

**LONG BEACH UNIFIED SCHOOL DISTRICT  
LOS ANGELES COUNTY**

**REPORT ON AUDIT OF FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
INCLUDING REPORTS ON COMPLIANCE**

**YEAR ENDED JUNE 30, 2022**



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## INDEPENDENT AUDITORS' REPORT

District Board of Education  
Long Beach Unified School District  
Long Beach, California

### Report on the Audit of the Financial Statements

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Long Beach Unified School District (the 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 as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

#### ***Emphasis of Matter***

As discussed in Note 1 to the financial statements, effective July 1, 2021, the District adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-to-use lease asset and corresponding lease liability for all leases with lease terms greater than twelve months. As a result of the implementation of this guidance, the District reported a restatement to beginning capital assets and lease liabilities for the change in accounting principle. Our auditors' opinions are not modified with respect to this matter.

#### ***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 12 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 change in the total postemployment healthcare benefits liability and related ratios, schedule of the District's proportionate share of the net pension liability, and schedule of the District's pension contributions, 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 GAAS, 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 average daily attendance (ADA), schedule of instructional time, reconciliation of the annual financial and budget report with the audited financial statements, and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of average daily attendance (ADA), schedule of instructional time, reconciliation of the annual financial and budget report with the audited financial statements, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The history and organization, schedule of financial trends and analysis, and schedule of charter schools have 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 them.

District Board of Education  
Long Beach Unified School District

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Glendora, California  
December 7, 2022

**LONG BEACH UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

This section of Long Beach Unified School District's (LBUSD) annual financial report presents a discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2022.

**ABOUT LONG BEACH UNIFIED SCHOOL DISTRICT**

Established in 1885 with fewer than a dozen students meeting in a borrowed tent, LBUSD now educates over 67,000 students in eighty-three (83) K-12 schools, one adult school, and two (2) charter schools in the cities of Long Beach, Signal Hill, Santa Catalina Island, plus a major portion of Lakewood, and unincorporated territory in Los Angeles County. As the third largest school district in California, LBUSD serves the most diverse large city in the United States, with dozens of languages spoken by local students. The District employs more than 10,000 full and part time employees, making it the largest employer in Long Beach. The Long Beach Unified School District has earned a reputation as one of America's finest school systems, winning many awards as a national model of excellence.

**Financial Highlights**

- Due to a change in accounting principle in 2014-15 fiscal year related to assigning proportional expense due to the STRS and PERS pension liability state-wide, the District's net position became negative. As the District continued to recognize the STRS and PERS pension liability, increases in the net position have reduced the negative position each year. The 2021-22 fiscal year is the first year since implementing the change in accounting principle that the district's net position has been positive.
- Overall revenues and other financing sources totaled \$1.362 billion or \$166.9 million more than expenditures.
- The District's total long term debt obligations decreased during the year by \$588 million. The decrease was attributable mostly to significant offset from net-pension liability of \$482 million followed by repayments on general obligation bonds outstanding. (See Note 7 on page 46).
- At the end of the current fiscal year, assigned and unassigned fund balances for the General Fund, including the reserve for economic uncertainties and the balance in the Special Reserve Fund for Other than Capital Outlay Projects was \$373 million or 35% of total General Fund expenditures. (See Note 5 on page 44).



**LONG BEACH UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

**Overview of the Financial Statements**

This financial report is presented in four parts: Management's Discussion and Analysis (this section), the basic financial statements, the required supplementary information and the supplementary information. The financial statements included herein present these different views of District finances:

- The Government-wide Statement of Net Position and Statement of Activities provide both long-term and short-term information about the District's overall financial statements. These statements are provided at summary level within the Management's Discussion and Analysis for further review.
- The subsequent statements are fund financial statements that focus on individual components of the District, reporting in more detail on District-wide operations.
- Proprietary funds statements offer short and long-term financial information about the activities that operate like a private enterprise, such as the Self-Insurance Fund.
- The fiduciary fund statement provides information about Associated Student Body Funds for which the District acts solely as a trustee.

The financial statements also include notes that provide explanations for more detailed information. The financial statements comparing the District's General Fund budgeted to actual amounts for the year (see page 15) are supplemented by a narrative on significant variances shown on page 78.

**District-Wide Statements**

Two District-wide statements report financial information using accounting methods similar to those used by private-sector companies. The statement of net position summarizes 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 the cash is received or expenses paid.

The following District-wide statements report on the District's net position and how they have changed during the 2021-22 fiscal year. Net position – the difference between the District's assets and liabilities – is one way to measure the District's financial health.

- Over time, increases or decreases in net position are an indicator of whether the District's financial position is improving or deteriorating.
- To assess the District's overall fiscal health, additional non-financial factors such as changes in the District's property tax base, capital assets, and the physical condition of school buildings and other facilities are taken into consideration.

**LONG BEACH UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

**Summary of Statement of Net Position**

	As of 6/30/2021	As of 6/30/2022
Non-Capital Assets	\$ 1,101,411,581	\$ 1,072,674,036
Capital Assets	<u>1,681,788,927</u>	<u>1,773,529,774</u>
Total Assets	<u>2,783,200,508</u>	<u>2,846,203,810</u>
Deferred charge on refunding	11,744,802	10,732,666
Deferred outflows of resources - OPEB	33,540,264	27,757,228
Deferred outflows of resources - pension contributions	<u>213,401,372</u>	<u>170,349,661</u>
Total Deferred Outflows of Resources	<u>258,686,438</u>	<u>208,839,555</u>
Current Liabilities	270,589,767	303,058,189
Long-term Liabilities	<u>2,878,730,213</u>	<u>2,294,480,854</u>
Total Liabilities	<u>3,149,319,980</u>	<u>2,597,539,043</u>
Deferred Inflows of Resources - OPEB	-	52,849,206
Deferred Inflows of Resources - pension costs	<u>56,179,947</u>	<u>401,359,573</u>
Total Deferred Inflows of Resources	<u>56,179,947</u>	<u>454,208,779</u>
Invested In Capital Assets, Net of Related Debt	491,944,278	523,722,190
Net Position Legally Restricted	257,721,210	265,583,470
Net Position Unrestricted	<u>(913,278,469)</u>	<u>(786,010,117)</u>
Total Net Position	<u>\$ (163,612,981)</u>	<u>\$ 3,295,543</u>

The District's combined net position increased from \$(163) million at the end of 2020-21 fiscal year to \$3.2 million at the end of the 2021-22 fiscal year. Prior years' negative positions were due to the 2014-15 change in accounting principle regarding the State STRS and PERS pension liability and the 2017-18 change in accounting principle regarding postemployment benefits.

**LONG BEACH UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

**Summary of Statement of Activities**

	<u>2020-21</u>	<u>2021-22</u>
Program Revenues:		
Charges for Services	\$ 3,684,101	\$ 1,234,727
Operating Grants and Contributions	366,952,345	375,049,572
Capital Grants and Contributions	33,250,569	5,539,261
General Revenues:		
Property Taxes	294,690,092	289,770,802
Federal and State Aid Unrestricted	559,352,826	596,405,656
Interest, Investment and Miscellaneous	<u>10,502,428</u>	<u>13,497,273</u>
Total Revenues	<u>1,268,432,361</u>	<u>1,281,497,291</u>
Instruction and Related Services	816,190,785	783,284,694
Pupil Services	96,103,772	105,767,630
General Administration	47,118,698	42,377,742
Ancillary, Community, and Enterprise Activities	13,408,147	21,747,949
Plant Services	115,634,937	108,018,589
Debt Service	44,450,413	52,651,462
Other Outgo	<u>661,692</u>	<u>740,701</u>
Total Expenses	<u>1,133,568,444</u>	<u>1,114,588,767</u>
Change in Net Position	134,863,917	166,908,524
Net Position, Beginning , Restated	<u>(298,476,898)</u>	<u>(163,612,981)</u>
Net Position, Ending	<u>\$ (163,612,981)</u>	<u>\$ 3,295,543</u>

Total revenues between the 2020-21 and 2021-22 fiscal years increased 1.03%.

Revenues increased \$13.1 million, while expenses decreased \$19.0 million. General Revenue increases were mainly due to continued federal and state assistance to schools related to the Pandemic. Decreased spending was directly related to the actuarial adjustments associated with pension costs.

**LONG BEACH UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

**Fund Financial Statements**

The fund financial statements provide more detailed information about the District's operations, focusing on its most significant or "major" funds and not the District as a whole. Funds are accounting entities used by the District to track specific sources of funding and their related programmatic spending.

- Most fund designations are defined in state law and regulations
- The District establishes other funds to control and manage resources committed to particular purposes or to show that resources are properly used for certain categories of revenues.

The District operates two types of funds:

- **Governmental funds** (see pages 21 and 23). Most of the District's basic instructional and support services are included in governmental funds, which generally focus on (1) how cash and other assets can readily be converted to cash flow and (2) the amount of funds remaining at year-end for subsequent year spending. Therefore, the governmental fund statements provide a detailed, short-term view to assist the reader in determining whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs and activities.
- **Proprietary funds** (see pages 26, 27 and 28). The District uses internal service funds to report proprietary activities that provide services to its other program activities. The District currently has one internal service fund – the Self-Insurance Fund.

**Financial Analysis of the District's Funds**

As the district completed the year, its governmental funds reported combined fund balances of \$825.8 million, compared to last year's combined ending balances of \$887.2 million. The Building Fund ending balance decreased by \$118.6 million between years because of work on multiple projects including continuing a major modernization to Jordan High School, Wilson High School, as well as air conditioning projects beginning at other campuses and numerous smaller renovations and modernizations to sites.

**LONG BEACH UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

**General Fund Budgetary Highlights**

Over the course of the year, the District revises its budget several times. Revenues for grants and entitlements from federal, state and local resources are budgeted as sources are identified throughout the year. Appropriations for expenditures are made throughout the year when new sources of revenue are identified.

Although adjustments to revenue and expense budgets are made throughout the year, actual revenues and expenditures differed from final budget amounts

- Grants are budgeted to include amounts that will carry over for spending in the next year. Accounting rules require only the amount spent during the year to be recognized as income.
- Actual expenses in general reflected lower amounts than the final budget amounts. The balances that were generated by restricted grants and entitlements will become carry-over funds for the next year.
- The expenditure category of books and supplies includes amounts that are being held in reserve in the revised final budget.

**Summary of General Fund Budgetary Highlights**

	Budgeted Amounts		Actual	Variance with Revised Final Budget - Positive
	Original	Revised Final	Amounts	(Negative)
<b>Revenues:</b>				
LCFF Sources	\$ 752,370,740	\$ 756,261,999	\$ 756,262,000	\$ 1
Federal Sources	174,617,147	146,571,213	143,868,049	(2,703,164)
Other State Sources	201,413,792	179,324,547	179,324,547	-
Other Local Sources	15,468,401	14,927,878	23,637,584	8,709,706
<b>Total Revenues</b>	<b>1,143,870,080</b>	<b>1,097,085,637</b>	<b>1,103,092,180</b>	<b>6,006,543</b>
<b>Expenditures:</b>				
Certificated Salaries	437,496,115	437,496,115	450,707,691	(13,211,576)
Classified Salaries	122,372,644	122,372,644	121,838,560	534,084
Employee Benefits	289,477,321	286,627,366	295,860,834	(9,233,468)
Books & Supplies	125,738,744	136,938,558	76,053,240	60,885,318
Services, Other Operating Expenses	157,502,612	157,443,822	119,011,649	38,432,173
Capital Outlay	1,329,677	1,329,677	3,031,605	(1,701,928)
Other Outgo	450,000	450,000	736,701	(286,701)
Direct Support/Indirect Costs:	(1,543,183)	(1,543,183)	(1,507,685)	(35,498)
<b>Total Expenditures</b>	<b>1,132,823,930</b>	<b>1,141,114,999</b>	<b>1,065,732,595</b>	<b>75,382,404</b>
<b>Net change in fund balance</b>	<b>\$ 11,046,150</b>	<b>\$ (44,029,362)</b>	<b>37,359,585</b>	<b>\$ 81,388,947</b>
<b>Fund balance - July 1, 2021</b>			<b>410,500,084</b>	
<b>Fund balance - June 30, 2022</b>			<b>\$ 447,859,669</b>	

**LONG BEACH UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

**Capital Assets and Long-Term Debt** (See pages 39 and 40)

**Capital Assets**

By the end of fiscal year 2021-22, the District had invested \$2.38 billion in a broad range of capital assets, including land, land improvements, buildings, work in progress, vehicles, machinery and equipment. This amount represents an increase of \$126 million, or 5.78% over last year. This increase represents work on many projects, including continuing work on Jordan High School, multiple air conditioning projects, and numerous smaller renovations and modernizations to sites.

**Long-Term Debt**

At year-end, the District had \$2.37 billion in long-term debt. General Obligation Bonds accounted for \$1.48 billion, including related premium and accreted interest. The District's bond rating was affirmed as AAA by Fitch in January 2022. The remaining \$890 million of long-term debt represents the value of accumulated employee vacation time, the net OPEB obligation, and the net pension obligation.

**Economic Factors That May Affect the Future**

The voters in California passed Proposition 55 in November 2016, extending the personal income tax increase originally generated from Proposition 30 for an additional 12 years. This increased funding source will not expire until the year 2030. While this does not necessarily provide additional funding over current levels, it helps to stabilize current levels of funding for future planning and programs for students.

Additional Federal and State one-time funds were made available in 2021-22 to school districts to continue funding social emotional supports, learning loss mitigation, and continued disinfection at all sites. Potential decreases in tax and other revenues to the state may dictate reductions in school funding in the near future. If this occurs, significant financial struggles will return to the district and difficult choices will need to be made.

Future Federal dollars are uncertain. Categorical programs, such as Title I, are being reduced based on decreased student eligibility and reduced per pupil funding. The district is continuing to experience declining enrollment; in 2020-21 the district experienced over a 3% decline and in 2021-22 it was 2.5%. While the State is helping to mitigate declining enrollment and related funding throughout the state, the district needs to be mindful of the budget implications for future years.

**Contacting the District's Financial Management**

This financial report is designed to provide the reader with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the Chief Financial and Business Officer, 1515 Hughes Way, Long Beach, California, 90810.

**LONG BEACH UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

**FUNDS AND DEFINITIONS OF ACCOUNTING TERMS**

The General Fund is always reported as a major fund. Other governmental and enterprise funds are to be reported as **major funds** based on the following criteria:

- Total assets, liabilities, revenues, or expenditures of the individual governmental or enterprise fund (excluding extraordinary items) are at least 10% of the corresponding total for all funds of the same category (i.e. governmental or enterprise funds), and,
- Total assets, liabilities, revenues or expenditures of the individual governmental or enterprise fund are at least 5% of the corresponding total for all governmental and enterprise funds combined.

Any other governmental or enterprise fund may be reported as a major fund if the governmental entity believes that it is particularly important to the readers of their financial statements.

**General Fund:** The fund used to finance the basic operations of a school district and to serve students in grades kindergarten through twelve. These resources are available for any legally authorized purpose of the District.

**Building Fund:** Established to hold funds generated for capital outlay projects. These resources may come from the sale of District facilities and property, from the sale of District bonds, from the sale of bonds by the state government or from the transfer of funds from the General Fund.

**Debt Service Fund:** This fund is used for the repayment of bonds issued for the school district. The board of supervisors of the county issues the bonds and the proceeds are deposited in the county treasury to the Building Fund of the District. The county auditor maintains control over the fund. Principal and interest on the bonds is paid by the county treasurer from taxes levied by the county auditor-controller. Expenditures in this fund are limited to bond interest, redemption and related costs.

## **FINANCIAL STATEMENTS**



**LONG BEACH UNIFIED SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2022**

	Governmental Activities
<b>ASSETS</b>	
Cash in County Treasury	\$ 937,143,497
Cash on Hand and in Banks	14,150,467
Cash in Revolving Fund	1,393,490
Accounts Receivable:	
Federal and State Governments	90,170,992
Local Governments	9,943,583
Miscellaneous	14,488,163
Stores Inventory	2,310,685
Prepaid Expenses and Other Assets	3,073,159
Land	113,922,550
Construction in Progress	386,217,267
Depreciable Assets, Net	1,273,389,957
Total Assets	2,846,203,810
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred Charge on Refunding	10,732,666
Deferred Outflows - Other Postemployment Benefits	27,757,228
Deferred Outflows - Pension	170,349,661
Total Deferred Outflows of Resources	208,839,555
<b>LIABILITIES</b>	
Accounts Payable and Other Current Liabilities	119,024,218
Accrued Interest Payable	20,924,438
Unearned Revenue	41,250,301
Estimated Liability for Open Claims and IBNR's	42,454,514
Current Portion of Long-Term Liabilities:	
General Obligation Bonds	54,620,000
Lease Payable	815,073
Compensated Absences	10,851,315
Total Other Postemployment Benefits (OPEB)	13,118,330
Noncurrent Portion of Long-Term Liabilities:	
General Obligation Bonds	1,422,352,628
Lease Payable	1,171,778
Compensated Absences	2,094,626
Total Other Postemployment Benefits (OPEB)	388,180,675
Net Pension Liability	480,681,147
Total Liabilities	2,597,539,043
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Inflows - Other Postemployment Benefits	52,849,206
Deferred Inflows - Pension	401,359,573
Total Deferred Inflows of Resources	454,208,779
<b>NET POSITION</b>	
Net Investment in Capital Assets	523,722,190
Restricted for:	
Debt Service	65,650,501
Educational Programs	92,941,219
Capital Projects	45,704,748
Nutrition Services	17,117,209
Self Insurance Program	44,169,793
Unrestricted	(786,010,117)
Total Net Position	\$ 3,295,543

See accompanying Notes to Financial Statements.

