



**INGLEWOOD UNIFIED SCHOOL DISTRICT
LOS ANGELES COUNTY
AUDIT REPORT**

**For the Fiscal Year Ended
June 30, 2022**



NIGRO & NIGRO^{PC}

INGLEWOOD UNIFIED SCHOOL DISTRICT

For the Fiscal Year Ended June 30, 2022

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INGLEWOOD UNIFIED SCHOOL DISTRICT

For the Fiscal Year Ended June 30, 2022

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INDEPENDENT AUDITORS' REPORT

Arturo Valdez, Interim County Administrator
Inglewood Unified School District
Inglewood, California

Report on the Audit of the Financial Statements

Qualified Opinions

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

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of our report, 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 Inglewood Unified School District, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinions

Because the District's accounting records were inadequate and certain supporting documents were not available, we were unable to obtain sufficient appropriate audit evidence supporting the amounts at which the capital assets and related accumulated depreciation are reported in the accompanying financial statements of \$339,324,983 and \$87,070,982, respectively, as of June 30, 2022.

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 *2021-22 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 qualified 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.

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 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.

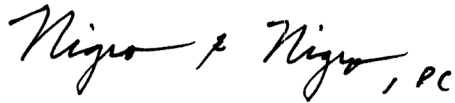
Supplementary Information

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 and the Schedule of Charter Schools, 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 and the Schedule of Charter Schools, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The LEA Organization Structure and the Schedule of Charter Schools 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 15, 2022 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.



Murrieta, California
December 15, 2022

INGLEWOOD UNIFIED SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2022

This discussion and analysis of Inglewood Unified School District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2022. Please read it in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

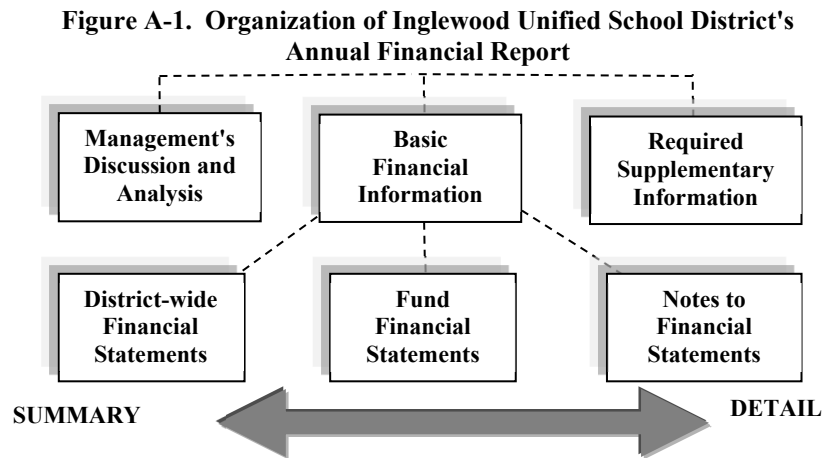
- The District's financial status increased overall as a result of this year's operations. Net position of governmental activities increased by \$49.9 million, or 115.2%.
- Governmental expenses were about \$148.8 million. Revenues were about \$198.6 million.
- The District acquired \$7.9 million in new capital assets during the year. These additions were incurred primarily from modernization projects.
- Reserves for the General Fund increased by \$1.0 million, or 26.3%. Revenues were \$177.9 million and expenditures and other financing uses were \$156.5 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.
 - Short and long-term financial information about the activities of the District that operate like businesses (self-insurance funds) are provided in the *proprietary funds* statements.

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.



INGLEWOOD UNIFIED SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2022

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 is properly using certain revenues.

The District has two kinds of funds:

- 1) **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 on a separate reconciliation page that explains the relationship (or differences) between them.

INGLEWOOD UNIFIED SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2022

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Fund Financial Statements (continued)

- 2) *Proprietary funds* – When the District charges other District funds for the services it provides, these services are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and Statement of Activities. In fact, the District's internal service fund is included within the governmental activities reported in the District-wide statements but provides more detail and additional information, such as cash flows. The District uses the internal service fund to report activities that relate to the District's self-insured programs for workers' compensation claims, health and welfare benefits, and property and liability claims.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position. The District's combined net position was higher on June 30, 2022, than it was the year before – increasing 115.2% to \$93.1 million (See Table A-1).

Table A-1: Statement of Net Position

	Governmental Activities		
	2022	2021*	Net Change
Assets			
Current assets	\$ 228,276,747	\$ 136,299,186	\$ 91,977,561
Capital assets	252,254,001	248,728,667	3,525,334
Total assets	480,530,748	385,027,853	95,502,895
Deferred outflows of resources	23,777,441	27,423,177	(3,645,736)
Liabilities			
Current liabilities	20,350,175	35,571,280	(15,221,105)
Long-term liabilities	329,245,182	307,669,692	21,575,490
Total liabilities	349,595,357	343,240,972	6,354,385
Deferred inflows of resources	61,581,641	25,942,176	35,639,465
Net position			
Net investment in capital assets	122,267,118	119,055,750	3,211,368
Restricted	65,807,157	39,038,567	26,768,590
Unrestricted	(94,943,084)	(114,826,435)	19,883,351
Total net position	\$ 93,131,191	\$ 43,267,882	\$ 49,863,309

* *As restated*

INGLEWOOD UNIFIED SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2022

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (continued)

Changes in net position, governmental activities. The District's total revenues increased 7.9% to \$198.6 million (See Table A-2). The increase is due primarily to increased federal and state grant funding.

The total cost of all programs and services decreased 1.7% to \$148.8 million. The District's expenses are predominantly related to educating and caring for students, 67.7%. The purely administrative activities of the District accounted for just 8.4% of total costs. A significant contributor to the decrease in costs was decreased pension costs due to revised actuarial estimates from the state.

Table A-2: Statement of Activities

	Governmental Activities		
	2022	2021	Net Change
Revenues			
Program Revenues:			
Charges for services	\$ 990,961	\$ 261,719	\$ 729,242
Operating grants and contributions	62,775,268	55,746,056	7,029,212
Capital grants and contributions	986,757	2,252	984,505
General Revenues:			
Property taxes	62,614,896	59,965,593	2,649,303
Federal and state aid not restricted	69,304,950	63,869,409	5,435,541
Other general revenues	1,942,280	4,265,350	(2,323,070)
Total Revenues	198,615,112	184,110,379	14,504,733
Expenses			
Instruction-related	87,412,988	85,915,469	1,497,519
Pupil services	13,243,312	9,698,811	3,544,501
Administration	12,547,317	26,749,118	(14,201,801)
Plant services	16,480,538	15,208,610	1,271,928
All other activities	19,067,648	13,794,736	5,272,912
Total Expenses	148,751,803	151,366,744	(2,614,941)
Increase (decrease) in net position	\$ 49,863,309	\$ 32,743,635	\$ 17,119,674
Total Net Position	\$ 93,131,191	\$ 43,267,882	

INGLEWOOD UNIFIED SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2022

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 \$197.2 million, which is above last year's ending fund balance of \$94.5 million. The primary cause of the increased fund balance is the issuance of Series A bonds for Measure I.

Table A-3: The District's Fund Balances

Fund	Fund Balances				
	July 1, 2021*	Revenues	Expenditures	Other Sources and (Uses)	June 30, 2022
General Fund	\$ 40,727,240	\$ 177,866,867	\$ 153,806,774	\$ (43,046)	\$ 64,744,287
Student Activity Fund	58,653	191,271	183,940	-	65,984
Adult Education Fund	868,057	1,125,134	1,240,654	-	752,537
Child Development Fund	614,626	1,599,426	1,966,245	-	247,807
Cafeteria Fund	1,842,147	4,629,501	4,682,583	43,046	1,832,111
Deferred Maintenance Fund	356,448	2,198	-	-	358,646
Special Reserve Fund (Other Than Capital Outlay)	4,544,503	28,087	-	-	4,572,590
Building Fund	19,539,151	425,291	7,032,250	75,000,000	87,932,192
Capital Facilities Fund	5,223,556	1,021,966	205,443	-	6,040,079
County School Facilities Fund	414,141	993,347	-	-	1,407,488
Special Reserve Fund for Capital Outlay	6,455,106	34,661	1,673,014	-	4,816,753
Bond Interest and Redemption Fund	13,565,887	19,174,122	16,841,620	8,250,910	24,149,299
Foundation Trust Fund	313,471	1,933	-	-	315,404
	<u>\$ 94,522,986</u>	<u>\$ 207,093,804</u>	<u>\$ 187,632,523</u>	<u>\$ 83,250,910</u>	<u>\$ 197,235,177</u>

* As restated

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 \$170.1 million primarily to reflect federal and state budget actions.
- Salaries and benefits costs – increased \$88.6 million to reflect revised cost estimates.
- Other non-personnel expenses – increased \$101.4 million to revise operational cost estimates.

While the District's final budget for the General Fund anticipated that revenues would exceed expenditures by about \$30.7 million, the actual results for the year show that revenues exceeded expenditures by roughly \$24.1 million. Actual revenues were \$192.6 million less than anticipated, and expenditures were \$186.0 million less than budgeted.

That amount consists primarily of capital outlay and restricted program dollars that were not spent as of June 30, 2022, that will be carried over into the 2022-23 budget.

INGLEWOOD UNIFIED SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2022

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2021-22 the District had acquired \$7.9 million in new capital assets. (More detailed information about capital assets can be found in Note 7 to the financial statements). Total depreciation expense for the year was \$4.4 million.

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

	Governmental Activities		
	2022	2021	Net Change
Land	\$ 23,997,152	\$ 23,997,152	\$ -
Improvement of sites	1,820,880	100,677	1,720,203
Buildings	127,239,638	130,241,569	(3,001,931)
Equipment	1,263,948	953,075	310,873
Construction in progress	97,932,383	93,436,194	4,496,189
Total	\$ 252,254,001	\$ 248,728,667	\$ 3,525,334

Long-Term Debt

At year-end the District had \$329.2 million in long-term liabilities – an increase of 7.0% from last year – as shown in Table A-5. (More detailed information about the District's long-term liabilities is presented in Notes 8-10 to the financial statements).

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

	Governmental Activities		
	2022	2021	Net Change
General obligation bonds	\$ 219,194,574	\$ 146,824,669	\$ 72,369,905
Certificates of participation	1,185,000	1,250,000	(65,000)
State apportionment loan	20,975,274	22,292,959	(1,317,685)
Compensated absences	865,739	910,215	(44,476)
Claims liability	13,467,000	10,900,441	2,566,559
Lease liability	-	216,475	(216,475)
Other postemployment benefits	23,243,054	25,670,828	(2,427,774)
Net pension liability	50,314,541	99,604,105	(49,289,564)
Total	\$ 329,245,182	\$ 307,669,692	\$ 21,575,490

INGLEWOOD UNIFIED SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2022

FACTORS BEARING ON THE DISTRICT'S FUTURE

State Budget

The Legislature passed a final budget package on June 29, 2022. The budget package assumes that 2022-23 will end with nearly \$28 billion in total reserves. This consists of: (1) \$23.3 billion in the Budget Stabilization Account; (2) \$3.5 billion in the Special Fund for Economic Uncertainties (SFEU); and (3) \$900 million in the Safety Net Reserve, which is available for spending on the State's safety net programs, like Medi-Cal. In addition to the general-purpose reserves described above, the Proposition 98 Reserve (dedicated to school and community college spending) would reach \$9.5 billion under the spending plan.

Federal Funds Expected to Decline Significantly Between 2021-22 and 2022-23

In the budget federal funds decline \$175 billion, or 55 percent, between 2021-22 and 2022-23. This decline is the result of several significant federal programs enacted in response to COVID-19 expiring in 2022-23. For example, the enhanced Federal Medical Assistance Percentage for the State's Medicaid program (which the administration assumes will expire in December 2022) and \$27 billion in fiscal relief funding from the American Rescue Plan. However, there are also some increases in federal funds in 2022-23 related to the Infrastructure Investment and Jobs Act.

Significant 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 2021-22, the guarantee is up \$16.5 billion (17.6 percent) compared with the estimates made in June 2021. This increase represents one of the largest upward revisions since the adoption of Proposition 98 and is due to higher General Fund revenue estimates. For 2022-23, the guarantee increases by an additional \$117 million (0.1 percent) relative to the revised 2021-22 level.

Makes Required Reserve Deposit and Funds New Programs

When the minimum funding requirement is growing quickly, the Constitution requires the State to deposit some of the available funding into a statewide reserve account for schools and community colleges. Under the adopted budget plan, the State deposits a total of \$9.5 billion into this account across the 2020-21 through 2022-23 period—an increase of \$4.5 billion compared with the estimates made in June 2021. The budget allocates the remaining funds for significant one-time and ongoing program increases. For schools, the largest ongoing augmentation is \$7.9 billion to provide a 13 percent increase to the Local Control Funding Formula and provide greater fiscal stability to school districts experiencing declining attendance. The budget plan also includes \$12.1 billion in one-time funding for two K-12 block grants—\$7.9 billion focused on learning recovery and \$3.6 billion intended for arts, music, and instructional materials. In addition, the budget plan includes \$841 million one time for facilities maintenance and instructional equipment and \$650 million one time for a COVID-19 block grant.

Adjusts Guarantee Upwards for Expansion of Transitional Kindergarten

The June 2021 budget plan established a plan to expand eligibility for transitional kindergarten beginning in 2022-23. Under the plan, all four-year old children will be eligible by 2025-26. (Previously, only children born between September 2 and December 2 were eligible.) The Legislature and Governor also agreed the State would cover the associated costs by adjusting the Proposition 98 formulas to increase the share of General Fund revenue allocated to schools. Consistent with this agreement, the budget plan includes an increase in the 2022-23 guarantee of \$614 million related to the first-year costs of the expansion.

School Facilities Grants

The budget allocates \$1.4 billion (non-Proposition 98 General Fund) attributable to 2021-22 for school facilities grants. Of this total, \$1.3 billion is to cover the State share for new construction and modernization projects under the School Facilities Program. These funds supplement existing funds from Proposition 51, the State school bond approved by voters in 2016. (Funding from Proposition 51 will likely be exhausted in 2022-23.) The remaining \$100 million is for schools to construct or renovate State Preschool, transitional kindergarten, and full-day kindergarten classrooms.

INGLEWOOD UNIFIED SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2022

FACTORS BEARING ON THE DISTRICT'S FUTURE (continued)

Reserve Cap Triggered

As a result of the balance in the Public School System Stabilization Account, the statutory limitation on school district reserves has been triggered for the 2022-23 budget period, pursuant to Education Code (EC) Section 42127.01(e). Beginning with the 2022-23 fiscal year, the district reserve cap requires that a school district's adopted or revised budget pursuant to EC Section 42127 shall not contain a combined assigned or unassigned ending general fund balance of more than 10 percent of those funds. Assigned and unassigned balances within the Special Fund for Other than Capital Outlay shall also be included within the 10 percent reserve cap. The reserve cap requirement does not apply to small school districts or basic aid school districts pursuant to EC Section 42127.01(c).

All of these factors were considered in preparing the Inglewood Unified School District budget for the 2022-23 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, please contact the Inglewood Unified School District Business Office by mail at 401 South Inglewood Avenue, Inglewood, California 90301, or visit the District's website at <http://www.inglewoodusd.com>.

