

LODI UNIFIED SCHOOL DISTRICT

**COUNTY OF SAN JOAQUIN
LODI, CALIFORNIA**

**FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITOR'S REPORT**

YEAR ENDED JUNE 30, 2021

LODI UNIFIED SCHOOL DISTRICT

TABLE OF CONTENTS YEAR ENDED JUNE 30, 2021

	<u>PAGE</u>
FINANCIAL SECTION	
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
BASIC FINANCIAL STATEMENTS:	
Government-wide Financial Statements:	
Statement of Net Position	16
Statement of Activities	17
Fund Financial Statements:	
Balance Sheets – Governmental Funds	18
Reconciliation of the Governmental Funds Balance Sheets to the Statement of Net Position	19
Statements of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	20
Reconciliation of the Governmental Funds Statements of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	21
Statement of Net Position – Proprietary Fund	22
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Fund	23
Statement of Cash Flows – Proprietary Fund	24
Notes to Financial Statements	25
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedules:	
General Fund	54
Cafeteria Special Revenue Fund	55
Schedule of Changes in the District's Total OPEB Liability and Related Ratios	56
Schedule of District's Proportionate Share of the Net Pension Liability	57
Schedule of District's Pension Contributions	59

LODI UNIFIED SCHOOL DISTRICT

TABLE OF CONTENTS YEAR ENDED JUNE 30, 2021

	<u>PAGE</u>
SUPPLEMENTARY INFORMATION SECTION	
Organization	61
Schedule of Charter Schools	62
Schedule of Instructional Time	63
Schedule of Financial Trends and Analysis	65
Schedule of Expenditures of Federal Awards	66
Reconciliation of Annual Financial and Budget Report (Unaudited Actuals) with Audited Fund Financial Statements	68
Notes to Supplementary Information	69
OTHER INDEPENDENT AUDITOR'S REPORTS	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	70
Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by The Uniform Guidance	72
Report on Compliance with Applicable Requirements in Accordance with 2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting	74
FINDINGS AND RECOMMENDATIONS SECTION	
Schedule of Audit Findings and Questioned Costs	76
Status of Prior Year Findings and Questioned Costs	78

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

**Board of Education
Lodi Unified School District
Lodi, California**

Report on Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

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

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Supplementary Information section, as listed in the Table of Contents, is presented for purposes of additional analysis and as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel, and are not a required part of the basic financial statements.

The Supplementary Information section is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2021, 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.



GILBERT CPAs
Sacramento, California

November 22, 2021

LODI UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2021

This section of the Lodi Unified School District's annual financial report presents our discussion and analysis of the District's financial performance for the fiscal year ended June 30, 2021. Please read it in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflow of resources exceeded the liabilities and deferred inflow of resources of the District at June 30, 2021, by \$276 million (net position).
- Net position increased by \$39 million over the previous fiscal year primarily due to influx of COVID-19 related funds from federal and state resources.
- As of June 30, 2021, the District's governmental funds reported combined ending fund balances of \$305 million, a decrease of \$36 million in comparison with the prior year. Of this total amount:
 - \$109 million (36 percent) reflects the General Fund ending balance,
 - \$133 million (44 percent) represents the ending balances of capital project funds, and
 - \$63 million (21 percent) comprises the ending balances of special revenue and debt service funds.
- The unrestricted portion of the ending balance for the General Fund is \$93 million at June 30, 2021, of which \$69 million is assigned to instruction, future cost of benefits, enrollment decline, and other assignments. The remaining balance of \$24 million is unassigned and is part of the required reserve for economic uncertainties.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual financial report consists of three separate parts – management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The three sections together provide a comprehensive overview of the District. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives: government-wide and funds.

- Government-wide financial statements, which comprise the first two statements, provide both short-term and long-term information about the District's overall financial position.
- Individual parts of the District, which are reported as fund financial statements, focus on reporting the District's operations in more detail. These fund financial statements comprise the remaining statements.
 - Basic services funding (i.e., regular and special education) is described in the governmental fund statements. These statements include short-term financing and balances remaining for future one-time spending.
 - Short and long-term financial information about the activities of the District that operate like businesses (such as self-insurance funds) is provided in the proprietary fund statements.

LODI UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2021

- Notes to the financials, which are included in the financial statements, provide more detailed data, and explain some of the information in the statements.
- The required supplementary information section provides further explanations and additional support for the financial statements. A comparison of the District's budget for the year is included. Budgetary comparisons of the General Fund and the Cafeteria Fund (a major special revenue fund) are included in this section. This section also includes a schedule of changes in total OPEB liabilities and schedules of the District's proportionate share of net pension liabilities and contributions to its pension plans.

Government-wide Statements

The District as a whole is reported in the government-wide statements and uses accounting methods similar to those used by companies in the private sector. All of the District's assets, liabilities, and deferred outflow and inflow of resources are included in the statement of net position. The statement of activities reports all of the current year's revenues and expenses regardless of when cash is received or paid. The District net position can be measured by adding the District's assets and deferred outflow of resources and subtracting the liabilities and deferred inflow of resources.

- Increases or decreases in the net position of the District over time are indicators of whether its financial position is improving or deteriorating, respectively.
- Additional non-financial factors such as the condition of school buildings and other facilities and changes in the property tax base of the District need to be considered in assessing the overall health of the District.

In the government-wide financial statements, the District activities are categorized as governmental activities. The governmental activities are the basic services provided by the District, such as regular and special education, administration, and transportation, and are included here. Property taxes and state formula aid finance most of these activities.

Fund Financial Statements

More detailed information about the District's most significant funds – not the District as a whole – is provided in the fund financial statements. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by bond covenants and by state law.
- Other funds are established by the District to control and manage money for particular purposes (such as repaying its long-term debts). These funds may also show proper usage of certain revenues (such as grants from federal and state sources).

LODI UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

The District has two kinds of funds:

- **Governmental funds:** Most of the District's basic services are included in governmental funds, which generally focus on:
 1. How cash and other financial assets can readily be converted to cash flow (in and out).
 2. The ending balances available for one-time spending.

The governmental fund statement provides a detailed short-term view of the District's financial position and whether there are more or fewer financial resources that can be spent in the near future for financing the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided as a separate reconciliation to the governmental fund statements that explain the differences (or relationships) between them.

- **Proprietary funds:** Services for which the District charges a fee are generally reported in a proprietary fund. A type of proprietary fund is the internal service fund which reports activities that provide services for the other programs and activities of the District. Proprietary funds are reported in the same way as the government-wide statements.

The District maintains two internal service funds for self-insurance. One of the Self-Insurance Fund reports the activities for workers' compensation, self-insured retention portion of property and liability, and vision and dental benefits. The other Self-Insurance Fund – OPEB reports the activities related to retiree benefits.

LODI UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2021

FINANCIAL ANALYSIS OF THE DISTRICT AS WHOLE

Table 1 summarizes the District's net position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflow of resources exceeded liabilities and deferred inflow of resources by \$276 million at June 30, 2021. The unrestricted net position was negative \$209 million due primarily to recognizing net pension liability of \$360 million and OPEB liability of \$103 million. Net investment in capital assets (e.g., land, building, and equipment) was \$314 million of the net position. The District uses these assets to provide educational services; therefore, they are not available for future spending. Although the District's investments in its capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. And lastly, resources subject to external restrictions accounted for \$171 million of the net position of which \$73 million are unspent Measure L and U bond proceeds.

Table 1			
Net Position			
	<u>2020</u>	<u>2021</u>	<u>Percent</u> <u>Change</u>
Current and Other Assets	\$ 491,549,733	\$ 479,940,351	-2.36%
Capital Assets	<u>468,930,008</u>	<u>544,420,391</u>	16.10%
Total Assets	<u>960,479,741</u>	<u>1,024,360,742</u>	6.65%
Deferred outflow of resources related to pensions	86,465,725	77,864,200	-9.95%
Deferred outflow of resources related to OPEB	4,504,780	20,698,446	359.48%
Deferred amount on debt refunding	<u>2,203,406</u>	<u>1,861,852</u>	-15.50%
Total Deferred Outflow of Resources	<u>93,173,911</u>	<u>100,424,498</u>	7.78%
Long-Term Liabilities Outstanding	753,663,438	777,163,679	3.12%
Other Liabilities	<u>41,984,495</u>	<u>57,467,991</u>	36.88%
Total Liabilities	<u>795,647,933</u>	<u>834,631,670</u>	4.90%
Deferred inflow of resources related to OPEB	4,268,717	10,591,996	148.13%
Deferred inflow of resources related to pensions	<u>17,304,023</u>	<u>3,939,557</u>	-77.23%
Total Deferred Inflow of Resources	<u>21,572,740</u>	<u>14,531,553</u>	-32.64%
Net Investment in Capital Assets	302,902,592	314,076,024	3.69%
Restricted	225,696,953	170,684,228	-24.37%
Unrestricted	<u>(292,166,566)</u>	<u>(209,138,235)</u>	-28.42%
Total Net Position	<u>\$ 236,432,979</u>	<u>\$ 275,622,017</u>	16.58%

LODI UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2021

Table 2 shows the changes in net position. Total revenues for the District as a whole increased by \$55 million to \$475 million, while the total cost of all programs and services for the District as a whole increased by \$41 million to \$436 million. Net position increased by \$39 million due to an increase in federal and state funding resources provided to address the impacts of COVID-19 pandemic.