**LONG BEACH UNIFIED SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2022**

Functions	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
				Governmental Activities	
Governmental Activities:					
Instruction	\$ 656,221,228	\$ 127,365	\$ 227,912,393	\$ 5,539,261	\$ (422,642,209)
Instruction - Related Services	127,063,466	31,965	53,300,509	-	(73,730,992)
Pupil Services	105,767,630	929,419	68,144,889	-	(36,693,322)
Ancillary Services	11,289,459	400	8,562,570	-	(2,726,489)
Community Services	10,042,591	2,248	1,475,208	-	(8,565,135)
Enterprise Activities	415,899	-	-	-	(415,899)
General Administration	42,377,742	62,448	10,591,375	-	(31,723,919)
Plant Services	108,018,589	80,685	4,847,398	-	(103,090,506)
Other Outgo	740,701	197	215,230	-	(525,274)
Debt Service - Interest	52,651,462	-	-	-	(52,651,462)
Total District	\$ 1,114,588,767	\$ 1,234,727	\$ 375,049,572	\$ 5,539,261	(732,765,207)
General Revenues:					
Property Taxes Levied for:					
General Purposes					179,773,808
Debt Service					98,853,926
Other Specific Purposes					11,143,068
Federal and State Aid Not Restricted to Specific Purposes					596,405,656
Interest and Investment Earnings					3,172,355
Miscellaneous					10,324,918
Total General Revenues and Special Items					899,673,731
<b>CHANGE IN NET POSITION</b>					166,908,524
Net Position - Beginning of Year					(163,612,981)
<b>NET POSITION - END OF YEAR</b>					\$ 3,295,543

See accompanying Notes to Financial Statements.

**LONG BEACH UNIFIED SCHOOL DISTRICT  
BALANCE SHEET – GOVERNMENTAL FUNDS  
JUNE 30, 2022**

	<u>General Fund</u>	<u>Building Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash in County Treasury	\$ 508,737,220	\$ 204,656,319	\$ 138,324,580	\$ 851,718,119
Cash on Hand and in Banks	-	-	14,150,467	14,150,467
Cash in Revolving Fund	392,050	-	1,440	393,490
Accounts Receivable:				
Federal and State				
Governments	77,688,268	-	12,482,724	90,170,992
Local Governments	9,943,583	-	-	9,943,583
Miscellaneous	10,229,223	641,617	239,576	11,110,416
Due from Other Funds	2,666,255	-	-	2,666,255
Stores Inventory	831,822	-	1,478,863	2,310,685
Prepaid Expenditures and Other Assets	1,459,752	876,283	737,124	3,073,159
Total Assets	<u>\$ 611,948,173</u>	<u>\$ 206,174,219</u>	<u>\$ 167,414,774</u>	<u>\$ 985,537,166</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 72,835,752	\$ 40,418,354	\$ 2,591,294	\$ 115,845,400
Due to Other Funds	-	-	2,666,255	2,666,255
Unearned Revenue	40,849,430	-	400,871	41,250,301
Total Liabilities	<u>113,685,182</u>	<u>40,418,354</u>	<u>5,658,420</u>	<u>159,761,956</u>
<b>FUND BALANCES</b>				
Nonspendable	2,661,821	876,283	1,487,574	5,025,678
Restricted	80,581,761	164,879,582	160,268,780	405,730,123
Committed	42,100,000	-	-	42,100,000
Assigned	50,403,322	-	-	50,403,322
Unassigned	322,516,087	-	-	322,516,087
Total Fund Balances	<u>498,262,991</u>	<u>165,755,865</u>	<u>161,756,354</u>	<u>825,775,210</u>
Total Liabilities and Fund Balances	<u>\$ 611,948,173</u>	<u>\$ 206,174,219</u>	<u>\$ 167,414,774</u>	<u>\$ 985,537,166</u>

See accompanying Notes to Financial Statements.

**LONG BEACH UNIFIED SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
JUNE 30, 2022**

Total fund balances - governmental funds \$ 825,775,210

Amounts reported for governmental funds are different than the statement of net position because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$2,376,136,430 and the accumulated depreciation/amortization is \$602,606,656. The net value of capital assets is: 1,773,529,774

The accrued interest for general obligation bonds is: (20,924,438)

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds

General obligation bonds principal payable	\$ (1,354,374,702)	
Unmatured premium general obligation bonds	(69,934,562)	
Accreted interest on capital appreciation bonds	(52,663,364)	
Leases Payable	(1,986,851)	
Compensated absences payable	(12,945,941)	
Net other postemployment benefits obligation	(401,299,005)	
Net pension liability	(480,681,147)	(2,373,885,572)

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

Deferred outflows - pensions	170,349,661	
Deferred outflows - other post employment benefits	27,757,228	
Deferred inflows - pensions	(401,359,573)	
Deferred inflows - other post employment benefits	(52,849,206)	
Deferred charge on refunding to be amortized over the life of the refunded or refunding debt	10,732,666	(245,369,224)

An internal service fund is used by the District to manage its Self-Insurance Fund. The assets and liabilities of the Self-Insurance Fund are included under governmental activities in the statement of net assets. 44,169,793

Total Net Position - Governmental Activities \$ 3,295,543

**LONG BEACH UNIFIED SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES – GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2022**

	General Fund	Building Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Local Control Funding				
Formula Sources:				
State Apportionments	\$ 577,379,512	\$ -	\$ -	\$ 577,379,512
Local Sources	178,882,488	-	-	178,882,488
Total Local Control Funding				
Formula Sources	756,262,000	-	-	756,262,000
Federal Sources	143,868,049	-	72,608,169	216,476,218
Other State Sources	179,324,547	-	23,965,266	203,289,813
Other Local Sources	23,946,435	1,556,535	126,237,532	151,740,502
Total Revenues	1,103,401,031	1,556,535	222,810,967	1,327,768,533
<b>EXPENDITURES</b>				
Instruction	676,371,222	-	29,697,844	706,069,066
Instruction - Related Services	138,940,503	-	7,052,408	145,992,911
Pupil Services	80,823,393	-	36,091,370	116,914,763
Ancillary Services	3,966,672	-	7,598,955	11,565,627
Community Services	10,794,345	-	-	10,794,345
Enterprise Activities	509,689	-	-	509,689
General Administration	48,824,866	-	2,671,620	51,496,486
Plant Services	104,765,201	125,748,629	6,735,355	237,249,185
Other Outgo	736,704	4,000	-	740,704
Debt Service	-	-	107,844,969	107,844,969
Total Expenditures	1,065,732,595	125,752,629	197,692,521	1,389,177,745
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	37,668,436	(124,196,094)	25,118,446	(61,409,212)
<b>OTHER FINANCING SOURCES (USES)</b>				
Interfund Transfers In	-	5,539,261	-	5,539,261
Interfund Transfers Out	-	-	(5,539,261)	(5,539,261)
Total Other Financing Sources	-	5,539,261	(5,539,261)	-
<b>NET CHANGES IN FUND BALANCE</b>	37,668,436	(118,656,833)	19,579,185	(61,409,212)
Fund Balance - Beginning of Year	460,594,555	284,412,698	142,177,169	887,184,422
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 498,262,991</u>	<u>\$ 165,755,865</u>	<u>\$ 161,756,354</u>	<u>\$ 825,775,210</u>

See accompanying Notes to Financial Statements.

**LONG BEACH UNIFIED SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO  
THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2022**

Net change in fund balances - total governmental funds \$ (61,409,212)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$5,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	\$ 121,916,359	
Depreciation and amortization expense	(32,813,946)	
Excess of capital outlay over depreciation/amortization expense		89,102,413

Gain or loss from disposal of capital assets: In governmental funds, the entire proceeds from disposed assets are recorded as revenue. In the statement of activities, only the resulting gain or loss is reported. The difference between the proceeds from disposal of capital assets and the resulting loss was:

(13,537)

Governmental funds report the repayment of debt principal and interest when payments are due. In the statement of activities, debt principal is eliminated and reported as a reduction in debt in the statement of net position, and interest is recognized as it accrues, regardless of when it is due. The net effect of these differences in the treatment of debt and related items is as follows:

Repayment of bond principal	56,215,000	
Net increase in accreted interest	(7,467,863)	
Bond premium, current year amortization	5,477,885	
Decrease in deferred charge on refunding	(1,012,136)	
Decrease in accrued interest expense	1,176,100	
Net decrease in leases payable	665,119	
Change in debt		55,054,105

In the statement of activities, certain operating expenses - are measured by the amount of financial resources used compensated absences (vacations), - are measured by the amounts earned during the year. In the governmental funds however, expenditures for these items (essentially, the amounts actually paid). During this year, vacation payable decreased by:

618,202

**LONG BEACH UNIFIED SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO  
THE STATEMENT OF ACTIVITIES (CONTINUED)  
YEAR ENDED JUNE 30, 2022**

An internal service fund is used by the District to manage the Self-Insurance Fund. The net income is reported with governmental activities.	(1,752,782)
Certain items such as postemployment benefits other than pensions reported in the statement of activities do not result in, or require, the use of current financial resources and, therefore, are not reported as revenue or expenditures in governmental funds.	(8,699,280)
In governmental funds, pension costs are recognized when employer contributions are made, but in the statement of activities, pension costs are recognized on the accrual basis. The difference between accrual basis pension costs and actual employer contribution was:	<u>94,008,615</u>
Change in net position of governmental activities	<u><u>\$ 166,908,524</u></u>

See accompanying Notes to Financial Statements.

**LONG BEACH UNIFIED SCHOOL DISTRICT  
STATEMENT OF FUND NET POSITION – PROPRIETARY FUND  
JUNE 30, 2022**

	<u>Governmental Activities</u> <u>Internal Service Fund</u> <u>Self-Insurance Fund</u>
<b>ASSETS</b>	
Cash in County Treasury	\$ 85,425,378
Cash in Revolving Fund	1,000,000
Accounts Receivable:	
Miscellaneous	<u>3,377,747</u>
Total Assets	<u>89,803,125</u>
<b>LIABILITIES</b>	
Accounts Payable	3,178,818
Estimated Liability for Open Claims	
Incurred But Not Recorded	<u>42,454,514</u>
Total Liabilities	<u>45,633,332</u>
<b>NET POSITION</b>	
Restricted	<u>44,169,793</u>
Total Net Position	<u><u>\$ 44,169,793</u></u>

See accompanying Notes to Financial Statements.



**LONG BEACH UNIFIED SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN  
FUND NET POSITION – PROPRIETARY FUND  
YEAR ENDED JUNE 30, 2022**

	Governmental Activities
	Internal Service Fund
	Self-Insurance Fund
<b>OPERATING REVENUES</b>	
Self-Insurance Premiums	\$ 80,436,927
<b>OPERATING EXPENDITURES</b>	
Salaries	171,115
Benefits	91,752
Other Supplies	91,733
Payments for Supplies, Claims, Premiums, and Administrative Uses	82,225,043
Total Operating Expenditures	82,579,643
<b>NET OPERATING LOSS</b>	(2,142,716)
<b>NONOPERATING REVENUE</b>	
Interest Income	389,934
<b>CHANGE IN NET POSITION</b>	(1,752,782)
Net Position - Beginning of Year	45,922,575
<b>NET POSITION - END OF YEAR</b>	\$ 44,169,793

See accompanying Notes to Financial Statements.

**LONG BEACH UNIFIED SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS – PROPRIETARY FUND  
YEAR ENDED JUNE 30, 2022**

	Governmental Activities
	Internal Service Fund
	Self-Insurance Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash Received from Premiums and Other Revenues	\$ 77,332,663
Cash Paid for Operating Expenditures	(80,187,276)
Cash Payments to Employees for Service	(262,867)
Net Cash Used by Operating Activities	(3,117,480)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest Income	389,934
<b>NET DECREASE IN CASH</b>	(2,727,546)
Cash and Cash Equivalents - Beginning of Year	89,152,924
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 86,425,378
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES</b>	
Operating Loss	\$ (2,142,716)
Changes in Operating Assets and Liabilities:	
Accounts Receivable	(3,104,264)
Accounts Payable	567,876
Estimated Liability for Open Claims Incurred but Not Recorded	1,576,961
Due to Other Funds	(15,337)
Total Adjustments	(974,764)
Net Cash Used by Operating Activities	\$ (3,117,480)
<b>CASH BALANCES CONSISTED OF THE FOLLOWING</b>	
Cash in County Treasury	\$ 85,425,378
Cash in Revolving Fund	1,000,000
Total Cash	\$ 86,425,378

See accompanying Notes to Financial Statements.

**LONG BEACH UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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, updated to conform to the most current financial and reporting requirements promulgated by the California Department of Education. The accounting policies of the District conform to generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

The significant accounting policies applicable to the District are described below.

**Basis of Presentation**

The accompanying financial statements have been prepared in conformity with GAAP as prescribed by GASB. The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting and the fund financial statements are prepared using the current measurement focus and modified accrual basis of accounting. The financial statement presentation required by GASB provides a comprehensive, entity-wide perspective of the District's financial activities.

The District's basic financial statements consist of government-wide statements, including a statement of net position, a statement of activities, and fund financial statements.

**Government-Wide Financial Statements**

The statement of net position and the statement of activities displays information about the District as a whole. These statements include the financial activities of the primary government, including governmental activities of proprietary funds.

The statement of net position presents the financial condition of the governmental activities of the District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District. Depreciation has been allocated to specific functions while interest expense has not been allocated to specific functions.

**Fund Financial Statements**

During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are

**LONG BEACH UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fund Financial Statements (Continued)**

aggregated and presented in a single column. Proprietary funds are reported by type.

The fund financial statement expenditures are presented in a function-oriented format. The following is a brief description of the functions:

***Instruction:*** includes the activities directly dealing with the interaction between teachers and students.

***Instruction-Related Services:*** includes supervision of instruction, instructional library, media and technology, and school site administration.

***Pupil Services:*** includes home to school transportation, food services, and other pupil services.

***Ancillary Services:*** includes activities that are generally designed to provide students with experiences outside the regular school day.

***Community Services:*** includes activities that provide services to community participants other than students.

***Enterprise Activities:*** includes activities that are financed and operated in a manner similar to private business enterprises, where the stated intent is that the costs are financed or recovered primarily through user charges. This function is used with self-insurance funds and retiree benefit funds.

***General Administration:*** includes data processing services and all other general administration services.

***Plant Services:*** includes activities of maintaining the physical plant. This also includes facilities acquisition and construction expenditures.

***Other Outgo:*** includes transfers to other agencies.

***Debt Service:*** includes principal and interest payments for long-term debt.

The proprietary and fiduciary fund expenses are presented by natural classification.

**Fund Accounting**

To ensure compliance with the California Education Code, the financial resources of the District are divided into separate funds for which separate accounts are maintained for recording cash, other resources and all related liabilities, obligations, and equities.

**LONG BEACH UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fund Accounting (Continued)**

The statement of revenues, expenditures and changes in fund balance are statements of financial activities of the particular fund related to the current reporting period. Expenditures of the various funds frequently include amounts for land, buildings, equipment, retirement of indebtedness, transfers to other funds, etc. Consequently, these statements do not purport to present the result of operations or the net income or loss for the period as would a statement of income for a profit-type organization.

**Governmental Funds – Major**

**General Fund:** used to account for all financial resources except those required to be accounted for in another fund. The Special Reserve Fund for Other than Capital Outlay Projects does not meet the definition of a special revenue fund as it is not primarily composed of restricted or committed revenue sources. Balances in the Payroll Clearance Fund no longer meet the definition of fiduciary activities. Therefore, balances and activities of these funds are reported in the General Fund.

**Building Fund:** used to account for the proceeds of Measure A, Measure K, and Measure E General Obligation Bonds.

**Governmental Funds – Nonmajor**

**Special Revenue Funds:** used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects.

*Student Activity Fund:* used to account for raising and expending money to promote the general welfare, morale, and educational experiences of the student body. The District operates 36 organized Associated Student Bodies.

*Adult Education Fund:* used to account for resources restricted or committed to adult education programs maintained by the District.

*Child Development Fund:* used to account for resources restricted to child development programs.

*Cafeteria Fund:* used to account for revenues received and expenditures made to operate the District's food and nutrition service program.

**Capital Projects Funds:** used to account for the financial resources that are restricted, committed or assigned for the acquisition and/or construction of major governmental general capital assets.

*Capital Facilities Fund:* used to account for resources received from residential and commercial developer impact fees.

**LONG BEACH UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Governmental Funds – Nonmajor (Continued)**

*County School Facilities Fund:* used to account for the School Facility Program grants award for modernization and new construction of various school sites.

*Special Reserve Fund for Capital Outlay Projects:* used to account for specific board-approved capital expenditures.

**Debt Service Fund:** used to account for the financial resources that are restricted and the accumulation of resources for, the payment of general long-term debt principal, interest, and related costs.