INGLEWOOD UNIFIED SCHOOL DISTRICT
Statement of Net Position
June 30, 2022

	Governmental Activities
ASSETS	
Deposits and investments	\$ 210,651,934
Accounts receivable	17,533,994
Inventories	90,819
Capital assets:	
Non-depreciable capital assets	121,929,535
Depreciable capital assets	217,395,448
Less accumulated depreciation	(87,070,982)
Total assets	<u>480,530,748</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts on refunding	2,460,499
Deferred outflows related to OPEB	4,063,664
Deferred outflows related to pensions	17,253,278
Total deferred outflows of resources	<u>23,777,441</u>
LIABILITIES	
Accounts payable	14,800,303
Accrued interest payable	3,063,712
Unearned revenue	2,486,160
Long-term liabilities:	
Due or payable within one year	21,324,973
Due in more than one year:	
Other than OPEB and pensions	234,362,614
Total OPEB liability	23,243,054
Net pension liability	50,314,541
Total liabilities	<u>349,595,357</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred amounts on refunding	1,662,069
Deferred inflows related to OPEB	5,764,559
Deferred inflows related to pensions	54,155,013
Total deferred inflows of resources	<u>61,581,641</u>
NET POSITION	
Net investment in capital assets	122,267,118
Restricted for:	
Capital projects	11,962,536
Debt service	24,149,299
Student body activity	65,984
Student scholarships	315,404
Categorical programs	29,313,934
Unrestricted	<u>(94,943,084)</u>
Total net position	<u>\$ 93,131,191</u>

INGLEWOOD UNIFIED SCHOOL DISTRICT

Statement of Activities

For the Fiscal Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 75,583,199	\$ 111,349	\$ 37,992,835	\$ 986,757	\$ (36,492,258)
Instruction-Related Services:					
Supervision of instruction	5,103,240	5,228	3,195,236	-	(1,902,776)
Instructional library, media and technology	105,454	-	(9,647)	-	(115,101)
School site administration	6,621,095	361	733,271	-	(5,887,463)
Pupil Support Services:					
Home-to-school transportation	2,534,411	212,740	325,287	-	(1,996,384)
Food services	4,165,743	3,029	4,776,880	-	614,166
All other pupil services	6,543,158	-	1,761,613	-	(4,781,545)
General Administration Services:					
Data processing services	1,616,478	-	588,087	-	(1,028,391)
Other general administration	10,930,839	78	7,934,264	-	(2,996,497)
Plant services	16,480,538	89	3,839,862	-	(12,640,587)
Ancillary services	13,915	-	27,166	-	13,251
Community services	10,572	-	-	-	(10,572)
Enterprise activities	4,463,437	-	149,587	-	(4,313,850)
Interest on long-term debt	6,818,563	-	-	-	(6,818,563)
Other outgo	3,388,761	658,087	1,460,827	-	(1,269,847)
Depreciation (unallocated)	4,372,400	-	-	-	(4,372,400)
Total Governmental Activities	\$ 148,751,803	\$ 990,961	\$ 62,775,268	\$ 986,757	(83,998,817)
General Revenues:					
Property taxes					62,614,896
Federal and state aid not restricted to specific purpose					69,304,950
Interest and investment earnings					526,067
Miscellaneous					1,416,213
Subtotal general revenues					<u>133,862,126</u>
Change in net position					<u>49,863,309</u>
Net position - July 1, 2021, as originally stated					43,744,932
Adjustments for restatements (Note 14)					<u>(477,050)</u>
Net position - July 1, 2021, as restated					<u>43,267,882</u>
Net position - June 30, 2022					<u>\$ 93,131,191</u>

INGLEWOOD UNIFIED SCHOOL DISTRICT
Balance Sheet – Governmental Funds
June 30, 2022

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Deposits and investments	\$ 68,463,927	\$ 88,696,608	\$ 24,149,299	\$ 15,533,163	\$ 196,842,997
Accounts receivable	16,859,851	245,589	-	413,079	17,518,519
Stores inventories	24,203	-	-	66,616	90,819
Total Assets	<u>\$ 85,347,981</u>	<u>\$ 88,942,197</u>	<u>\$ 24,149,299</u>	<u>\$ 16,012,858</u>	<u>\$ 214,452,335</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 12,870,894	\$ 1,010,005	\$ -	\$ 850,099	\$ 14,730,998
Unearned revenue	2,486,160	-	-	-	2,486,160
Total Liabilities	<u>15,357,054</u>	<u>1,010,005</u>	<u>-</u>	<u>850,099</u>	<u>17,217,158</u>
Fund Balances					
Nonspendable	124,203	-	-	67,707	191,910
Restricted	26,796,883	87,932,192	24,149,299	14,793,268	153,671,642
Committed	21,995,995	-	-	-	21,995,995
Assigned	16,273,846	-	-	301,784	16,575,630
Unassigned	4,800,000	-	-	-	4,800,000
Total Fund Balances	<u>69,990,927</u>	<u>87,932,192</u>	<u>24,149,299</u>	<u>15,162,759</u>	<u>197,235,177</u>
Total Liabilities and Fund Balances	<u>\$ 85,347,981</u>	<u>\$ 88,942,197</u>	<u>\$ 24,149,299</u>	<u>\$ 16,012,858</u>	<u>\$ 214,452,335</u>

INGLEWOOD UNIFIED SCHOOL DISTRICT

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position June 30, 2022

Total fund balances - governmental funds \$ 197,235,177

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:	339,324,983	
Accumulated depreciation:	<u>(87,070,982)</u>	
Net:		252,254,001

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: (3,063,712)

Deferred amounts on refunding represent amounts paid to an escrow agent in excess of the outstanding debt at the time of the payment for refunded bonds which have been defeased. In the government-wide statements it is recognized as a deferred inflow and outflow. The remaining deferred amounts on refunding at the end of the period were: 798,430

In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:

General obligation bonds payable	219,194,574	
Certificates of participation payable	1,185,000	
State apportionment loan	20,975,274	
Compensated absences payable	865,739	
Other postemployment benefits	23,243,054	
Net pension liability	<u>50,314,541</u>	
Total		(315,778,182)

Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to operate for the benefit of governmental activities, assets and liabilities of internal service funds are reported with governmental activities in the statement of net position. Net position for internal service funds is: 288,107

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 inflows and outflows relating to pensions for the period were:

Deferred outflows of resources	17,253,278	
Deferred inflows of resources	<u>(54,155,013)</u>	
Total		(36,901,735)

In governmental funds, deferred outflows of resources relating to OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows of resources relating to OPEB are reported. Deferred outflows relating to OPEB for the period were:

Deferred outflows of resources	4,063,664	
Deferred inflows of resources	<u>(5,764,559)</u>	
Total		<u>(1,700,895)</u>

Total net position - governmental activities \$ 93,131,191

INGLEWOOD UNIFIED SCHOOL DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds For the Fiscal Year Ended June 30, 2022

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES					
LCFF sources	\$ 107,014,502	\$ -	\$ -	\$ -	\$ 107,014,502
Federal sources	35,299,338	-	-	4,540,017	39,839,355
Other state sources	27,817,170	-	96,470	3,770,904	31,684,544
Other local sources	7,768,075	425,291	19,077,652	1,284,385	28,555,403
Total Revenues	177,899,085	425,291	19,174,122	9,595,306	207,093,804
EXPENDITURES					
Current:					
Instruction	89,747,070	-	-	1,912,959	91,660,029
Instruction-related services:					
Supervision of instruction	5,514,711	-	-	383,820	5,898,531
Instructional library, media and technology	120,885	-	-	-	120,885
School site administration	7,658,445	-	-	269,311	7,927,756
Pupil support services:					
Home-to-school transportation	2,630,049	-	-	-	2,630,049
Food services	-	-	-	4,552,992	4,552,992
All other pupil services	7,474,368	-	-	323,412	7,797,780
Ancillary services	-	-	-	183,940	183,940
Community services	10,772	-	-	-	10,772
Enterprise activities	7,095,384	-	-	-	7,095,384
General administration services:					
Data processing services	1,725,619	-	-	-	1,725,619
Other general administration	11,677,950	-	-	-	11,677,950
Transfers of indirect costs	(278,148)	-	-	278,148	-
Plant services	16,484,804	-	-	65,507	16,550,311
Capital outlay	99,344	6,568,385	-	1,855,957	8,523,686
Intergovernmental transfers	1,942,843	-	-	-	1,942,843
Debt service:					
Issuance costs	70,694	463,865	957,807	-	1,492,366
Principal	1,317,685	-	10,035,000	65,000	11,417,685
Interest	514,299	-	5,848,813	60,833	6,423,945
Total Expenditures	153,806,774	7,032,250	16,841,620	9,951,879	187,632,523
Excess (Deficiency) of Revenues Over (Under) Expenditures	24,092,311	(6,606,959)	2,332,502	(356,573)	19,461,281
OTHER FINANCING SOURCES (USES)					
Interfund transfers in	-	-	-	43,046	43,046
Interfund transfers out	(43,046)	-	-	-	(43,046)
Issuance of debt - general obligation bond	-	75,000,000	-	-	75,000,000
Premium on bond issuances	-	-	8,250,910	-	8,250,910
Total Other Financing Sources and Uses	(43,046)	75,000,000	8,250,910	43,046	83,250,910
Net Change in Fund Balances	24,049,265	68,393,041	10,583,412	(313,527)	102,712,191
Fund Balances, July 1, 2021, as originally stated	47,463,157	18,618,227	13,565,887	15,636,064	95,283,335
Adjustments for restatements (Note 14)	(1,521,495)	920,924	-	(159,778)	(760,349)
Fund Balances, July 1, 2021, as restated	45,941,662	19,539,151	13,565,887	15,476,286	94,522,986
Fund Balances, June 30, 2022	\$ 69,990,927	\$ 87,932,192	\$ 24,149,299	\$ 15,162,759	\$ 197,235,177

INGLEWOOD UNIFIED 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, 2022*

Total net change in fund balances - governmental funds \$ 102,712,191

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is 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	7,897,734	
Depreciation expense	<u>(4,372,400)</u>	3,525,334

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:

11,417,685

In governmental funds, issuances of debt are recognized as other financing sources. In the government-wide statements, issuances from debt are reported as increases to liabilities. Amounts recognized in governmental funds, net of issue premium were:

(83,250,910)

Deferred amounts on refunding represent amounts paid to an escrow agent in excess of the outstanding debt at the time of the payment for refunded bonds which have been defeased. In governmental funds these charges are recognized as an expenditure. However, in the statement of activities these amounts are amortized over the shorter of the life of the refunded bonds or the refunding bonds. The difference between current year amounts and the current year amortization was:

21,547

In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an other financing source or an other financing use in the period it is incurred. In the government-wide statements, the premium or discount is amortized over the life of the debt. Amortization of premiums or discount for the period was:

846,005

In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period that it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period, was:

(1,262,171)

In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amounts earned. The difference between compensated absences paid and compensated absences earned was:

44,476

In governmental funds, OPEB expenses are recognized when employer 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:

(975,892)

The internal service fund is used by management to charge the cost of self-insurance activities. The net revenue (expense) of the internal service fund is reported with governmental activities.

3,182,086

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 pension costs and actual employer contributions was:

13,602,958

Change in net position of governmental activities \$ 49,863,309

INGLEWOOD UNIFIED SCHOOL DISTRICT
Statement of Net Position – Proprietary Fund
June 30, 2022

	Governmental Activities <u>Self-Insurance Fund</u>
ASSETS	
Current Assets	
Deposits and investments	\$ 13,808,937
Accounts receivable	<u>15,475</u>
Total Assets	<u>13,824,412</u>
LIABILITIES	
Current Liabilities	
Accrued liabilities	69,305
Non-Current Liabilities	
Claims liability	<u>13,467,000</u>
Total liabilities	<u>13,536,305</u>
NET POSITION	
Restricted	<u><u>\$ 288,107</u></u>

INGLEWOOD UNIFIED SCHOOL DISTRICT*Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Fund
For the Fiscal Year Ended June 30, 2022*

	Governmental Activities Self-Insurance Fund
OPERATING REVENUES	
Charges to other funds	\$ 5,904,281
Total operating revenues	<u>5,904,281</u>
OPERATING EXPENSES	
Salaries and benefits	136,031
Services and other operating expenses	<u>2,625,554</u>
Total operating expenses	<u>2,761,585</u>
Operating Income (Loss)	<u>3,142,696</u>
NON-OPERATING REVENUES	
Interest income	<u>39,390</u>
Change in net position	<u>3,182,086</u>
Net position, July 1, 2021, as originally stated	(3,177,278)
Adjustment for restatement (Note 14)	<u>283,299</u>
Net position, July 1, 2021, as restated	<u>(2,893,979)</u>
Net position, June 30, 2022	<u>\$ 288,107</u>

INGLEWOOD UNIFIED SCHOOL DISTRICT
Statement of Cash Flows – Proprietary Fund
For the Fiscal Year Ended June 30, 2022

	Governmental Activities <u>Self-Insurance Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from assessments made to other funds	\$ 5,900,048
Cash payments for payroll, insurance and operating costs	<u>(159,296)</u>
Net cash provided (used) by operating activities	5,740,752
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	<u>41,273</u>
Net increase (decrease) in cash and cash equivalents	<u>5,782,025</u>
Cash, July 1, 2021, as originally stated	8,026,842
Adjustment for restatement	<u>70</u>
Cash, July 1, 2021, as restated	<u>8,026,912</u>
Cash, June 30, 2022	<u><u>\$ 13,808,937</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ 3,142,696
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(4,233)
Increase (decrease) in accounts payable	35,730
Increase (decrease) in claims liability	<u>2,566,559</u>
Net cash provided (used) by operating activities	<u><u>\$ 5,740,752</u></u>

INGLEWOOD UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Inglewood Unified 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 generally accepted accounting principles as prescribed by the GASB and the American Institute of Certified Public Accountants (AICPA), with the exception of Associated Student Body (ASB) Funds, which are not included in the financial statements. 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.

The La Tijera K-8 Academy and City Honors International College Prep Academy are District-run charter schools. These charter schools are not separate legal entities, and do not have a separate legal governance council. The activity for these charter schools are accounted for in the General Fund using school site codes.

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.

For financial reporting purposes, the component units have a financial and operational relationship which meets the reporting entity definition criteria of the Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus – An Amendment of GASB Statements No. 14 and No. 34*, and thus are included in the financial statements using the blended presentation method as if they were part of the District's operations because the Board of Trustees of the component units is essentially the same as the Board of Trustees of the District and because their purpose is to finance the construction of facilities to be used for the direct benefit of the District.

The Inglewood Unified School District Facilities Financing Authority (Authority) is a joint exercise of powers agency organized under the laws of the State of California as of December 1, 2006. The Authority was formed by the District's Board of Education in partnership with the California Municipal Finance Authority to assist in the financing and refinancing of public capital improvements for the benefit of the District.

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) and its component units. 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.

INGLEWOOD UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

1. Basis of Presentation (continued)

District-Wide Financial Statements (continued)

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.

Fund Financial Statements

The fund financial statements provide information about the District's funds. Separate statements for each fund category – *governmental* and *proprietary* - are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

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 and a Special Reserve Fund (Other Than Capital Outlay). These funds do not meet the definition of special revenue funds as they are not primarily composed of restricted or committed revenue sources. Because these funds do not meet the definition of special revenue funds under GASB 54, the activity in those funds is being reported within the General Fund.

Also due to the implementation of GASB Statement No. 84, the Foundation Private-Purpose Trust Fund and the Payroll Clearance Fund, which were previously reported as Fiduciary Funds, are now reported within the General Fund since they no longer qualify as fiduciary activities.

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.

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

INGLEWOOD UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

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

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.

Adult Education Fund: This fund is used to account separately for federal, state, and local revenues that are restricted or committed for adult education programs.

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

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).

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.).

County School Facilities Fund: This fund is used primarily to account for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code* Section 17070.10 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.

INGLEWOOD UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

1. Basis of Presentation (continued)

Proprietary Funds

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. Proprietary funds are classified as enterprise or internal service. The District has the following proprietary fund:

Self-Insurance Fund: Self-insurance funds are used to separate moneys received for self-insurance activities from other operating funds in the District. Separate funds may be established for each type of self-insurance activity, such as workers' compensation, health and welfare, and deductible property loss (*Education Code Section 17566*).

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.

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.

INGLEWOOD UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

3. Revenues - Exchange and Non-Exchange Transactions (continued)

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 Board of Trustees to hold a public hearing and adopt an operating budget no later than July 1 of each year. The District Board of Trustees 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.

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

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.

INGLEWOOD UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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 and Improvements	20-50 years
Furniture and Equipment	5-20 years
Vehicles	8 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.

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 leave 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.

INGLEWOOD UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

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

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.

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.

INGLEWOOD UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

8. 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.

9. 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.

10. 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.

INGLEWOOD UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

11. 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

The District does not have a written minimum fund balance policy. To protect against revenue shortfalls and unexpected one-time expenditures, the District has maintained a reserve for economic uncertainties consisting of unassigned amounts equivalent to 3% of budgeted General Fund expenditures and other financing uses. These amounts represent the minimum recommended reserve consistent with the criteria and standards for fiscal solvency adopted by the State Board of Education.

G. Spending Order Policy

The District considers restricted (or unrestricted) amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted net position or fund balance is available.

When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District's policy is to consider 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 functions.

H. 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.

INGLEWOOD UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. 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, 2022 are classified in the accompanying financial statements as follows:

Governmental funds	\$ 196,842,997
Proprietary funds	13,808,937
Total deposits and investments	<u>\$ 210,651,934</u>

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

Cash on hand and in banks	\$ 57,300
Cash in revolving fund	101,091
Cash with fiscal agent	16,653
Investments	210,476,890
Total deposits and investments	<u>\$ 210,651,934</u>

Pooled Funds

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the County Treasury. The County pools and invests the cash. These pooled funds are carried at cost which approximates fair value. Interest earned is deposited annually to participating funds. Any investment losses are proportionately shared by all funds in the pool.

Because the District's deposits are maintained in a recognized pooled investment fund under the care of a third party and the District's share of the pool does not consist of specific, identifiable investment securities owned by the District, no disclosure of the individual deposits and investments or related custodial credit risk classifications is required.

In accordance with applicable state laws, the County Treasurer may invest in derivative securities with the State of California. However, at June 30, 2022, the County Treasurer has represented that the Pooled Investment Fund contained no derivatives or other investments with similar risk profiles.

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).

INGLEWOOD UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

Custodial Credit Risk – Deposits (continued)

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, 2022, \$40,824 of the District's bank balance was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agency, but not in the name of the District.