Table 2			
Changes in Net Position			
	<u>2020</u>	<u>2021</u>	<u>Percent Change</u>
<i>Revenues</i>			
Program Revenues (Restricted)			
Charges for Services	\$ 6,623,436	\$ 7,887,310	19.08%
Operating Grants	76,454,936	141,856,004	85.54%
General Revenues			
Property Taxes	83,177,879	89,156,925	7.19%
Federal and state aid-Unrestricted	242,974,737	233,579,640	-3.87%
Developer Fees	3,638,979	6,765,189	85.91%
Other	6,982,500	(4,513,316)	-164.64%
Total Revenues	<u>419,852,467</u>	<u>474,731,752</u>	<u>13.07%</u>
<i>Program Expenses</i>			
Instruction	239,057,563	259,488,745	8.55%
Instruction Related Services	38,660,651	39,878,274	3.15%
Pupil Services	47,554,528	47,311,600	-0.51%
General Administration	21,069,571	31,025,604	47.25%
Plant Services	33,755,854	44,059,616	30.52%
Interest	8,658,938	9,679,704	11.79%
Other	5,794,095	4,099,171	-29.25%
Total Expenses	<u>394,551,200</u>	<u>435,542,714</u>	<u>10.39%</u>
Increase/(Decrease) in Net Position	25,301,267	39,189,038	
Net Position - Beginning	<u>211,131,712</u>	<u>236,432,979</u>	
Net Position - Ending	<u>\$ 236,432,979</u>	<u>\$ 275,622,017</u>	<u>16.58%</u>

LODI UNIFIED SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

General Fund Budgetary Highlights

Work on the 2020-21 general fund started with a review of the Governor’s proposal in January 2020. However, this all changed in March 2020, when the District was faced with an unprecedented health pandemic brought on by COVID-19, which has affected the economy world-wide. Schools were closed and distance learning was provided to all students in the last quarter of the 2019-20 school year and continued in 2020-21. COVID-19 changed the world and our norm as we used to know it. Distance learning and remote work were thrust upon not only Lodi Unified School District, but many sectors of the economy. We all had to learn and adjust in this new COVID-19 world. Funding wise, at May Revise, the State was projecting huge, detrimental cuts to school budgets; Lodi Unified was looking at \$30 Million reduction in LCFF. Eventually, after negotiations, the Legislature reached a compromise with no COLA and deferrals in lieu of cuts.

The State initially released COVID-19 Response funds and the Federal government enacted the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”), which provided at that time the largest inflow of COVID-19 Relief funds to Americans impacted by COVID-19. More relief funds followed under the State’s Learning Loss Mitigation Funds and the Federal government’s additional Elementary and Secondary School Emergency Relief funds. The State and Federal monies were restricted and targeted in the types of allowable use of funds. Altogether, the District’s COVID relief funds are projected at \$167 million.

Besides the effects of COVID-19 pandemic, the other major concern to the District’s finances is the continual declining student enrollment. This is a trend state-wide and nationwide.

The Local Control and Accountability Plan requirements were suspended for 2020-21 and instead a Learning Continuity Plan was prepared that addressed the District’s response to COVID-19. Financial updates were presented to the Board on a regular, ongoing basis regarding the impact of the State budget. The District continues to monitor changes in enrollment and state funding levels during fiscal year 2020-21.

Business-type Funds

The assets and deferred outflows of resources in the Self-Insurance Fund exceeded liabilities by \$29 million at June 30, 2021. The District uses these assets to provide for the claims and administration of its self-insured programs: worker’s compensation, self-insured retention portion of property and liability, and vision and dental benefits. As of June 30, 2021, the incurred but not reported (IBNR) and reserve liabilities are fully funded for all the programs.

Beginning with the fiscal year 2007-08, the District also uses a Self-Insurance Fund to account for the accumulation of funds and payment of retiree benefits. With the implementation of GASB 75, the District’s Net Other Post Employment Benefit (OPEB) Obligation as of June 30, 2021, is \$103 million.

LODI UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

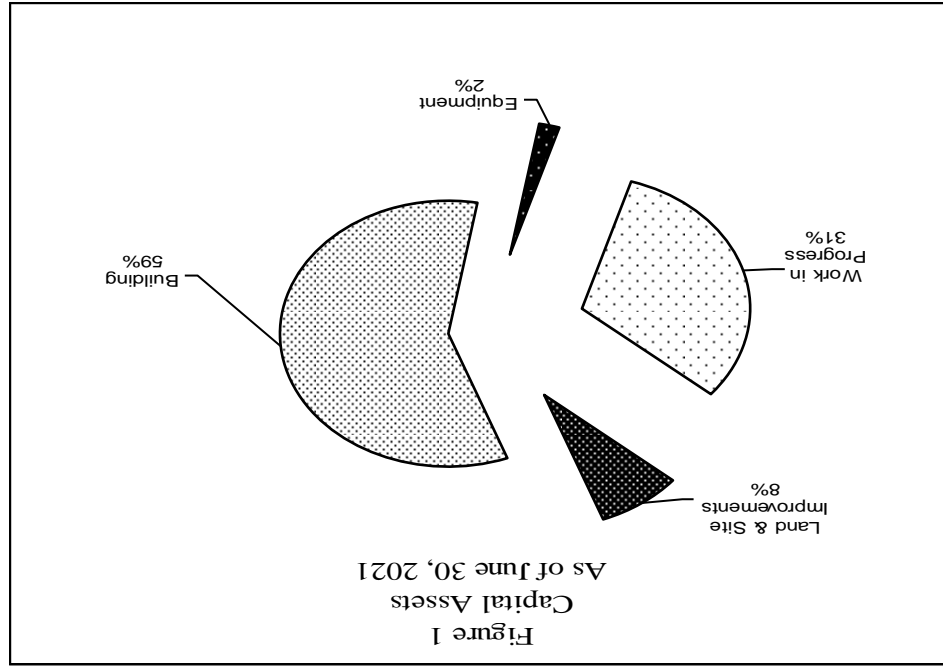
CAPITAL ASSET AND DEBT ADMINISTRATION

Table 4
Capital Assets
(net of depreciation)

	<u>2020</u>	<u>2021</u>	Percent Change
Land and Improvement of Sites	\$ 45,287,117	\$ 44,490,976	-1.76%
Building	325,814,449	318,451,986	-2.26%
Equipment	10,277,197	10,653,350	3.66%
Work in Progress	<u>87,551,245</u>	<u>170,824,079</u>	<u>95.11%</u>
 Total Net Assets	 <u>\$ 468,930,008</u>	 <u>\$ 544,420,391</u>	 <u>16.10%</u>

**LODI UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

By June 30, 2021, the District has invested \$544 million in a broad range of capital assets, including school buildings, buses, computers and copiers, and administrative offices. This amount represents a net increase of \$75 million from last year. Figure 1 below graphically displays the percentage of capital assets by category.



At June 30, 2021, the District has budgeted over \$204 million for capital projects using the proceeds from the sale of bonds, Proposition 47 apportionments, one-time state discretionary funds, and developer fees. The amounts below represent the final projected budget for 2020-21 only and do not necessarily represent the total budget for the project as most projects span more than one fiscal year.