*Bond Interest and Redemption Fund:* used to account for the payment of principal and interest on general obligation debt.

**Proprietary Fund**

**Self-Insurance Fund:** used to account for services rendered on a cost-reimbursement basis within the District. The Self-Insurance Fund consists of Health, Vision and Dental Insurance and Workers' Compensation Insurance Programs – used to account for resources restricted to the District's health, vision, dental and workers' compensation insurance programs. This fund is also used to account for retiree health care costs and reserves for future payments related to other postemployment benefits and to account for resources restricted to the District's self-insurance program for property loss or damage.

**Basis of Accounting**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied. Revenues in governmental fund financial statements are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of 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, with the exception of state apportionment, interest and reimbursement grants which are considered available as collectible within one year.

Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary funds use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation of expenses versus expenditures.

**Cash and Cash Equivalents**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash in the county treasury is recorded at cost, which approximates fair value.

**LONG BEACH UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Receivables**

Receivables are generally recorded when the amount is earned and can be estimated. All material receivables are considered fully collectible.

**Stores Inventory**

Stores inventories are presented at the lower of cost or market on an average basis and are expensed when used. Stores inventory consists primarily of expendable supplies held for consumption. At June 30, 2022, the inventory for supplies is \$831,822. The inventory for food is \$1,456,787. The inventory for sale by the associated student activity fund is \$22,076.

**Prepaid Expenses and Other Current Assets**

*Prepaid Expenses*

Payments made to vendors for goods or services that will benefit periods beyond June 30, 2022, are recorded as prepaid items. A current asset for the prepaid amount is recorded at the time of the purchase and an expense/expenditure is reported in the year in which goods or services are consumed.

*Other Current Assets*

Investments held in the associated student body fund are reported at fair value.

**Capital Assets**

Generally, capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities' column of the statement of net position but are not reported in the fund financial statements.

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The District maintains a capitalization threshold of \$5,000 for capital assets except right-of-use assets. The District does not own any infrastructure as defined by GASB. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets except for land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Right-of-use assets are amortized. Depreciation and amortization are computed using the straight-line method over the following useful lives:

Buildings and Improvements	50 Years
Land Improvements	20 Years
Furniture and Equipment	5 to 20 Years
Vehicles	6 Years
Right-of-Use Assets	Equal to the Term of the Lease

Depreciation and amortization expense reported on the government-wide statement of activities excludes direct depreciation expense recorded to functions where applicable.

**LONG BEACH UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Deferred Outflows/Inflows of Resources**

Deferred outflows of resources represent a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represent an acquisition of net position by the District that is applicable to a future reporting period and will not be recognized as revenue until then. These amounts are reported in the government-wide statement of net position.

***Deferred Charge on Refunding:*** A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

***Deferred Outflows/Inflows – Other Post-Employment Benefits (OPEB):*** The deferred outflows/inflows of resources related to OPEB benefits results from actuarially determined changes to the OPEB plan. The amounts will be deferred and amortized as detailed in Note 10 to the financial statements.

***Deferred Outflows/Inflows – Pensions:*** The deferred outflows/inflows of resources related to pensions resulted from District contributions to employee pension plans subsequent to the measurement date of the actuarial valuations for the pension plans and the effects of actuarially-determined changes to the pension plan. These amounts are deferred and amortized as detailed in Note 11 to the financial statements.

**Unearned Revenue**

Cash received for federal and state special projects and programs is recognized as revenue to the extent that qualified expenditures have been incurred. Unearned revenue is recorded to the extent cash received on specific projects and programs exceed qualified expenditures.

**Compensated Absences**

Accumulated unpaid employee vacation benefits are recognized as a liability when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Sick leave benefits are accumulated without limit for each employee. The employees do not gain a vested right to accumulated sick leave, therefore, accumulated employee sick leave benefits are not recognized as a liability of the District. The District's policy is to record sick leave as an operating expense in the period taken. However, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.



**LONG BEACH UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Long-Term Obligations**

The District reports long-term debt of governmental funds in the government-wide financial statements. Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate funds.

Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. General obligation bonds are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

**Leases**

The District is a lessee for noncancellable leases of equipment. The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the governmental activities statements.

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 the purchase option price that the District is reasonably certain to exercise.

**LONG BEACH UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Leases (Continued)**

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.

**Net Pension Liability**

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

Member contributions are recognized in the period in which they are earned. Investments are reported at fair value.

**Net Position**

Net position represents the difference between assets plus deferred outflows of resources less liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvements of those assets. Net position is reported as restricted when there are limitations imposed on use through external restrictions imposed by donors, grantors, laws or regulations of other governments or by enabling legislation adopted by the District. All other net position not in these categories is reported as unrestricted.

**LONG BEACH UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fund Balance Classification**

The governmental fund financial statements present fund balance classifications that comprise a hierarchy based on the extent to which the District is bound to honor constraints on the specific purposes for which amounts can be spent. The classifications used in the governmental fund financial statements are as follows:

***Nonspendable:*** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.

***Restricted:*** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

***Committed:*** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the District Board of Education. These amounts cannot be used for any other purpose unless the District Board of Education removes or changes the specified use by taking the same formal action (vote or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

***Assigned:*** This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. The District Board of Education, through a formal action has given authority to the Chief Business and Financial Officer or designee to assign amounts for a specific purpose that is neither restricted nor committed.

***Unassigned:*** This classification includes the residual fund balance for the General Fund and all other spendable amounts.

**Spending Order Policy**

The District considers restricted 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 considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the District Board of Education has provided otherwise in its commitment or assignment functions.

**LONG BEACH UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Minimum Fund Balance Policy**

The District has adopted a minimum fund balance policy in order to protect against revenue shortfalls and unexpected one-time expenditures. The policy requires a reserve for economic uncertainties consisting of unassigned amounts which represent the minimum recommended reserve consistent with the criteria and standards for fiscal solvency adopted by the State Board of Education. The minimum recommended reserve for a district this size is 2% of budgeted General Fund expenditures and other financing uses.

**State Apportionments**

Certain current year apportionments from the state are based upon various financial and statistical information of the previous year. Second period to annual corrections for local control funding formula and other state apportionments (either positive or negative) are accrued at the end of the fiscal year.

**Property Taxes**

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1. Unsecured property taxes are payable in one installment on or before August 31.

Real and personal property tax revenues are reported in the same manner in which the county auditor records and reports actual property tax receipts to the California Department of Education. This is generally on a cash basis. A receivable has not been recognized in the General Fund for property taxes due to the fact that any receivable is offset by a payable to the state for local control funding formula purposes. Property taxes for debt service purposes have been accrued in the Government-wide financial statements.

**On-Behalf Payments**

GAAP requires that direct on-behalf payments for fringe benefits and salaries made by one entity to a third-party recipient for the employees of another, legally separate entity be recognized as revenue and expenditures by the employer government. The state California makes direct on-behalf payments for retirement benefits to the State Teachers' Retirement System on behalf of all school districts in California. Contributions made during the fiscal year ended June 30, 2022 totaled \$45,857,150. The amount of on-behalf payments made for the District has been recorded in the fund financial statements.

**Classification of Revenues – Proprietary Fund**

Proprietary funds distinguish operating revenues from nonoperating revenues. Operating revenues include activities that have the characteristics of exchange transactions, such as food service sales, federal and most state and local grants and contracts, and self-insurance premiums. Nonoperating revenues include activities that have the characteristics of nonexchange transactions that are defined as nonoperating revenues by GASB.

**LONG BEACH UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Estimates**

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

**Adoption of New Accounting Standards – GASB Statement No. 87, Leases**

In June 2017, the GASB issued GASB Statement No. 87, *Leases*. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The district adopted the requirements of the guidance effective July 1, 2021 and has applied the provisions of this standard to the beginning of the period of adoption. The implementation of this standard resulted in the District reporting a right-to-use asset and a lease liability disclosed in Note 6 and Note 9, respectively.

**Reporting Entity**

The District is the level of government primarily accountable for activities related to public education. The governing authority consists of elected officials who, together, constitute the District Board of Education.

The District considered its financial and operational relationships with potential component units under the reporting entity definition of GASB. The basic, but not the only, criterion for including another organization in the District's reporting entity for financial reports is the ability of the District's elected officials to exercise oversight responsibility over such agencies. Oversight responsibility implies that one entity is dependent on another and a financial benefit or burden relationship is present and that the dependent unit should be reported as part of the other.

Oversight responsibility is derived from the District's power and includes but is not limited to financial interdependency; selection of governing authority; designation of management; ability to significantly influence operations; and accountability for fiscal matters.

Due to the nature and significance of their relationship with the District, including ongoing financial support of the District or its other component units, certain organizations warrant inclusion as part of the financial reporting entity. A legally separate, tax-exempt organization should be reported as a component unit of the District if all of the following criteria are met:

- The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the District, its component units, or its constituents.

**LONG BEACH UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Reporting Entity (Continued)**

- The District, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
- The economic resources received or held by an individual organization that the District, or its component units, is entitled to, or has the ability to otherwise access, are significant to the District.

Based upon the application of the criteria listed above, the following potential component units have been excluded from the District's reporting entity:

**Long Beach Education Foundation:** The Foundation is a separate nonprofit corporation established with the express purpose of promoting and assisting the educational program of the District in accordance with the mission, policies and priorities of the District. The Foundation Board of Directors is selected independent of any District Governing Board elections. The Foundation Board is responsible for approving its own budget and related accounting and finance activities. Separate financial statements for this entity can be obtained through the District.

**California State University Dominguez Hills Foundation:** The Foundation is a separate nonprofit corporation. The Foundation Board of Directors is elected independent of any District Governing Board appointments. The Foundation Board is responsible for approving its own budget and accounting and finance related activities. The Foundation supports some functions of the California Academy of Mathematics and Science (CAMS) – a high school under the jurisdiction of the District.

**Charter Schools:** Clear Passage Educational Center, and Intellectual Virtues Academy - These charter schools receive funding directly from other government agencies and have a separate governing board. Separate financial statements for these entities can be obtained through the District.

**NOTE 2 BUDGETS**

By state law, the District Board of Education must approve a budget no later than July 1, using the Single Adoption Budget process. A public hearing must be conducted to receive comments prior to adoption. The District Board of Education satisfied these requirements. Budgets for all governmental funds were adopted on a basis consistent with GAAP.

These budgets are revised by the District Board of Education during the year to give consideration to unanticipated income and expenditures. The original and final revised budget for the General Fund is presented in a budgetary comparison schedule in the required supplementary section.

Formal budgetary integration was employed as a management control device during the year for all budgeted funds. Expenditures cannot legally exceed appropriations by major object account.

**LONG BEACH UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 3 DEPOSITS AND INVESTMENTS**

**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 deposit policy for custodial risk. As of June 30, 2022, \$18,331,122 of the District's bank balance of \$19,378,737 was exposed to credit risk as follows:

District's Bank Balance

Uninsured and Collateral Held by Pledging Bank's Trust Department Not in the District's Name	\$ 17,621,598
Uninsured and Uncollateralized	709,524
Total	<u>\$ 18,331,122</u>

**Cash in County**

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Los Angeles County Treasury as part of the common investment pool. The District is considered an involuntary participant in the investment pool. These pooled funds are recorded at amortized cost which approximates fair value. Fair value of the pooled investments at June 30, 2022 is measured at 95.8608% of amortized cost. The District's deposits in the fund are considered to be highly liquid.

The county is authorized to deposit cash and invest excess funds by California Government Code Sections 53534, 53601, 53635, and 53648. The county is restricted to invest in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. The funds maintained by the county are either secured by federal depository insurance or are collateralized. The county investment pool is not required to be rated. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

The county investment pool is not registered as an investment company with the Securities and Exchange Commission (SEC) nor is it an SEC Rule 2a7-like pool. California Government Code statutes and the County Board of Supervisors set forth the various investment policies that the County Treasurer follow. The method used to determine the value of the participant's equity withdrawn is based on the book value, which is amortized cost, of the participant's percentage participation on the date of such withdrawals.

The pool sponsor's annual financial report may be obtained from the Los Angeles County Public Affairs Office, Kenneth Hahn Hall of Administration, 500 W. Temple St, Room 358, Los Angeles, CA 90012.

**Other Current Assets – Investments**

The District is authorized to invest funds by California Government Code Sections noted above and maintains investments in the associated student activity funds in a mutual fund with current maturities. The cost and fair value at June 30, 2022 is \$418,691 and \$729,853, respectively. The fair value is based on quoted prices for identical investments in active markets. The investment is uninsured and uncollateralized.

**LONG BEACH UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 4 INTERFUND TRANSACTIONS**

Interfund activity has been eliminated in the Government-wide statements. The following balances and transactions are reported in the fund financial statements.

**Interfund Receivables/Payables**

Individual interfund receivable and payable balances at June 30, 2022 are temporary loans and are detailed as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 2,666,255	\$ -
Nonmajor Governmental Funds:		
Child Development Fund	-	1,800,000
Cafeteria Fund	-	866,255
Total	<u>\$ 2,666,255</u>	<u>\$ 2,666,255</u>

**Interfund Transfers**

Interfund transfers consist of operating transfers from funds receiving revenue to funds through which the resources are to be expended. During the fiscal year 2021-22, the following transfers occurred between governmental funds and activities:

Transfer from the County Schools Facility Fund to the Building Fund to reimburse project expenditures with State Grant funds	<u>\$ 5,539,261</u>
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**LONG BEACH UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 5 FUND BALANCES**

The following amounts were nonspendable, restricted, assigned or unassigned as shown below:

	General Fund	Building Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Nonspendable:</b>				
Cash in Revolving Fund	\$ 392,050	\$ -	\$ 1,440	\$ 393,490
Stores Inventory	831,822	-	1,478,863	2,310,685
Prepaid Expenditures	1,437,949	876,283	7,271	2,321,503
<b>Total Nonspendable</b>	<b>2,661,821</b>	<b>876,283</b>	<b>1,487,574</b>	<b>5,025,678</b>
<b>Restricted:</b>				
Legally Restricted Programs	80,581,761	164,879,582	594,238	246,055,581
Student Body Activities	-	-	7,275,918	7,275,918
Capital Projects	-	-	45,704,748	45,704,748
Child Development Program	-	-	4,466,776	4,466,776
Cafeteria Program	-	-	15,652,161	15,652,161
Debt Service	-	-	86,574,939	86,574,939
<b>Total Restricted</b>	<b>80,581,761</b>	<b>164,879,582</b>	<b>160,268,780</b>	<b>405,730,123</b>
<b>Committed:</b>				
Textbook	9,000,000	-	-	9,000,000
Technology	4,200,000	-	-	4,200,000
Professional Development	2,100,000	-	-	2,100,000
Early Learning	2,000,000	-	-	2,000,000
School Improvements	2,300,000	-	-	2,300,000
Resources for Special Requests	1,800,000	-	-	1,800,000
Measure E - Nonreimbursable	7,700,000	-	-	7,700,000
CalSTRS and CalPERS				
Pension Reform	13,000,000	-	-	13,000,000
<b>Total Committed</b>	<b>42,100,000</b>	<b>-</b>	<b>-</b>	<b>42,100,000</b>
<b>Assigned:</b>				
Future Non - Capital Projects	50,403,322	-	-	50,403,322
<b>Total Assigned</b>	<b>50,403,322</b>	<b>-</b>	<b>-</b>	<b>50,403,322</b>
<b>Unassigned:</b>				
Economic Uncertainties	21,194,521	-	-	21,194,521
Unassigned	301,321,566	-	-	301,321,566
<b>Total Unassigned</b>	<b>322,516,087</b>	<b>-</b>	<b>-</b>	<b>322,516,087</b>
<b>Total Fund Balance</b>	<b>\$ 498,262,991</b>	<b>\$ 165,755,865</b>	<b>\$ 161,756,354</b>	<b>\$ 825,775,210</b>

**LONG BEACH UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 6 CAPITAL ASSETS AND DEPRECIATION – SCHEDULE OF CHANGES**

Capital asset activity for the year ended June 30, 2022 is shown below.

	Balance July 1, 2021 Restated (1)	Additions	Retirements	Balance June 30, 2022
Capital Assets Not Being Depreciated:				
Land	\$ 113,922,550	\$ -	\$ -	\$ 113,922,550
Construction in Progress	504,570,387	118,002,818	(236,355,938)	386,217,267
Total Capital Assets Not Being Depreciated	618,492,937	118,002,818	(236,355,938)	500,139,817
Capital Assets Being Depreciated:				
Land Improvements	60,946,729	9,803,649	(15,200)	70,735,178
Buildings and Improvements	1,493,384,278	228,270,160	(229,122)	1,721,425,316
Books and Media in Library	17,609,180	-	(1,622,526)	15,986,654
Stage & Auditorium	67,232	-	-	67,232
Vehicles	15,415,014	442,064	(88,495)	15,768,583
Right-to-Use Lease Equipment	4,061,165	139,402	(127,149)	4,073,418
Machinery and Equipment	47,103,581	1,614,204	(777,553)	47,940,232
Total Capital Assets Being Depreciated/Amortized	1,638,587,179	240,269,479	(2,860,045)	1,875,996,613
Less Accumulated Depreciation/Amortization for:				
Land Improvements	(27,100,713)	(2,302,489)	15,200	(29,388,002)
Buildings and Improvements	(471,836,560)	(27,699,350)	229,122	(499,306,788)
Books and Media in Library	(17,609,181)	-	1,622,526	(15,986,655)
Stage & Auditorium	-	(3,362)	-	(3,362)
Vehicles	(13,169,257)	(646,365)	88,495	(13,727,127)
Right-to-Use Lease Equipment	(1,409,195)	(908,476)	127,149	(2,190,522)
Machinery and Equipment	(41,514,313)	(1,253,903)	764,016	(42,004,200)
Total Accumulated Depreciation/Amortization	(572,639,219)	(32,813,945)	2,846,508	(602,606,656)
Depreciable Assets, Net	1,065,947,960	207,455,534	(13,537)	1,273,389,957
Governmental Activities Capital Assets, Net	<u>\$ 1,684,440,897</u>	<u>\$ 325,458,352</u>	<u>\$ (236,369,475)</u>	<u>\$ 1,773,529,774</u>

(1) The beginning balance was restated to reflect the right-of-use lease equipment for implementation of GASB 87, Leases.