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, 2022, consist of the following:

	Reported Amount	Maturity		Fair Value Measurement	Rating
		Less Than One Year	One Year Through Five Years		
Investments:					
Los Angeles County Investment Pool	\$ 210,476,890	\$ 210,476,890	\$ -	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, 2022, 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, 2022, the District had no investments outside of the County Treasury.

INGLEWOOD UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

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 Los Angeles 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, 2022, consisted of the following:

	Governmental Activities				
	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds	Self-Insurance Fund
LCFF Sources	\$ 2,077,001	\$ -	\$ -	\$ 2,077,001	\$ -
Federal Sources:					
Categorical aid programs	10,883,563	-	-	10,883,563	-
Special Education	1,157,539	-	-	1,157,539	-
State Sources:					
Special Education	531,115	-	-	531,115	-
Lottery	513,706	-	-	513,706	-
Categorical aid programs	1,483,970	-	402,744	1,886,714	-
Local Sources:					
Interest	161,226	245,589	10,335	417,150	15,475
Other local	51,731	-	-	51,731	-
Total	\$ 16,859,851	\$ 245,589	\$ 413,079	\$ 17,518,519	\$ 15,475

INGLEWOOD UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 4 – INTERFUND TRANSACTIONS

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

The District had the following interfund activity during the fiscal year ended June 30, 2022:

General Fund transfer to Cafeteria Fund for meal reimbursement	<u>\$ 43,046</u>
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NOTE 5 – NOTES PAYABLE

On March 10, 2021, the District purchased \$15,505,000 in State Aid Intercept Notes through the California School Finance Authority. The Series A-2 notes were issued in the principal amount of \$11,360,000, with a stated interest rate of 0.22%, maturing on December 30, 2021. The Series B notes were issued in the principal amount of \$4,145,000, with a stated interest rate of 0.20%, maturing on August 30, 2021. The notes were issued to finance cash shortfalls occurring in 2021. The District was required to make certain payments as well as deposits of pledged revenues into an escrow account prior to June 30, 2021.

Below is a schedule of changes in short-term debt:

	Balance, July 1, 2021	Additions	Deductions	Balance, June 30, 2022
State Aid Intercept Notes	<u>\$ 9,476,482</u>	<u>\$ -</u>	<u>\$ 9,476,482</u>	<u>\$ -</u>

INGLEWOOD UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 6 – FUND BALANCES

At June 30, 2022, fund balances of the District’s governmental funds were classified as follows:

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total
Nonspendable:					
Revolving cash	\$ 100,000	\$ -	\$ -	\$ 1,091	\$ 101,091
Stores inventories	24,203	-	-	66,616	90,819
Total Nonspendable	124,203	-	-	67,707	191,910
Restricted:					
Categorical programs	26,481,479	-	-	1,000,344	27,481,823
Capital projects	-	87,932,192	-	11,962,536	99,894,728
Child nutrition program	-	-	-	1,764,404	1,764,404
Debt service	-	-	24,149,299	-	24,149,299
Student scholarships	315,404	-	-	-	315,404
Student activity funds	-	-	-	65,984	65,984
Total Restricted	26,796,883	87,932,192	24,149,299	14,793,268	153,671,642
Committed:					
Stabilization arrangements	21,995,995	-	-	-	21,995,995
Total Committed	21,995,995	-	-	-	21,995,995
Assigned:					
Other assignments	15,915,200	-	-	-	15,915,200
Deferred maintenance program	358,646	-	-	-	358,646
Capital projects	-	-	-	301,784	301,784
Total Assigned	16,273,846	-	-	301,784	16,575,630
Unassigned:					
Reserve for economic uncertainties	4,800,000	-	-	-	4,800,000
Total Unassigned	4,800,000	-	-	-	4,800,000
Total	\$ 69,990,927	\$ 87,932,192	\$ 24,149,299	\$ 15,162,759	\$ 197,235,177

NOTE 7 – CAPITAL ASSETS AND DEPRECIATION

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

	Balance, July 1, 2021	Additions	Deletions	Balance, June 30, 2022
Governmental Activities:				
Capital assets not being depreciated				
Land	\$ 23,997,152	\$ -	\$ -	\$ 23,997,152
Construction in progress	93,436,194	4,496,189	-	97,932,383
Total capital assets not being depreciated	117,433,346	4,496,189	-	121,929,535
Capital assets being depreciated				
Site improvements	3,084,899	1,973,103	-	5,058,002
Buildings	203,608,026	679,477	-	204,287,503
Machinery and equipment	7,300,978	748,965	-	8,049,943
Total capital assets being depreciated	213,993,903	3,401,545	-	217,395,448
Less accumulated depreciation:				
Site improvements	(2,984,222)	(252,900)	-	(3,237,122)
Buildings	(73,366,457)	(3,681,408)	-	(77,047,865)
Machinery and equipment	(6,347,903)	(438,092)	-	(6,785,995)
Total accumulated depreciation	(82,698,582)	(4,372,400)	-	(87,070,982)
Governmental Activities Capital Assets, net	\$ 248,728,667	\$ 3,525,334	\$ -	\$ 252,254,001

INGLEWOOD UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 8 – LONG-TERM LIABILITIES OTHER THAN OPEB OR PENSIONS

Changes in long-term debt for the fiscal year ended June 30, 2022, were as follows:

	Balance, July 1, 2021	Additions	Deductions	Balance, June 30, 2022	Amount Due Within One Year
General Obligation Bonds:					
Principal repayments	\$ 138,470,000	\$ 75,000,000	\$ 10,035,000	\$ 203,435,000	\$ 18,950,000
Unamortized issuance premium	8,354,669	8,250,910	846,005	15,759,574	961,889
Sub-Total - Bonds	<u>146,824,669</u>	<u>83,250,910</u>	<u>10,881,005</u>	<u>219,194,574</u>	<u>19,911,889</u>
Certificates of Participation	1,250,000	-	65,000	1,185,000	65,000
State Apportionment Loan	22,292,959	-	1,317,685	20,975,274	1,348,084
Lease Liability	216,475	-	216,475	-	-
Compensated Absences	910,215	-	44,476	865,739	-
Self-Insured Claims Liability	10,900,441	2,566,559	-	13,467,000	-
Totals	<u>\$ 182,394,759</u>	<u>\$ 85,817,469</u>	<u>\$ 12,524,641</u>	<u>\$ 255,687,587</u>	<u>\$ 21,324,973</u>

Payments on the General Obligation Bonds are made by the Bond Interest and Redemption Fund with local property tax revenues. Payments on the Certificates of Participation are paid by Special Reserve for Capital Outlay. Payments on the State apportionment loan are paid by the General Fund. The compensated absences will be paid by the fund for which the employee worked. The claims liability will be paid by the Internal Service Fund.

A. General Obligation Bonds

Election of 1998 (Measure K)

On November 3, 1998, the voters of the District approved a measure authorizing the District to issue up to \$131 million of general obligation bonds for the purpose of renovating and modernizing school facilities. All bonds authorized under this election have been issued.

Election of 2012 (Measure GG)

On November 6, 2012, the voters of the District approved a measure by more than a 55% affirmative vote authorizing the District to issue up to \$90 million of general obligation bonds. The Bonds were issued to finance the repair, upgrading, acquisition, construction and equipping of certain District property and facilities, and to pay certain costs of issuing the Bonds.

Election of 2020 (Measure I)

On November 3, 2020, the voters of the District approved, by a 80.8% majority, Measure "I", authorizing the District to issue up to \$240 million in bonds with revenue going to fund upgrades to classrooms, technology, vocational education, facilities and equipment, repairs to roofs, plumbing, security, fire safety, drinking water, and removal of asbestos, lead paint and mold.

INGLEWOOD UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 8 – LONG-TERM LIABILITIES OTHER THAN OPEB OR PENSIONS (continued)

A. General Obligation Bonds (continued)

Defeasance of Debt

The District has defeased certain general obligation bonds by placing the proceeds of new refunding bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District’s financial statements. At June 30, 2022, the principal balance outstanding on the defeased debt amounted to \$23,450,000.

The difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter. At June 30, 2022, deferred outflows on refunding were \$2,460,499, and deferred inflows on refunding were \$1,662,069.

The Bonds are general obligations of the District, payable solely from ad valorem property taxes. The County Board is empowered and obligated to annually levy such ad valorem property taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates), for the payment of the principal of and interest on the Bonds when due.

A summary of all bonds issued and outstanding at June 30, 2022 follows:

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Balance, July 1, 2021	Additions	Deductions	Balance, June 30, 2022
Election of 1998 (Measure K)								
2007	2/7/2007	10/15/2026	4.0%-5.25%	\$ 57,645,000	\$ 23,280,000	\$ -	\$ 4,560,000	\$ 18,720,000
Election of 2012 (Measure GG)								
Series A	7/16/2013	8/1/2023	5.0%-6.25%	30,000,000	1,670,000	-	470,000	1,200,000
Series B	8/23/2018	8/1/2038	4.0%-5.0%	30,000,000	24,990,000	-	2,020,000	22,970,000
Series C	10/29/2019	8/1/2039	4.0%-5.0%	30,000,000	30,000,000	-	-	30,000,000
Election of 2020 (Measure I)								
Series A	11/16/2021	8/1/2051	3.0%-4.0%	75,000,000	-	75,000,000	-	75,000,000
Refunding Bonds								
2016 Ref.	7/7/2016	10/1/2031	3.60%	42,485,000	31,520,000	-	2,520,000	29,000,000
2021 Ref.	4/28/2021	8/1/2037	0.257% - 2.967%	27,010,000	27,010,000	-	465,000	26,545,000
Totals					\$ 138,470,000	\$ 75,000,000	\$ 10,035,000	\$ 203,435,000

The annual requirements to amortize general obligation bonds payable are as follows:

Fiscal Year	Principal	Interest	Total
2022-23	\$ 18,950,000	\$ 7,738,897	\$ 26,688,897
2023-24	18,160,000	6,963,695	25,123,695
2024-25	11,710,000	6,342,878	18,052,878
2025-26	9,620,000	5,904,284	15,524,284
2026-27	6,945,000	5,579,005	12,524,005
2027-32	34,530,000	24,229,577	58,759,577
2032-37	33,485,000	17,732,390	51,217,390
2037-42	30,025,000	10,264,080	40,289,080
2042-47	15,670,000	6,553,400	22,223,400
2047-52	24,340,000	2,594,400	26,934,400
Total	\$ 203,435,000	\$ 93,902,606	\$ 297,337,606

INGLEWOOD UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 8 – LONG-TERM LIABILITIES OTHER THAN OPEB OR PENSIONS (continued)

B. Certificates of Participation and Lease Revenue Bonds

In September 2001, the Inglewood School District issued COPs in one series along with the Compton Community College District, El Monte Union High School District, and Glendale Community College District. The 2001 Series A COPs represent direct and proportionate undivided interests of the owners thereof in the lease payment to be made by the lessees. The District entered into an agreement to make base rental payments to service the debt of the COPs.

The annual requirements to amortize all certificates are as follows:

Fiscal Year	Principal	Interest	Total
2022-23	\$ 65,000	\$ 57,625	\$ 122,625
2023-24	70,000	54,250	124,250
2024-25	75,000	50,625	125,625
2025-26	75,000	46,875	121,875
2026-27	80,000	43,000	123,000
2027-32	475,000	148,125	623,125
2032-35	345,000	26,375	371,375
Total	\$ 1,185,000	\$ 426,875	\$ 1,611,875

C. State Apportionment Loan

On September 14, 2012, Senate Bill 533 was enacted. This legislation appropriates up to \$29,000,000 from the General Fund to the state superintendent for apportionment as an emergency loan to the District, and specifies procedures for repayment of the loan unless the loan has been refinanced. It also authorizes the District to augment the emergency apportionment or loan with an additional \$26,000,000 of bank financing. The legislation requires the District to repay the loan, including interest calculated at a rate equal to the rate earned by the State's Pooled Money Investment account on the effective date of Senate Bill 533. The bill provides that the loan be repaid over a 20-year period. The outstanding balance of the State Apportionment Loan at June 30, 2022 was \$20,975,274.

The outstanding state apportionment debt of the District as of June 30, 2022, is as follows:

Fiscal Year	Principal	Interest	Total
2022-23	\$ 1,348,084	\$ 483,900	\$ 1,831,984
2023-24	1,379,185	452,799	1,831,984
2024-25	1,411,003	420,981	1,831,984
2025-26	1,443,554	388,430	1,831,984
2026-27	1,476,857	355,127	1,831,984
2027-32	7,911,347	1,248,573	9,159,920
2032-35	6,005,244	297,518	6,302,762
Total	\$ 20,975,274	\$ 3,647,328	\$ 24,622,602

INGLEWOOD UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (OPEB)

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

	<u>OPEB Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>OPEB Expense</u>
District Plan	\$ 22,831,614	\$ 4,063,664	\$ 5,764,559	\$ 1,023,601
MPP Program	411,440	-	-	(46,458)
Totals	<u>\$ 23,243,054</u>	<u>\$ 4,063,664</u>	<u>\$ 5,764,559</u>	<u>\$ 977,143</u>

The details of each plan are as follows:

District Plan

Plan Description

The District administers a single-employer defined-benefit health care plan, the Postemployment Medical Benefits Plan. The District offers medical and prescription drug benefits to its employees and retirees. Retirees under age 65 have the same rate structure as active employees. The medical plans consist of a Kaiser Permanente Health Maintenance Organization plan, and two Blue Shield Preferred Provider Organization options. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided

Non-Management Certificated and Classified employees who have attained age 55 and have completed at least 20 years of service with the District are eligible to retire and receive a District-paid contribution equal to the cost of medical/Rx coverage under one of the available District options. Participants who retired prior to January 1, 2016 receive a District contribution subject to the respective tiers of the Kaiser plan.

For retirements on or after January 1, 2016, the District contribution is limited to the Kaiser single rate of coverage. District-paid benefits end at 65. Retirees with less than the requisite age/service requirements, or who have attained age 65 or greater, may continue coverage by self-paying any required premiums.

Management employees follow the same rules as non-Management, described above.

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	33
Active employees	<u>842</u>
Total	<u><u>875</u></u>

Total OPEB Liability

The District's total OPEB liability of \$22,831,614 for the Plan was measured as of June 30, 2021 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.

INGLEWOOD UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

District Plan (continued)

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	2.75 percent
Salary increases	3.00 percent
Healthcare cost trend rates	6.00 percent for 2021-2023, 5.20 percent for 2024-2069, and 4.00 percent for 2070 and later 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. The discount rate used to measure the District's Total OPEB liability is based on the following information:

Reporting Date	Measurement Date	Fidelity G.O. AA 20 Year Muni Index	Discount Rate
June 30, 2021	June 30, 2020	2.45%	2.45%
June 30, 2022	June 30, 2021	1.92%	1.92%

Mortality Rates

Preretirement and postretirement mortality rates for active employees and retired members and beneficiaries were based on a CalSTRS Experience Analysis (2015-2018) for certificated and a CalPERS Experience Study (2000-2019) for classified.

Actuarial assumptions used in the July 1, 2021 valuation were based on a review of plan experience during the period July 1, 2019 to June 30, 2021.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2020	<u>\$ 25,212,931</u>
Changes for the year:	
Service cost	748,235
Interest	629,605
Differences between expected and actual experience	(4,703,996)
Changes of assumptions	1,474,031
Benefit payments	<u>(529,192)</u>
Net changes	<u>(2,381,317)</u>
Balance at June 30, 2021	<u><u>\$ 22,831,614</u></u>

INGLEWOOD UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

District Plan (continued)

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	\$ 24,733,977
Current discount rate	\$ 22,831,614
1% increase	\$ 21,049,306

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	\$ 20,551,160
Current trend rate	\$ 22,831,614
1% increase	\$ 25,438,625

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

For the year ended June 30, 2022, the District recognized OPEB expense of \$1,023,601. In addition, at June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
District contributions subsequent to the measurement date of the net OPEB liability	\$ 549,291	\$ -
Differences between expected and actual experience	-	5,026,099
Changes of assumptions	3,514,373	738,460
Totals	<u>\$ 4,063,664</u>	<u>\$ 5,764,559</u>

INGLEWOOD UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

District Plan (continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

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
2023	\$ 640,896	\$ 995,135
2024	640,896	995,135
2025	640,896	995,135
2026	640,896	995,135
2027	562,931	912,797
Thereafter	387,858	871,222
Totals	<u>\$ 3,514,373</u>	<u>\$ 5,764,559</u>

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, 2020 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>.

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, 2021, 5,096 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 25930, contributions that would otherwise be credited to the Defined Benefit 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.