LODI UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

Table 5
Anticipated Projects

Project No.	Project	\$
8006	Parklane Property Imprvmt	41,000
8007	Lodi Hs Jive/Ups	294,000
8008	Mcnair Jive/Ups Project	341,000
8011	Oakwood Parking Lot	139,000
8015	Wagner Holt Jive System	45,000
8022	Playgrnd Imprv @ Silva	60,000
8030	Furniture, Fixtures & Equipment	1,000,000
8034	Ths Jive System	138,000
8035	Bchs Gas Retro-Fit Proj	160,000
8037	Liveoak Walkin Refrig-Freezer	43,000
8039	Jive & Ups Proj - Multi Sites	928,000
8040	Joe Serna Relocation	11,000
8041	Bchs Fire Alarm Upgrade	210,000
8043	Parklane Fire Alarm Upgrade	38,000
8044	Wagner Holt Fire Alarm Upgrade	74,000
8051	*Science Portable @ Lhs	1,000
8052	Prk Lot/Play Grnd Imprv @ Var	30,000
8053	Parklane Fire Alarm Upgrade	33,000
8054	Safety & Security	467,000
8056	Prkng Lot Sfty Imprv @ Westwd	513,000
8059	Bear Creek Jive System	8,000
8064	Live Oak Child Dev Playground	2,000
8069	Creekside Jive System	62,000
8078	Parklane Jive System	43,000
8079	Jaesc Fencing Project	300,000
8090	Lab Conversion @ Bchs	370,000
8091	Larson Relocatable Proj	216,000
8092	Future Elem Site 1	2,646,000
8094	Live Oak Relocatable Proj	223,000
8103	Acampo Rd Kitchen Renovation	1,599,000
8118	Tokay Hs Athletic Fld Imprv	331,000
8145	19440 N. Jack Tone Rd	121,000
8154	Lms Relocatable Classroom	32,000
8200	Unused Budget	367,000
8206	Lhs Renovation Proj - Meas U	65,698,000
8207	Houston Modernization	1,315,000
8208	Lms Fire Alarm Upgrade	427,000
8210	Beckman Facility Improvement	828,000
8212	Clairmont Elem - Mu	50,000
8213	Creekside Facility Imprv	163,000
8214	Davis Facility Imprv	789,000
8215	Elkhorn Facility Imprv	1,441,000
8216	Heritage Facility Imprv	909,000
8217	Needham Facility Imprv	18,785,000
8218	John Muir Elem - Mu	169,000
8219	Lhs Pool Project	13,674,000
8221	Lakewood Facility Imprv	570,000
8222	Larson Elem - Mu	120,000
8223	Lawrence Facility Imprv	346,000
8224	Live Oak Facility Imprv	579,000
8225	Lockeford Facility Imprv	325,000
8227	Nichols Facility Imprv	220,000
8228	Oakwood Elem - Mu	80,000
8229	Parklane Facility Imprv	1,266,000
8231	Reese Facility Imprv	169,000
8234	Turner Academy Facility Imprv	199,000
8235	Victor Facility Imprv	384,000
8236	Vinewood Facility Imprv	830,000
8237	Wagner Holt Elem - Mu	-
8238	Washington Facility Imprv	508,000
8239	Woodbridge Elem - Mu	-
8240	Mcauliffe Facility Imprv	261,000
8241	Delta Sierra Mid - Mu	168,000
8242	Henderson Facility Imprv	160,000
8243	Millswood Middle - Mu	-
8244	Morada Facility Imprv	294,000
8245	Liberty Facility Imprv	1,046,000
8246	Plaza Facility Imprv	418,000
8247	Tokay Hs New & Modernization	30,794,000
8248	Lincoln Tech - Mu	93,000
8249	Bear Creek Facility Improvement	131,000
8425	Dist Construction Proj	15,862,000
8426	Extension Rd Campus	505,000
8427	Crksid Prkng Lot Add'L Scope	294,000
8429	19 S. Central Ave	2,486,000
8452	Business Services Renovation	4,000
8460	Henderson Demolition Proj	163,000
8858	Bchs Cte Ag Classroom	3,000
8866	Storm Drain Pump Stn @ Mcnair	1,021,000
8877	Live Oak Portables	233,000
8912	Live Oak Portables	28,000
8934	Sch Fac Impv Dist Safety	424,000
8937	*Mcnair Hs Athletic Fld Imprv	30,000
8940	Nutrition Service Center	4,000
8944	Lodi Hs Track	18,000
8957	Lhs Facility Renovations	300,000
8986	Bchs Ag Complex	175,000
8993	Maintenance Ops Fac-Guild	954,000
XXXX	Other Various Projects	27,396,000
	Total Anticipated	<u>\$ 203,997,000</u>

LODI UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2021

At June 30, 2021, the District had \$777 million in general obligation bonds and other long-term debt outstanding – an increase of \$24 million from last year as shown in the following Table 6.

	<u>2020</u>	<u>2021</u>	<u>Change</u>
General Obligation Bonds	\$ 301,028,318	\$ 294,074,346	\$ (6,953,972)
Certificates of Participation Payable	7,920,574	7,057,891	(862,683)
Capital Leases Payable	5,092,677	4,537,994	(554,683)
Claims Payable	12,085,132	7,221,370	(4,863,762)
Total OPEB Liability	77,782,961	102,908,147	25,125,186
Other loan			
Compensated Absences Payable	1,259,809	1,148,184	(111,625)
Net Pension Liability	<u>348,493,967</u>	<u>360,215,747</u>	<u>11,721,780</u>
Total	<u>\$ 753,663,438</u>	<u>\$ 777,163,679</u>	<u>\$ 23,500,241</u>

Significant changes to long-term debt were as follows:

- Claims Payable decreased by \$5 million due to the changes recognized during the measurement period based on the estimates of the ultimate cost of claims that have been reported but not settled, and of claims that have been incurred but not reported. Refer to Note 9 for further disclosures related to the Risk Management/Claim Liabilities.
- Total OPEB Liability increased by \$25 million due to the changes recognized for the measurement period such as service cost, interest on total OPEB liability, assumption changes and benefit payments during the measurement period of the total OPEB liability (June 30, 2020). Refer to Note 12 for further disclosures related to the total OPEB liability.
- Net Pension Liability increased by \$12 million primarily due to the changes in assumptions (i.e. lower investment rate of returns for both CalSTRS and CalPERS plans) and the District's increased in proportionate share of the liability for both plans. Refer to Note 11 for further disclosures related to the net pension liability.

LODI UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

FACTORS BEARING ON THE DISTRICT FUTURE

At the time these financial statements were prepared, factors affecting the District's future include:

- Funding for FY 2021-22 will be funded based on 2020-21 Average Daily Attendance (ADA).
- Continuous decline in student enrollment and funded (ADA)
- Increasing contributions to CalSTRS and CalPERS to cover projected liabilities for pension benefits earned to date.
- Continuous salary negotiations between the District and the collective bargaining groups.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions regarding this report or need additional financial information, contact Mr. Leonard Kahn, Chief Business Officer, Lodi Unified School District, 1305 E. Vine, Lodi, CA 95240.

LODI UNIFIED SCHOOL DISTRICT

STATEMENT OF NET POSITION JUNE 30, 2021

	Governmental Activities
ASSETS	
Cash and equivalents	\$ 425,249,398
Restricted cash and equivalents	3,266,147
Accounts receivable	50,216,387
Inventories	1,116,284
Prepaid items	89,635
Other current assets	2,500
Depreciable capital assets (net)	343,859,402
Nondepreciable capital assets	<u>200,560,989</u>
Total assets	<u>1,024,360,742</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pensions	77,864,200
Deferred outflows of resources related to OPEB	20,698,446
Deferred amount on debt refunding	<u>1,861,852</u>
Total deferred outflows of resources	<u>100,424,498</u>
LIABILITIES	
Accounts payable	52,704,752
Unearned revenue	4,763,239
Long-term liabilities, due within one year	26,108,983
Due in more than one year:	
Total OPEB liability	102,908,147
Net pension liability	360,215,747
Other long-term liabilities	<u>287,930,802</u>
Total liabilities	<u>834,631,670</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	10,591,996
Deferred inflows of resources related to OPEB	<u>3,939,557</u>
Total deferred inflow of resources	<u>14,531,553</u>
NET POSITION	
Net investment in capital assets	314,076,024
Restricted for:	
Capital projects	104,947,563
Debt service	36,002,966
Educational programs	14,171,696
Student activities	1,977,580
Other purposes (expendable)	13,584,423
Unrestricted	<u>(209,138,235)</u>
Total net position	<u>\$ 275,622,017</u>

The accompanying notes are an integral part of these financial statements.

LODI UNIFIED SCHOOL DISTRICT

STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2021

Functions	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Instruction	\$ 259,488,745		\$ 77,293,283	\$ (182,195,462)
Instruction-related services:				
Instructional supervision and administration	13,649,430		6,774,417	(6,875,013)
Instructional library, media and technology	2,516,528		135,363	(2,381,165)
School site administration	23,712,316		1,486,781	(22,225,535)
Pupil services:				
Pupil transportation	5,870,799		251,698	(5,619,101)
Food services	17,368,365	\$ 1,026,152	18,413,307	2,071,094
Other pupil services	24,072,436		9,600,446	(14,471,990)
Plant services	44,059,616	5,552,145	13,890,507	(24,616,964)
Ancillary services	2,346,413		522,325	(1,824,088)
Enterprise activities	187,932		169,383	(18,549)
General administration:				
Data processing services	16,305,534		9,212,031	(7,093,503)
Other general administration	14,720,070	1,309,013	3,730,759	(9,680,298)
Interest and other charges	9,679,704			(9,679,704)
Bond issuance costs	222,441			(222,441)
Other outgo	1,342,385		375,704	(966,681)
Totals	\$ 435,542,714	\$ 7,887,310	\$ 141,856,004	(285,799,400)
General revenues:				
Taxes and subventions:				
Taxes levied for general purposes				62,814,660
Taxes levied for debt service				25,333,444
Taxes levied for other specific purposes				1,008,821
Federal and state aid not restricted to specific purposes				233,579,640
Interest and investment earnings				252,617
Interagency revenues				282
Miscellaneous revenue				1,998,974
Total general revenues				324,988,438
Increase in net position				39,189,038
Net position, beginning of year				236,432,979
Net position - ending				\$ 275,622,017

The accompanying notes are an integral part of these financial statements.