Government Activities

Instruction	\$ 28,490,967
Instruction - Related Services	25,623
Pupil Services	45,798
General Administration	1,226,922
Plant Services	3,024,635
Net Governmental Activities Depreciation Expense	<u>\$ 32,813,945</u>

**LONG BEACH UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 7 LONG-TERM OBLIGATIONS – SCHEDULE OF CHANGES**

A schedule of changes in long-term obligations for the year ended June 30, 2022 is shown below.

	Balance July 1, 2021 Restated (1)	Additions	Reductions	Balance June 30, 2022	Amount Due in One Year
General Obligation Bonds	\$ 1,410,589,702	\$ -	\$ 56,215,000	\$ 1,354,374,702	\$ 54,620,000
Capital Appreciation Interest	45,195,501	7,467,863	-	52,663,364	-
Premium on General Obligation Bonds	75,412,447	-	5,477,885	69,934,562	-
Total General Obligation Bonds	1,531,197,650	7,467,863	61,692,885	1,476,972,628	54,620,000
Leases Payable	2,651,970	139,402	804,521	1,986,851	815,073
Compensated Absences	13,564,143	-	618,202	12,945,941	10,851,315
Total Other Postemployment Benefits	451,231,966	-	49,932,961	401,299,005	13,118,330
Net Pension Liability	962,921,099	-	482,239,952	480,681,147	-
Total	<u>\$ 2,961,566,828</u>	<u>\$ 7,607,265</u>	<u>\$ 595,288,521</u>	<u>\$ 2,373,885,572</u>	<u>\$ 79,404,718</u>

(1) The beginning balance was restated to reflect the lease liability for implementation of GASB 87, *Leases*.

Compensated absences and OPEB liabilities are liquidated by the General Fund. Pension liabilities are liquidated by the funds reporting salaries. General obligation bond liabilities are liquidated through property tax collections as administered by the County Office of Auditor–Controller through the Debt Service Fund.

**NOTE 8 GENERAL OBLIGATION BONDS**

**Measure A Series**

On March 30, 1999, the District voters approved the issuance of \$295,000,000 of general obligation bonds under the provisions of Title 1, Division 1, Part 10, Chapter 2 of the state California Education Code, commencing with 15100. The District has offered the following general obligation bonds for sale: Series A for \$25,000,000 (July 15, 1999), Series B for \$30,000,000 (July 1, 2000), Series C for \$60,000,000 (August 1, 2001), Series D for \$40,000,000 (May 1, 2002), Series E for \$60,000,000 (May 1, 2003), Series F of \$50,000,000 (June 1, 2004), and Series G \$14,345,000 of current interest bonds and \$15,650,606 of capital appreciation bonds (July 17, 2008). The bonds were issued to finance various capital improvements in particular to upgrade outdated heating, plumbing, ventilation and electrical systems, rehabilitate 50 year old classrooms, repair leaky roofs, upgrade classroom electrical systems for computers, and build new classrooms and schools to eliminate overcrowding and allow students to attend neighborhood schools.

**Refunding Bond Series**

On July 17, 2008, the District issued 2008 General Obligation Refunding Bonds, Series A of \$38,320,000 current interest bonds. The bonds were issued to refund certain outstanding general obligation bonds Series A through D of the District and to pay the costs of issuance associated with the Refunding Bonds.

**LONG BEACH UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 8 GENERAL OBLIGATION BONDS (CONTINUED)**

**Refunding Bond Series (Continued)**

On April 7, 2009, the District issued 2009 General Obligation Refunding Bonds, Series B of \$28,465,000 current interest bonds. The bonds were issued to refund certain outstanding general obligation bonds Series A through C of the District and to pay the costs of issuance associated with the Refunding Bonds.

On February 3, 2010, the District issued 2010 General Obligation Refunding Bonds, Series A of \$51,720,000 serial and term bonds. The bonds were issued to refund certain outstanding general obligation bonds Series A and C through F of the District and to pay the costs of issuance associated with the Refunding Bonds.

On April 19, 2011, the District issued 2011 General Obligation Refunding Bonds, Series D of \$11,330,000 current interest serial bonds. The bonds were issued to refund certain outstanding general obligation bonds Series E of the District and to pay the cost of issuance associated with the Refunding Bonds.

On March 27, 2012, the District issued 2012 General Obligation Refunding Bonds, Series E of \$81,780,000 serial bonds. The bonds were issued to refund all of the District's outstanding general obligation bonds, Series C through E, to advance refund a portion of Series F and pay the costs of issuance associated with the Refunding Bonds.

On April 14, 2016, the District issued 2016 General Obligation Refunding Bonds of \$139,370,000. The bonds were issued to advance refund certain outstanding general obligation bonds, Series G (Measure A) and Series A (Measure K) and certain outstanding general obligation refunding bonds 2008 refunding and Series B refunding and to pay the costs of issuance associated with the Refunding Bonds.

The difference between the reacquisition price and the net carrying amount on refunded debt is deferred and amortized as a component of interest expense over the life of the new debt. Payments to the refunding escrow agent exceeded the existing carrying value of the refunded debt by \$3,102,565 (2010 Refunding), \$1,729,692 (2012 Refunding) and \$13,362,567 (2016 Refunding). Amortization of \$1,012,136 was recognized during the 2021-22 year.

Proceeds associated with each refunding were deposited into an irrevocable escrow account for future repayment. At June 30, 2022 there were no outstanding balances due to be paid by the escrow agent in relation to the refunded bonds.

**Measure K Series**

On November 4, 2008, the voters approved the issuance of bonds, not to exceed \$1,200,000,000. Bonds issued under this measure will be used to finance the acquisition, construction, rehabilitation, and equipping of classrooms and school facilities within the District, and to pay the costs of issuing each series.

**LONG BEACH UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 8 GENERAL OBLIGATION BONDS (CONTINUED)**

**Measure K Series (Continued)**

On April 7, 2009, the District issued General Obligation Bonds, Election 2008, Series A of \$260,000,000 serial and term bonds. The bonds were issued for the purpose of refunding the District's outstanding 2008 Capital Project Notes in addition to financing anticipated capital projects of the District.

On April 19, 2011, the District issued General Obligation Bonds, Election 2008, Series B and B-1 of \$3,020,686 capital appreciation serial bonds and \$72,406,000 of Qualified School Construction Bonds. The Series B-1 bonds are being designated as "Qualified School Construction Bonds" for purposes of the American Recovery and Reinvestment Act of 2009. With respect to the Series B-1 bonds, the District expects to receive, on or about each bond payment date, a cash subsidy payment from the United States Treasury equal to the amount of interest determined at a federal tax credit rate under Section 54A(b)(3) of the tax code. The District will deposit the cash subsidy with the County to be credited to the Bond Interest and Redemption Fund for debt service payments.

On May 15, 2013, the District issued General Obligation Bonds, Election 2008, Series C of \$50,000,000 serial bonds.

On February 19, 2015, the District issued General Obligation Bonds, Election 2008, Series D of \$180,000,000 current interest serial bonds and Series D-1 of \$89,998,410 capital appreciation bonds.

On February 28, 2017, the District issued General Obligation Bonds, Election 2008, Series E of \$150,000,000 current interest serial and term bonds.

On September 5, 2019, the District issued General Obligation Bonds, Election 2008, Series F of \$150,000,000 current interest serial and term bonds.

**Measure E Series**

On November 8, 2016, the voters approved the issuance of bonds, not to exceed \$1,500,000,000. These bonds are being issued to finance the repair, upgrading, acquisition, construction and equipping of certain District sites and facilities and to pay the costs of issuing these bonds as authorized pursuant to Measure E.

On February 28, 2017, the District issued General Obligation Bonds, Election 2016, Series A of \$300,000,000 current interest serial and term bonds.

On September 5, 2019, the District issued General Obligation Bonds, Election 2016, Series B of \$300,000,000 current interest serial and term bonds.

**LONG BEACH UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 8 GENERAL OBLIGATION BONDS (CONTINUED)**

**Payments**

Interest due is payable semiannually on February 1 and August 1 of each year commencing, February 1, 2009 (Series G and 2008 Refunding Bond), August 1, 2009 (Refunding Bond, Series B and Measure K, Series A), August 1, 2010 (Refunding Bond, Series A), August 1, 2011 (Refunding Bond, Series D and Measure K, Series B), August 1, 2012 (Refunding Bond, Series E), August 1, 2013 (Measure K, Series C), August 1, 2015 (Measure K, Series D), August 1, 2016 (2016 Refunding), August 1, 2018 (Measure K, Series E), August 1, 2018 (Measure E, Series A), August 1, 2020 (Measure K, Series F), and August 1, 2020 (Measure E, Series B). The principal with respect to the bonds is payable upon maturity or upon redemption in whole or in part at the corporate trust office of the Paying Agent. The bonds are issuable as fully registered bonds in denominations of \$5,000 or any integral multiple thereof.

Capital appreciation bonds were issued as part of the Measure A, Series G issuance with maturity dates from August 1, 2023 through 2033; capital appreciation bonds were issued as part of the Measure K, Series B issuance with maturity dates from August 1, 2034 through 2035; and capital appreciation bonds were issued as part of the Measure K, Series D-1 issuance with maturity dates from August 1, 2026 through 2039. Prior to their applicable maturity dates, each capital appreciation bond will accrete interest on the principal component, with all interest accreting through the applicable maturity date and payable only upon maturity or prior payment of the principal component.

**LONG BEACH UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 8 GENERAL OBLIGATION BONDS (CONTINUED)**

**Payments (Continued)**

The outstanding general obligation bonded debt of the District at June 30, 2022 is:

<u>General Obligation Bonds</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate Percent</u>	<u>Amount of Original Issue</u>	<u>Outstanding June 30, 2022</u>
<b>Measure A:</b>					
Series G	7/17/2008	8/01/2033	3.50-5.44	\$ 29,995,606	\$ 15,650,606
Accreted Interest				-	32,424,394
Total Measure A				<u>29,995,606</u>	<u>48,075,000</u>
<b>Refunding Bonds:</b>					
2008 Refunding	7/17/2008	8/01/2022	2.57-4.28	38,320,000	660,000
Series B	4/07/2009	8/01/2029	3.00-5.25	28,465,000	1,100,000
Series C	2/03/2010	8/01/2029	2.50-5.125	51,720,000	22,475,000
Series D	4/19/2011	8/01/2024	3.00-5.25	11,330,000	4,705,000
Series E	3/27/2012	8/01/2033	1.00-5.00	81,780,000	79,675,000
2016 Refunding	4/14/2016	8/01/2033	3.00-5.00	139,370,000	97,980,000
Total Refunding				<u>350,985,000</u>	<u>206,595,000</u>
<b>Measure K:</b>					
Series A	4/07/2009	8/01/2033	3.50-5.00	260,000,000	5,320,000
Series B	4/19/2011	8/01/2035	7.26-7.33	3,020,686	3,020,686
Accreted Interest				-	42,489,314
Series B-1	4/19/2011	8/01/2025	5.314-5.914	72,406,000	65,800,000
Series C	5/15/2013	8/01/2037	1.00-4.00	50,000,000	34,010,000
Series D	2/19/2015	8/01/2043	3.00-4.00	180,000,000	159,330,000
Series D-1	2/19/2015	8/01/2039	3.33-4.31	89,998,410	89,998,410
Accreted Interest				-	111,711,590
Series E	2/28/2017	8/01/2047	4.00-5.00	150,000,000	142,765,000
Series F	9/05/2019	8/01/2047	2.75-5.00	150,000,000	142,120,000
Total Measure K				<u>955,425,096</u>	<u>796,565,000</u>
<b>Measure E:</b>					
Series A	2/28/2017	8/01/2047	4.00-5.00	300,000,000	216,100,000
Series B	9/05/2019	8/01/2052	3.00-5.00	300,000,000	273,665,000
Total Measure E				<u>600,000,000</u>	<u>489,765,000</u>
Total				<u>\$ 1,936,405,702</u>	<u>\$ 1,541,000,000</u>

Proceeds received in excess of debt are added to the maturity amount and amortized to interest expense over the life of the liability using the effective interest method. The Measure A, Series G and the Refunding Bonds, Refunding 2008; Series B; Series A; Series D; Series E; and Refunding 2016 included premiums of \$1,021,276; \$2,308,212; \$994,834; \$4,658,623; \$853,200; \$10,927,374; and \$25,466,795, respectively. The Measure K, Series A, Series B, Series C, Series D, Series E, and Series F bonds included premiums of \$15,098,514, \$5,279,810, \$1,159,724, \$11,079,853, \$6,781,933, and \$9,410,998, respectively. The Measure E, Series A and Series B bonds included premiums of \$19,211,780 and \$13,114,421, respectively. These amounts are amortized using the effective interest method. Amortization of \$5,477,885 was recognized during the 2021-22 year.

**LONG BEACH UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 8 GENERAL OBLIGATION BONDS (CONTINUED)**

**Payments – Measure A Series**

The annual requirements to amortize Measure A bonds payable, outstanding as of June 30, 2022 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Accreted Interest</u>
2023	\$ -	\$ -	\$ -
2024	948,303	-	1,046,697
2025	1,026,241	-	1,263,759
2026	1,096,881	-	1,498,119
2027	1,165,028	-	1,759,973
2028-2032	7,124,726	-	14,685,274
2033-2034	4,289,427	-	12,170,572
Total	<u>\$ 15,650,606</u>	<u>\$ -</u>	<u>\$ 32,424,394</u>

**Payments – Refunding Series**

The annual requirements to amortize Refunding bonds payable, outstanding as of June 30, 2022, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 13,555,000	\$ 9,366,681
2024	12,525,000	8,724,231
2025	13,515,000	8,076,169
2026	14,705,000	7,369,681
2027	18,285,000	6,547,788
2028-2032	106,640,000	17,588,909
2033-2034	27,370,000	815,450
Total	<u>\$ 206,595,000</u>	<u>\$ 58,488,909</u>

**Payments – Measure K Series**

The annual requirements to amortize Measure K bonds payable, outstanding as of June 30, 2022, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Accreted Interest</u>
2023	\$ 17,580,000	\$ 21,930,182	\$ -
2024	16,190,000	20,942,746	-
2025	17,115,000	19,959,677	-
2026	18,085,000	18,920,838	-
2027	7,926,640	18,324,769	2,273,361
2028-2032	38,054,060	90,343,228	19,580,949
2033-2037	64,089,967	127,918,654	73,140,035
2038-2042	158,583,429	73,423,362	59,206,559
2043-2047	251,750,000	31,704,869	-
2048	52,990,000	952,825	-
Total	<u>\$ 642,364,096</u>	<u>\$ 424,421,150</u>	<u>\$ 154,200,904</u>



**LONG BEACH UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 8 GENERAL OBLIGATION BONDS (CONTINUED)**

**Payments – Measure E Series**

The annual requirements to amortize Measure E bonds payable, outstanding as of June 30, 2022, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 23,485,000	\$ 17,489,775
2024	-	16,902,650
2025	-	16,902,650
2026	-	16,902,650
2027	-	16,902,650
2027-2031	14,420,000	83,031,550
2032-2036	36,465,000	77,162,125
2037-2041	74,560,000	65,460,200
2042-2046	123,500,000	46,604,375
2047-2051	175,345,000	20,217,875
2052-2053	41,990,000	629,850
Total	<u>\$ 489,765,000</u>	<u>\$ 378,206,350</u>

**NOTE 9 LEASES PAYABLE**

The District leases equipment for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through August 1, 2026.

Total future minimum lease payments under lease agreements are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 815,073	\$ 76,971
2024	621,669	39,086
2025	388,403	16,830
2026	144,835	3,637
2027	16,871	151
Total	<u>\$ 1,986,851</u>	<u>\$ 136,675</u>

**LONG BEACH UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 10 POSTEMPLOYMENT HEALTHCARE BENEFITS**

The District administers a single employer defined benefit health care plan (the Retiree Health Plan).