INGLEWOOD UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

Medicare Premium Payment (MPP) Program (continued)

Total OPEB Liability

At June 30, 2022, the District reported a liability of \$411,440 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, 2021, was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2020 and rolling forward the total OPEB liability to June 30, 2021. 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:

	<u>Percentage Share of MPP Program</u>		<u>Change Increase/ (Decrease)</u>
	<u>Fiscal Year Ending June 30, 2022</u>	<u>Fiscal Year Ending June 30, 2021</u>	
Measurement Date	<u>June 30, 2021</u>	<u>June 30, 2020</u>	
Proportion of the Net OPEB Liability	0.103153%	0.108049%	-0.004897%

For the year ended June 30, 2022, the District reported OPEB expense of \$(46,458).

Actuarial assumptions and other inputs

The total OPEB liability in the June 30, 2020 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, 2021
Valuation Date	June 30, 2020
Experience Study	June 30, 2014 through June 30, 2018
Actuarial Cost Method	Entry age normal
Investment Rate of Return	2.16%
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 245 or an average of 0.16% of the potentially eligible population of 152,062.

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.

INGLEWOOD UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

Medicare Premium Payment (MPP) Program (continued)

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, 2021, 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, 2021, 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, 2021, was 2.16%, which is a decrease from 2.21% as of June 30, 2020.

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

The following presents the District's proportionate share of the net OPEB liability, 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	\$ 453,520
Current discount rate	\$ 411,440
1% increase	\$ 375,486

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

The following presents the District's proportionate share of the net OPEB liability, 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	\$ 374,156
Current trend rate	\$ 411,440
1% increase	\$ 454,184

INGLEWOOD UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 10 – 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, 2022, 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	\$ 31,229,361	\$ 12,003,596	\$ 41,260,690	\$ (5,210,954)
CalPERS	19,085,180	5,249,682	12,894,323	531,671
Totals	<u>\$ 50,314,541</u>	<u>\$ 17,253,278</u>	<u>\$ 54,155,013</u>	<u>\$ (4,679,283)</u>

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, 2020, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <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 comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program, and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the State is the sponsor of the STRP and obligor of the trust. In addition, the State is both an employer and 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.

INGLEWOOD UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 10 – PENSION PLANS (continued)

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

Benefits Provided (continued)

The STRP provisions and benefits in effect at June 30, 2022, 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	16.92%	16.92%
Required State Contribution Rate	10.828%	10.828%

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, 2022, are presented above, and the District's total contributions were \$7,188,380.

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

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

Total net pension liability, including State share:

District's proportionate share of net pension liability	\$	31,229,361
State's proportionate share of the net pension liability associated with the District		15,713,403
Total	\$	<u>46,942,764</u>

INGLEWOOD UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 10 – 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)

The net pension liability was measured as of June 30, 2021. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportions of the net pension liability for the two most recent measurement periods were:

	Percentage Share of Risk Pool		Change Increase/ (Decrease)
	Fiscal Year Ending June 30, 2022	Fiscal Year Ending June 30, 2021	
Measurement Date	June 30, 2021	June 30, 2020	
Proportion of the Net Pension Liability	0.068624%	0.071296%	-0.002672%

For the year ended June 30, 2022, the District recognized pension expense of \$(5,210,954). In addition, the District recognized pension expense and revenue of \$(2,738,869) for support provided by the State. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Pension contributions subsequent to measurement date	\$ 7,188,380	\$ -
Net change in proportionate share of net pension liability	312,116	13,234,006
Difference between projected and actual earnings on pension plan investments	-	24,703,229
Changes of assumptions	4,424,869	-
Differences between expected and actual experience	78,231	3,323,455
Totals	\$ 12,003,596	\$ 41,260,690

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.

INGLEWOOD UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 10 – 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)

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
2023	\$ 2,385,244	\$ 10,297,052
2024	2,075,187	9,643,753
2025	113,916	8,875,674
2026	113,916	9,366,618
2027	113,916	1,732,954
Thereafter	13,037	1,344,639
Totals	\$ 4,815,216	\$ 41,260,690

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, 2020 and rolling forward the total pension liability to June 30, 2021. In determining the total pension liability, the financial reporting actuarial valuation used the following actuarial methods and assumptions:

Valuation Date	June 30, 2020
Experience Study	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.10%
Consumer Price of Inflation	2.75%
Wage Growth	3.50%

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among 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.

INGLEWOOD UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 10 – PENSION PLANS (continued)

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

Actuarial Methods and Assumptions (continued)

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%)

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%)	\$ 63,571,802
Current discount rate (7.10%)	31,229,361
1% increase (8.10%)	4,385,753

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 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 \$4,413,383.

INGLEWOOD UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 10 – PENSION PLANS (continued)

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, 2020 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>.

Benefits Provided

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

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

	Schools Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire Date		
Benefit Formula	2% at 55	2% at 62
Benefit Vesting Schedule	5 years of service	5 years of service
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	55	62
Required Employee Contribution Rate	7.00%	7.00%
Required Employer Contribution Rate	22.91%	22.91%

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, 2022 are presented above, and the total District contributions were \$3,708,409.

INGLEWOOD UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 10 – 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, 2022, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$19,085,180. The net pension liability was measured as of June 30, 2021. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportions of the net pension liability for the two most recent measurement periods were:

	Percentage Share of Risk Pool		Change Increase/ (Decrease)
	Fiscal Year Ending June 30, 2022	Fiscal Year Ending June 30, 2021	
Measurement Date	June 30, 2021	June 30, 2020	
Proportion of the Net Pension Liability	0.093856%	0.099441%	-0.005585%

For the year ended June 30, 2022, the District recognized pension expense of \$531,671. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Pension contributions subsequent to measurement date	\$ 3,708,409	\$ -
Net change in proportionate share of net pension liability	-	4,553,475
Difference between projected and actual earnings on pension plan investments	971,532	8,295,856
Changes of assumptions	-	-
Differences between expected and actual experience	569,741	44,992
Totals	\$ 5,249,682	\$ 12,894,323

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 4.0 years.

INGLEWOOD UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 10 – 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
2023	\$ 771,598	\$ 3,839,094
2024	483,409	3,468,138
2025	286,266	3,093,122
2026	-	2,493,969
2027	-	-
Thereafter	-	-
Totals	\$ 1,541,273	\$ 12,894,323

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, 2020 and rolling forward the total pension liability to June 30, 2021. The financial reporting actuarial valuation as of June 30, 2020 used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2020
Experience Study	1997-2015
Actuarial Cost Method	Entry age normal
Discount Rate	7.15%
Inflation Rate	2.50%
Salary Increases	Varies by entry age and service

Post-retirement mortality rates are based on CalPERS experience and include 15 years of projected ongoing mortality improvement using 90 percent of Scale MP 2016 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 both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical and forecasted information for all the funds' asset classes, expected compound (geometric) returns were calculated over the short term (first 10 years) and the long term (11+ years) using a building-block approach. Using the expected nominal returns for both short term and long term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

INGLEWOOD UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 10 – PENSION PLANS (continued)

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

Actuarial Methods and Assumptions (continued)

Asset Class	Assumed Asset Allocation	Real Return Years 1-10	Real Return Years 11+
Public Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	(0.92%)

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. 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 (6.15%)	\$ 32,180,294
Current discount rate (7.15%)	19,085,180
1% increase (8.15%)	8,213,426

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, 2022, the District reported payables of \$1,288,588 and \$446,761 for the outstanding amount of legally required contributions to the CalSTRS and CalPERS pension plans, respectively, for the fiscal year ended June 30, 2022.

INGLEWOOD UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 11 – JOINT VENTURES

The District participates in JPAs with the Schools Excess Liability Fund, the purpose of which is to provide excess general liability coverage; the ASCIP, the purpose of which is to provide the excess cost for excess general liability and property coverage; and the Southern California Regional Occupational Center, the purpose of which is to provide vocational education classes for the students of its member Districts. The relationship between the District and the JPAs are such that the JPAs are not component units of the District for financial reporting purposes. These JPAs have budgeting and financial reporting requirements independent of the member units, and their financial statements are not presented in these financial statements. Audited financial statements are available from the respective entities.

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, 2022, the District had commitments with respect to unfinished capital projects of \$4.5 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, 2022.

NOTE 13 – RISK MANAGEMENT

Description

The District's risk management activities are recorded in the General and Self-Insurance Funds. Property and liability insurance is provided through a JPA, Alliance of Schools for Cooperative Insurance Programs (ASCIP), and employee health and welfare insurance is provided by the California Schools Voluntary Benefits Association. Refer to Note 11 for additional information regarding the JPAs.

Claims Liability

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

INGLEWOOD UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 13 – RISK MANAGEMENT (continued)

Unpaid Claims Liability

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

	Workers' Compensation
Liability Balance, July 1, 2020	\$ 11,145,707
Claims and changes in estimates	2,017,232
Claims payments	<u>(2,262,498)</u>
Liability Balance, June 30, 2021	10,900,441
Claims and changes in estimates	5,084,178
Claims payments	<u>(2,517,619)</u>
Liability Balance, June 30, 2022	<u>\$ 13,467,000</u>
Assets available to pay claims at June 30, 2022	<u>\$ 13,824,412</u>

NOTE 14 – ADJUSTMENTS FOR RESTATEMENTS

During the year, the following adjustments were made to beginning fund balances and net position:

Restatements	General Fund	Building Fund	Non-Major Governmental Funds	Self-Insurance Fund	Government-wide Statements
Reconciliation of prior year accruals	<u>\$ (1,521,495)</u>	<u>\$ 920,924</u>	<u>\$ (159,778)</u>	<u>\$ 283,299</u>	<u>\$ (477,050)</u>

Required Supplementary Information

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INGLEWOOD UNIFIED SCHOOL DISTRICT
Budgetary Comparison Schedule – General Fund
For the Fiscal Year Ended June 30, 2022

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget -
	Original	Final		Pos (Neg)
Revenues				
LCFF Sources	\$ 102,186,242	\$ 210,290,350	\$ 107,014,502	\$ (103,275,848)
Federal Sources	77,990,168	102,668,798	35,299,338	(67,369,460)
Other State Sources	16,693,567	45,665,192	27,817,170	(17,848,022)
Other Local Sources	3,467,657	11,853,505	7,735,857	(4,117,648)
Total Revenues	200,337,634	370,477,845	177,866,867	(192,610,978)
Expenditures				
Current:				
Certificated Salaries	45,047,328	87,621,119	42,193,655	45,427,464
Classified Salaries	21,203,012	38,098,588	16,607,047	21,491,541
Employee Benefits	31,546,545	60,657,201	29,421,866	31,235,335
Books and Supplies	11,708,318	31,011,479	12,522,173	18,489,306
Services and Other Operating Expenditures	32,867,363	112,645,081	49,475,462	63,169,619
Transfers of indirect costs	(376,439)	(695,502)	(278,148)	(417,354)
Capital Outlay	3,000,000	1,657,920	89,892	1,568,028
Other Outgo	4,803,727	8,793,673	3,774,827	5,018,846
Total Expenditures	149,799,854	339,789,559	153,806,774	185,982,785
Excess (Deficiency) of Revenues Over (Under) Expenditures	50,537,780	30,688,286	24,060,093	(6,628,193)
Other Financing Sources and Uses				
Interfund Transfers Out	(2,687,223)	(8,637,816)	(2,730,269)	5,907,547
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	47,850,557	22,050,470	21,329,824	(720,646)
Fund Balance, July 1, 2021, as originally stated	34,103,510	42,249,788	42,249,788	-
Adjustments for restatements (Note 14)	-	-	(1,522,548)	(1,522,548)
Fund Balance, July 1, 2021, as restated	34,103,510	42,249,788	40,727,240	(1,522,548)
Fund Balance, June 30, 2022	<u>\$ 81,954,067</u>	<u>\$ 64,300,258</u>	62,057,064	<u>\$ (2,243,194)</u>
Other Fund Balances included in the Statement of Revenues, Expenditures and Changes in Fund Balances:				
			Deferred Maintenance Fund	3,045,869
			Special Reserve Fund for Other Than Capital Outlay Projects	4,572,590
			Foundation Private-Purpose Trust Fund	315,404
Total reported General Fund balance on the Statement of Revenues, Expenditures and Changes in Fund Balances:			<u>\$ 69,990,927</u>	

INGLEWOOD UNIFIED SCHOOL DISTRICT
Schedule of Proportionate Share of the Net Pension Liability-CalSTRS
For the Fiscal Year Ended June 30, 2022

*Last Ten Fiscal Years**

	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>
District's proportion of the net pension liability	0.0686%	0.0713%	0.0740%	0.0794%
District's proportionate share of the net pension liability	\$ 31,229,361	\$ 69,092,490	\$ 66,858,285	\$ 72,980,818
State's proportionate share of the net pension liability associated with the District	15,713,403	35,617,187	36,475,658	41,784,931
Totals	<u>\$ 46,942,764</u>	<u>\$ 104,709,677</u>	<u>\$ 103,333,943</u>	<u>\$ 114,765,749</u>
District's covered-employee payroll	<u>\$ 34,927,587</u>	<u>\$ 39,255,146</u>	<u>\$ 40,943,170</u>	<u>\$ 43,563,964</u>
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	94.67%	176.01%	163.30%	167.53%
Plan fiduciary net position as a percentage of the total pension liability	87%	72%	73%	71%
	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>
District's proportion of the net pension liability	0.0851%	0.0890%	0.0980%	0.0950%
District's proportionate share of the net pension liability	\$ 78,676,552	\$ 71,984,090	\$ 65,977,520	\$ 55,515,150
State's proportionate share of the net pension liability associated with the District	46,544,384	40,985,292	34,894,741	33,522,781
Totals	<u>\$ 125,220,936</u>	<u>\$ 112,969,382</u>	<u>\$ 100,872,261</u>	<u>\$ 89,037,931</u>
District's covered-employee payroll	<u>\$ 44,675,636</u>	<u>\$ 46,481,191</u>	<u>\$ 45,015,712</u>	<u>\$ 44,030,243</u>
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	176.11%	154.87%	146.57%	126.08%
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.

INGLEWOOD UNIFIED SCHOOL DISTRICT
Schedule of Proportionate Share of the Net Pension Liability-CalPERS
For the Fiscal Year Ended June 30, 2022

*Last Ten Fiscal Years**

	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>
District's proportion of the net pension liability	0.0939%	0.0994%	0.1090%	0.1167%
District's proportionate share of the net pension liability	\$ 19,085,180	\$ 30,511,615	\$ 31,761,194	\$ 31,124,602
District's covered-employee payroll	\$ 13,522,894	\$ 14,385,837	\$ 15,050,233	\$ 15,512,420
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	134.46%	212.09%	211.03%	200.64%
Plan fiduciary net position as a percentage of the total pension liability	81%	70%	70%	71%
	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>
District's proportion of the net pension liability	0.1214%	0.1274%	0.1270%	0.1390%
District's proportionate share of the net pension liability	\$ 28,990,017	\$ 25,161,578	\$ 18,734,664	\$ 15,782,590
District's covered-employee payroll	\$ 15,628,730	\$ 16,180,352	\$ 16,166,265	\$ 16,950,102
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	185.49%	155.51%	115.89%	93.11%
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.

INGLEWOOD UNIFIED SCHOOL DISTRICT
Schedule of Pension Contributions-CalSTRS
For the Fiscal Year Ended June 30, 2022

*Last Ten Fiscal Years**

	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>
Contractually required contribution	\$ 7,188,380	\$ 5,640,805	\$ 6,712,630	\$ 6,665,548
Contributions in relation to the contractually required contribution	<u>7,188,380</u>	<u>5,640,805</u>	<u>6,712,630</u>	<u>6,665,548</u>
Contribution deficiency (excess):	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	<u>\$ 42,484,516</u>	<u>\$ 34,927,587</u>	<u>\$ 39,255,146</u>	<u>\$ 40,943,170</u>
Contributions as a percentage of covered-employee payroll	<u>16.92%</u>	<u>16.15%</u>	<u>17.10%</u>	<u>16.28%</u>
	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>
Contractually required contribution	\$ 6,286,280	\$ 5,620,195	\$ 4,934,799	\$ 3,939,142
Contributions in relation to the contractually required contribution	<u>6,286,280</u>	<u>5,620,195</u>	<u>4,933,295</u>	<u>3,947,957</u>
Contribution deficiency (excess):	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,504</u>	<u>\$ (8,815)</u>
District's covered-employee payroll	<u>\$ 43,563,964</u>	<u>\$ 44,675,636</u>	<u>\$ 46,481,191</u>	<u>\$ 45,015,712</u>
Contributions as a percentage of covered-employee payroll	<u>14.43%</u>	<u>12.58%</u>	<u>10.61%</u>	<u>8.77%</u>

* 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.