LODI UNIFIED SCHOOL DISTRICT

BALANCE SHEETS GOVERNMENTAL FUNDS JUNE 30, 2021

	General Fund	Cafeteria Fund	Building Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and equivalents	\$ 126,309,906	\$ 7,606,624	\$ 88,302,101	\$ 88,938,686	\$ 311,157,317
Restricted cash and equivalents			3,266,101	46	3,266,147
Accounts receivable	45,371,842	2,971,384	88,952	1,119,518	49,551,696
Due from other funds	22,888	34,565		18,060,501	18,117,954
Inventories	42,934	1,073,350			1,116,284
Prepaid items	89,635				89,635
Other current assets		2,500			2,500
Total assets	\$ 171,837,205	\$ 11,688,423	\$ 91,657,154	\$ 108,118,751	\$ 383,301,533
LIABILITIES					
Accounts payable	\$ 33,286,339	\$ 736,767	\$ 11,716,644	\$ 2,079,556	\$ 47,819,306
Due to other funds	25,595,066	190		22,698	25,617,954
Unearned revenue	4,256,209	192,857		314,173	4,763,239
Total liabilities	63,137,614	929,814	11,716,644	2,416,427	78,200,499
FUND BALANCES					
Nonspendable for:					
Revolving cash	120,000				120,000
Inventories	42,934	1,073,350			1,116,284
Prepaid items	89,635				89,635
Restricted for:					
Instruction	11,065,141			3,106,555	14,171,696
Maintenance	3,899,164				3,899,164
Student Activities				1,977,580	1,977,580
Debt service				36,002,966	36,002,966
Capital projects			79,940,510	25,007,054	104,947,564
Food services		9,685,259			9,685,259
Committed for:					
Instruction				710,145	710,145
Assigned for:					
Instruction:					
Programmatic reserve	5,000,000				5,000,000
Special education	5,000,000				5,000,000
Instructional materials	5,000,000				5,000,000
Purchase order commitments	2,227,052				2,227,052
Future cost of benefits	2,000,000				2,000,000
Enrollment decline	37,539,379				37,539,379
Locally defined	12,682,844				12,682,844
Capital projects				28,156,931	28,156,931
Debt service				10,741,093	10,741,093
Unassigned	24,033,442				24,033,442
Total fund balances	108,699,591	10,758,609	79,940,510	105,702,324	305,101,034
Total liabilities, deferred inflow of resources and fund balances	\$ 171,837,205	\$ 11,688,423	\$ 91,657,154	\$ 108,118,751	\$ 383,301,533

The accompanying notes are an integral part of these financial statements.

LODI UNIFIED SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEETS TO THE STATEMENT OF NET POSITION JUNE 30, 2021

Total fund balance, governmental funds	\$ 305,101,034
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. The historical cost of the capital assets is \$750,641,837 and the accumulated depreciation is \$206,221,446.	544,420,391
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In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatured interest owing at the end of the period was:	(4,542,164)
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities, net of unamortized premiums, discounts, are included in governmental activities in the statement of net position as follows:

General obligation bonds	(294,074,346)
Certificates of participation	(7,057,891)
Capital leases payable	(4,537,994)
Compensated absences	(1,148,184)
Net pension liability	(360,215,747)

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

Deferred outflows of resources related to pensions	77,864,200
Deferred outflows of resources resulting from deferred amount on refundings	1,861,852
Deferred inflows of resources related to pension	(10,591,996)

The District uses an internal service fund to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service fund are reported with governmental activities in the statement of net position.	<u>28,542,862</u>
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Total net position, governmental activities	<u>\$ 275,622,017</u>
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LODI UNIFIED SCHOOL DISTRICT

STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS YEAR ENDED JUNE 30, 2021

	<u>General Fund</u>	<u>Cafeteria Fund</u>	<u>Building Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
State apportionments	\$ 229,705,458			\$ 2,943,282	\$ 232,648,740
Local sources	55,903,387			719,096	56,622,483
Total local control funding formula	285,608,845			3,662,378	289,271,223
Federal revenues	52,104,459	\$ 17,640,602		3,724,998	73,470,059
Other state revenues	71,309,042	1,418,786		4,862,038	77,589,866
Other local revenues	3,841,652	1,176,496	\$ (71,328)	32,629,227	37,576,047
Total revenues	<u>412,863,998</u>	<u>20,235,884</u>	<u>(71,328)</u>	<u>44,878,641</u>	<u>477,907,195</u>
EXPENDITURES					
Current:					
Instruction	238,557,222			6,481,953	245,039,175
Instruction-related services:					
Supervision of instruction	8,739,845			1,456,575	10,196,420
Administrative unit (AU) of multidistrict SELPA	2,941,222				2,941,222
Instructional library, media and tech	2,351,903			16,340	2,368,243
School site administration	22,424,343			373,471	22,797,814
Pupil services:					
Pupil transportation	5,059,873				5,059,873
Food services	687,708	15,779,078			16,466,786
Other pupil services	23,484,435			267,759	23,752,194
Ancillary services	1,771,059			536,350	2,307,409
Enterprise activities	179,700				179,700
General administration:					
Data processing services	16,318,014				16,318,014
Other general administration	16,874,974	799,476		517,041	18,191,491
Plant services	42,105,279	355,616	16,500	1,089,302	43,566,697
Debt service:					
Principal	47,546	3,732		17,318,405	17,369,683
Interest and other charges	8,080			11,356,144	11,364,224
Bond issuance costs			222,441		222,441
Capital outlay	900,537		82,110,604	2,588,484	85,599,625
Transfers to other agencies	549,582			792,803	1,342,385
Total expenditures	<u>383,001,322</u>	<u>16,937,902</u>	<u>82,349,545</u>	<u>42,794,627</u>	<u>525,083,396</u>
Excess (deficiency) of revenues over expenditures	<u>29,862,676</u>	<u>3,297,982</u>	<u>(82,420,873)</u>	<u>2,084,014</u>	<u>(47,176,201)</u>
OTHER FINANCING SOURCES (USES)					
Interfund transfers out	(17,556,047)				(17,556,047)
Proceeds from sale of bonds			10,000,000		10,000,000
Premium on bonds issued			60,000	754,663	814,663
Interfund transfers in				17,556,047	17,556,047
Total other financing sources (uses)	<u>(17,556,047)</u>		<u>10,060,000</u>	<u>18,310,710</u>	<u>10,814,663</u>
Increase (decrease) in fund balances	12,306,629	3,297,982	(72,360,873)	20,394,724	(36,361,538)
Fund balances - beginning	96,392,962	7,460,627	152,301,383	85,307,600	341,462,572
Fund balances - ending	<u>\$ 108,699,591</u>	<u>\$ 10,758,609</u>	<u>\$ 79,940,510</u>	<u>\$ 105,702,324</u>	<u>\$ 305,101,034</u>

LODI UNIFIED SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2021

Net change in fund balances - total governmental funds:	\$ (36,361,538)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period. This is the amount by which capital outlays (\$88,051,355) exceeds depreciation expense (\$12,549,599) in the period.	75,501,756
Loss on disposal of capital assets are reported as revenue in governmental funds. In the statement of activities only the resulting gain or loss is reported.	(11,373)
Repayment of the principal of long-term debt is reported as an expenditure in governmental funds. However, the repayment reduces long-term liabilities in the statement of net position.	17,369,683
Proceeds from debt and the related premium are recognized as Other Financing Sources in governmental funds. However, debt increases long-term liabilities in the statement of net position.	(10,814,662)
Changes in the liability for compensated absences are not recorded as expenditures in governmental funds because they are not expected to be liquidated with current financial resources. In the statement of activities, compensated absences are recognized as expenses/revenues when earned by employees.	111,625
In governmental funds, unmatured interest on long-term debt is recognized in the period when it is due. However, in the statement of activities, unmatured interest on long-term debt is accrued at year end.	209,753
In government funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount, plus any deferred gain or loss from debt refunding, is amortized as interest over the life of the debt. Amortization of debt issue premium or discount, or deferred gain or loss from debt refunding, for the period is:	1,474,762
In government funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. The difference between accrual-basis pension costs and actual employer contributions was:	(13,611,278)
Internal service funds are used by management to charge the costs of certain activities, such as self insurance and retiree benefits, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.	<u>5,320,310</u>
Change in net position of governmental activities	<u>\$ 39,189,038</u>

