627, all audit findings must be identified as one or more of the following categories:

Five Digit Code	AB 3627 Finding Types
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities Programs
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

Finding 2023-001: Cash Reconciliation (30000)

Criteria: According to Education Code 41017, the governing board of any school district or any county office of education may authorize any school district governed by it, or any school under its jurisdiction to deposit in one or more bank accounts as clearing accounts any miscellaneous receipts received or collected by the school district and may provide for the withdrawals from those accounts. All moneys in those bank accounts shall be paid into the county treasury within the time periods specified pursuant to Section 41001, which specifies that deposits to treasury should be made in no event less frequently than monthly.

Condition: The District maintains a clearing account for child care fee payments. Although this bank account was reconciled, the account was not cleared to the county treasury throughout the 2022-23 fiscal year, nor was the related revenue recorded in the District's financial system or unaudited actuals.

Cause: Due to staffing shortages, this account was not captured during closing processes.

Effect: The District's cash in banks and local child care revenue was understated by $332,239.

Recommendation: We recommend that the District adopt procedures to ensure that all clearing accounts are cleared monthly to the county treasury.

Views of Responsible Officials: Due to staffing shortages and a new clearing account related to a new child development program, this account was not captured during the closing process.

All other district clearing accounts are reconciled and cleared monthly to the county treasury. The child development fund will also be reconciled and cleared monthly.

LOWELL JOINT SCHOOL DISTRICT
Federal Award Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023

This section identifies the audit findings required to be reported by the Uniform Guidance, Section 200.516(a) (e.g., significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs).

There were no federal award findings or questioned costs in 2022-23.

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

Finding 2023-002: Transitional Kindergarten (40000)

Criteria: Pursuant to Education Code Section 48000(g)(1), an LEA shall maintain an average transitional kindergarten class enrollment of not more than 24 pupils for each school site.

Condition: Two school sites exceeded the average enrollment of 24 pupils. Macy Elementary had an average enrollment of 24.25 and Meadow Green Elementary had an average of 24.75 students per class.

Context: The error occurred at two of five sites offering transitional kindergarten.

Cause: The District was monitoring this requirement, however, their calculations used averaged enrollment across all sites in the District. Averaging rules only permit averaging across classrooms at the same site.

Effect: The District will lose the TK/K-3 LCFF GSA in the amount of $239,133 for failure to meet the 24 pupil enrollment cap.

Recommendation: We recommend that the District continue to monitor the average class enrollment and adjust classes as needed to meet the requirement.

Views of Responsible Officials: Supervisors of the program believed there to be a Districtwide average rather than a schoolwide average. Once there was guidance showing it was a schoolwide average, the District hired a teacher, transferred students, and reduced the schoolwide averages to meet the average of 24. This practice of maintaining an average of 24 students, or fewer, will continue.

Finding 2023-003: Attendance Accounting (10000)
Repeat finding of 2022-002

Criteria: California Education Code section 46000 states: Attendance in all schools and classes shall be recorded and kept according to regulations prescribed by the State Board of Education, subject to the provisions of this chapter. Good internal controls require the District to review its pupil attendance reporting processes and ensure that attendance policies and procedures are maintained and followed at all school sites.

Condition: During our review of P-2 ADA totals reported by the District to CDE, we noted that TK was overstated on line B-5 by 3.67.

Context: Error was noted only on line B-5 under other reporting.

Cause: The District noted this error during the audit process and attempted to make revisions but was unable to do so because of a closure in the attendance reporting window.

Effect: Line B-5 is for information purposes only. This discrepancy has no impact on total reported ADA or apportionment.

Recommendation: We recommend that the District develop policies and procedures, and implement controls to ensure that pupil attendance is recorded and reported consistently and accurately.

Views of Responsible Officials: District will develop policies and procedures, and implement controls to ensure that pupil attendance is recorded and reported consistently and accurately.

Original Finding No.	Finding	Code	Recommendation	Current Status
Finding 2022-001: Independent Study Attendance Reporting	Pursuant to Education Code Section 51744-51749.6, every written independent study agreement is required to contain the following required elements: 1. The manner, time, frequency, and place for submitting a pupil's assignments and for reporting his or her progress, and for communicating with a pupil's parent or guardian regarding a pupil's academic progress. 2. The objectives and methods of study (pupil activities selected by the supervising teacher as the means to reach the educational objectives set forth in the written agreement) for the pupil's work 3. The methods utilized used to evaluate that work (any specified procedure through which a certificated teacher personally assesses the extent to which the pupils achieved the objectives set forth in the written assignment) 4. The specific resources, including materials and personnel, to be made available to the pupils (resources reasonably necessary to the achievement of the objectives in the written agreement, not to exclude resources normally available to all pupils on the same terms as the terms on which they are normally available to all pupils). These resources shall include confirming or providing access to all pupils to the connectivity and devices adequate to participate in the educational program and complete assigned work. 5. A statement of the policies adopted pursuant to subdivisions (a) and (b) of Education Code Section 51747: A. The maximum length of time allowed between the assignment and the completion of a pupil's assigned work; and		We recommend that all independent study agreements be updated to reflect all required elements. Furthermore, the District should ensure that all schools are using the same agreement.	Implemented