INGLEWOOD UNIFIED SCHOOL DISTRICT
Schedule of Pension Contributions-CalPERS
For the Fiscal Year Ended June 30, 2022

*Last Ten Fiscal Years**

	<u>2020-21</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>
Contractually required contribution	\$ 3,708,409	\$ 2,799,239	\$ 2,837,031	\$ 2,718,373
Contributions in relation to the contractually required contribution	<u>3,708,409</u>	<u>2,799,239</u>	<u>2,837,031</u>	<u>2,718,373</u>
Contribution deficiency (excess):	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	<u>\$ 16,186,857</u>	<u>\$ 13,522,894</u>	<u>\$ 14,385,837</u>	<u>\$ 15,050,233</u>
Contributions as a percentage of covered-employee payroll	<u>22.910%</u>	<u>20.700%</u>	<u>19.721%</u>	<u>18.062%</u>
	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>
Contractually required contribution	\$ 2,409,234	\$ 2,170,519	\$ 1,826,709	\$ 1,677,590
Contributions in relation to the contractually required contribution	<u>2,409,234</u>	<u>2,170,519</u>	<u>1,833,928</u>	<u>1,658,742</u>
Contribution deficiency (excess):	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (7,219)</u>	<u>\$ 18,848</u>
District's covered-employee payroll	<u>\$ 15,512,420</u>	<u>\$ 15,628,730</u>	<u>\$ 16,180,352</u>	<u>\$ 16,166,265</u>
Contributions as a percentage of covered-employee payroll	<u>15.531%</u>	<u>13.888%</u>	<u>11.334%</u>	<u>10.261%</u>

* 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.

INGLEWOOD UNIFIED SCHOOL DISTRICT

*Schedule of Changes in the District's Total OPEB Liability and Related Ratios
For the Fiscal Year Ended June 30, 2022*

Employer's Fiscal Year Measurement Period	Last Ten Fiscal Years*					
	2021-22 2020-21	2020-21 2019-20	2019-20 2018-19	2018-19 2017-18	2017-18 2016-17	2016-17 2015-16
Total OPEB liability						
Service cost	\$ 748,235	\$ 807,908	\$ 702,222	\$ 997,888	\$ 1,036,623	\$ 1,006,430
Interest	629,605	733,069	776,725	677,357	615,538	608,403
Differences between expected and actual experience	(4,703,996)	-	(1,583,391)	-	-	-
Changes of assumptions or other inputs	1,474,031	1,378,926	2,001,179	(743,525)	(641,631)	-
Benefit payments	(529,192)	(634,735)	(843,452)	(1,385,407)	(2,773,292)	(2,735,780)
Net change in total OPEB liability	(2,381,317)	2,285,168	1,053,283	(453,687)	(1,762,762)	(1,120,947)
Total OPEB liability - beginning	25,212,931	22,927,763	21,874,480	22,328,167	24,090,929	25,211,876
Total OPEB liability - ending	\$ 22,831,614	\$ 25,212,931	\$ 22,927,763	\$ 21,874,480	\$ 22,328,167	\$ 24,090,929
Covered-employee payroll	\$ 51,588,196	\$ 56,159,702	\$ 51,687,202	\$ 51,687,202	\$ 63,506,966	\$ 65,613,185
Total OPEB liability as a percentage of covered-employee payroll	44.26%	44.90%	44.36%	42.32%	35.16%	36.72%

* 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.

INGLEWOOD UNIFIED SCHOOL DISTRICT

*Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program
For the Fiscal Year Ended June 30, 2022*

*Last Ten Fiscal Years**

Employer's Fiscal Year Measurement Period	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17
	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16
District's proportion of net OPEB liability	0.1032%	0.1080%	0.1144%	0.1249%	0.1354%	0.2150%
District's proportionate share of net OPEB liability	\$ 411,440	\$ 457,897	\$ 426,073	\$ 477,970	\$ 904,522	\$ 904,522
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	(0.80%)	(0.71%)	(0.81%)	0.40%	0.01%	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.

INGLEWOOD UNIFIED SCHOOL DISTRICT

Notes to the Required Supplementary Information For the Fiscal Year Ended June 30, 2022

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 2.45 percent to 1.92 percent since the previous valuation.

INGLEWOOD UNIFIED SCHOOL DISTRICT
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2022

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.

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

Change of assumptions – The discount rate was changed from 2.21 percent to 2.16 percent since the previous valuation.

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Supplementary Information

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INGLEWOOD UNIFIED SCHOOL DISTRICT
Local Educational Agency Organization Structure
June 30, 2022

The Inglewood Unified School District was established in 1954 and is comprised of an area of approximately nine square miles located in Los Angeles County. There were no changes in the boundaries of the District during the current year. The District consists of four transitional kindergarten (TK)-6 and six TK-8 elementary schools. There is one middle school (grades 7-8), and three high schools (grades 9-12), one of which serves as a continuation high school. There are also charter schools, adult education programs, and child-development programs within the District.

In October 2018, a County Administrator was appointed and granted authority to carry out the responsibilities formerly handled by the state administrator.

BOARD OF EDUCATION

Member	Office	Term Expires
Margaret Evans, M.A.	President	April 2024
Carliss McGhee, Ph. D..	Vice President	April 2022
Naomi S. Hammonds	Member	April 2022
Brandon G. Myers	Member	April 2022
Ernesto Castillo	Member	April 2022

DISTRICT ADMINISTRATORS

Erika Torres, Ed.D., MSW¹
County Administrator

Bernadette C. Lucas, Ed.D.,
Chief Academic Officer

Dr. Nick Stephany,
Chief Human Resources Officer

Raphael Guzman,²
Chief Business Official

¹ Retired effective October 31, 2022. The Interim County Administrator is Arturo Valdez.

² Resigned. Effective July 1, 2022 the Chief Business Official is Dr. Marguerite Williams.

INGLEWOOD UNIFIED SCHOOL DISTRICT
Schedule of Average Daily Attendance - District
For the Fiscal Year Ended June 30, 2022

	Second Period Report		Annual Report	
	As Reported to CDE	Audited	As Reported to CDE	Audited
Regular ADA:				
TK and grades K-3	2,004.23	2,005.39	2,023.45	2,021.74
Grades 4-6	1,538.11	1,539.88	1,546.63	1,547.19
Grades 7-8	909.23	905.85	920.26	917.02
Grades 9-12	1,348.07	1,348.07	1,344.17	1,341.21
Total Regular ADA	5,799.64	5,799.19	5,834.51	5,827.16
Special Education, Nonpublic, Nonsectarian Schools:				
TK and grades K-3	8.40	8.44	8.20	8.25
Grades 4-6	14.92	14.97	14.66	14.64
Grades 7-8	13.42	13.47	13.45	13.59
Grades 9-12	21.78	21.86	21.57	21.69
Total Special Education ADA	58.52	58.74	57.88	58.17
Total ADA	5,858.16	5,857.93	5,892.39	5,885.33

INGLEWOOD UNIFIED SCHOOL DISTRICT
Schedule of Average Daily Attendance - Charters
For the Fiscal Year Ended June 30, 2022

LA TIJERA CHARTER SCHOOL				
	Second Period Report	Audited	Annual Report	Audited
Classroom-based ADA:				
TK and grades K-3	254.48	254.92	252.22	252.65
Grades 4-6	166.53	166.27	165.67	165.46
Grades 7-8	156.54	155.42	156.26	155.34
Total Classroom-based ADA	577.55	576.61	574.15	573.45

All charter school ADA is generated through classroom-based instruction.

CITY HONORS INTERNATIONAL PREPARATORY HIGH				
	Second Period Report	Audited	Annual Report	Audited
Classroom-based ADA:				
Grades 9-12	277.96	267.96	279.67	269.67
Total Classroom-based ADA	277.96	267.96	279.67	269.67

All charter school ADA is generated through classroom-based instruction.

INGLEWOOD UNIFIED SCHOOL DISTRICT*Schedule of Instructional Time**For the Fiscal Year Ended June 30, 2022*

INGLEWOOD UNIFIED SCHOOL DISTRICT				
Grade Level	Instructional Minute Requirement	Instructional Minutes Offered	Instructional Days Offered	Status
Kindergarten	36,000	54,000	180	Complied
Grade 1	50,400	50,400	180	Complied
Grade 2	50,400	50,400	180	Complied
Grade 3	50,400	50,400	180	Complied
Grade 4	54,000	54,000	180	Complied
Grade 5	54,000	54,000	180	Complied
Grade 6	54,000	54,000	180	Complied
Grade 7	54,000	54,000	180	Complied
Grade 8	54,000	54,000	180	Complied
Grade 9	64,800	64,806	180	Complied
Grade 10	64,800	64,806	180	Complied
Grade 11	64,800	64,806	180	Complied
Grade 12	64,800	64,806	180	Complied

LA TIJERA CHARTER SCHOOL				
Grade Level	Instructional Minute Requirement	Instructional Minutes Offered	Instructional Days Offered	Status
Kindergarten	36,000	54,000	180	Complied
Grade 1	50,400	50,400	180	Complied
Grade 2	50,400	50,400	180	Complied
Grade 3	50,400	50,400	180	Complied
Grade 4	54,000	54,000	180	Complied
Grade 5	54,000	54,000	180	Complied
Grade 6	54,000	58,080	180	Complied
Grade 7	54,000	58,080	180	Complied
Grade 8	54,000	58,080	180	Complied

CITY HONORS INTERNATIONAL PREPARATORY HIGH				
Grade Level	Instructional Minute Requirement	Instructional Minutes Offered	Instructional Days Offered	Status
Grade 9	64,800	65,700	180	Complied
Grade 10	64,800	65,700	180	Complied
Grade 11	64,800	65,700	180	Complied
Grade 12	64,800	65,700	180	Complied

INGLEWOOD UNIFIED SCHOOL DISTRICT
Schedule of Financial Trends and Analysis
For the Fiscal Year Ended June 30, 2022

General Fund	(Budget)			
	2022-23 ²	2021-22 ³	2020-21	2019-20
Revenues and other financing sources	\$ 174,015,101	\$ 177,866,867	\$ 158,062,407	\$ 129,507,664
Expenditures and other financing uses	178,332,805	156,537,043	130,494,022	120,563,878
Change in fund balance (deficit)	(4,317,704)	21,329,824	27,568,385	8,943,786
Adjustments for restatements	-	(1,522,548)	177,212	-
Ending fund balance	\$ 57,915,109	\$ 62,232,813	\$ 42,425,537	\$ 14,679,940
Available reserves ¹	\$ 373,262	\$ 4,800,000	\$ 3,800,000	\$ 8,273,223
Available reserves as a percentage of total outgo	0.2%	3.1%	2.9%	6.9%
Total long-term debt	\$ 307,920,209	\$ 329,245,182	\$ 301,977,877	\$ 314,262,774
Average daily attendance at P-2	5,868	5,858	N/A	6,753

The General Fund balance has increased by \$47.6 million over the past two years. The fiscal year 2022-23 projected budget projects a decrease of \$4.3 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, but anticipates incurring an operating deficit during the 2022-23 fiscal year. Long-term debt has increased by \$15.0 million over the past two years.

Average daily attendance decreased by 842 from 2019-20 to 2021-22. Budgeted ADA for 2022-23 is 5,868.

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

² Revised budget September, 2022.

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 and the Special Reserve Fund (Other Than Capital Outlay and Foundation Private-Purpose), in accordance with the fund type definitions promulgated by GASB Statement No. 54.

Management's Plans

The District is reporting a 0.2% available reserve balance at June 30, 2023, which is below the recommended 3% level for a district of this size. However, the District is projecting to have \$8.1 million in the "committed" portion of the fund balance in the Special Reserve Fund for Other Than Capital Outlay, which can be moved to the unassigned category if needed to meet future financial obligations.

INGLEWOOD UNIFIED SCHOOL DISTRICT

*Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
For the Fiscal Year Ended June 30, 2022*

	General Fund	Student Activity Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Special Reserve Fund for Other Than Capital Outlay
June 30, 2022, annual financial and budget report (SACS) fund balance/net position	\$ 59,209,614	\$ 104,994	\$ 939,398	\$ 678,571	\$ 2,998,265	\$ 342,788	\$ 7,071,060
Adjustments and reclassifications:							
Increasing (decreasing) the fund balance:							
Elimination of interfund activity (GASB 54)	2,687,223	-	-	-	-	-	(2,687,223)
Deposits and investments misstated	(1,054,995)	(39,010)	(120,617)	1,168	81,459	14,805	188,753
Accounts receivable misstated	-	-	(63,857)	(491,871)	(1,267,553)	1,053	-
Prepaid expenditures misstated	(635)	-	-	-	-	-	-
Other current assets misstated	(53,716)	-	-	-	(1,091)	-	-
Accounts payable misstated	3,956,796	-	(2,387)	34,439	21,031	-	-
Unearned revenues misstated	-	-	-	25,500	-	-	-
Net adjustments and reclassifications	<u>5,534,673</u>	<u>(39,010)</u>	<u>(186,861)</u>	<u>(430,764)</u>	<u>(1,166,154)</u>	<u>15,858</u>	<u>(2,498,470)</u>
June 30, 2022, audited financial statement fund balance/net position	<u>\$ 64,744,287</u>	<u>\$ 65,984</u>	<u>\$ 752,537</u>	<u>\$ 247,807</u>	<u>\$ 1,832,111</u>	<u>\$ 358,646</u>	<u>\$ 4,572,590</u>
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

	Building Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay	Self-Insurance Fund	Foundation Private- Purpose Trust Fund
June 30, 2022, annual financial and budget report (SACS) fund balance/net position	\$ 83,339,913	\$ 5,777,661	\$ 1,348,165	\$ 4,890,715	\$ (566,085)	\$ 302,384
Adjustments and reclassifications:						
Increasing (decreasing) the fund balance:						
Deposits and investments misstated	3,671,355	249,740	58,100	216,492	570,964	13,020
Accounts receivable misstated	49,231	12,678	1,223	13,751	11,242	-
Prepaid expenditures misstated	(25,129)	-	-	-	-	-
Other current assets misstated	-	-	-	-	-	-
Accounts payable misstated	896,822	-	-	(304,205)	271,986	-
Net adjustments and reclassifications	<u>4,592,279</u>	<u>262,418</u>	<u>59,323</u>	<u>(73,962)</u>	<u>854,192</u>	<u>13,020</u>
June 30, 2022, audited financial statement fund balance/net position	<u>\$ 87,932,192</u>	<u>\$ 6,040,079</u>	<u>\$ 1,407,488</u>	<u>\$ 4,816,753</u>	<u>\$ 288,107</u>	<u>\$ 315,404</u>

See accompanying note to supplementary information.

INGLEWOOD UNIFIED SCHOOL DISTRICT

Schedule of Charter Schools

For the Fiscal Year Ended June 30, 2022

Charter School		Inclusion in Financial Statements
Name	Number	
Animo Inglewood Charter High	0432	Not included
City Honors International College Preparatory High	2075	Included
Grace Hopper STEM Academy	1612	Not included
ICEF Inglewood Elementary Charter Academy	1121	Not included
La Tijera K-8 Academy of Excellence	1591	Included
Wilder's Preparatory Academy Charter	0582	Not included
Wilder's Preparatory Academy Charter Middle	0977	Not included

INGLEWOOD UNIFIED SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal 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):				
School Breakfast Program - Especially Needy	10.553	13526	\$ 603,877	
National School Lunch Program	10.555	13523	3,528,734	
USDA Donated Foods	10.555	N/A	<u>105,623</u>	
Total Child Nutrition Cluster				\$ 4,238,234
Child and Adult Care Food Program Cluster:				
Child and Adult Care Food Program	10.558	13393	417,315	
Child and Adult Care Food Program Cash in Lieu	10.558	13393	<u>26,334</u>	
Total Child and Adult Care Food Program Cluster				<u>443,649</u>
Total U.S. Department of Agriculture				<u>4,681,883</u>
U.S. Department of Education:				
Passed through California Dept. of Education (CDE):				
Adult Basic Education (ABE):				
Adult Basic Education & ESL	84.002A	14508	79,274	
Adult Secondary Education	84.002	13978	<u>72,856</u>	
Total Adult Education Cluster				<u>152,130</u>
Every Student Succeeds Act (ESSA):				
Title I, Grants to LEAs:				
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	7,079,839	
School Improvement Funding for LEAs	84.010	15438	<u>832,529</u>	
Total Title I, Part A Grants				7,912,368
Title II, Part A, Supporting Effective Instruction Local Grants	84.367	14341		643,624
Title III, Limited English Proficiency	84.365	14346		161,956
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396		178,698
Education Stabilization Fund:				
Elementary and Secondary School Emergency Relief Fund (ESSER)	84.425D	15536	312,545	
Elementary and Secondary School Emergency Relief II Fund (ESSER II)	84.425D	15547	13,357,409	
Elementary and Secondary School Emergency Relief III Fund (ESSER III)	84.425U	15559	8,240,927	
Elementary and Secondary School Emergency Relief III Fund (ESSER III):				
Learning Loss	84.425U	10155	678,694	
Governor's Emergency Education Relief Fund (GEER)	84.425C	15517	590,228	
Expanded Learning Opportunities Grant ESSER II State Reserve (ELO)	84.425D	15618	388,599	
American Rescue Plan - Homeless Children and Youth II (ARP HYC II)	84.425U	15566	<u>3,924</u>	
Total Education Stabilization Fund				23,572,326
Individuals with Disabilities Education Act (IDEA):				
COVID-19: ARP IDEA Part B, Sec. 619, Preschool Grants	84.173	15639	42,673	
Local Assistance Entitlement	84.027	13379	1,239,154	
IDEA Preschool Grants, Part B, Section 619 (Age 3-4-5)	84.173	13430	109,017	
IDEA Preschool Staff Development, Part B, Sec 619	84.173A	13431	604	
IDEA Quality Assurance & Focused Monitoring	84.027A	13693	<u>12,000</u>	
Total Special Education (IDEA) Cluster				<u>1,403,448</u>
Total U.S. Department of Education				<u>34,024,550</u>
U.S. Department of Health & Human Services:				
Passed through the California Department of Education:				
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	N/A		<u>1,497,143</u>
Total Expenditures of Federal Awards				<u>\$ 40,203,576</u>

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

NGLEWOOD UNIFIED SCHOOL DISTRICT

Note to the Supplementary Information

June 30, 2022

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.