LODI UNIFIED SCHOOL DISTRICT

STATEMENT OF NET POSITION PROPRIETARY FUND JUNE 30, 2021

	<u>Self-Insurance Fund</u>
ASSETS	
Current assets:	
Cash and equivalents	\$ 114,092,081
Accounts receivable	664,691
Due from other funds	<u>7,500,000</u>
Total assets	<u>122,256,772</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to OPEB	<u>20,698,446</u>
 LIABILITIES	
Current Liabilities:	
Accounts payable	343,282
Claims and judgments	<u>2,928,155</u>
Total current liabilities	<u>3,271,437</u>
 Noncurrent Liabilities:	
Total OPEB obligation	102,908,147
Claims and judgments	<u>4,293,215</u>
Total noncurrent liabilities	<u>107,201,362</u>
Total liabilities	<u>110,472,799</u>
 DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to OPEB	<u>3,939,557</u>
 NET POSITION	
Unrestricted	<u>28,542,862</u>
Total net position	<u>\$ 28,542,862</u>

LODI UNIFIED SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION PROPRIETARY FUND YEAR ENDED JUNE 30, 2021

	Self-Insurance Fund
OPERATING REVENUES	
Charges for services	\$ 21,640,047
Other local revenue	<u>203,369</u>
Total operating revenue	<u>21,843,416</u>
OPERATING EXPENSES	
OPEB benefit expense	10,325,382
Claims and administration	<u>6,289,180</u>
Total operating expense	<u>16,614,562</u>
Operating gain	5,228,854
NON-OPERATING REVENUES	
Interest income	<u>91,456</u>
Increase in net position	<u>5,320,310</u>
Net position, beginning of year	<u>23,222,552</u>
Net position - ending	<u>\$ 28,542,862</u>

LODI UNIFIED SCHOOL DISTRICT

STATEMENT OF CASH FLOWS PROPRIETARY FUND YEAR ENDED JUNE 30, 2021

	<u>Self-Insurance Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from interfund services provided	\$ 19,402,181
OPEB benefit payments	(1,723,022)
Claims paid	(5,365,922)
Payments on behalf of employees	(140,934)
Payments to suppliers	(5,373,674)
Net cash and equivalents provided by operating activities	<u>6,798,629</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	<u>91,456</u>
Net increase in cash and equivalents	6,890,085
Cash and equivalents – beginning of year	<u>107,201,996</u>
Cash and equivalents – end of year	<u>\$ 114,092,081</u>
RECONCILIATION OF OPERATING GAIN TO CASH AND EQUIVALENTS PROVIDED BY OPERATING ACTIVITIES	
Operating gain	\$ 5,228,854
Changes in operating assets and liabilities:	
Accounts receivable	59,286
Due from other funds	(2,500,000)
Accounts payable	272,412
Due to other funds	(521)
Total OPEB obligation and related deferred outflows	8,602,360
Claims and judgments	<u>(4,863,762)</u>
Net cash and equivalents provided by operating activities	<u>\$ 6,798,629</u>

LODI UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

1. SIGNIFICANT ACCOUNTING POLICIES

A. ACCOUNTING POLICIES

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

B. REPORTING ENTITY

The District has reviewed criteria to determine whether other entities with activities that benefit the District should be included within its financial reporting entity. The criteria include, but are not limited to, whether the entity exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), the scope of public service, and a special financing relationship.

The District has sponsored five charter schools: Aspire Vincent Shalvey Academy, Aspire River Oaks Charter School, Aspire Benjamin Holt College Preparatory Academy, Aspire Benjamin Holt Middle School and Rio Valley Charter School. In determining its reporting entity, the District considered whether these charter schools should be included. The District determined that these charter schools do not meet the above criteria primarily because Aspire Public Schools and Rio Valley Charter School have been established as non-profit public benefit corporations. The charter agreements specify that the District does not participate in the management or operation of these charter schools, and that the charter schools shall indemnify and hold harmless the District against all loss caused by the charter schools. In addition, Education Code Section 47604(c) specifies that a district shall not be liable for the debts or obligations of a charter school operated by a non-profit public benefit corporation.

The District and the Lodi Unified School District Capital Facilities Corporation (the Corporation) have a financial and operational relationship which meets the reporting entity definition criteria of GASB for inclusion of the Corporation as a component unit of the District. The Corporation's board members are the same as the District's board members.

The Corporation is a non-profit public benefit corporation incorporated under the laws of the State of California on March 2, 1990. The Corporation was formed to provide financial assistance to the District for construction and acquisition of major capital facilities. The District occupies all Corporation facilities and is the sole lessee of all facilities owned by the Corporation. The District's lease payments are the sole revenue source of the Corporation.

For financial presentation purposes, the Corporation's financial activity has been blended with the financial data of the District. The financial statements present the Corporation's financial activity within the Special Reserve Fund for Capital Outlay and the Debt Service Fund. Certificates of participation issued by the Corporation are included as long-term liabilities in the government-wide financial statements.

LODI UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

C. BASIS OF PRESENTATION

Government-wide financial statements – The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government. Internal service fund activity is eliminated to avoid doubling revenues and expenses.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. 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.

Fund financial statements – Fund financial statements report more detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column as other governmental funds. Internal service funds are combined and the totals are presented in a single column on the face of the proprietary fund statements.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds include a Balance Sheet, which generally includes only current assets and current liabilities, and a Statement of Revenues, Expenditures, and Changes in Fund Balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Fund Net Position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The Statement of Cash Flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

LODI UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of internal service funds are charges to other funds for employee self-insurance claims and post-employment benefit payments. Operating expenses of internal service funds include the costs of insurance premiums and claims related to self-insurance and post-employment benefits.

D. BASIS OF ACCOUNTING

Basis of accounting refers to when transactions are recorded in the financial records and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental fund financial statements use the modified accrual basis of accounting. Proprietary funds use the accrual basis of accounting.

Revenues – Exchange and Non-exchange Transactions – Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value is recorded under the accrual basis when the exchange takes place. Under the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, "available" means collectible within the current period or within 45, 60, or 90 days after year-end, depending on the revenue source. However, to achieve comparability of reporting among California districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to state aid apportionments, the California Department of Education has defined "available" as collectible within one year.

Non-exchange transactions are those in which the District receives value without directly giving equal value in return, including property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted, matching requirements, under which the District must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized. Receivables associated with non-exchange transactions that will not be collected within the period of availability have been offset with unavailable revenue.

Unearned Revenue – Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are recorded as unearned revenue.

Expenses/Expenditures – Under the accrual basis of accounting, expenses are recognized at the time they are incurred. However, the measurement focus of governmental fund accounting is on decreases in the net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized on governmental fund financial statements.

LODI UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

When expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available for use, it is the District's policy to first apply the expenditure toward, restricted fund balance and then to other, less restrictive classifications - committed amounts should be reduced first, followed by assigned amounts and then unassigned amounts.

E. FUND ACCOUNTING

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows, liabilities, deferred inflows, fund equity, revenues, and expenditures or expenses, as appropriate. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The District's accounts are organized into major, non-major, and internal service funds as follows:

Major Governmental Funds

The **General Fund** is the primary operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

The **Cafeteria Fund**, a special revenue fund, is used to account for revenues received and expenditures made to operate the District's cafeterias.

The **Building Fund**, a capital projects fund, is used to account for the acquisition of major governmental capital facilities and buildings from bond proceeds.

Non-Major Governmental Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted or committed to expenditures for specific purposes. The District maintains the following non-major special revenue funds:

The **Adult Education Fund** is used to account for resources committed to adult education programs maintained by the District.

The **Child Development Fund** is used to account revenues received and expenditures made to operate the District's child development programs.

The **Student Activity Fund** is used to account for the raising and expending of money to promote the general welfare, morale, and educational experience of the student body. The amounts reported represent the combined totals of all schools within the District.

The **Charter School Fund** is used to account for revenues received and expenditures made to operate the District's Charter School(s).

The **Special Education Pass-Through Fund** is used by the Administrative Unit (AU) of a multi-LEA Special Education Local Plan Area (SELPA) to account for Special Education revenue pass-through to other member Local Education Agencies (LEAs).

LODI UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

Capital Projects Funds are used to account for the acquisition and/or construction of all major governmental general fixed assets. The District maintains the following non-major capital projects funds:

The **Special Reserve Fund for Capital Outlay** is used to account for various maintenance and capital outlay projects.

The **Capital Facilities Fund** is used to account for resources received from development impact fees assessed under provisions of the California Government Code.

The **County School Facilities Fund** is used to account for state apportionment provided for construction and reconstruction of school facilities under SB50.

The **Debt Service** funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and other debt related costs. The District maintains the following non-major debt service fund:

The **Debt Service Fund** is used for the accumulation of resources for and the retirement of principal and interest on long-term debt.