As of June 30, 2022, the District's total liability for postemployment healthcare benefits consisted of the following:

<u>OPEB Plan</u>	Total OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
Retiree Benefits Plan	<u>\$ 401,299,005</u>	<u>\$ 27,757,228</u>	<u>\$ 52,849,206</u>	<u>\$ 28,641,961</u>

The details of the plan are as follows:

**Plan Description and Eligibility**

The District pays for the health benefit coverage of eligible retirees, including employees who retire on disability, who have attained the age of 55 and have worked for the District for at least 15 or 17 years depending on their bargaining unit. Their benefits are paid until the retiree reaches the age of 65 or 67, respectively. However, in the case of disability retirees, there is no age requirement and coverage is until the person reaches age 67 or for up to 39 months, whichever comes earlier.

Benefit provisions are established through negotiations between the District and the bargaining unions representing employees.

Membership in the health benefit plan consisted of the following at July 1, 2022, the date of the latest actuarial valuation:

<u>Participant Type</u>	Number of Participants
Active - Fully Eligible to Receive Plan Benefits	1,236
Active - Not Fully Eligible	4,875
Inactive - Receiving Plan Benefits	813
Total	<u>6,924</u>

**Funding Policy**

The contribution requirements of Plan members and the District are established and may be amended by the District and District's bargaining units. The required contribution is based on projected pay-as-you-go financing requirements. As of June 30, 2022, the District has not established a trust or equivalent that contains an irrevocable transfer of assets dedicated to providing benefits to retirees in accordance with the terms of the Plan and that are legally protected from creditors.

**LONG BEACH UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 10 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)**

**Actuarial Methods and Assumptions**

*Actuarial assumptions.* The total OPEB liability was determined by applying update procedures to an actual valuation as of July 1, 2022 and rolling back to total OPEB liability at June 30, 2022. The following actuarial assumptions used in the July 1, 2022 valuation, applied to all periods included in the measurement, unless otherwise specified:

Valuation Data	July 1, 2022
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry Age, Level Percent of Pay
Discount Rate	4.09%
Salary Increases	2.50% per annum (for normal cost and amortization of UAL)
Healthcare Costs Trend Rate	7.00% the 2022/2023; declining to 3.94% in 2075 and beyond
Retiree's Share of Costs	Retirees pay the balance of the premium after District Contribution limited to the cost of "self-paid" health benefits

Mortality rates were based on the expectation that future experience under the plan will be materially consistent with the assumptions utilized in the CalSTRS and CalPERS valuations. CalSTRS mortality rates are from the 2020 experience study. The CalPERS mortality rates are from the 2021 experience study.

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

The deferred outflows and inflows are amortized on a straight-line basis over the average working lifetime of active and inactive participants. For the June 30, 2022 measurement date, this period was 8.79 years. Deferred outflows of resources and deferred inflows of resources at June 30, 2022 consist of the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 2,387,120	\$ 6,054,814
Changes in Assumptions	25,370,108	46,794,392
Total	\$ 27,757,228	\$ 52,849,206

**LONG BEACH UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 10 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)**

**Actuarial Methods and Assumptions (Continued)**

The remaining amount will be recognized to OPEB expense as follows:

<u>Year Ending June 30,</u>	Deferred (In)Outflows of Resources
2023	\$ (1,254,142)
2024	(1,254,142)
2025	(1,254,142)
2026	(1,741,112)
2027	(4,849,004)
Thereafter	(14,739,436)
Total	<u>\$ (25,091,978)</u>

***Discount Rate***

The discount rate used to measure the OPEB liability was 4.09% which was the rate as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions will be made at rates equal to the expected benefit payments. Because the OPEB plan is unfunded, the discount rate reflects the required use of a 20-year municipal bond yield. The S&P Municipal Bond 20 Year High Grade Rate Index was used for this purpose.

**Changes in the OPEB Liability**

	Total OPEB Liability
Balance - June 30, 2021	<u>\$ 451,231,966</u>
Service Cost	19,842,608
Interest Cost	10,053,225
Difference Between Expected and Actual Experience	(6,861,047)
Changes in Assumptions	(53,025,336)
Benefit Payments	(19,942,411)
Balance - June 30, 2022	<u>\$ 401,299,005</u>

The following presents the District's OPEB liability calculated using the discount rate of 4.09%, as well as what the OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower (3.09%) or one percentage-point higher (5.09%) than the current rate:

	Total OPEB Liability
<u>Discount Rate</u>	
1% decrease (3.09%)	<u>\$ 429,081,077</u>
Current discount rate (4.09%)	401,299,005
1% increase (5.09%)	374,749,199

**LONG BEACH UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 10 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)**

**Changes in the OPEB Liability (Continued)**

The following presents the District's OPEB liability calculated using the healthcare cost trend rate of 7.00%, as well as what the OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower (6.00%) or one percentage-point higher (8.00%) than the current rate:

<u>Healthcare Trend Rate</u>	<u>Total OPEB Liability</u>
1% decrease (6.00%)	\$ 364,138,766
Current healthcare trend rate (7.00%)	401,299,005
1% increase (8.00%)	443,880,017

**OPEB Expense**

For the year ended June 30, 2022, the District's actuarially determined OPEB expense is \$28,641,691.

**NOTE 11 EMPLOYEE RETIREMENT PLANS**

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the state of California. Academic employees are members of the California State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS).

As of June 30, 2022, the District's net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the retirement plans are as follows:

	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS (STRP)	\$324,472,040	\$138,966,217	\$327,476,612	\$ 13,173,033
CalPERS (Schools Pool Plan)	156,209,107	31,383,444	73,882,961	8,108,626
Total	<u>\$480,681,147</u>	<u>\$170,349,661</u>	<u>\$401,359,573</u>	<u>\$ 21,281,659</u>

The details of each plan are as follows:

**California State Teachers' Retirement System (CalSTRS)**

**Plan Description**

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

**LONG BEACH UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 11 EMPLOYEE RETIREMENT PLANS (CONTINUED)**

**California State Teachers' Retirement System (CalSTRS) (Continued)**

**Benefits Provided**

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age, and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0% of final compensation for each year of credited service. The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program, and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor of the STRP and obligor of the trust. In addition, the state is both an employer and nonemployer contributing entity to the STRP.

The District contributes to the STRP Defined Benefit Program and STRP Defined Benefit Supplement Program, thus disclosures are not included for the other plans.

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

<u>Provisions and Benefits</u>	<u>STRP Defined Benefit Program and Supplement Program</u>	
	<u>On or Before December 31, 2012</u>	<u>On or After January 1, 2013</u>
Hire Date	2% at 60	2% at 62
Benefit Formula	5 Years of Service	5 Years of Service
Benefit Vesting Schedule	Monthly for Life	Monthly for Life
Benefit Payments	60	62
Retirement Age	2.0% - 2.4%	2.0% - 2.4%
Monthly Benefits as a Percentage of Eligible Compensation	10.250%	10.205%
Required Employee Contribution Rate	16.920%	16.920%
Required Employer Contribution Rate	10.828%	10.828%
Required State Contribution Rate		

**Contributions**

Required member, District, and state California contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. The contribution rates for each plan for the year ended June 30, 2022 are presented above and the total District contributions were \$76,575,501.

**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:

**LONG BEACH UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 11 EMPLOYEE RETIREMENT PLANS (CONTINUED)**

**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)**

	Balance June 30, 2022
District Proportionate Share of the Net Pension Liability	\$ 324,472,040
State's Proportionate Share of the Net Pension Liability Associated with the District	163,265,145
Total	\$ 487,737,185

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. At June 30, 2021, the District's proportion was 0.7130% which is a decrease of 0.0300% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the District recognized pension expense of \$7,587,118. In addition, the District recognized revenue and corresponding expense of \$5,585,915 for contributions 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 of Resources	Deferred Inflows of Resources
Pension Contributions Subsequent to Measurement Date	\$ 76,575,501	\$ -
Differences Between Expected and Actual Experience	812,820	34,530,590
Changes of Assumptions	45,974,240	-
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	15,603,656	36,280,282
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	-	256,665,740
Total	\$ 138,966,217	\$ 327,476,612

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 year ended June 30, 2023. The net difference between projected and actual earnings on plan investments is amortized over a five year period on a straight-line basis. All other deferred outflows of resources and deferred inflows of resources are amortized over the expected average remaining service life (EARSL) of the plan participants. The EARSL for the STRP for the June 30, 2021 measurement date is seven years.

**LONG BEACH UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 11 EMPLOYEE RETIREMENT PLANS (CONTINUED)**

**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 remaining amount will be recognized to pension expense as follows:

Year Ending June 30,	Amortization
2023	\$ (54,481,790)
2024	(51,081,138)
2025	(67,984,189)
2026	(78,581,285)
2027	(6,746,987)
2028	(6,210,507)
Total	\$(265,085,896)

**Actuarial Methods and Assumptions**

Total pension liability for STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2020, and rolling forward the total pension liability to June 30, 2021. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. 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
Measurement Date	June 30, 2021
Experience Study	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry Age Normal
Discount Rate	7.10%
Investment Rate of Return	7.10%
Consumer Price Inflation	2.75%
Wage Growth	3.50%

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



**LONG BEACH UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 11 EMPLOYEE RETIREMENT PLANS (CONTINUED)**

**California State Teachers' Retirement System (CalSTRS) (Continued)**

Actuarial Methods and Assumptions (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS investment staff and investment consultants and adopted by the CalSTRS Board in January 2020. Best estimates of 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Public Equity	42 %	4.80 %
Real Estate	15	3.60
Private Equity	13	6.30
Fixed Income	12	1.30
Risk Mitigating Strategies	10	1.80
Inflation Sensitive	6	3.30
Cash/Liquidity	2	(0.40)

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 will be made at statutory contribution rates. 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 expense occur midyear. Based on these assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine 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%)	\$ 660,508,940
Current Discount Rate (7.10%)	324,472,040
1% Increase (8.10%)	45,567,830

**LONG BEACH UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 11 EMPLOYEE RETIREMENT PLANS (CONTINUED)**

**California State Teachers' Retirement System (CalSTRS) (Continued)**

Plan Fiduciary Net Position

Detailed information about the STRP's plan fiduciary net position is available in a separate annual comprehensive financial report on the CalSTRS website. Copies of the CalSTRS annual comprehensive financial report may be obtained from CalSTRS.

**California Public Employees Retirement System (CalPERS)**

Plan Description

Qualified employees are eligible to participate in the Schools Pool Plan under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Law.

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 nonduty disability benefits after 5 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:

<u>Provisions and Benefits</u>	<u>Schools Pool Plan (CalPERS)</u>	
	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
Monthly Benefits as a Percentage of Eligible Compensation	1.1% - 2.5%	1.0% - 2.5%
Required Employee Contribution Rate	7.00%	7.00%
Required Employer Contribution Rate	22.91%	22.91%

**LONG BEACH UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 11 EMPLOYEE RETIREMENT PLANS (CONTINUED)**

**California Public Employees Retirement System (CalPERS) (Continued)**

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are determined through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2022 are as presented above and the total District contributions were \$26,720,202.

Pension Liabilities, Pension Expense, 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 \$156,209,107. 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. At June 30, 2021, the District's proportion was 0.7682% which is a decrease of 0.0234% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the District recognized pension expense of \$8,108,626. 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 of Resources	Deferred Inflows of Resources
Pension Contributions Subsequent to Measurement Date	\$ 26,720,202	\$ -
Differences Between Expected and Actual Experience	4,663,242	368,249
Changes of Assumptions	-	-
Changes in Proportion	-	13,566,306
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	-	59,948,406
Total	<u>\$ 31,383,444</u>	<u>\$ 73,882,961</u>

**LONG BEACH UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 11 EMPLOYEE RETIREMENT PLANS (CONTINUED)**

**California Public Employees Retirement System (CalPERS) (Continued)**

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

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 year ended June 30, 2023. The net difference between projected and actual earnings on plan investments is amortized over a five year period on a straight-line basis. All other deferred outflows of resources and deferred inflows of resources are amortized over the expected average remaining service life (EARSL) of the plan participants. The EARSL for the CalPERS Schools Pool Plan for the June 30, 2021 measurement date is four years.

The remaining amount will be recognized in pension expense as follows:

Year Ending June 30,	Amortization
2023	\$ (17,974,423)
2024	(18,108,501)
2025	(16,463,978)
2026	(16,672,817)
Total	\$ (69,219,719)

Actuarial Methods and Assumptions

Total pension liability for the Schools Pool Plan 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. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. 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
Measurement Date	June 30, 2021
Experience Study	July 1, 1997 through June 30, 2015
Actuarial Cost Method	Entry Age Normal
Discount Rate	7.15%
Investment Rate of Return	7.15%
Consumer Price Inflation	2.50%
Wage Growth	Varies by Entry Age and Service

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS experience study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those rates include 15 years of projected ongoing mortality improvements using 90% of scale MP 2016 published by the Society of Actuaries.

**LONG BEACH UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 11 EMPLOYEE RETIREMENT PLANS (CONTINUED)**

**California Public Employees Retirement System (CalPERS) (Continued)**

Actuarial Methods and Assumptions (Continued)

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 of all the funds' asset classes, expected compound 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 single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global Equity	50 %	5.98 %
Fixed Income	28	2.62
Real Assets	13	4.93
Private Equity	8	7.23
Liquidity	1	(0.92)

Discount Rate

The discount rate used to measure the total pension liability was 7.15% and reflects the long-term expected rate of return for the Schools Pool Plan net of investment expenses and without reduction for administrative expenses. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the Schools Pool Plan fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine total pension liability.

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

Discount Rate	Net Pension Liability
1% Decrease (6.15%)	\$ 263,390,488
Current Discount Rate (7.15%)	156,209,107
1% Increase (8.15%)	67,225,562

**LONG BEACH UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 11 EMPLOYEE RETIREMENT PLANS (CONTINUED)**

**California Public Employees Retirement System (CalPERS) (Continued)**

**Plan Fiduciary Net Position**

Detailed information about CalPERS Schools Pool Plan fiduciary net position is available in a separate annual comprehensive financial report available on the CalPERS website. Copies of the CalPERS annual comprehensive financial report may be obtained from CalPERS.

**NOTE 12 ALTERNATE PENSION PLANS**

**Alternate Retirement System for Part-Time, Seasonal and Temporary Employees (ARS)/(PARS)**

**Plan Description and Contribution Information**

The Alternate Retirement System for Part-Time, Seasonal and Temporary Employees (ARS/PARS) is a defined contribution plan qualifying under §401(a) and §501 of the Internal Revenue Code. The plan covers part-time, seasonal and temporary employees and employees not covered by §3121(b)(7)(F) of the Internal Revenue Code. The benefit provisions and contribution requirements of plan members and the District are established and may be amended by the ARS Plan Administrator. Eligible employees hired prior to January 1, 2002, contribute 3.75% of their covered compensation to this plan and effective November 1, 2006 the District contributes 3.75%. Eligible employees hired after January 1, 2002, contribute 7.5% of their covered compensation to this plan.

Retirees and Beneficiaries Receiving Benefits	3,462
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	27,438
Active Plan Members	2,738
Number of Participating Employers	1
Contributions by Employee for the Year	\$1,240,747
Contributions by Employer for the Year	\$53,256

**Long Beach Schools Business Management Authority Retirement Plan**

**Plan Description and Contribution Information**

In 1998, the Long Beach Unified School District approved the development of an alternate retirement system for management employees of the District. The Long Beach Schools Business Management Authority Retirement Plan (LBSBMA) is a defined benefit pension plan established as an alternative to PERS (Public Employees Retirement System). As of July 1, 2004, the plan is no longer accepting new members. The District has negotiated to have participating members reinstated in PERS. LBSBMA covered pension benefits for employees that elected to participate in the plan. Employees who qualified for the plan were classified management and supervisors. The plan was established under IRS Code 401(a).

**LONG BEACH UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 12 ALTERNATE PENSION PLANS (CONTINUED)**

**Long Beach Schools Business Management Authority Retirement Plan (Continued)**

Retirees and Beneficiaries Receiving Benefits	66
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	51
Active Plan Members	-
Number of Participating Employers	1
Contributions by Employee for the Year	\$ -
Contributions by Employer for the Year	\$ 280,000

The financial information for the plans is provided below as there are no separate GAAP financial statements available for them.

	<u>ARS</u>	<u>PARS</u>	<u>LBSBMA</u>
<b>Assets:</b>			
Cash and Cash Equivalents	\$ -	\$ -	\$ 117,865
Investments, at Fair Value:			
U.S. Government Obligations	15,749,713	13,722,650	-
<b>Total Assets</b>	<u>\$ 15,749,713</u>	<u>\$ 13,722,650</u>	<u>\$ 117,865</u>
<b>Additions:</b>			
Employer	\$ -	\$ 1,240,747	\$ 280,000
Plan Members	-	53,257	-
<b>Total Contributions</b>	-	1,294,004	280,000
<b>Investment Earnings:</b>			
Interest and Dividends	250,203	207,230	257
<b>Net Investment Earnings</b>	<u>250,203</u>	<u>207,230</u>	<u>257</u>
<b>Total Additions</b>	250,203	1,501,234	280,257
<b>Deductions:</b>			
Benefits	2,043,266	1,958,880	274,772
Administrative Expenses	123,834	103,254	1,034
<b>Total Deductions</b>	<u>2,167,100</u>	<u>2,062,134</u>	<u>275,806</u>
Change in Net Position	(1,916,897)	(560,900)	4,451
Net Position - Beginning of Year	<u>17,666,610</u> *	<u>14,283,550</u>	<u>113,414</u>
Net Position - End of Year	<u>\$ 15,749,713</u>	<u>\$ 13,722,650</u>	<u>\$ 117,865</u>

\* PARS statements now show "unapplied earnings". This is the difference between the monthly statements and the annual statement.