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 Charter Schools

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

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.

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

	Assistance Listing Number	Amount
Total Federal Revenues from the Statement of Revenues, Expenditures, and Changes in Fund Balances		\$ 39,839,355
Differences between Federal Revenues and Expenditures:		
Adult Education Cluster	84.002	65,501
Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	312,072
Governor's Emergency Education Relief (GEER) Fund: Learning Loss Mitigation	84.425C	175,073
Special Education--(IDEA, Part B) Local Assistance Entitlements	84.027	(416,920)
Child Development: ARP California State Preschool Program One-time Stipend	93.575	(55,800)
Child Nutrition Cluster	10.553/10.555	284,295
Total Schedule of Expenditures of Federal Awards		<u>\$ 40,203,576</u>

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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

Arturo Valdez, Interim County Administrator
Inglewood Unified School District
Inglewood, 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 Inglewood Unified School District as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 15, 2022.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as Findings 2022-001 through 2022-004 to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as Findings 2022-005 and 2022-006 to be significant deficiencies.

Report on Compliance and Other Matters

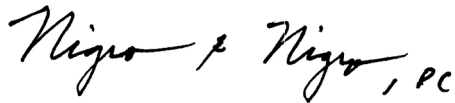
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and questioned costs as Findings 2022-007 through 2022-017.

Inglewood Unified 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.

Handwritten signature in cursive script that reads "Nigro & Nigro, PC".

Murrieta, California
December 15, 2022



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

Arturo Valdez, Interim County Administrator
Inglewood Unified School District
Inglewood, California

Report on Compliance for Each Major Federal Program

We have audited the Inglewood Unified 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 Inglewood Unified School District's major federal programs for the year ended June 30, 2022. The Inglewood Unified 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 Inglewood Unified 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, 2022.

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 Inglewood Unified 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 Inglewood Unified 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 Inglewood Unified School District's federal program.

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 Inglewood Unified 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 Inglewood Unified 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 Inglewood Unified 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 Inglewood Unified 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 Inglewood Unified 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.

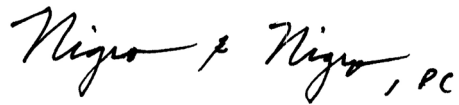
Report on Internal Control Over Compliance

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.

Handwritten signature in cursive script that reads "Nigro & Nigro, PC".

Murrieta, California
December 15, 2022



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Arturo Valdez, Interim County Administrator
Inglewood Unified School District
Inglewood, California

Report on Compliance

Qualified and Unmodified Opinions

We have audited the Inglewood Unified School District's (District) compliance with the requirements specified in the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* applicable to the District's state program requirements identified below for the year ended June 30, 2022.

Qualified Opinion on Certain State Programs

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, Inglewood Unified 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, 2022.

Unmodified Opinion on Each of the Other State Programs

In our opinion, Inglewood Unified School District complied in all material aspects, with the laws and regulations of the other state programs noted in the table below for the year ended June 30, 2022.

Basis for Qualified and Unmodified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2021-22 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.

Matters Giving Rise to Qualified Opinion on Certain State Programs

As described in the accompanying schedule of findings and questioned costs, the Inglewood Unified School District did not comply with requirements regarding Attendance Accounting, Classroom Teacher Salaries, California Clean Energy Jobs Act, In Person Instruction, and Local Control Accountability Plans, as described in finding numbers 2022-007, 2022-009, 2022-012, and 2022-014. Compliance with such requirements is necessary, in our opinion, for the Inglewood Unified School District to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

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

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 2021-22 *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 2021-22 *Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence
- Regarding the District’s compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances;
- Obtain an understanding of the District’s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the 2021-22 *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	Yes
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

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	Yes
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	Yes
In Person Instruction Grant	Yes
Charter Schools:	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
Annual Instructional Minutes – Classroom-Based	Yes
Charter School Facility Grant Program	Not Applicable

Areas marked as not applicable were not operated by the District.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance, which are described in the accompanying schedule of findings and questioned costs as Findings 2022-007, 2022-008, 2022-010, 2022-011, 2022-013, 2022-015, 2022-016, and 2022-017.

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 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, we identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as Finding 2022-009 that we consider to be a significant deficiency.

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 *2021-22 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 15, 2022

Schedule of Findings and Questioned Costs

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INGLEWOOD UNIFIED SCHOOL DISTRICT

Summary of Auditors' Results

For the Fiscal Year Ended June 30, 2022

Financial Statements

Type of auditors' report issued	Qualified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(s) identified not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	Yes

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 Uniform Guidance Sec. 200.516(a)?	No

Identification of major programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
10.553, 10.555	Child Nutrition Cluster
84.027, 84.173, 84.027A, 84.173A	Special Education Cluster (IDEA)
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) Grant
84.425C, 84.425D, 84.425U	Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs:	\$ 1,206,107
Auditee qualified as low-risk auditee?	No

State Awards

Type of auditors' report issued on compliance for state programs:	Qualified
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INGLEWOOD UNIFIED SCHOOL DISTRICT

Financial Statement Findings

For the Fiscal Year Ended June 30, 2022

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:

<u>Five Digit Code</u>	<u>AB 3627 Finding Types</u>
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 2022-001: Capital Assets Reporting (20000, 30000)

This is a repeat of Finding 2021-001.

Criteria: Education Code 35168 requires LEAs to maintain a historical inventory of all equipment whose current market value exceeds \$500. Federal regulations also require government agencies to maintain detailed inventory records for all equipment purchased with federal funds. Furthermore, the California School Accounting Manual (CSAM) describes policies and procedures that should be adopted and implemented by LEAs in order to maintain a detailed inventory of capital assets. Finally, Governmental Accounting Standards Board (GASB) Statement No.34 requires presentation of all capital assets at historical cost in addition to an annual allowance for depreciation in order for financial statements to be presented in accordance with accounting standards generally accepted in the United States of America.

Condition: During our review of the District's capital assets, we noted the following deficiencies:

- The District does not maintain adequate source records to support that the District has ownership rights to buildings, land, and land improvements, or that the net balance of \$254,241,739 reported for these assets on Form ASSET reflects historical cost. We reviewed the District's most recent capital assets valuation report, which was issued for the year ended June 30, 2021. The valuation report for the year ended June 30, 2021, reported historical costs for buildings, land, and land improvements, but did not include a historical cost for Construction In Progress (CIP), which is a substantial component of capital assets, especially since the District is investing significant costs into modernization and construction through the issuance of general obligation bonds.
- The District's increases and decreases to capital assets for the FY 2021-22 Form ASSET could not be substantiated. We reviewed the District's general ledger and noted that the District recorded \$7,897,734 in capital expenditures. However, the Form ASSET reported capital asset additions of \$8,451,514 primarily from CIP, and the District did not maintain schedules of construction projects in progress. Therefore, we are not able to determine whether the amounts reported for increases in capital assets reported on Form ASSET are accurate.
- Furthermore, the District did not maintain adequate records to calculate depreciation of fixed assets.

INGLEWOOD UNIFIED SCHOOL DISTRICT

Financial Statement Findings

For the Fiscal Year Ended June 30, 2022

Finding 2022-001: Capital Assets Reporting (20000, 30000) (continued)

Cause: The District has not had controls in place to ensure accurate records of additions, disposals, and depreciation for several years due to a shortage of accounting staff in the Business Office.

Effect: We are unable to confirm the amounts reported in the District's financial statements for capital assets, including depreciation. As a result, the District's capital assets are susceptible to theft or fraud, and are at risk of being materially misstated in the financial statements.

Recommendation: We recommend that the District hire an asset valuation company to perform a full inventory and valuation of capital assets. Additionally, we recommend that at the completion of the valuation the District design and implement controls to ensure that it has an accurate record of capital assets going forward and can properly calculate annual depreciation.

Views of Responsible Officials: The District has made great strides in reconciling capital assets. The District selected CBIZ Valuation Group LLC to conduct a physical inventory of assets. The reconciliation process is almost completed. The final pending items to reconcile are the 'Work in Progress' section of capital asset reporting. This section has not been reconciled in several years, thus requiring significant research spanning several fiscal years. The District anticipates having the final part of the reconciliation done by the end of the 2022-2023 fiscal year and reflect the updated figures in the FORM ASSET for the 2022-2023 Unaudited Actuals.

Finding 2022-002: Accounts Payable Reporting (30000)

This is a partial repeat of Finding 2021-002.

Criteria: Generally accepted accounting principles (GAAP) require that the year-end accounts payable balance include all unpaid liabilities as of the date of the financial statements. Good internal controls and prudent business practices require the District to establish and implement policies and procedures to ensure that:

- Payroll accounts are properly reconciled, and to monitor its employee benefit expenditures are monitored to ensure that benefits are provided for eligible individuals only; and
- Adequate documentation is maintained and accounts payable are processed accurately and properly reviewed by the District's management.

Condition: Failure to reconcile the payroll accounts has resulted in the District not recording OPEB retiree benefits on the District's year end financials. In addition, as of June 30, 2022 on a District-wide level, we identified a total of \$4,372,129 of accounts payable which needed to be written off. The District worked with a consultant to identify and write off these balances after the books were closed for the 2021-22 fiscal year.

Cause: It took the District longer than anticipated to research beginning balances to ensure that they are effectively not owed before being cleared. In conjunction, as these balances have been researched it has been discovered that these balances are a combination of amounts from several past fiscal years.

Effect: The District's year-end liabilities are subject to being misstated.

Recommendation: We recommend that the District continue at each year-end to research beginning balances and clear out those amounts which have been determined to no longer be owed to a vendor.

INGLEWOOD UNIFIED SCHOOL DISTRICT

Financial Statement Findings

For the Fiscal Year Ended June 30, 2022

Finding 2022-002: Accounts Payable Reporting (30000) (continued)

This is a partial repeat of Finding 2021-002.

Views of Responsible Officials: As noted in the condition section above, the District has taken steps to reconcile the accounts payable and beginning fund balances. The District carefully reconciled the accounts payable balances of the General Fund and those are reflecting accurately. The District will continue to research accounts payable balances for other funds, beginning fund balances for all funds and ensure the accounts payable accruals and the beginning fund balances are reconciled. The District hired a consultant that identified beginning balances. Journal entries clearing these balances have been processed and this should no longer be a finding going forward.

Finding 2022-003: Associated Student Body (ASB) Funds (30000)

This is a partial repeat of Finding 2021-003.

Criteria: District business office staff are responsible for general oversight of student body activities. In this capacity, the business office staff should:

- Serve as a resource and answer questions from the site staff.
- Develop and update the District's ASB manual based on input from the site staff, student organizations and District auditors. The questions that are asked throughout the year and the findings noted by the auditors should also be taken into consideration when updating the manual.
- Provide training at least annually on the District's ASB manual or procedures. This includes providing new staff members and student council members with copies of the manual and training during the year.
- Make periodic visits to sites to review the procedures in operation and answer questions. It is a good practice to visit each site at least once a year and more often if the site appears to have problems or continues to have audit findings year after year.
- Obtain and review financial reports from the sites at least quarterly.
- Review the reconciled bank statements for all ASB accounts at school sites regularly, preferably monthly.
- Work with the sites' staff to respond to problems noted by the auditors in the annual audit and develop corrective actions to resolve the problems.
- Follow up on all issues regarding the administration of student organizations.
- Develop accounting procedures for recording and controlling the student body organization's financial transactions.
- Periodically review procedures to make sure they conform to prescribed accounting procedures.

The ASB bookkeeper has the responsibility of maintaining and overseeing the entire ASB process which involves independently maintaining a complete set of financial records for the Associated Student Body, student body operations, and all student body accounts and to follow proper internal controls.

Condition: During our review of the ASB oversight procedures at the District Office, we discovered that there was no review process of ASB accounting due to the elimination of a position several years ago. The District Office requests bank statements and financial statements from the ASBs on a monthly basis but does not always receive them. Due to this lack of oversight, the District is unable to determine if all ASB accounts have been properly reported. There is a risk that ASB accounts could be misstated and that this misstatement would go undetected by the District Office.

INGLEWOOD UNIFIED SCHOOL DISTRICT

Financial Statement Findings

For the Fiscal Year Ended June 30, 2022

Finding 2022-003: Associated Student Body (ASB) Funds (30000) (continued)

Condition: (continued)

During our review of the ASB controls at the school sites, we noted the following:

- At Morningside High School:
 - Lack of financial statements such as income/expense report & balance sheet.
 - Bank reconciliations are improperly prepared.
- At Inglewood High School:
 - Bank reconciliations are not being prepared consistently after the month. In addition, bank reconciliations are not being reviewed by an individual independent from the individual overseeing collection of monies and depositing monies.
 - Lack of financial statements such as income/expense report & balance sheet.
 - Instances were noted where a debit card was utilized for transactions on the bank statements.

Cause: Due to staffing reductions at the District office, the District does not have adequate resources to implement controls to ensure that:

- Financial statements for the ASBs are prepared and maintained by the District office;
- Adequate accounting records and internal controls are maintained to ensure that revenues are collected and deposited appropriately, and;
- ASB funds are being used for the students' benefit.

Effect:

- The lack of internal controls and oversight by the district office could lead to loss or misappropriation of ASB assets.
- Without ASB policies and procedures specifying how the ASB organization will be established and supervised, or how financial activity will be operated and managed, there is a risk that ASB organizations are not in compliance with rules and regulations ensuring that student body funds are being used for students' benefit.

Recommendation: We recommend that the District assign an employee in the Business Office to be responsible for the oversight of the ASB accounts. This position should review bank statements and reconciliations on a monthly basis. Additionally, income and loss statements and balance sheets should be prepared and reviewed on a quarterly basis, at a minimum.

We further recommend that the school site bookkeeper maintain all records associated with the ASB for proper control of the ASB assets and to prevent misappropriation of assets. Furthermore, back-ups should be conducted at a minimum of once per month in order to limit the potential of lost data.

Finally, we recommend the bookkeeper perform monthly bank reconciliations within two weeks after the statement arrives. Furthermore, the Principal or ASB Advisor should review the bank reconciliation and initial and date the bank statement and reconciliation as evidence they were reviewed. Review of the bank reconciliations by someone other than the ASB Bookkeeper is an important internal control to detect errors and possible questionable or suspicious activity.

INGLEWOOD UNIFIED SCHOOL DISTRICT

Financial Statement Findings

For the Fiscal Year Ended June 30, 2022

Finding 2022-003: Associated Student Body (ASB) Funds (30000) (continued)

Views of Responsible Officials: The District centralized all middle school ASB bank accounts to have better internal controls of ASB accounting activities. The District is also meeting with ASB advisors, Bookkeepers and Principals, to ensure that the transition is done successfully. ASBs will be receiving training to ensure they are able to use ASB Works. Protocols have been established regarding cash disbursement and deposits, to ensure internal controls are recognized. The two high schools with independent bank accounts will be monitored and trained to reconcile monthly statements and provide proper documentations for all transactions. The District expects to have complete ASB oversight and internal controls in place in the 2022-2023 Fiscal Year.

Finding 2022-004: Accounts Receivable (30000)

This is a partial repeat of Finding 2021-004.

Criteria: Generally accepted accounting principles (GAAP) require that the year-end accounts receivable balance include all revenues owed as of the date of the financial statements. Good internal controls and prudent business practices require the District to verify that revenues are properly recorded and adequate documentation is maintained to support the balances reported in the financial statements.

Condition: The District was unable to provide documentation to verify some entitlement and grant allocation documentation. In addition, working through a consultant, the District identified \$1,759,231 of invalid receivables that had been rolled over from previous years that needed to be written off after the books were closed for 2021-22.

Cause: The District has experienced turnover in key positions and as a result, documentation has been difficult to locate. Closing accruals at year-end also required the assistance of outside consultants.

Effect: Accounts receivable are subject to being misstated.

Recommendation: We recommend that the District assign an individual the responsibility for accounting for state and federal categorical funds and ensuring that allocation documentation is maintained to demonstrate the District's allocations.