The **Bond Interest and Redemption Fund** is used to account for the accumulation of resources for, and the repayment of, District bonds, interest, and other debt related costs.

Internal Service Funds

Internal Service Funds are used to account for services rendered on a cost-reimbursement basis within the District. The District maintains two internal service funds. The **Self-Insurance Fund** is used to provide general and vehicle liability, workers' compensation, dental, and vision insurance coverage to its employees. The **Self-Insurance – OPEB Fund** is used to provide for retiree benefits.

F. BUDGETS AND BUDGETARY ACCOUNTING

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds, with the exception of Debt Service Funds. By state law, the District's governing board must adopt a final budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption.

These budgets are revised by the District's governing board and District superintendent during the year to give consideration to unanticipated income and expenditures. The original and final revised budgets for the General Fund and Cafeteria Fund are presented as required supplementary information in these financial statements.

Formal budgetary integration was employed as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

LODI UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

G. CASH AND EQUIVALENTS

The District considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents.

H. RESTRICTED CASH AND EQUIVALENTS

Cash and equivalents that are externally restricted per contractual obligations are classified as restricted cash and equivalents in the statement of net position and balance sheet based on anticipated use.

I. INVENTORIES AND PREPAID ITEMS

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

The District has the option of reporting expenditures for prepaid items in governmental funds either when paid or during the benefiting period. The District has chosen to report the expenditures during the benefiting period.

J. CAPITAL ASSETS

Capital assets are those equipment purchased or acquired with an original cost of \$10,000 or more and are reported at historical cost or estimated historical cost. Facility projects that extend the life and value of a site or building and exceed \$100,000 are reported as capital assets. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on a straight-line basis over the following estimated useful lives:

<u>Asset Class</u>	<u>Years</u>
Improvement of Sites	20
Buildings	50
Machinery and Equipment	5-20

K. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the balance sheet reports separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of resources that applies to a future period(s) and will not be recognized as an outflow of resources (expense) until then. Conversely, deferred inflows of resources represent an acquisition of resources that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

The District's deferred amount on debt refunding, resulting from the difference in the carrying value and reacquisition price of the refunded debt, is reported as deferred outflows of resources and is amortized over the shorter of the life of the refunded debt or refunding bond.

LODI UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

Contributions made to the District's pension and OPEB plan(s) after the measurement date but before the fiscal year-end are recorded as deferred outflows of resources and will reduce the net pension liability or total OPEB liability in the next fiscal year.

Additional factors involved in the calculation of the District's pension and OPEB expenses and liabilities include the differences between expected and actual experience, changes in assumptions, differences between projected and actual investment earnings, changes in proportion, and differences between the District's contributions and proportionate share of contributions. These factors are recorded as deferred outflows and inflows of resources and amortized over various periods. See Note 11 for further details related to the pension deferred outflows and inflows. See Note 12 for details related to the OPEB deferred outflows and inflows.

L. PENSIONS

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Certificated employees are members of the State Teachers' Retirement Plan (the CalSTRS Plan), and classified employees are members of the Schools Pool (the CalPERS Plan), collectively referred to as the Plans. For purposes of measuring the net pension liability, pension expense, and deferred outflows/inflows of resources related to pensions, information about the fiduciary net position of the District's portions of the Plans and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

M. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's (OPEB Plan) and additions to/deductions from OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms.

N. COMPENSATED ABSENCES

Accumulated unpaid employee vacation benefits are recognized as liabilities of the District on the government-wide financial statements. Compensated absences are generally liquidated by the General Fund.

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

O. FUND BALANCES

In the governmental fund financial statements fund balances are classified as follows:

Non-spendable – Funds that cannot be spent due to their form or funds that legally or contractually must be maintained intact.

LODI UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

Restricted – Funds that are mandated for specific purposes because the amounts are subject to externally imposed or legally enforceable constraints.

Committed – Funds set aside for specific purposes by the District’s highest level of decision-making authority (Board of Education) pursuant to formal actions taken, such as a majority vote or resolution. These committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specific use through the same type of formal action taken to establish the commitment.

Assigned – Funds that are constrained by the District’s intent to be used for specific purposes, but are neither restricted nor committed. Resolution No. 2011-54 hereby delegates the authority to assign amounts to be used for specific purposes to the Chief Business Officer for the purpose of reporting these amounts in the financial statements.

Unassigned – The residual balance of the general fund that has not been assigned to other funds and that is not restricted, committed or assigned to a specific purpose.

Consistent with the Criteria and Standards for fiscal solvency adopted by the State Board of Education, the District maintains a Reserve for Economic Uncertainties to safeguard the District’s financial stability. The responsibility to operate the District to maintain financial stability resides with the elected Board of Education. The minimum recommended reserve for a District of this size is a minimum of 3% of budgeted general fund expenditures and other financing uses. The District’s standard policy is to maintain the reserve at 3%. As of June 30, 2021, the District had a Reserve for Economic Uncertainty of \$12,016,721 in the General Fund’s unassigned fund balance which represents 3.3% of budgeted general fund expenditures and other financing uses. The remaining unassigned balance consists of \$12,016,721 as additional designations for potential deficit spending.

P. PROPERTY TAXES

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

Q. LONG-TERM OBLIGATIONS

The District reports long-term obligations of governmental funds at face value in the government-wide financial statements. Long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements and the government-wide financial statements.

R. USE OF ESTIMATES

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

LODI UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

S. FUTURE ACCOUNTING PRONOUNCEMENTS

In June 2017, the GASB issued Statement No. 87, *Leases*, amended by Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* which extended the required implementation for the District to the year ending June 30, 2022. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources 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 statement, 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, thereby enhancing the relevance and consistency of information about governments' leasing activities.

Management is in the process of evaluating the impact this statement will have on the District's future financial statements.

2. CHARTER SCHOOLS

The Lodi Unified School District operates the Joe Serna Charter School pursuant to Education Code Section 47605. The financial activities of the Joe Serna Charter School are presented in the Special Revenue Fund (See Note 1).

3. CASH AND EQUIVALENTS

The District's cash and equivalents as of June 30, 2021 are classified in the accompanying financial statements as follows:

Cash and equivalents	\$ 425,249,398
Restricted cash and equivalents	<u>3,266,147</u>
Total cash and equivalents	<u>\$ 428,515,545</u>

Cash and equivalents as of June 30, 2021, consist of the following:

Cash with financial institutions	\$ 8,372,980
Cash and equivalents with County Treasury	415,998,225
Cash and equivalents with fiscal agents	<u>4,144,340</u>
Total cash and equivalents	<u>\$ 428,515,545</u>

Restricted Cash and Equivalents

The District's restricted cash and equivalents are \$3,266,147 at June 30, 2021. Included in this restricted balance is \$3,266,101 for retention on construction projects and \$46 for the repayment of the District's 2010 Series A and B Certificates of Participation.

LODI UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

Cash in County Treasury

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the San Joaquin County Treasury (the Treasury). The Treasury pools these funds with those of other districts in the county and invests the cash. The share of each fund in the pooled cash account is separately accounted for and interest earned is apportioned quarterly to funds that are legally required to receive interest based on the relationship of a fund's daily balance to the total of pooled cash and investments.

Participants' equity in the investment pool is determined by the dollar amount of the participant deposits, adjusted for withdrawals and distributed income. This method differs from the fair value method used to value investments in these financial statements in that unrealized gains or losses are not distributed to pool participants.

The Treasury is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et. seq., and is restricted by Government Code Section 53635, pursuant to Section 53601. The funds maintained by the Treasury are either secured by federal depository insurance or are collateralized.

The Treasury is restricted by Government Code Section 53635, pursuant to Section 53601, to invest in time deposits; U.S. government securities; state registered warrants, notes, or bonds; the State Treasurer's investment pool; bankers' acceptances; commercial paper; negotiable certificates of deposit; and repurchase or reverse repurchase agreements.

Investments Authorized by the District's Investment Policy

The table below identifies the investment types authorized for the entity by the District's investment policy. This table also identifies certain provisions of the California Government Code that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Bonds or Notes	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Bankers Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20%	None
Medium-Term Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Mortgage Pass through Securities	5 years	20%	None
Joint Power Agreements	N/A	None	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Funds (LAIF)	N/A	None	None

LODI UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

Derivative Investments

The District did not directly enter into any derivative investments. The county did not invest in any derivative products as of June 30, 2021.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair values to changes in market interest rates. As of June 30, 2021, the weighted average maturity of the investments contained in the treasury investment pool is approximately 484 days.

Credit Risks

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The County Treasury investment pool does not have a rating provided by a nationally recognized statistical rating organization.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Education Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits that are made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amounts deposited by the public agencies.