Original Finding No.	Finding	Code	Recommendation	Current Status
	B. The level of satisfactory educational progress as defined in Education Code Section 51747(b)(2)(A)-(D); and C. The number of assignments a pupil may miss before there must be an evaluation of whether it is in the pupil's best interests to continue in independent study. 6. The duration of the independent study agreement, including the beginning and ending dates for the pupil's participation in independent study under the agreement, with no agreement being for longer than one school year 7. A statement of the number of course credits or, for the elementary grades, other measures of academic accomplishment appropriate to the agreement, to be earned by the pupil upon completion 8. A statement detailing the academic and other supports that will be provided to address the needs of pupils who are not performing at grade level, or need support in other areas, such as English learners, individuals with exceptional needs in order to be consistent with the pupil’s individualized education program or plan pursuant to Education Code Section 504 of the federal Rehabilitation Act of 1973 (29 U.S.C. Sec. 794), pupils in foster care or experiencing homelessness, and pupils requiring mental health supports. 9. A statement in each independent study agreement that independent study is an optional educational alternative in which no pupil may be required to participate.			

Original Finding No.	Finding	Code	Recommendation	Current Status
	During testing of short-term independent study attendance at the school sites, we noted the following elements were missing from the agreements in use at the school sites: • Specific resources, including materials and personnel, to be made available by the District o Shall include confirming or providing access to the connectivity and devices adequate to participate in the program and complete work. • A statement detailing the academic and other supports that will be provided to address the needs of pupils who are not performing at grade level, or need support in other areas			
Finding 2022-002: Attendance Accounting	California Education Code section 46000 states: Attendance in all schools and classes shall be recorded and kept according to regulations prescribed by the State Board of Education, subject to the provisions of this chapter. Good internal controls require the District to review its pupil attendance reporting processes and ensure that attendance policies and procedures are maintained and followed at all school sites. During our review of P-2 ADA totals reported by the District to CDE, we noted that the District misstated ADA in Grades TK-8. Furthermore, the District failed to complete the informational line items, including lines B-1 and B-5	10000	We recommend that the District develop policies and procedures, and implement controls to ensure that pupil attendance is recorded and reported consistently and accurately.	Not Implemented See Finding 2023-003

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NIGRO & NIGRO PC

A Professional Accountancy Corporation

Board of Trustees
Lowell Joint School District
Whittier, California

In planning and performing our audit of the basic financial statements of Lowell Joint School District for the year ending June 30, 2023, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control structure.

However, during our audit we noted matters that are an opportunity for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated December 6, 2023 on the financial statements of Lowell Joint School District.

ASSOCIATED STUDENT BODY FUNDS

Observation**:** During our testing of cash receipts we noted several collections that were not deposited in a timely manner.

> ***Recommendation*****:** Deposits should be made on a weekly basis or more often as needed. Money should never be left over the weekend or holidays because thefts often occur during these times.

Observation**:** During our review of bank reconciliations, it was noted that Nutrition Services is preparing the reconciliations on a monthly basis, however, there is not a second person reviewing these reconciliations. Furthermore, the Fiscal department is preparing bank reconciliations every quarter instead of monthly.

> ***Recommendation*****:** We recommend the District perform monthly bank reconciliations within two weeks after the statement arrives. Furthermore, a second individual should review the bank reconciliation and initial and date the bank statement and reconciliation as evidence they were reviewed.

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | Shannon Bishop, CPA | Peter Glenn, CPA, CFE | Paul J. Kaymark, CPA | Jessica Berry, CPA | Angelika Vartikyan, CPA

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DISTRICT OFFICE

Observation**:** The District has not taken a physical inventory of capital assets in a number of years. As a result, we observed several capital asset items on the District's capital asset inventory that were several years old (in some cases, as much as 40 years old), which are likely no longer owned or in use. In addition, there is not a consistent process in place to reconcile capital asset disposals to the asset listing, potentially causing the District to continue to report fully depreciated assets that were disposed of previously.

> ***Recommendation*****:** The District should either hire a consultant to perform a full physical inventory of all capital assets, or it should identify employees that can perform the inventory count in-house.

We will review the status of the current year comments during our next audit engagement.

Nigro & Nigro, PC

Murrieta, California
December 6, 2023