Views of Responsible Officials: As noted in the condition section above, the District made progress in reconciling accounts receivables and clearing out beginning balances. Some of these balances span multiple years (In some cases over 5 years!) and require significant research to be cleared appropriately. The District hired a consultant, Eide Bailey, to audit these, resource by resource and is in close contact with auditors to ensure transactions are cleared out correctly. The District completed this project in December 2022.

Finding 2022-005: Cash Disbursements (30000)

Criteria: The accounts payable function in an LEA is intended to ensure that invoices for purchases of goods and services are paid in the proper amounts. Controls should be established to ensure that expenditures are paid only with supporting documentation and for bona fide District business purposes.

Condition: During our test of District expenditures, we found the following exceptions:

- Fourteen expenditures contained invoices with dates prior to purchase order dates
- In one instance the District employee saved their mileage claim forms from April 2021 through June 30, 2022 and submitted them at year-end to be paid out at one time.

INGLEWOOD UNIFIED SCHOOL DISTRICT

Financial Statement Findings

For the Fiscal Year Ended June 30, 2022

Finding 2022-005: Cash Disbursements (30000) (continued)

Cause: As a result of significant turnover and new employees learning the Districts established internal controls and procedures, transactions were processed to prevent penalties for late payments and maintain services throughout the District. In addition, with the turnover there has been a lack of emphasis on the need to have employees turn in their mileage claim forms at each payroll cycle's due date.

Effect: Failure to properly pre-approve purchases could cause potential budget shortfalls. In addition, maintaining mileage claim forms until year-end results in the payroll department not being able to process payroll in a timely manner, as payroll needs to verify that the employee hasn't been paid out for the prior mileage claim forms before issuing payment.

Recommendation: We recommend that the District emphasize that invoices need to have prior approvals before a payment will be issued for goods or services. In addition, the District should emphasize that mileage claim forms are due each month at the payroll cut off date.

Views of Responsible Officials: We have established procedures in which items/services can't be ordered prior to the purchase order being created. This procedure has been discussed during our office manager meetings and will continue to be enforced. Our vendors are aware that a purchase order/agreement must be in place before any service/good is provided. Some of these expenditures are automatic invoices given the automatic renewals. We don't start using the services until the students are in class. Further the office managers put in the req for those items when they return from summer break. The district is creating new procedures that outline mileage reimbursement deadline submission. After 30 days these reimbursements will not be processed as shared with district staff.

Finding 2022-006: Contract Change Orders (30000)

This is a repeat of Finding 2021-005.

Criteria: Public Contract Code Section 20118.4 mandates that any change of a contract may be authorized by the governing board without the formality of securing bids, so long as the cost does not exceed ten percent of the original contract price.

Condition: We noted a combination of contract revisions for a sound mitigation project approved by the governing board that exceeded the ten percent threshold. This caused a change of \$4,788,671 from an original contract price of \$8,817,897, or a 54.3% increase.

Cause: The District obtained legal counsel advice which indicated that this was an allowable practice as they interpreted the Public Contract Code to apply to individual change orders and not for the life of the contract.

Effect: None

Recommendation: While it is too late to comply with regulations on this specific contract since it is now completed, we recommend that the District comply with Public Contract Code on all remaining and future contracts and secure bids for contract changes exceeding ten percent of the original contract price.

Views of Responsible Officials: The sound mitigation contract is now completed. Due to roll over of purchase order this increase was not properly tracked. Going forward we will monitor multiyear projects/contracts to ensure change orders do not exceed the original contract price by more than ten percent without going out to bid. The District will comply with Public Contract Code on all remaining and future contracts and secure bids for contract changes exceeding the ten percent of original contract price.

INGLEWOOD UNIFIED SCHOOL DISTRICT
Federal Award Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2022

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

There were no federal award findings or questioned costs in 2021-22.

INGLEWOOD UNIFIED SCHOOL DISTRICT

State Award Findings and Questioned Costs

For the Fiscal Year Ended June 30, 2022

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

Finding 2022-007: Independent Study (10000)

Criteria: Pursuant to Education Code section 51744 - 51749.6, every written independent study agreements had to contain signatures prior to the commencement no later than 30 days after the first day of independent study instruction or October 15, whichever date comes later, by the pupil; the pupil's parent, legal guardian, or caregiver, if the pupil is less than 18 years old; the certificated employee who has been designated as having responsibility for the general supervision of independent study; and all other persons, if any, who had direct responsibility for providing assistance to the pupil.

In addition, attendance records must be supported by the teacher's register, record of the pupil's work completed, and the corresponding work assignment record. Pupil work samples must be retained in the file.

Condition: During our testing of independent attendance, we noted the following issues at La Tijera Charter School.

- Eleven of twenty contracts tested were not signed timely by all parties and none of the tested contracts had work samples or written or computer-based evidence of each pupil's engagement, that includes a grade book or summary document that, for each class, list all assignments, assessments and associated grades. Lastly one of the twenty contracts tested were less than three days.

The total ADA by grade span for non-compliance independent study is summarized below:

- Grades 4-6 ~ 0.26 ADA
- Grades 7-8 ~ 1.12 ADA

Effect: La Tijera Charter School's calculation based on derived value of ADA totals a questioned cost of \$14,614. However, based on ADA yield flexibilities enacted for the 2021-22 fiscal year, we do not anticipate any ultimate impact to funding.

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 reporting window.

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: The District is unable to make revisions to ADA because of the closure of the reporting window. The District will back out this ADA once we can reopen PADC. In addition, the District will implement controls to ensure ADA is recorded correctly. District Administration will provide school principals and attendance staff with training to avoid future misstatements.

INGLEWOOD UNIFIED SCHOOL DISTRICT

State Award Findings and Questioned Costs

For the Fiscal Year Ended June 30, 2022

Finding 2022-008: P2 And Annual Attendance Accounting (10000)

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.

Condition: During our review of ADA totals reported by the District and La Tijera Charter School to CDE, we noted the following misstatements:

- Based on our recalculation, the District miss reported ADA on the P-2 Report of Attendance (Line A-1) by the following:
 - Understated grades TK and grades K-3 ADA by 1.16,
 - Understated grades 4-6 ADA by 1.77 and,
 - Overstated grades 7-8 ADA by 3.38.
- Based on our recalculation, the District miss reported ADA on the Annual Report of Attendance (Line A-4) by the following:
 - Understated grades TK and grades K-3 ADA by 0.05
 - Overstated grades 4-6 ADA by 0.02
 - Understated grades 7-8 ADA by 0.14
 - Understated grades 9-12 ADA by 0.12
- Based on our recalculation, the La Tijera Charter miss reported ADA on the P-2 Report of Attendance (Line B-1) by the following:
 - Understated grades TK and grades K-3 by 0.44 ADA,
 - Overstated grades 4-6 by 0.26 ADA and,
 - Overstated grades 7-8 by 1.12 ADA.

Effect: The District's calculation based on derived value of ADA indicates a questioned cost of \$1,408. La Tijera Charter School's calculation on derived value of ADA indicates a questioned cost of \$9,665. However, based on ADA yield flexibilities enacted for the 2021-22 fiscal year, we do not anticipate any ultimate impact to funding.

Cause: The District identified attendance corrections which were not captured in the P2 attendance reports for the District and La Tijera Charter School. As well as the District utilized an incorrect extended year special education divisor in the calculation of the attendance. 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 reporting window.

Good internal controls require the District & Charter School to review its pupil attendance reporting processes and ensure that attendance policies and procedures are maintained and followed at all school sites.

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

District's Response: The District is unable to make revisions to ADA because of the closure of the reporting window. The District will back out this ADA once we can reopen PADC. In addition the District will implement controls to ensure ADA is recorded correctly. District Administration will provide school principals and attendance staff with training to avoid future misstatements.

INGLEWOOD UNIFIED SCHOOL DISTRICT

State Award Findings and Questioned Costs For the Fiscal Year Ended June 30, 2022

Finding 2022-009: Classroom Teacher Salaries (61000)

This is a repeat of Finding 2021-008.

Criteria: California Education Code, section 41372 (b) states, in part:

There shall be expended during each fiscal year for payment of salaries of classroom teachers:
(3) By a unified school district, 55% of the district's current expense of education.

Condition: During our review of classroom teacher salaries, we noted that the District did not meet the required 55% minimum for expenditures of salaries for classroom teachers. The District reported its "current expense of education" totaling \$137,237,644, with \$53,534,247, or 39.01%, going toward its classroom teachers' salaries.

Context: Not applicable

Cause: The District operates multiple sites that have low and declining enrollment. This means that it still has all of the overhead cost for the sites but has fewer teachers. The District also contracts out special education programs. This means that it doesn't have classroom teachers teaching special education.

Effect: The District did not meet the required minimum percentage for classroom teacher salaries. The District expended \$21,946,457 less than the amount necessary to meet the minimum of 55%.

Recommendation: The District should continue working to ensure that it meets the minimum required percentage for the classroom teacher salaries in future years.

Views of Responsible Officials: The District has hired certificated staff during the beginning of the 22-23 school year. Many of our teachers are contracted out from outside agencies and therefore are not counted as salaries for teachers but instead are paid out as contractors. The district will ensure that the minimum of 55% for classroom teacher salaries is spent in the following years.

Finding 2022-0010: Instructional Time (30000)

Criteria: According to Education Code sections 46112-46117 & 46141-46147, school districts must ensure that they meet the minimum instructional day time requirements on a daily, as well as an annual basis. As a good practice, the Business Office should review bell schedules and school calendars prior to the beginning of the school year to ensure that each school is in compliance with the instructional time requirements.

Condition: Although the District offered the minimum instructional days and minutes, the District did not have anyone review bell schedules and school calendars to ensure that each school was in compliance.

Context: The District operates multiple school sites in grades TK-12.

Cause: The District experienced significant staff and management turnover in the Business Office, and this procedure was overlooked in 2021-22.

Effect: Although the District was in compliance with instructional time and instructional day requirements, failure to monitor the schools' bell schedules and calendars could easily result in noncompliance, which could have significant financial penalties.

INGLEWOOD UNIFIED SCHOOL DISTRICT

State Award Findings and Questioned Costs

For the Fiscal Year Ended June 30, 2022

Finding 2022-0010: Instructional Time (30000) (continued)

Recommendation: The District should ensure that an employee in the Business Office reviews bell schedules and calendars from each school site, including the charter schools. This employee should perform a calculation to ensure that the requirements are met. Furthermore, school administrators should be instructed not to make any changes to approved schedules without consent and approval from the Business Office.

Views of Responsible Officials: Due to staff turnover the monitoring of this area was overlooked and as a result the District had a consultant assist with gathering bell schedules and calendars from each school site for the 2021-2022 school year. The consultant conducted calculations of instructional time for each school to ensure compliance during the 2021-2022 school year. The District has established internal procedures to gather bell schedules and school calendars from each school site to ensure compliance with Ed Code. The Business Office has reviewed bell schedules and school calendars at the beginning of the 2022-23 school year. In addition, school Administration has been instructed to not make any changes to the approved schedules without consent of the Business Office.

Finding 2022-011: School Accountability Report Card (72000)

Criteria: In accordance with Education Code §33126, each school is to provide an accountability report card to include safety, cleanliness, and adequacy of school facilities, to include any needed maintenance to ensure good repair. The condition reported should be supported by the school's Facilities Inspection Tool (FIT), School Facilities Condition Evaluation as required by Ed Code §17002. In addition, according to Education Code §35256, the governing board must publish the School Accountability Report Card (SARC) for each school by February 1 of each year.

Condition: It was noted that the School Facility Repair Status on the SARC for Highland TK-6 Elementary School did not match the FIT form. The SARC indicated a "Fair" rating for Interior and Structural, while the FIT Form reported "Good" in those categories.

Context: The error was noted at only one of the eight schools selected.

Cause: The discrepancy was overlooked by District staff.

Effect: None

Recommendation: We recommend that an employee verify the information presented in the SARC. This information is essential to present the required information about the school fairly to the public.

Views of Responsible Officials: Our facilities/ maintenance department has assigned an employee to verify and reconcile the information presented in the SARC and in the FIT Form to ensure they match. Reconciliation of these reports will ensure we avoid presenting discrepancies in these reports.

INGLEWOOD UNIFIED SCHOOL DISTRICT

State Award Findings and Questioned Costs

For the Fiscal Year Ended June 30, 2022

Finding 2022-012: California Clean Energy Jobs Act (40000)

Criteria: Local Educational Agencies (LEAs) are required to submit a final project completion report to the California Clean Energy Commission 12-15 months after the energy expenditure plan is completely installed. An energy expenditure plan is considered complete when the LEA has completed all measures in the approved energy expenditure plan. A final project completion report is required for each approved energy expenditure plan.

Condition: The District completed a project December 31, 2017, but did not submit the final reports until January 29, 2020, which is nearly 25 months after project completion.

Context: Not applicable.

Cause: The District was behind schedule in preparing and submitting this report.

Effect: None

Recommendation: No recommendation, since no future final reports will be required.

Views of Responsible Officials: The District contracted with an outside organization to monitor, review, oversee the projects, and complete the final reports. Due to staffing changes in the organization, the final reports for this project were overlooked and not filed in a timely manner. In the future, the District will provide greater oversight of any consultants who oversee project completion and reporting for any State and local funded projects.

Finding 2022-013: Expanded Learning Opportunities Grant (40000)

Criteria: According to Education Code section 43522(d)(2), a local educational agency that has forfeited funding pursuant to clause (ii) or (iii) of subparagraph (B) of paragraph (2) of subdivision (c) of Section 43521 may expend up to 10 percent of funding received pursuant to subdivision (b) of Section 43521 in the 2020–21 school year to support school reopening for costs consistent with allowable uses under subdivision (f). Funds expended pursuant to this paragraph shall be considered “expenditures related to providing in-person services allowable pursuant to subdivision (b)” for purposes of paragraph (1).

Condition: The District forfeited the In-Person Instruction Grant and then expended more than the 10% allowed for school reopening. The District spent 10.42% of the ELO-G funds in the 2020-21 year.

Context: Not applicable.

Cause: The District failed to monitor the amount of ELO-G funds used for school reopening.

Effect: The District expended \$13,928 in excess of the amount allowed for school reopening and must return that amount from its principal apportionment.

Recommendation: No recommendation since this is a one-time requirement.

Views of Responsible Officials: The District will properly monitor the one-time funds and other grants to ensure that they are being used for allowable purposes. Restriction will be better monitored to avoid any excess amount being overspent. Principal apportionment spent in excess of allowed 10% allowed for school reopening will be returned.

INGLEWOOD UNIFIED SCHOOL DISTRICT

State Award Findings and Questioned Costs

For the Fiscal Year Ended June 30, 2022

Finding 2022-014: In Person Instruction (40000)

Criteria: According to Education Code section 43521(c), school districts must have offered in-person instruction at least by April 1, 2021 and no later than May 15, 2021. If an LEA did not offer in-person instruction, then they forfeit the grant funds and receive a finding to address the return of the grant.

Condition: The District did not offer in-person instruction by May 15, 2021.

Context: Not applicable.

Cause: The District decided not to offer in-person instruction in the 2020-21 school year due to ongoing health concerns caused by the COVID-19 pandemic.

Effect: The District will forfeit the In Person Instruction Grant of \$1,599,325.

Recommendation: No recommendation since this was a one-time grant.

Views of Responsible Officials: Due to on COVID tier in our region it was not safe for our students and staff to return to in person instruction. The District forfeited the In Person Instructional Grant since in-person instruction was not offered by May 15, 2021. The District considered local guidelines and California Department of Public Health. Los Angeles County was assigned to a tier based on test positivity and the community was required to maintain restrictions on activities during this public health emergency.

Finding 2022-015: Immunizations (40000)

Criteria: Title 17, California Code of Regulations section 6025 requires that that each kindergarten pupil have two doses of a varicella vaccine and two doses of a measles vaccine prior to admission or have a current medical exemption from varicella and measles immunization on file. It also requires that each pupil have two varicella vaccine doses and one Tdap dose prior to admission into 7th or 8th Grade or have a current medical exemption from varicella or Tdap on file.

Condition: One kindergarten student was found that had no varicella vaccine and only one dose of the measles vaccine. Three 7th grade students were found that did not have a Tdap dose.

Context: The kindergarten student exception was isolated to one student in a sample of 12 students tested at three school sites. The three 7th grade exceptions were found in a sample of 25 students tested at four school sites.

Cause: The District failed to monitor the immunization requirements at all schools.

Effect: The District claimed 3.23 ADA for these pupils, which must be disallowed. The dollar value of the disallowed ADA is \$38,736.

Recommendation: The District needs to assign appropriate staff familiar with the immunization requirements to ensure that every student in kindergarten and 7th grade meet all of the requirements prior to enrolling.

Views of Responsible Officials: The District will monitor the immunization requirements at all schools and provide school nurses with training on proper immunizations requirements before classes begin. Appropriate staff will be assigned to ensure immunization requirements are met and that every student in kindergarten and 7th grade meet all requirements prior to enrollment.