District deposits held with financial institutions and with fiscal agents in excess of federal depository insurance limits held in accounts collateralized by securities held by the pledging financial institution were \$10,361,240.

4. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following as of June 30, 2021:

	<u>General Fund</u>	<u>Cafeteria Fund</u>	<u>Building Fund</u>	<u>Other Gov Funds</u>	<u>Self Insurance Fund</u>	<u>Total Funds</u>
Federal government	\$ 8,296,240	\$ 2,658,812		\$ 390,354		\$ 11,345,406
State government	36,232,558	110,442		650,965		36,993,965
Local government	735,881	196,475		1,217	\$ 567,701	1,501,274
Interest	107,163	5,655	\$ 88,952	76,982	96,990	375,742
Totals	<u>\$ 45,371,842</u>	<u>\$ 2,971,384</u>	<u>\$ 88,952</u>	<u>\$1,119,518</u>	<u>\$ 664,691</u>	<u>\$ 50,216,387</u>

LODI UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

5. INTERFUND TRANSACTIONS

Interfund transactions are reported as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables, as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at or near market rates, are treated as revenues and expenditures. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related costs as a reimbursement. All other interfund transactions are treated as transfers. Transfers among governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Due from/Due to Other Funds

Individual interfund receivables and payables as of June 30, 2021 were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>			<u>Total Funds</u>
	<u>General Fund</u>	<u>Cafeteria Fund</u>	<u>Other Governmental Funds</u>	
General Fund		\$ 190	\$ 22,698	\$ 22,888
Cafeteria Fund	\$ 34,565			34,565
Other Governmental Funds	18,060,501			18,060,501
Self Insurance	7,500,000			7,500,000
Total	\$ 25,595,066	\$ 190	\$ 22,698	\$ 25,617,954

Interfund receivables and payables are paid and cleared in the subsequent period.

Interfund Transfers

Interfund transfers consist of operating transfers from funds receiving resources to funds through which the resources are to be expended.

Interfund transfers for the year ended June 30, 2021 were as follows:

<u>Transfers Out</u>	<u>Transfers In</u>
	<u>Other Governmental Funds</u>
General Fund	\$ 17,556,047

For the fiscal year ended June 30, 2021, the significant and/or non-routine transfer was a transfer of \$17,080,000 from the General Fund to the Special Reserve Fund for Capital Outlay Projects. This transfer was made to fund District construction projects.

LODI UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

6. CAPITAL ASSETS AND DEPRECIATION

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

	Balance	Additions	Deductions	Balance
	July 1, 2020			June 30, 2021
Capital assets, not being depreciated:				
Land	\$ 29,736,910			\$ 29,736,910
Construction in progress	87,551,245	\$ 85,599,626	\$ (2,326,792)	170,824,079
Total capital assets, not being depreciated	<u>117,288,155</u>	<u>85,599,626</u>	<u>(2,326,792)</u>	<u>200,560,989</u>
Capital assets, being depreciated:				
Improvement of sites	31,270,071	383,326		31,653,397
Buildings	472,057,488	1,918,545		473,976,033
Machinery and equipment	42,444,868	2,476,650	(470,100)	44,451,418
Total capital assets, being depreciated	<u>545,772,427</u>	<u>4,778,521</u>	<u>(470,100)</u>	<u>550,080,848</u>
Less accumulated depreciation for:				
Improvement of sites	(15,719,864)	(1,179,467)		(16,899,331)
Buildings	(146,243,039)	(9,281,008)		(155,524,047)
Machinery and equipment	(32,167,671)	(2,089,124)	458,727	(33,798,068)
Total accumulated depreciation	<u>(194,130,574)</u>	<u>(12,549,599)</u>	<u>458,727</u>	<u>(206,221,446)</u>
Total capital assets, being depreciated, net	<u>351,641,853</u>	<u>(7,771,078)</u>	<u>(11,373)</u>	<u>343,859,402</u>
Governmental activities capital assets, net	<u>\$ 468,930,008</u>	<u>\$ 77,828,548</u>	<u>\$ (2,338,165)</u>	<u>\$ 544,420,391</u>

For the year ended June 30, 2021, depreciation expense was charged to functions as follows:

Governmental activities:	
General	\$ 10,448,981
Supervision of instruction	21,277
School site administration	177,190
Pupil transportation	811,994
Food services	324,037
Other general administration	275,083
Data processing services	222,259
Plant services	233,962
Ancillary services	31,431
Other pupil services	<u>3,385</u>
Total depreciation expense	<u>\$ 12,549,599</u>

LODI UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

7. LONG-TERM LIABILITIES

General Obligation Bonds

On November 3, 2011, the District issued 2011 General Obligation Refunding Bonds in the amount of \$42,190,000, with interest rates ranging from 2% to 5%, to currently refund the 2002 General Obligation Bonds 2002 Series. In December 2017, the District issued 2017 General Obligation Refunding Bonds in the amount of, \$21,190,000, with interest rates ranging from 1.125% to 2.000%, to advanced refund \$18,955,000 of the 2011 issue. As of June 30, 2021, the principal balance outstanding was \$3,665,000.

On August 13, 2012, the District issued 2012 General Obligation Refunding Bonds in the amount of \$44,930,000, with interest rates ranging from 2% to 5%, to advance refund \$46,565,000 of the 2002 General Obligation Bonds 2004 Series. As of June 30, 2021, the principal balance outstanding was \$32,660,000.

On May 20, 2015, the District issued 2015 General Obligation Refunding Bonds (2015 Issue) in the amount of \$8,005,000, with interest rates ranging from 4.125% to 5%, to currently refund \$7,695,000 of the 2006 Series of 2002 General Obligation Bonds (Defeased Bonds.) As of June 30, 2021, the 2016 Issue principal balance outstanding was \$5,735,000.

On May 19, 2016, the District issued 2016 General Obligation Refunding Bonds (2016 Issue) in the amount of \$34,900,000, with interest rates ranging from 1.35% to 5%, to advance refund \$37,425,000 of the 2007 Issue (Defeased Bonds). As of June 30, 2021, the 2017 Issue principal balance outstanding was \$29,110,000.

On May 10, 2017, the District issued 2017 General Obligation Bonds (2017 Issue) in the amount of \$80,000,000, with interest rates ranging from 2.75% to 5%, to modernize, replace, renovate, construct, acquire and rebuild school facilities. As of June 30, 2021, the 2017 Issue principal balance outstanding was \$55,160,000.

On December 21, 2017, the District issued 2017 General Obligation Refunding Bonds in the amount of, \$21,190,000, with interest rates ranging from 1.125% to 2.000%, to advanced refund \$18,955,000 of the 2011 General Obligation Refunding Bonds. As of June 30, 2021, the principal balance outstanding was \$19,840,000.

On October 11, 2018, the District issued 2018 General Obligation Bonds in the amount of \$9,000,000, maturing through August 2048 and bearing interest at rates ranging from 3.000% - 5.000%. The bonds were issued to modernize, replace, renovate, construct, acquire and rebuild school facilities; and pay costs of issuance of bonds. As of June 30, 2021, the principal balance outstanding was \$6,825,000.

On January 1, 2020, the District issued 2016 General Obligation Bonds (2020 Issue) in the amount of \$110,000,000, maturing through August 2043 and bearing interest at rates ranging from 3.000% - 4.000%. The bonds were issued to modernize, replace, renovate, construct, and rebuild school facilities, including playgrounds and athletic fields; and pay costs of issuance of bonds. As of June 30, 2021, the principal balance outstanding was \$110,000,000.

On October 27, 2020, the District issued 2020 General Obligation Bonds in the amount of \$10,000,000, maturing through August 2033 and bearing interest at rates ranging from 2.000% - 4.000%. The bonds were issued to modernize, replace, renovate, construct, acquire and rebuild school facilities; and pay costs of issuance of bonds. As of June 30, 2021, the principal balance outstanding was \$10,000,000.

LODI UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

The bonds mature as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 18,700,000	\$ 10,857,038	\$ 29,557,038
2023	19,860,000	9,999,339	29,859,339
2024	13,935,000	9,217,606	23,152,606
2025	12,215,000	8,730,247	20,945,247
2026	13,235,000	8,243,763	21,478,763
2027-2031	57,855,000	34,038,936	91,893,936
2032-2036	43,470,000	22,439,600	65,909,600
2037-2041	50,315,000	13,171,329	63,486,329
2042-2046	41,925,000	2,873,561	44,798,561
2047-2049	1,485,000	150,095	1,635,095
Subtotal	<u>272,995,000</u>	<u>119,721,514</u>	<u>392,716,514</u>
Plus: Unamortized premium	<u>21,079,346</u>		<u>21,079,346</u>
Totals	<u>\$ 294,074,346</u>	<u>\$ 119,721,514</u>	<u>\$ 413,795,860</u>

Certificates of Participation (COP)

In July of 2010, the District issued COPs, Series A & B “2010” in the amount of \$5,575,000 for the construction, rehabilitation and repair of school facilities by the District as part of the Qualified School Construction Bonds (QSCBs). The COPs bear interest rates from 1.75% - 7.38% and are scheduled to mature through 2027. As of June 30, 2021, the principal balance was \$2,190,000.