**LONG BEACH UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 13 SELF-INSURANCE FUND**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Through the year, the District has maintained the following self-insurance programs and accounts for them in Internal Service Funds. The District is self-insured for property and liability, health, vision, dental and workers' compensation. These funds account for and finance the uninsured portion of losses. The Deductible Insurance Fund provides general liability coverage primarily for particular property damage and bodily injury claims. The District participates in a Joint Powers Authority for claims in excess of the amount provided by the Deductible Insurance Fund and for certain other risks. Settled claims have not exceeded this commercial coverage in any of the past three years. In addition, through the Deductible Insurance Fund, the District is completely self-insured for certain other types of claims, principally related to property losses due to vandalism and natural disasters.

Through its Health, Vision and Dental Insurance Fund, the District is partially self-insured for health, vision and dental plan claims. The District maintains an excess insurance policy for health program claims.

The District is self-insured for claims related to workers' compensation. The District carries excess insurance for claims over their retention.

Payments from the applicable government fund type are made to the self-insurance fund in amounts needed to pay the estimated claims as well as fund future obligations.

Liabilities for loss and loss adjustment expenses for each Internal Service Fund are based on the ultimate cost of settling the claims which include the accumulation of estimates for losses reported prior to the balance sheet date and an estimate of losses incurred but not reported. Such liabilities, which are discounted at 1.3%, are estimates of future expected settlement and are based upon analysis of historical patterns of the number of incurred claims and their values. Individual reserves are continuously monitored and reviewed, and as settlements are made, or reserves adjusted, differences are reflected in current operations.

At June 30, 2022, the District accrued the claims liability in accordance with GAAP which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The liability is estimated at \$42,454,514. The Self Insurance Funds currently have a combined positive fund balance of \$44,169,793. This is largely due to workers' compensation balances. Changes in the reported liability are shown below:



**LONG BEACH UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 13 SELF-INSURANCE FUND (CONTINUED)**

	Worker's Compensation	Deductible Insurance	Health, Vision, and Dental	Total
Liability - June 30, 2020	\$ 29,553,670	\$ 4,438,521	\$ 10,579,892	\$ 44,572,083
Claims Incurred and Changes in Estimates	3,912,680	3,721,255	60,693,040	68,326,975
Claims Payments	8,094,843	4,250,089	59,676,573	72,021,505
Liability - June 30, 2021	<u>25,371,507</u>	<u>3,909,687</u>	<u>11,596,359</u>	<u>\$ 40,877,553</u>
Claims Incurred and Changes in Estimates	13,094,518	451,899	48,395,029	61,941,446
Claims Payments	9,912,058	367,134	50,085,293	60,364,485
Liability - June 30, 2022	<u>\$ 28,553,967</u>	<u>\$ 3,994,452</u>	<u>\$ 9,906,095</u>	<u>\$ 42,454,514</u>

**NOTE 14 JOINT POWERS AGREEMENTS**

The District participates in two joint powers agreement (JPA) entities, the Alliance of Schools for Collective Insurance Programs (ASCIP) and the Schools Excess Liability Fund (SELF). The relationship between the District and the JPAs is such that neither of the JPAs are a component unit of the District for financial reporting purposes, as explained below.

ASCIP arranges for and provides property and liability insurance for its member districts. Long Beach Unified School District pays a premium commensurate with the level of coverage requested.

SELF arranges for and provides a self-funded or additional insurance for excess liability funding for approximately 1,250 public educational agencies. SELF is governed by a board comprised of 17 elected voting members, elected alternates and two ex-officio members. The board controls the operations of SELF, including selection of management and approval of operating budgets, independent of any influence by the members beyond their representation on the board. Each member pays an annual premium based upon the amounts calculated by SELF's board of directors and shares surpluses and deficits proportionate to its participation in SELF.

Each JPA is independently accountable for its fiscal matters. Budgets are not subject to any approval other than that of the respective governing boards. Separate financial statements for each JPA may be obtained from the respective entity.

**LONG BEACH UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 14 JOINT POWERS AGREEMENTS (CONTINUED)**

Condensed financial information for the most recent available is as follows:

	ASCIP June 30, 2021 (Audited) <u>(in Thousands)</u>	SELF June 30, 2021 (Audited) <u>(in Thousands)</u>
<u>JPA Condensed Financial Information</u>		
Total Assets and Deferred Outflows of Resources	\$ 530,515	\$ 193,884
Total Liabilities and Deferred Inflows of Resources	<u>303,795</u>	<u>153,715</u>
Fund Balance	<u>\$ 226,720</u>	<u>\$ 40,169</u>
Total Revenues	\$ 178,194	\$ 44,574
Total Expenditures	<u>175,839</u>	<u>38,081</u>
Total Net Change	<u>\$ 2,355</u>	<u>\$ 6,493</u>

**NOTE 15 COMMITMENTS AND CONTINGENCIES**

**Litigation**

The District is involved in claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the District's financial statements.

The District has filed a Federal Complaint seeking recover of investigation and clean-up costs associated with contaminated soil at one of the District school sites. A counterclaim has been filed as a result against the District which could result in the repayment of past costs which have not yet been estimated. Insurance may provide coverage against the counterclaims. As the outcome and cost to the District are uncertain, a liability has not been recorded in these financial statements.

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

The District has received state and federal funds for specific purposes, including reimbursement of mandated costs, which 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.

**County School Facilities Funds**

The District is currently involved in several construction and modernization projects funded through the Office of Public School Construction. These projects are subject to future audits by the State, which may result in other adjustments to the fund.

**Purchase Commitments**

As of June 30, 2022, the District was committed under various capital expenditure purchase agreements for construction and modernization projects totaling approximately \$132.5 million. Projects will be funded through Bond Proceeds, State School Facilities Grants, and General Funds.

**LONG BEACH UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 15 COMMITMENTS AND CONTINGENCIES (CONTINUED)**

**COVID-19**

The Coronavirus Disease 2019 (COVID-19) has recently affected global markets, supply chains, employees of companies and our communities. Potential impacts to the District associated with the COVID-19 pandemic include, but are not limited to, challenges to delivery of public education, increasing costs, disruption to cash flow associated with state apportionment deferrals and lost revenue for fee generating programs.

In response to the COVID-19 pandemic, the District implemented distance learning for all students during fiscal year 19/20 and through the Spring of fiscal year 20/21, returning to in-person learning in late Spring of 20/21. In addition, the District has certified acceptance of Coronavirus Aid, Relief, and Economic Security Act (CARES), Coronavirus Response and Relief Supplemental Appropriates Act (CRSS), and American Rescue Plan Act (ARPA) funding appropriated for distribution to school districts in the 20/21 and 21/22 California state budgets.

The COVID-19 pandemic is ongoing, and the duration and severity of the pandemic and the economic and other actions that may be taken by governmental authorities to contain the pandemic or to treat its impact are uncertain. The ultimate impact of COVID-19 on the operations and finances of the District is unknown at this time. The District continues to actively monitor revenues, expenses and collection of receivables so that any further impacts can be anticipated.

The District does not currently expect that the COVID-19 pandemic will have a material adverse effect on the District's ability to pay general obligation bonds. The source for debt service payments is tax assessments; the County Auditor-Controller's Office has not communicated a reduction in tax levies or receipts that would negatively affect the District's ability to make debt service payments.

**REQUIRED SUPPLEMENTARY INFORMATION**

**LONG BEACH UNIFIED SCHOOL DISTRICT  
SCHEDULE OF BUDGETARY COMPARISON FOR THE GENERAL FUND  
YEAR ENDED JUNE 30, 2022**

	Budgetary Amounts		Actual	(a) Fund Basis to GAAP	Actual
	Original	Final	Amounts Fund Basis		Amounts GAAP Basis
<b>REVENUES</b>					
Local Control Funding					
Formula Sources:					
State Apportionments	\$591,648,880	\$577,379,512	\$ 577,379,512	\$ -	\$ 577,379,512
Local Sources	160,721,860	178,882,487	178,882,488	-	178,882,488
Total Local Control Funding					
Formula Sources	752,370,740	756,261,999	756,262,000	-	756,262,000
Federal Sources	174,617,147	146,571,213	143,868,049	-	143,868,049
Other State Sources	201,413,792	179,324,547	179,324,547	-	179,324,547
Other Local Sources	15,468,401	14,927,878	23,637,584	308,851	23,946,435
Total Revenues	<u>1,143,870,080</u>	<u>1,097,085,637</u>	<u>1,103,092,180</u>	<u>308,851</u>	<u>1,103,401,031</u>
<b>EXPENDITURES</b>					
Certificated Salaries	437,496,115	437,496,115	450,707,691	-	450,707,691
Classified Salaries	122,372,644	122,372,644	121,838,560	-	121,838,560
Employee Benefits	289,477,321	286,627,366	295,860,834	-	295,860,834
Books and Supplies	125,738,744	136,938,558	76,053,240	-	76,053,240
Services and Other Operating	-				
Expenditures	157,502,612	157,443,822	119,011,649	-	119,011,649
Capital Outlay	1,329,677	1,329,677	3,031,605	-	3,031,605
Other Transfers Out	450,000	450,000	736,701	-	736,701
Direct Support - Indirect Cost	(1,543,183)	(1,543,183)	(1,507,685)	-	(1,507,685)
Total Expenditures	<u>1,132,823,930</u>	<u>1,141,114,999</u>	<u>1,065,732,595</u>	<u>-</u>	<u>1,065,732,595</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 11,046,150</u>	<u>\$ (44,029,362)</u>	<u>\$ 37,359,585</u>	<u>\$ 308,851</u>	<u>\$ 37,668,436</u>
Fund Balance - Beginning of Year			410,500,084	50,094,471	460,594,555
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 447,859,669</u>	<u>\$ 50,403,322</u>	<u>\$ 498,262,991</u>

(a) Amounts presented are the result of the District including activity of the Special Reserve Fund. (See Note 1)

See accompanying Notes to Required Supplementary Information.

**LONG BEACH UNIFIED SCHOOL DISTRICT  
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS  
YEAR ENDED JUNE 30, 2022**

<u>Total OPEB Liability - Retiree Health Plan</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Balance - Beginning of Year	\$ 366,781,522	\$ 380,699,585	\$ 412,375,392	\$ 425,718,817	\$ 451,231,966
Changes for the Year:					
Service Cost	15,409,183	15,402,863	15,013,009	18,611,233	19,842,608
Interest Cost	11,693,783	11,527,991	11,662,775	11,567,821	10,053,225
Difference Between Expected and Actual Experience	-	-	3,885,314	-	(6,861,047)
Changes in Assumptions	4,123,259	23,396,124	1,647,701	14,358,061	(53,025,336)
Expected Benefit Payments	(17,308,162)	(18,651,171)	(18,865,374)	(19,023,966)	(19,942,411)
Net Changes	<u>13,918,063</u>	<u>31,675,807</u>	<u>13,343,425</u>	<u>25,513,149</u>	<u>(49,932,961)</u>
Balance - End of Year	<u>\$ 380,699,585</u>	<u>\$ 412,375,392</u>	<u>\$ 425,718,817</u>	<u>\$ 451,231,966</u>	<u>\$ 401,299,005</u>
Covered-Employee Payroll	\$ 472,449,675	\$ 454,738,453	\$ 484,834,765	\$ 469,198,672	\$ 504,026,197
Total OPEB Liability as a Percentage of Covered-Employee Payroll	81%	91%	88%	96%	80%

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this as future data becomes available.

**LONG BEACH UNIFIED SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
YEAR ENDED JUNE 30, 2022**

CalSTRS - STRP	2022	2021	2020	2019
Measurement Date	6/30/2021	6/30/2020	6/30/2019	6/30/2018
District's Proportion of the Net Pension Liability	0.7130%	0.7430%	0.7480%	0.7410%
District's Proportionate Share of the Net Pension Liability	\$ 324,472,040	\$ 720,033,870	\$ 675,563,680	\$ 681,030,870
State's Proportionate Share of the Net Pension Liability Associated with the District	163,265,145	371,174,541	368,568,064	389,923,935
Total	<u>\$ 487,737,185</u>	<u>\$ 1,091,208,411</u>	<u>\$ 1,044,131,744</u>	<u>\$ 1,070,954,805</u>
District's Covered Payroll	\$ 425,500,000	\$ 393,600,000	\$ 405,800,000	\$ 411,000,000
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	76%	183%	166%	166%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87%	72%	73%	71%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's Proportion of the Net Pension Liability	0.7320%	0.7810%	0.7490%	0.7580%
District's Proportionate Share of the Net Pension Liability	\$ 676,953,600	\$ 631,680,610	\$ 504,256,760	\$ 442,952,460
State's Proportionate Share of the Net Pension Liability Associated with the District	400,483,293	359,657,447	266,695,523	267,476,506
Total	<u>\$ 1,077,436,893</u>	<u>\$ 991,338,057</u>	<u>\$ 770,952,283</u>	<u>\$ 710,428,966</u>
District's Covered Payroll	\$ 398,500,000	\$ 387,000,000	\$ 362,000,000	\$ 331,000,000
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	170%	163%	139%	134%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69%	70%	74%	77%

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

The amounts are reported as of the previous fiscal year to align with the measurement date of the net pension liability.

See accompanying Notes to Required Supplementary Information.

**LONG BEACH UNIFIED SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
YEAR ENDED JUNE 30, 2022**

CalPERS - Schools Pool Plan	2022	2021	2020	2019
Measurement Date	6/30/2021	6/30/2020	6/30/2019	6/30/2018
District's Proportion of the Net Pension Liability	0.7682%	0.7916%	0.8469%	0.8679%
District's Proportionate Share of the Net Pension Liability	\$156,209,107	\$242,887,229	\$246,822,664	\$213,409,463
District's Covered Payroll	\$111,870,000	\$114,700,000	\$115,900,000	\$117,700,000
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	140%	212%	213%	181%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81%	70%	70%	71%
	2018	2017	2016	2015
Measurement Date	6/30/2017	6/30/2016	6/30/2015	6/30/2014
District's Proportion of the Net Pension Liability	0.9112%	0.9380%	0.9607%	0.9870%
District's Proportionate Share of the Net Pension Liability	\$217,527,489	\$185,255,580	\$141,608,128	\$112,048,432
District's Covered Payroll	\$120,600,000	\$116,000,000	\$110,000,000	\$100,600,000
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	180%	160%	129%	111%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72%	74%	79%	83%

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

The amounts are reported as of the previous fiscal year to align with the measurement date of the net pension liability.



**LONG BEACH UNIFIED SCHOOL DISTRICT  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
YEARS ENDED JUNE 30, 2022**

CalSTRS - STRP	2022	2021	2020	2019
Contractually Required Contribution	\$ 76,575,501	\$ 68,725,393	\$ 67,313,621	\$ 66,065,034
Contributions in Relation to the Contractually Required Contribution	76,575,501	68,725,393	67,313,621	66,065,034
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$452,500,000	\$425,500,000	\$393,600,000	\$405,800,000
Contributions as a Percentage of Covered Payroll	16.92%	16.15%	17.10%	16.28%
	2018	2017	2016	2015
Contractually Required Contribution	\$ 59,320,089	\$ 50,113,529	\$ 41,474,018	\$ 32,113,470
Contributions in Relation to the Contractually Required Contribution	59,320,089	50,113,529	41,474,018	32,113,470
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$411,000,000	\$398,500,000	\$387,000,000	\$362,000,000
Contributions as a Percentage of Covered Payroll	14.43%	12.58%	10.73%	8.88%

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

CalPERS - Schools Pool Plan	2022	2021	2020	2019
Contractually Required Contribution	\$ 26,720,202	\$ 23,156,934	\$ 22,625,269	\$ 20,933,250
Contributions in Relation to the Contractually Required Contribution	26,720,202	23,156,934	22,625,269	20,933,250
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$116,600,000	\$111,870,000	\$114,700,000	\$115,900,000
Contributions as a Percentage of Covered Payroll	22.91%	20.70%	19.72%	18.06%
	2018	2017	2016	2015
Contractually Required Contribution	\$ 18,282,328	\$ 16,755,293	\$ 13,710,319	\$ 12,951,826
Contributions in Relation to the Contractually Required Contribution	18,282,328	16,755,293	13,710,319	12,951,826
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$117,700,000	\$120,600,000	\$116,000,000	\$110,000,000
Contributions as a Percentage of Covered Payroll	15.53%	13.89%	11.85%	11.77%

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

See accompanying Notes to Required Supplementary Information.

**LONG BEACH UNIFIED SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2022**

**NOTE 1 PURPOSE OF SCHEDULES**

**Schedule of Budgetary Comparison for the General Fund**

A budgetary comparison is presented for the general fund. This schedule presents the budget as originally adopted, the revised budget as of the fiscal year end, actual amounts at fiscal yearend, and any adjustments needed to present the amounts in accordance with generally accepted accounting principles (GAAP).

**Schedule of Changes in the District's Total Postemployment Healthcare Benefits Liability and Related Ratios**

The schedule is intended to show trends about the changes in the District's actuarially determined liability for postemployment healthcare benefits other than pensions. In the future, as data becomes available, 10 years of information will be presented.