INGLEWOOD UNIFIED SCHOOL DISTRICT

State Award Findings and Questioned Costs

For the Fiscal Year Ended June 30, 2022

Finding 2022-016: Mode of Instruction (71000)

Criteria: Teachers in charter schools shall hold the Commission on Teacher Credentialing certificate, permit, or other document required for the teacher's certificated assignment. These documents shall be maintained on file at the charter school and are subject to periodic inspection by the chartering authority, according to Education Code Section 47605(l)(1).

Condition: Our sample of teachers selected for testing at the two charter schools included one teacher that did not possess a valid certification document.

Context: The deficiency was noted for one of the four teachers tested at City Honors International Preparatory Charter High School.

Cause: The School failed to verify teacher certifications.

Effect: The ADA generated by pupils for this teacher was 10 at P-2, having a dollar value of \$ 129,490.

Recommendation: We recommend that the Charter School create a process to ensure all teachers who teach students have the proper credential on file.

Views of Responsible Officials: Due to management turnover there was a teacher credential that was not found in our records to provide for a Charter School. The District will ensure to review the procedures in place related to onboarding and teacher credentials being kept up to date and on file. The Charter Schools will be required to create a process to ensure all teachers who teach students have the proper credentials on file.

Finding 2022-017: Independent Study Ratio (40000)

Criteria: Education Code section 51745.6 requires LEAs to calculate an independent study ratio to identify ineligible ADA, if any, generated through independent study by pupils 18 years of age or less. In addition, Title 5, California Code of Regulations, section 11704 requires charter schools to identify ineligible ADA.

Condition: District & Charters did not prepare an independent study ratio for the 2021-22 fiscal year to demonstrate that they did not generate ineligible ADA.

Context: Lack of oversight was noted at District and both charter schools.

Cause: High turnover has resulted in lack of oversight to ensure that the District and both Charter Schools did not report ineligible ADA on their P2 and Annual reporting.

INGLEWOOD UNIFIED SCHOOL DISTRICT

State Award Findings and Questioned Costs

For the Fiscal Year Ended June 30, 2022

Finding 2022-017: Independent Study Ratio (40000) (continued)

Effect: Could potentially result in a financial penalty due to claiming ADA which was ineligible to be reported on the Districts and Charter schools P2 and Annual. Due to the lack of documentation, auditor could not determine if ineligible ADA was reported by the District and both Charter Schools.

Recommendation: District need to assign an individual to prepare the independent study ratio every year to ensure that ineligible ADA is omitted from the Districts and Charter schools P2 and Annual reports.

Views of Responsible Officials: The District hired an independent contractor/ agency to provide teaching and monitoring services of independent students online. The District will have better oversight since teachers are direct employees of the district and we have more control over such records. We will also assign a staff member to prepare the independent study ratio every year to ensure that we are meeting the requirements set by ED Code.

INGLEWOOD UNIFIED SCHOOL DISTRICT

Summary Schedule of Prior Audit Findings

For the Fiscal Year Ended June 30, 2022

Original Finding No.	Finding	Code	Recommendation	Current Status
<p><i>Finding 2021-001: Capital Assets Reporting (This is a repeat of Finding 2020-002)</i></p>	<p>Education Code 35168 requires LEAs to maintain a historical inventory of all equipment whose current market value exceeds \$500. Federal regulations also require government agencies to maintain detailed inventory records for all equipment purchased with federal funds. Furthermore, the California School Accounting Manual (CSAM) describes policies and procedures that should be adopted and implemented by LEAs in order to maintain a detailed inventory of capital assets. Finally, Governmental Accounting Standards Board (GASB) Statement No.34 requires presentation of all capital assets at historical cost in addition to an annual allowance for depreciation in order for financial statements to be presented in accordance with accounting standards generally accepted in the United States of America.</p>	<p>20000, 30000</p>	<p>We recommend that the District hire an asset valuation company to perform a full inventory and valuation of capital assets. Additionally, we recommend that at the completion of the valuation the District design and implement controls to ensure that it has an accurate record of capital assets going forward and can properly calculate annual depreciation.</p>	<p>Not Implemented; See finding 2022-001</p>
	<p>During our review of the District’s capital assets, we noted the following deficiencies:</p>			
	<ul style="list-style-type: none"> The District does not maintain adequate source records to support that the District has ownership rights to buildings, land, and land improvements, or that the net balance of \$156,178,932 reported for these assets on Form ASSET reflects historical cost. We reviewed the District’s most recent capital assets valuation reports. The most recent valuation report was issued for the year ended June 30, 2015. The previous valuation report was issued for the year ended June 30, 2013. The valuation report for the year ended June 30, 2015, carried over the value of the buildings, land, and land improvements from the previous valuation report issued for the year ended June 30, 2013. We reviewed the engagement scope of the valuation report dated June 30, 2013, and noted that the appraisal firm did not inventory, or verify the existence or ownership of assets. The report indicated that the last inspection and inventory of the District’s assets was completed on June 30, 2009. 			

INGLEWOOD UNIFIED SCHOOL DISTRICT

Summary Schedule of Prior Audit Findings

For the Fiscal Year Ended June 30, 2022

Original Finding No.	Finding	Code	Recommendation	Current Status
<p><i>Finding 2021-002: Accounts Payable Reporting (This is a partial repeat of Finding 2020-003)</i></p>	<p>Based on the review of both asset valuation reports, it is evident that there was no review of the District’s land, land improvements, and buildings for impairment, existence or ownership since June 30, 2009, twelve years prior to the end of FY 2020-21.</p> <ul style="list-style-type: none"> The District’s increases and decreases to capital assets for the FY 2020-21 Form ASSET could not be substantiated. We reviewed the District’s general ledger and noted that the District recorded \$26,053,562 in capital expenditures. However, the Form ASSET reported no capital asset additions, and the District did not maintain schedules of construction projects in progress. Therefore, we are not able to determine whether the amounts reported for increases in capital assets reported on Form ASSET are accurate. Furthermore, the District did not maintain adequate records to calculate depreciation of fixed assets. <p>Generally accepted accounting principles (GAAP) require that the year-end accounts payable balance include all unpaid liabilities as of the date of the financial statements. Good internal controls and prudent business practices require the District to establish and implement policies and procedures to ensure that:</p> <ul style="list-style-type: none"> Payroll accounts are properly reconciled, and to monitor its employee benefit expenditures are monitored to ensure that benefits are provided for eligible individuals only; and Adequate documentation is maintained and accounts payable are processed accurately and properly reviewed by the District’s management. <p>As of June 30, 2022 on a District-wide level we identified a total of \$2,318,895 of accounts payable which was rolled</p>	<p>30000</p>	<p>We recommend that the District continue to research beginning balances and clear out those amounts which have been determined to no longer be owed to a vendor.</p>	<p>Not Implemented; See finding 2022-002</p>

INGLEWOOD UNIFIED SCHOOL DISTRICT

Summary Schedule of Prior Audit Findings

For the Fiscal Year Ended June 30, 2022

Original Finding No.	Finding	Code	Recommendation	Current Status
<p><i>Finding 2021-003: Associated Student Body Funds (This is a partial repeat of Finding 2020-004)</i></p>	<p>over. The District has made progress in clearing out beginning balances which have increased over the course of several years. In order to ensure that the financials are fairly stated the District has taken steps to ensure items being cleared out have been paid out and are not being cleared out without proper research.</p> <p>District business office staff are responsible for general oversight of student body activities. In this capacity, the business office staff should:</p> <ul style="list-style-type: none"> • Serve as a resource and answer questions from the site staff. • Develop and update the District’s ASB manual based on input from the site staff, student organizations and District auditors. The questions that are asked throughout the year and the findings noted by the auditors should also be taken into consideration when updating the manual. • Provide training at least annually on the District’s ASB manual or procedures. This includes providing new staff members and student council members with copies of the manual and training during the year. • Make periodic visits to sites to review the procedures in operation and answer questions. It is a good practice to visit each site at least once a year and more often if the site appears to have problems or continues to have audit findings year after year. • Obtain and review financial reports from the sites at least quarterly. • Review the reconciled bank statements for all ASB accounts at school sites regularly, preferably monthly. • Work with the sites’ staff to respond to problems noted by the auditors in the annual audit and develop corrective actions to resolve the problems. • Follow up on all issues regarding the administration of student organizations. 	30000	<p>We recommend that the District assign an employee in the Business Office to be responsible for the oversight of the ASB accounts. This position should review bank statements and reconciliations on a monthly basis. Additionally, income and loss statements and balance sheets should be prepared and reviewed on a quarterly basis, at a minimum.</p> <p>We further recommend that the school site bookkeeper maintain all records associated with the ASB for proper control of the ASB assets and to prevent misappropriation of assets. Furthermore, back-ups should be conducted at a minimum of once per month in order to limit the potential of lost data.</p> <p>Finally, we recommend the following:</p> <ul style="list-style-type: none"> • Those who record the transaction should be separate from those who authorize and execute the transaction. We therefore recommend that the bookkeepers be removed as authorized signers on the ASB bank accounts. Instead, they should be given “view only” authority. • Education Code Section 48933(b) requires all expenditures from ASB funds be authorized by a student representative, an advisor, and a district representative (usually a principal or vice-principal) prior to disbursing the funds. We recommend that the site adopt a procedure for compliance with the Education Code in obtaining the required approvals. • We recommend that the site document a physical receipt of the goods or services on the corresponding invoice, packing slip, or other documentation, such as writing “ok to pay” or “received” and initialing the document prior to issuing the check for payment. This ensures that payment is not being made for items received incorrectly or not received at all. 	<p>Not Implemented; See finding 2022-003</p>

INGLEWOOD UNIFIED SCHOOL DISTRICT

Summary Schedule of Prior Audit Findings

For the Fiscal Year Ended June 30, 2022

Original Finding No.	Finding	Code	Recommendation	Current Status
<p><i>Finding 2021-004: Accounts Receivable (This is a partial repeat of Finding 2020-005)</i></p>	<ul style="list-style-type: none"> • Develop accounting procedures for recording and controlling the student body organization’s financial transactions. • Periodically review procedures to make sure they conform to prescribed accounting procedures. <p>The ASB bookkeeper has the responsibility of maintaining and overseeing the entire ASB process which involves independently maintaining a complete set of financial records for the Associated Student Body, student body operations, and all student body accounts and to follow proper internal controls.</p> <p>During our review of the ASB oversight procedures at the District Office, we discovered that there was no review process of ASB accounting due to the elimination of a position several years ago. The District Office requests bank statements and financial statements from the ASBs on a monthly basis but does not always receive them. Due to this lack of oversight, the District is unable to determine if all ASB accounts have been properly reported. There is a risk that ASB accounts could be misstated and that this misstatement would go undetected by the District Office.</p> <p>Generally accepted accounting principles (GAAP) require that the year-end accounts receivable balance include all revenues owed as of the date of the financial statements. Good internal controls and prudent business practices require the District to verify that revenues are properly recorded and adequate documentation is maintained to support the balances reported in the financial statements.</p> <p>The District did make progress in reconciling accounts receivables and clearing out beginning balances. As of June 30, 2022 it was noted that on a District wide level there was still about \$923,787 in beginning balances which needed to be investigated and cleared out if deemed received.</p>	<p>30000</p>	<ul style="list-style-type: none"> • It is important for student organizations to have adequate internal controls over their fundraising events, properly evaluate the effectiveness of those events, and account for a fundraiser’s financial activity. Revenue potentials are used as a budgeting and planning tool. The form serves as a sales plan that includes expected sales levels, sale prices per unit, expected cost, and net income. We recommend that revenue potentials be prepared for all major fundraising activities. • We recommend that before any events are held, control procedures should be established that will allow for the reconciliation between money collected and fundraiser sales. • Timely and accurate bank reconciliations are prudent and necessary to ensure that the accounting records match the amounts held on deposit. We recommend the bookkeeper perform monthly bank reconciliations within two weeks of when the statement arrives. Furthermore, the Principal or ASB Advisor should review the bank reconciliation and initial and date the bank statement and reconciliation as evidence they were reviewed. Review of the bank reconciliations by someone other than the ASB Bookkeeper is an important internal control to detect errors and possible questionable or suspicious activity. <p>We recommend that the District continue to investigate beginning balances to ensure they are not owed funds and clear out those amounts which have been deemed to have been received.</p>	<p>Not Implemented; See Finding 2022-004</p>

INGLEWOOD UNIFIED SCHOOL DISTRICT

Summary Schedule of Prior Audit Findings

For the Fiscal Year Ended June 30, 2022

Original Finding No.	Finding	Code	Recommendation	Current Status
<p><i>Finding 2021-005: Contract Change Order</i></p>	<p>Public Contract Code Section 20118.4 mandates that any change of a contract be authorized by the governing board without the formality of securing bids, so long as the cost does not exceed ten percent of the original contract price.</p> <p>We noted a combination of contract revisions for a sound mitigation project approved by the governing board exceeded the ten percent threshold. This caused a change of \$923,700 from an original contract price of \$8,269,000, or a 11.2% increase.</p>	<p>30000</p>	<p>While it is too late to comply with regulations on this specific contract since it is now completed, we recommend that the District comply with Public Contract Code on all remaining and future contracts and secure bids for contract changes exceeding ten percent of the original contract price.</p>	<p>Not Implemented; See finding 2022-006</p>
<p><i>Finding 2021-006: Human Resource Controls</i></p>	<p>Per the District’s collective bargaining agreements, employees are subject to generating longevity increments when they are credited with certain number of consecutive service years. Currently, classified employees will be credited with a 4% salary increment after each of these thresholds: 8, 12, 15, and 20 years.</p> <p>During our sample of 20 employee payroll transactions, we noted the following deficiencies:</p> <ul style="list-style-type: none"> • Payroll lacks written procedures as to how longevity will be transferred over when an employee switches from certificated to classified or vice versa. • In addition, there were two employees who had achieved at a minimum 12 years of consecutive service at the District. It was noted that the District did a straight 8% salary increment instead of compounding the longevity. By compounding the longevity, the District would apply the first 4% achieved at 8 years of service and determine the new salary. The District would then take the new salary and apply the additional 4% achieved at 12 years of service. 	<p>30000</p>	<p>We recommend that the District develop written procedure manuals which clearly and thoroughly indicate how these situations should be handled. In addition, the manual should be clear enough that a new District employee can follow it to perform the task.</p>	<p>Implemented</p>

INGLEWOOD UNIFIED SCHOOL DISTRICT

Summary Schedule of Prior Audit Findings

For the Fiscal Year Ended June 30, 2022

Original Finding No.	Finding	Code	Recommendation	Current Status
<p><i>Finding 2021-007: Information Technology</i></p>	<ul style="list-style-type: none"> • Payroll lacks written procedures as to how longevity will be transferred over when an employee switches from certificated to classified or vice versa. • In addition, there were two employees who had achieved at a minimum 12 years of consecutive service at the District. It was noted that the District did a straight 8% salary increment instead of compounding the longevity. By compounding the longevity, the District would apply the first 4% achieved at 8 years of service and determine the new salary. The District would then take the new salary and apply the additional 4% achieved at 12 years of service. <p>The District should maintain proper policies and procedures which ensure the integrity and safe keeping of all information databases utilized by District.</p> <p>During inquiry of information technology procedures as well as walk through of controls, the following deficiencies were noted:</p> <ul style="list-style-type: none"> • There are no procedures to require staffing passwords to change at least annually to ensure the safe-keeping and integrity of information systems utilized by the District. • There are no procedures to change the security door passcode at least annually. • During our walk-through of controls, we identified seven instances in which former District employees' access to vital information systems was not removed in a timely manner from their final work day. These individuals' access was active for a range of 195 days to 794 days after their final workday. 	<p>30000</p>	<p>We recommend that the District develop written procedures and implement such procedures to ensure that there is proper communication from human resources and information technology of employees' final work day. The Information Technology (IT) Department needs to implement procedures to remove access and keep a tracking mechanism so that an internal audit can be conducted to ensure procedures are being followed.</p>	<p>Implemented</p>

INGLEWOOD UNIFIED SCHOOL DISTRICT

Summary Schedule of Prior Audit Findings

For the Fiscal Year Ended June 30, 2022

Original Finding No.	Finding	Code	Recommendation	Current Status
<p><i>Finding 2021-008: Classroom Teacher Salaries</i> <i>(This is a repeat of Finding 2020-009)</i></p>	<p>California Education Code, section 41372 (b) states, in part:</p> <p>There shall be expended during each fiscal year for payment of salaries of classroom teachers:</p> <p>(3) By a unified school district, 55% of the district's current expense of education.</p> <p>During our review of classroom teacher salaries, we noted that the District did not meet the required 55% minimum for expenditures of salaries for classroom teachers. The District reported its "current expense of education" totaling \$108,452,940, with \$43,257,436, or 39.89%, going toward its classroom teachers' salaries.</p>	61000	<p>The District should continue working to ensure that it meets the minimum required percentage for the classroom teacher salaries in future years.</p>	<p>Not Implemented; See Finding 2022-008</p>