The District has not established a plan or equivalent that contains an irrevocable transfer of assets dedicated to providing benefits to retirees in accordance with the terms of the Plan and that are legally protected from creditors.

*Benefit changes – None*

*Changes of Assumptions:*

2021-22:

Discount rate increased from 2.18% to 4.09%.

Health Care Trend Rate increased from 6.75% to 7.00% in the 2021/22 fiscal year grading down to 3.94% rather than 4.5% based on the 2022 Getzen model, with long term inflation of 2.50% with consideration for the CalSTRS 2020 experience study and the CalPERS 2021 experience study rather than publicly available market information and expectations of future plan experience (assumption set during a time of great uncertainty due to the COVID-19 pandemic).

CalSTRS mortality rates are from the 2020 experience study and the CalPERS mortality rates are from the 2021 experience study rather than from the 2020 experience study and the CalPERS mortality rates are from the 2017 experience study.

Per Capita claims costs were developed based on premium equivalent rates, adjusted for age and gender based on current demographics (average age 48 for HMO and 51 for PPO), and the morbidity factors.

**LONG BEACH UNIFIED SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2022**

**NOTE 1 PURPOSE OF SCHEDULES (CONTINUED)**

**Schedule of Changes in the District's Total Postemployment Healthcare Benefits Liability and Related Ratios**

*Changes of Assumptions (Continued):*

2020-21:

Discount Rate decreased from 2.66% to 2.18%

Health Care Trend Rate decreased from 7% to 6.75% in the 2020/21 fiscal year grading down to 4.5% rather than 5.0%

Morbidity rates, which are based on the June 2013 Society of Actuaries Study were updated to reflect current demographics of the covered population.

Mortality, termination, retirements and disability assumptions for certificated participants were updated to reflect the CalSTRS 2020 experience study.

2019-20:

Discount Rate decreased from 2.79% to 2.66%

**LONG BEACH UNIFIED SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2022**

**NOTE 1 PURPOSE OF SCHEDULES (CONTINUED)**

**Schedules of District's Proportionate Share of the Net Pension Liability – CalSTRS (STRP) and CalPERS (Schools Pool Plan)**

The schedule presents information on the District's proportionate share of the net pension liability, the plans' fiduciary net position and, when applicable, the state's proportionate share of the net pension liability associated with the District. In the future, as data becomes available, 10 years of information will be presented.

*Benefit changes – None*

*Changes of Assumptions:*

2019-20

CalSTRS Board adopted a new experience study which updated assumptions for termination rates and service rates.

2018-19

CalPERS Board adopted new mortality assumptions for the plan. Assumption for inflation rate was reduced from 2.75% to 2.50%. Assumption for individual salary increases and overall payroll growth was reduced from 3.00% to 2.75%.

2017-18

CalSTRS Board adopted new mortality assumptions and new mortality tables for the plan. Assumption for inflation rate was reduced from 3.00% to 2.75%. Assumption for payroll growth was reduced from 3.75% to 3.50%.

CalPERS applied a new discount rate decreasing the rate from 7.65% to 7.15%.

2015-16

CalPERS applied a new discount rate increasing the rate from 7.50% to 7.65%.

**Schedules of District Contributions – CalSTRS (STRP) and CalPERS (Schools Pool Plan)**

The 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, 10 years of information will be presented.

**LONG BEACH UNIFIED SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2022**

**NOTE 2 EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

Excesses of expenditures over appropriations, by major object accounts, occurred in the General Fund for the following major objects:

Certificated Salaries	(13,211,576)
Employee Benefits	(9,233,468)
Capital Outlay	(1,701,928)
Other Transfers Out	(286,701)
Direct Support - Indirect Cost	(35,498)

## **SUPPLEMENTARY INFORMATION**

**LONG BEACH UNIFIED SCHOOL DISTRICT  
HISTORY AND ORGANIZATION  
YEAR ENDED JUNE 30, 2022**

The District began operations as a newly formed unified district on July 1, 1945. During the current year, the District educates over 67,000 students in eighty-three (83) K-12 schools, one adult school, and two (2) charter schools in the cities of Long Beach, Signal Hill, Santa Catalina Island, the major portion of Lakewood, and unincorporated territory in Los Angeles County. There were no changes in the boundaries of the District during the current year.

Beginning in 2020, the general election for elective officers of the city of Long Beach (including members of the District Board of Education) was changed from the June general election date to the new November statewide general election date. For the transition, a one-time adjustment was made to the terms of office for the those board members elected in the 2016 election; their terms were extended by five months (July to December) to match them with the new election cycle, as permitted by California Elections Code section 10404.5(g).

The District Board of Education and the District Administrators for the fiscal year ended June 30, 2022 were as follows:

**DISTRICT BOARD OF EDUCATION**

<b><u>Member</u></b>	<b><u>Office</u></b>	<b><u>Term Expires</u></b>
Dr Juan Benitez	President	December 2022
Megan Kerr	Vice President	December 2022
Diana Craighead	Member	December 2022
Doug Otto	Member	December 2024
Erik Miller	Member	December 2024

**DISTRICT ADMINISTRATORS**

Dr. Jill Baker	Superintendent
Dr. Tiffany Brown	Deputy Superintendent of Schools
Yumi Takahashi	Chief Business and Financial Officer

**LONG BEACH UNIFIED SCHOOL DISTRICT  
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)  
YEAR ENDED JUNE 30, 2022**

	562F051F Second Period	Audit Adjustment Second Period	Revised Second Period	EBBB6831 Annual	Audit Adjustment Annual	Revised Annual
Grades Transitional Kindergarten through Third:						
Regular ADA	17,222.74	(0.08)	17,222.66	17,344.88	(0.06)	17,344.82
Extended Year Special Education	14.72	-	14.72	14.72	-	14.72
Special Education - Nonpublic, Nonsectarian Schools	3.26	-	3.26	3.52	-	3.52
Extended Year Special Education - Nonpublic, Nonsectarian Schools	0.19	-	0.19	0.19	-	0.19
Total Grades Transitional Kindergarten through Third ADA	<u>17,240.91</u>	<u>(0.08)</u>	<u>17,240.83</u>	<u>17,363.31</u>	<u>(0.06)</u>	<u>17,363.25</u>
Grades Four through Six:						
Regular ADA	13,409.38	(1.92)	13,407.46	13,301.21	(1.89)	13,299.32
Extended Year Special Education	11.33	-	11.33	11.33	-	11.33
Special Education - Nonpublic, Nonsectarian Schools	18.48	-	18.48	17.99	-	17.99
Extended Year Special Education - Nonpublic, Nonsectarian Schools	1.83	-	1.83	1.94	-	1.94
Total Grades Four through Six ADA	<u>13,441.02</u>	<u>(1.92)</u>	<u>13,439.10</u>	<u>13,332.47</u>	<u>(1.89)</u>	<u>13,330.58</u>
Grades Seven and Eight:						
Regular ADA	9,057.37	-	9,057.37	9,216.30	-	9,216.30
Extended Year Special Education	8.41	-	8.41	8.41	-	8.41
Special Education - Nonpublic, Nonsectarian Schools	19.07	-	19.07	19.78	-	19.78
Extended Year Special Education - Nonpublic, Nonsectarian Schools	1.65	-	1.65	1.69	-	1.69
Total Grades Seven and Eight ADA	<u>9,086.50</u>	<u>-</u>	<u>9,086.50</u>	<u>9,246.18</u>	<u>-</u>	<u>9,246.18</u>
Grades Nine through Twelve:						
Regular ADA	20,032.37	(60.91)	19,971.46	19,825.45	2.03	19,827.48
Extended Year Special Education	57.81	-	57.81	57.81	-	57.81
Special Education - Nonpublic, Nonsectarian Schools	59.32	-	59.32	56.24	-	56.24
Extended Year Special Education - Nonpublic, Nonsectarian Schools	8.96	-	8.96	9.57	-	9.57
Total Grades Nine through Twelve ADA	<u>20,158.46</u>	<u>(60.91)</u>	<u>20,097.55</u>	<u>19,949.07</u>	<u>2.03</u>	<u>19,951.10</u>
Total ADA	<u>59,926.89</u>	<u>(62.91)</u>	<u>59,863.98</u>	<u>59,891.03</u>	<u>0.08</u>	<u>59,891.11</u>

See accompanying Notes to Supplementary Information.



**LONG BEACH UNIFIED SCHOOL DISTRICT  
SCHEDULE OF INSTRUCTIONAL TIME  
YEAR ENDED JUNE 30, 2022**

Grade Level	Minutes Requirement	Minutes Offered	Number of Days Traditional Calendar	Status
Kindergarten	36,000	36,000	180	In Compliance
Grade 1	50,400	50,715	180	In Compliance
Grade 2	50,400	50,715	180	In Compliance
Grade 3	50,400	51,030	180	In Compliance
Grade 4	54,000	54,150	180	In Compliance
Grade 5	54,000	54,150	180	In Compliance
Grade 6	54,000	58,620	180	In Compliance
Grade 7	54,000	58,620	180	In Compliance
Grade 8	54,000	58,620	180	In Compliance
Grade 9	64,800	64,836	180	In Compliance
Grade 10	64,800	64,836	180	In Compliance
Grade 11	64,800	64,836	180	In Compliance
Grade 12	64,800	64,836	180	In Compliance

See accompanying Notes to Supplementary Information.

**LONG BEACH UNIFIED SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2022**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Total Federal Expenditures</u>	<u>Amounts Passed Through to Subrecipients</u>
<b>United States Department of Agriculture</b>				
Pass-Through Program From California				
Department of Education:				
Child Nutrition Cluster:				
National School Lunch Program	10.555	13523	\$ 22,689,990	\$ -
Child Nutrition Program-Basic Breakfast	10.553	13525	170,960	-
Child Nutrition Program-Especially Needy Breakfast	10.553	13526	3,628,272	-
Donated Food Commodities	10.555	(1)	3,045,210	-
Summer Food Service Program for Children	10.559	13004	1,751,384	-
Fresh Fruits and Vegetables	10.582	14968	126,229	-
Federal Snack Program	10.555	(1)	92,059	-
Subtotal: Child Nutrition Cluster			<u>31,504,104</u>	<u>-</u>
Child and Adult Care Food Program (CACFP):				
Cash in Lieu of Commodities	10.558	13534	144,355	-
CCFP Claims-Center and Family Day Care	10.558	13393	210,005	-
Child and Adult Care Food Program	10.558	13666	2,033,268	-
Subtotal: CACFP			<u>2,387,628</u>	<u>-</u>
Pandemic EBT Local Administrative Grant	10.649	15644	5,814	-
Total: United States Department of Agriculture			<u>33,897,546</u>	<u>-</u>
<b>United States Department of Defense</b>				
Reserve Officer Training Corp (ROTC)	12.000	(1)	251,757	-
Total: United States Department of Defense			<u>251,757</u>	<u>-</u>
<b>United States Department of Education</b>				
Indian Education	84.060	(1)	10,477	-
Subtotal: Direct Programs			<u>10,477</u>	<u>-</u>
Pass-Through Program From California				
Department of Education:				
Special Education Cluster:				
IDEA Basic Local Assistance Entitlement	84.027	13379	12,708,790	-
IDEA Basic Local Assist - Private School	84.027	10115	173,110	-
We Can Work Grant	84.027	(1)	166,567	-
IDEA Mental Health Allocation Plan, Part B Sec 611	84.027	14468	80,150	-
Subtotal: Assistance Listing # 84.027			<u>13,849,967</u>	<u>-</u>
Federal Preschool Grant	84.173	13430	313,891	-
Special Ed: IDEA Preschool Staff Development	84.173	13431	2,538	-
Alternative Dispute Resolution	84.173	13007	102,596	-
Subtotal: Assistance Listing # 84.173			<u>419,025</u>	<u>-</u>
Subtotal: Special Education Cluster			<u>14,268,992</u>	<u>-</u>
Adult Education:				
Adult Basic Education and ESL	84.002	14508	205,184	-
Adult Secondary Education	84.002	13978	235,834	-
Subtotal: Adult Education			<u>441,018</u>	<u>-</u>
Education Stabilization Fund (ESF):				
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER I)	84.425D	15536	16,764,937	-
COVID-19 - Elementary and Secondary School Emergency Relief II (ESSER II)	84.425D	15547	37,565,845	-
COVID-19 - Governor's Emergency Education Relief Fund (GEER).Learning Loss Mitigation	84.425C	15517	4,525,994	-
COVID-19 - Expanded Learning Opportunities (ELO) Grant: ESSER II State Reserve	84.425D	15618	8,158,556	-
COVID-19 - Expanded Learning Opportunities (ELO) Grant: GEER II	84.425C	15619	1,872,461	-
COVID-19 - Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve Emergency Needs	84.425U	15620	5,318,432	-
COVID-19 - Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve Learning Loss	84.425U	15621	9,168,060	-
COVID-19 - American Rescue Plan-Homeless Children and Youth, Subtitle VII-B	84.425W	25516	94,558	-
COVID-19 - Child Nutrition: CRRSA Act - Supplemental Meal	84.425D	15535	43,959	-
Subtotal: Education Stabilization Fund			<u>83,512,802</u>	<u>-</u>

See accompanying Notes to Supplementary Information.

**LONG BEACH UNIFIED SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
YEAR ENDED JUNE 30, 2022**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Amounts Passed Through to Subrecipients
<b>United States Department of Education (Continued)</b>				
Title I, Part A:				
Title I, Part A - Low Income and Neglected	84.010	14329	31244,735	-
Title I, Part A - Parent Involvement	84.010	14329	537,495	-
Subtotal: Title I, Part A			<u>31782,230</u>	-
Title II, Part A - Improving Teacher Quality	84.367	14341	<u>3,193,516</u>	-
Title III:				
Title III - Immigrant Student Program	84.365	15146	6,268	-
Title III - Limited English Proficiency	84.365	14346	(157,081)	-
Subtotal: Title III			<u>(150,813)</u>	-
Migrant Education:				
Migrant Education	84.011	14838	223,760	-
Migrant Education Summer Program	84.011	10005	64,927	-
Migrant Education Even Start (MEES)	84.011	14768	16,350	-
Subtotal: Migrant Education			<u>305,037</u>	-
Early Intervention	84.181	23761	<u>264,596</u>	-
Title IV:				
Title IV, Part A, Student Support and Academic				
Enrichment Grants	84.424	15396	2,015,120	-
Title IV, Part B, 21st Century Learning Centers	84.287	14349	60,153	-
Subtotal: Title IV			<u>2,616,650</u>	-
Career and Technical Education:				
Career and Technical Education - Adult, Section 132 (Vocational Education)	84.048	14893	65,143	-
Career and Technical Education - Adult, Section 132 (Secondary)	84.048	14894	6,188	-
Subtotal: Career and Technical Education			<u>657,624</u>	-
ESEA (ESSA): Education for Homeless Children and Youth, Subtitle VII-B McKinney-Vento Act	84.196	14332	243,500	-
Subtotal: Pass-Through From California Department of Education			<u>137,135,152</u>	-
Pass-Through Program From California Department of Rehabilitation:				
Workability II, Transition Partnership	84.126	10006	545,281	-
Subtotal: Pass-Through From California Department of Rehabilitation			<u>545,281</u>	-
Total: United States Department of Education			<u>137,690,910</u>	-
<b>United States Department of Health and Human Services</b>				
Head Start Cluster Direct Programs:				
Head Start	93.600	(1)	68,371	-
Head Start-Early	93.600	(1)	7,129,659	-
Head Start-Basic Grant	93.600	(1)	18,055,169	-
COVID-19: Head Start CRRSA	93.600	(1)	317,933	-
COVID-19: Head Start ARP	93.600	(1)	428,624	-
Head Start-Training & Tech Assistance	93.600	(1)	220,799	-
Subtotal: Head Start Cluster Direct Programs			<u>26,220,555</u>	-
Pass-Through Program From California Department of Education:				
Child Care and Development Fund (CCDF) Cluster:				
Federal Child Care	93.596	13609	1645,258	-
COVID-19: Child Development: Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act - One-time Stipend	93.575	15555	21,354	-
Child Care and Development Programs Administered by CA Dept of Social Services	93.575	10163	474,216	-
Child Care and Development Programs Administered by CA Dept of Social Services	93.596	10164	283,958	-
Subtotal: Child Care and Development Fund (CCDF) Cluster			<u>2,424,786</u>	-
Pass-Through Program From Los Angeles County Office of Education				
Covid-19: (ARPA) Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) - LA COE COVID Testing Program	93.323	(1)	6,410,362	-
Subtotal: Pass-Through From Los Angeles County Office of Education			<u>6,410,362</u>	-
Total: United States Department of Health and Human Services			<u>35,055,703</u>	-
<b>Total Federal Programs</b>			<u>\$ 206,895,916</u>	\$ -

See accompanying Notes to Supplementary Information.

**LONG BEACH UNIFIED SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
YEAR ENDED JUNE 30, 2022**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Amounts Passed Through to Subrecipients
<b>Reconciliation to Federal Revenue</b>				
Total Federal Program Expenditures			\$ 206,895,916	\$ -
Revenues in Excess of Expenditures Related to Federal Entitlements:				
Cash in Lieu of Commodities	10.558	13389	6,857	-
Child Development: ARPA California State Preschool Program One-time Stipend	93.575	15640	300,600	-
Child Development: ARPA California State Preschool Program One-time Stipend	93.575	15641	443,600	-
CACFP COVID-19 Emergency Operational Costs Reimbursement (ECR)	10.558	15577	94,905	-
National School Lunch Program	10.555	23165	4,319,841	-
CACFP COVID-19 Emergency Operational Costs Reimbursement (ECR)	10.558	15577	144,664	-
SNP COVID-19 Emergency Operational Costs Reimbursement (ECR)	10.555	15637	2,627,859	-
Expenditures in Excess of Revenues Related to Federal Entitlements:				
Summer food service program	10.559	13004	(1,644,388)	-
(CRRSA) Act - One-time Stipend	93.575	15555	(21,354)	-
Child Nutrition : COVID CARES Act Supplemental Meal Reimbursement	84.425	15535	(43,959)	-
Other Federal Revenue:				
Qualified School Construction Bonds			3,351,677	-
Total Federal Program Revenue			<u>\$ 216,476,218</u>	<u>\$ -</u>

(1) Pass-Through Entity Identifying Number not readily available or not applicable

**LONG BEACH UNIFIED SCHOOL DISTRICT  
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS  
YEAR ENDED JUNE 30, 2022**

	<u>2023 (Budgeted)</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total Revenues	\$ 1,360,637,071	\$ 1,103,092,180	\$ 1,042,768,852	\$ 950,202,424
Total Expenditures	(1,197,583,590)	(1,065,732,595)	(934,782,676)	(923,772,687)
Total Other Sources (Uses)	<u>(7,000,000)</u>	<u>-</u>	<u>-</u>	<u>7,144,560</u>
Change in Fund Balance	156,053,481	37,359,585	107,986,176	33,574,297
Ending Fund Balance	<u>\$ 603,913,151</u>	<u>\$ 447,859,670</u>	<u>\$ 410,500,085</u>	<u>\$ 302,513,909</u>
Available Reserve	<u>\$ 407,029,398</u>	<u>\$ 322,516,087</u>	<u>\$ 273,941,103</u>	<u>\$ 223,466,298</u>
Available Reserve %	34%	30%	29%	24%
ADA	<u>59,595</u>	<u>59,926</u>	<u>68,161</u>	<u>68,158</u>
Total Long-Term Obligations	<u>\$ 2,294,480,854</u>	<u>\$ 2,373,885,572</u>	<u>\$ 2,958,914,858</u>	<u>\$ 2,965,553,431</u>

The amounts above are those reported as General Fund in the Annual Financial and Budget Report and do not include special revenue funds included in the General Fund of the governmental funds' financial statements.

Available reserves are those amounts reserved for economic uncertainty and any other remaining unassigned fund balance from the General Fund. For a District this size, the state recommends 2% of total General Fund expenditures, transfers out, and other uses. For the year ended June 30, 2021, the District has met this requireme

The 2023 budget is the original budget adopted on June 22, 2022.

Average daily attendance is based upon P-2.

**LONG BEACH UNIFIED SCHOOL DISTRICT  
SCHEDULE OF CHARTER SCHOOLS  
YEAR ENDED JUNE 30, 2022**

<u>Charter School Number</u>	<u>Charter School</u>	<u>Included in District Audit Report</u>
#1504	Intellectual Virtues Academy	No
#1682	Clear Passage Educational Center	No

*See accompanying Notes to Supplementary Information.*

**LONG BEACH UNIFIED SCHOOL DISTRICT  
RECONCILIATION OF THE ANNUAL FINANCIAL AND BUDGET REPORT  
WITH THE AUDITED FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022**

There were no differences between the fund balances reported on the June 30, 2022 Annual Financial and Budget Report for the governmental funds and the audited financial statements.

**LONG BEACH UNIFIED SCHOOL DISTRICT  
NOTES TO SUPPLEMENTARY INFORMATION  
JUNE 30, 2022**

**NOTE 1 PURPOSE OF SCHEDULES**

**Schedule of Average Daily Attendance**

Average daily attendance 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 amount of instructional time offered by the District and whether the District complied with the provisions of article 8 (commencing with section 46200) of chapter 2 of part 26 of the Education Code.

**Schedule of Expenditures of Federal Awards**

**Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

**Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance. Under these principles, certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

**Indirect Cost Rate**

The District did not use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**Schedule of Financial Trends and Analysis**

The *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* requires that this schedule be prepared showing financial trends of the general fund over the past three fiscal years as well as the current year budget. This report is intended to identify if the District faces potential fiscal problems and if they have met the recommended available reserve percentages.



**LONG BEACH UNIFIED SCHOOL DISTRICT  
NOTES TO SUPPLEMENTARY INFORMATION  
JUNE 30, 2022**

**NOTE 1 PURPOSE OF SCHEDULES (CONTINUED)**

**Schedule of Charter Schools**

The *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* requires that this schedule list all charter schools chartered by the District and inform the users whether or not the charter school information is included in the District's financial statements.

**Reconciliation of Annual Financial and Budget Report with Audited Financial Statements**

This schedule provides the information necessary to reconcile the fund balances of all funds as reported on the annual Financial and Budget Report form to the audited financial statements.



**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**

District Board of Education  
Long Beach Unified School District  
Long Beach, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Long Beach Unified School District (the 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 7, 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.

*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 financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

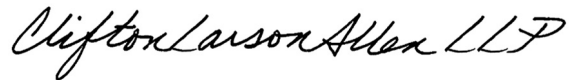
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

**Report on Compliance and Other Matters**

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

**Purpose of this Report**

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



**CliftonLarsonAllen LLP**

Glendora, California  
December 7, 2022



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

District Board of Education  
Long Beach Unified School District  
Long Beach, California

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

***Opinion on Each Major Federal Program***

We have audited Long Beach Unified School District's (the District) 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 District's major federal programs for the year ended June 30, 2022. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 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 (GAAS); 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 Auditors' 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 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 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 District's federal 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 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 District's compliance with the requirements of each major federal program as a whole.

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the 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 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 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 Auditors' 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.



**CliftonLarsonAllen LLP**

Glendora, California  
December 7, 2022



## INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

District Board of Education  
Long Beach Unified School District  
Long Beach, California

### Report on Compliance

#### **Opinion**

We have audited Long Beach Unified School District's (the 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.

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

#### **Basis for Opinion**

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

We are required to be independent of the 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. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

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

Management is responsible for compliance with the requirements referred to above, and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the 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 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 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 considered 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:

2021-22 K-12 Audit Guide Procedures

Procedures Performed

Local Education Agencies Other than Charter Schools:

A. Attendance	Yes
B. Teacher Certification and Misassignments	Yes
C. Kindergarten Continuance	Yes
D. Independent Study	Yes
E. Continuation Education	Yes
F. Instructional Time	Yes
G. Instructional Materials	Yes
H. Ratio of Administrative Employees to Teachers	Yes
I. Classroom Teacher Salaries	Yes
J. Early Retirement Incentive	Not Applicable <sup>2</sup>



District Board of Education  
 Long Beach Unified School District

K. GANN Limit Calculation	Yes
L. School Accountability Report Card	Yes
M. Juvenile Court School	Not Applicable <sup>2</sup>
N. Middle or Early College High Schools	Not Applicable <sup>2</sup>
O. K-3 Grade Span Adjustment	Yes
P. Transportation Maintenance of Effort	Yes
Q. Apprenticeship: Related and Supplemental Instruction	Not Applicable <sup>2</sup>
R. Comprehensive School Safety Plan	Yes
S. District of Choice	Not Applicable <sup>2</sup>

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

T. California Clean Energy Jobs Act	Yes
U. After/Before School Education and Safety Program	Yes
V. Proper Expenditure of Education Protection Account Funds	Yes
W. Unduplicated Local Control Funding Formula Pupil Counts	Yes
X. Local Control and Accountability Plan	Yes
Y. Independent Study-Course Based	Not Applicable <sup>2</sup>
Z. Immunizations	Yes
AZ. Educator Effectiveness	Yes
BZ. Expanded Learning Opportunity Grant (ELO-G)	Yes
CZ. Career Technical Education Incentive Grant	Yes
DZ. In Person Instruction Grant	Yes

Charter Schools:

AA. Attendance	No <sup>1</sup>
BB. Mode of Instruction	No <sup>1</sup>
CC. Nonclassroom Based Instruction/Independent Study	No <sup>1</sup>
DD. Determination of Funding for Nonclassroom Based Instruction	No <sup>1</sup>
EE. Annual Instructional Minutes – Classroom Based	No <sup>1</sup>
FF. Charter School Facility Grant Program	No <sup>1</sup>

<sup>1</sup> Testing for Charter Schools was done by each school's respective auditor.

<sup>2</sup> Testing was not applicable as the District did not participate in the program.

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

**Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are described in the accompanying Schedule of Findings and Questioned Costs as items 2022-001, 2022-002, and 2022-003.

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

**Report on Internal Control over Compliance**


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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

*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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-001 and 2022-002, to be significant deficiencies.

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.

*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 and, accordingly, we express no opinion on the response.

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.



**CliftonLarsonAllen LLP**

Glendora, California  
December 7, 2022

## **FINDINGS AND QUESTIONED COSTS**

**LONG BEACH UNIFIED SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS –  
SUMMARY OF AUDITORS' RESULTS  
YEAR ENDED JUNE 30, 2022**

**Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?      Yes   X   No  
 Significant deficiency(ies) identified?      Yes   X   None Reported

Noncompliance material to financial statements noted?      Yes   X   No

**Federal Awards**

Internal control over major federal awards:

Material weakness(es) identified?      Yes   X   No  
 Significant deficiency(ies) identified?      Yes   X   None Reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?      Yes   X   No

**Identification of Major Federal Programs**

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027,84.173, 84.367	Special Education Cluster
84.425C,84.425D,84.425U,84.425W	Title II,Part A – Improving Teacher Quality
93.600	COVID-19: Education Stabilization Fund
93.323	Head Start Cluster
and laboratory Capacity for Infectious Diseases (ELC)	COVID-19: (ARPA) Epidemiology

Dollar threshold used to distinguish between type A and type B programs: \$3,000,000

Auditee qualified as low-risk auditee?   X   Yes      No

**LONG BEACH UNIFIED SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
RELATED TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022**

All audit findings must be identified as one or more of the following categories:

<u>Five Digit Code</u>	<u>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

There were no findings and questioned costs related to the basic financial statements for the year ended June 30, 2022.

**LONG BEACH UNIFIED SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS  
JUNE 30, 2022**

**FEDERAL AWARDS FINDINGS**

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a) for the year ended June 30, 2022.

**LONG BEACH UNIFIED SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS RELATED TO STATE AWARDS  
YEAR ENDED JUNE 30, 2022**

**STATE COMPLIANCE FINDINGS**

**2022-001**

**Independent Study Documentation**

**40000**

**Criteria:** For the 2021-22 school year only, Average Daily Attendance (ADA) may not be claimed from attendance generated from independent study until a signed written agreement is completed no later than 30 days after the first day of instruction or October 15, whichever date comes later. (EC section 51747[g][9] (F)). In addition, ADA may only be claimed for independent study to the extent of the time value of pupil work products, as personally judged in each instance by a certificated teacher employed by the LEA or a combination of time value of the work product and participation in synchronous instruction, as applicable by grade level. (EC Section 51747.5 (b)(1)).

**Condition:**

1. It was found that the district claimed 10 (0.08 total ADA) days of attendance for a short-term independent study student in grade K when a signed master agreement had not been completed.
2. It was found that the District claimed five days of attendance (0.04 total ADA) for an independent study student in grade 11. Work samples could not be located to support the attendance recorded.
3. It was found that the district claimed five days of attendance for a student in grade 6, when a signed master agreement had not been completed. (0.94 total ADA)
4. It was found that the district claimed five days of attendance for a student in grade 6, when a signed master agreement had not been completed. (0.95 total ADA)
5. It was found that the District claimed five days of attendance (0.04 total ADA) for an independent study student in grade 6. Work samples could not be located to support the attendance recorded.

**Effect:** Attendance is overstated.

**Cause:** Inadequate procedures for the filing of the master agreements and work products. Additionally, for the short-term independent study student, the parent did not feel comfortable coming to the site to sign the agreement and there did not appear to be an established procedure for electronic signatures or other means for remote authorization.

**Questioned Costs:**

Grade Span	Total ADA Adjustment (P-2)	Total ADA Adjustment (P-Annual)	Estimated Fiscal Impact (1)
Grades TK-3	(0.08)	(0.06)	\$ -
Grades 6-8	(1.92)	(1.89)	\$ -
Grade 9-12	(0.04)	(0.03)	\$ -

<sup>(1)</sup> The District is paid on the greater of prior year and current year ADA. Since prior year ADA was higher, there was no impact to the current year.

**Recurring Finding: No**

**LONG BEACH UNIFIED SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
RELATED TO STATE AWARDS (CONTINUED)  
JUNE 30, 2022**

**STATE COMPLIANCE FINDINGS (CONTINUED)**

**2022-001**                      **Independent Study Documentation (Continued)**                      **40000**

**Recommendation:** The attendance reports should be modified to exclude all attendance for independent study students that are not supported by a signed master agreement or work product. In addition, the district should provide training on procedures for independent study programs which may include procedures and resources for obtaining electronic signatures to facilitate remote authorization by parents and students.

**Corrective Action Plan:** LBUSD will monitor the reporting of attendance and ensure that attendance is not reported for independent study students that do not have a signed master agreement or work product. The District will also update district policies and procedures to include options for obtaining signatures electronically from parents and students and provide these procedures to administrators and staff that are part of our independent study programs.

**2022-002**                      **Revised P-2 & Annual Reports**                      **10000**

**Criteria:** Monthly totals (days of apportionment attendance) should reconcile between the site's attendance summary to the summary maintained by the LEA for the P2 and Annual attendance reports.

**Condition:** It was found that the district did not submit revised P-2 and Annual reports after teachers at one of the District's sites made changes in the attendance system. The changes resulted in a decrease to the Average Daily Attendance(ADA) reported for P-2 and an increase for P-Annual.

**Effect:** Attendance is overstated.

**Cause:** Failure to file a revised P-2 and Annual report after changes were made in the District's attendance system.

**Questioned Costs:**

Site	Total ADA Adjustment (P-2)	Total ADA Adjustment (P-Annual)	Estimated Fiscal Impact (1)
Educational Partnership High School	(60.87)	2.06	\$ -

<sup>(1)</sup>The District is paid on the greater of prior year and current year ADA. Since prior year ADA was higher, there was no impact to the current year.

**Recurring Finding:** No

**Recommendation:** A revised P-2 and Annual report should be filed if there are any changes made in the District's attendance system after the original P-2 or Annual reports are filed.

**Corrective Action Plan:** LBUSD will ensure that a revised P-2 and Annual state apportionment report will be filed in a timely manner should there be changes made in the attendance system after the original filing of these reports.



**LONG BEACH UNIFIED SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
RELATED TO STATE AWARDS (CONTINUED)  
JUNE 30, 2022**

**2022-003**

**Unduplicated Local Control Funding Formula Pupil Counts**

**40000**

**Criteria:** Education Code Section 42238.02(b)(2) requires a school district to submit its enrolled free and reduced-price meal eligibility, foster youth and English Learner (EL) pupil-level records for enrolled pupils using the California Longitudinal Pupil Achievement Data System (CalPADS). The CalPADS reports should accurately report the number of students as identified above.

**Condition:** One student in our sample of sixty-one students tested was reported in the CalPADS system as reduced however there was no income survey completed by the parent on file to support this designation.

**Effect:** The District is not in compliance with Education Code section 42238.02 (b) (2). The 1.17 report contained errors as follows:

School Name	Enrollment Count as Reported in the CalPADS System	Unduplicated Eligible Free/Reduced Meal (FRM) Counts	English Learner (EL) Funding Eligible	Total Unduplicated FRPM/EL Eligible
<b>Gompers Elementary</b>				
As reported	342	155	23	162
Audit adjustments	-	(10)	-	-
Adjusted	342	145	23	162
<b>District Total</b>				
As reported	67,292	39,345	10,485	42,279
Audit adjustments	-	(10)	-	-
Adjusted	67,292	39,335	10,485	42,279

**Cause:** This appears to be an inadvertent clerical error.

**Questioned Costs:** One student of the sampled population of sixty-one students tested who had been evaluated for FRM status, had no available supporting documentation. The error rate was extrapolated based on a result of 1 error in a sample of 4 students tested at Gompers Elementary or 25%. This was applied to the total applicable population of 41 FRM students at Gompers Elementary resulting in an estimated 10 error count of students in FRM status at Gompers Elementary. Correction of these errors in the CALPADS system did not result in a decrease to principal apportionment or penalty calculated.

**Recommendation:** We recommend the District adopt procedures to ensure documents are filed and stored to support FRM status in the reporting system.

**Corrective Action Plan:** LBUSD will strengthen its procedures and oversight to ensure the eligibility documents are filed and stored to support FRM status in the reporting system.

**LONG BEACH UNIFIED SCHOOL DISTRICT  
STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2022**

There were no findings and questioned costs related to the basic financial statements, federal awards or state awards for the prior year.



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