In September of 2003, the District issued COP totaling \$10,985,000, with interest rates ranging from 2% to 5%. In January of 2014, the District issued Refunding Certificates of Participation totaling \$8,165,000, with interest rates ranging from 4.25% to 5% to currently refund the September 2003 Issue. As of June 30, 2021, the principal balance was \$4,875,000.

The certificates mature as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 885,000	\$ 328,200	\$ 1,213,200
2023	915,000	285,306	1,200,306
2024	935,000	240,743	1,175,743
2025	970,000	194,853	1,164,853
2026	990,000	146,909	1,136,909
2027-2029	<u>2,370,000</u>	<u>169,705</u>	<u>2,539,705</u>
Subtotal	7,065,000	1,365,716	8,430,716
Less: Unamortized discount	<u>(7,109)</u>		<u>(7,109)</u>
Totals	<u>\$ 7,057,891</u>	<u>\$ 1,365,716</u>	<u>\$ 8,423,607</u>

LODI UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

Capital Leases

In November 2010, the District entered in a Lease-Purchase Agreement of Energy Conservation Equipment of \$9,915,000 as part of the 2010 Qualified Energy Conservation Project (Federally Taxable Direct Pay Tax Credit Bonds). The funds were used to install energy conservation equipment at various sites in the District. The District also leases various computers and equipment under agreements that provide for title to pass upon expiration of the lease period. The book value of these items at time of purchase was \$11,202,964. Future minimum lease payments as of June 30, 2021 are as follows:

<u>Year Ending June 30,</u>	<u>Lease Payments</u>
2022	\$ 829,692
2023	806,205
2024	809,465
2025	774,832
2026	768,941
Thereafter	<u>1,532,051</u>
Total	5,521,186
Less amount representing interest	<u>(983,192)</u>
Present value of net minimum lease payments	<u>\$ 4,537,994</u>

The District will receive no sublease rental revenues nor pay any contingent rentals for this equipment.

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2021 was as follows:

	<u>Balance June 30, 2020</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2021</u>	<u>Due Within One Year</u>
General Obligation Bonds	\$ 278,945,000	\$ 10,000,000	\$ (15,950,000)	\$ 272,995,000	\$ 18,700,000
Unamortized GOB Premium	22,083,318	814,662	(1,818,634)	21,079,346	1,876,740
Certificates of Participation	7,930,000		(865,000)	7,065,000	885,000
Unamortized COP Discount	(9,426)		2,317	(7,109)	(2,002)
Capital Leases	5,092,677		(554,683)	4,537,994	584,388
Claims Liability (Note 9)	12,085,132	502,160	(5,365,922)	7,221,370	2,928,155
Compensated Absences	<u>1,259,809</u>	<u>2,119,268</u>	<u>(2,230,893)</u>	<u>1,148,184</u>	<u>1,136,702</u>
Total	<u>\$ 327,386,510</u>	<u>\$ 13,436,090</u>	<u>\$ (26,782,815)</u>	<u>\$ 314,039,785</u>	<u>\$ 26,108,983</u>

8. COMMITMENTS AND CONTINGENCIES

State and Federal Allowances, Awards, and Grants

The District has received state and federal funds for specific purposes that are subject to 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 would not be material.

LODI UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

Litigation

Various claims and litigation involving the District are currently outstanding. However, based on consultation with legal counsel, management believes that the ultimate resolution of these matters will not have a material adverse effect on the District's financial position or results of operations.

Commitments

The District has construction contracts and property acquisition commitments of approximately \$41,758,678 at June 30, 2021. Bond and state funds have been approved for such construction.

9. RISK MANAGEMENT/CLAIMS LIABILITIES

The District is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended June 30, 2021, the District participated in three joint power agreements (JPAs) for purposes of pooling of risk related to property and liability and one JPA for worker's compensation. See "Joint Ventures" footnote for nature of participation.

The District is self-insured for workers' compensations claims for fiscal years through June 30, 2019 up to \$1,000,000 per occurrence and purchased excess insurance for claims above \$1,000,000, with a maximum of up to \$10,000,000 per claim. In addition, the District is fully insured for dental care for all employees except classified. Classified employees' dental care is self-insured and vision care is also fully self-insured for all employees. All claims are administered by outside parties and the Self-Insurance Fund accounts for and liquidates these insurance activities.

The District has accrued a claims liability of \$7,221,370 at June 30, 2021, for its self-insured claims and deductibles in the Self-Insurance Fund. The claims liability is based upon an evaluation by outside administrators and actuaries for known claims and management's evaluation of incidents incurred but not reported, excluding incremental costs. These claims liabilities are established based on estimates of the ultimate cost of claims (including future claims adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported. Because actual claims costs depend on such complex factors as inflation, changes in doctrines of legal liability, and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount, particularly for coverage such as workers' compensation. Claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claims frequency, and other economic and social factors. A provision for inflation in the calculation of estimated future claims costs is implicit in the calculation because reliance is placed both on actual historical data that reflect past inflation and on other factors that are considered to be appropriate modifiers of past experience. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made. The majority of these claims liabilities are long-term in nature and the District's intent is to fund these liabilities over time. Management has estimated \$2,928,155 of these liabilities will be incurred in the 2021-22 fiscal year.

LODI UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

Changes in claims liability for the years ended June 30, 2021 and 2020 are as follows:

	Liability Beginning of Year	Claims and Changes in Estimates	Claims Payments	Liability End of Year
2020-2021	\$ 12,085,132	\$ 502,160	\$ (5,365,922)	\$ 7,221,370
2019-2020	\$ 12,744,319	\$ 620,432	\$ (1,279,619)	\$ 12,085,132

10. JOINT VENTURES

The District participates in three JPAs, the Schools Association for Excess Risk (SAFER), Northern California Relief (NCR) and effective July 1, 2019, Protected Insurance Program for Schools Joint Powers Authority (P.I.P.S.). The relationships between the District and the JPAs are such that the JPAs are not component units of the District for financial reporting purposes.

SAFER and NCR arrange property and liability insurance coverage for their members and P.I.P.S. arranges worker's compensation insurance coverage for its members. The JPAs are governed by boards consisting of a representative from each member district. The boards control the operations of the JPAs, including selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the boards. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation in the JPAs.

NATURE OF PARTICIPATION

Property

District	
Deductible:	\$50,000
JPA's SIR:	\$50,001 to \$250,000 with NCR
Excess Insurance:	\$250,001 to \$250,000,000 per occurrence with SAFER

Liability

District	
Deductible:	\$50,000
JPA's SIR:	\$50,001 to \$1,000,000 with NCR
Excess Insurance:	\$1,000,001 to \$10,000,000 with SAFER \$10,000,001 to \$25,000,000 with SAFER

Worker's Compensation

District	
Deductible:	\$100,000
JPA's SIR:	\$100,001 to \$10,000,000 with P.I.P.S.
Excess Insurance:	\$10,000,001 to \$155,000,000 with P.I.P.S.

LODI UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

The condensed financial information of the JPAs is as follows:

	<u>P.I.P.S. June 30, 2020</u>	<u>SAFER June 30, 2020</u>	<u>NCR June 30, 2020</u>
Total Assets	\$ 146,482,024	\$ 38,625,474	\$ 64,919,272
Total Liabilities	<u>(104,409,659)</u>	<u>(36,969,875)</u>	<u>(48,689,344)</u>
Net Position	<u>\$ 42,072,365</u>	<u>\$ 1,655,599</u>	<u>\$ 16,229,928</u>
Total Revenues	\$ 330,953,357	\$ 99,122,689	\$ 66,275,123
Total Expenses	<u>(322,790,995)</u>	<u>(88,729,082)</u>	<u>(67,174,832)</u>
Change in Net Position	<u>\$ 8,162,362</u>	<u>\$ 10,393,607</u>	<u>\$ (899,709)</u>

Complete separate financial statements for the JPAs may be obtained at the District office at 1305 E. Vine Street, Lodi, CA 95240.

11. EMPLOYEE RETIREMENT SYSTEMS

California State Teachers' Retirement System (CalSTRS)

Plan Description

The District participates in the State Teachers' Retirement Plan (the CalSTRS Plan), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalSTRS. CalSTRS acts as a common investment and administrative agent for participating public entities within the State of California. CalSTRS issues a publicly available financial report that includes financial statements and required supplementary information for this plan. This report is available online at www.calstrs.com.

Benefits Provided

The benefits for the CalSTRS Plan are established by contract, in accordance with the provisions of the State Teachers' Retirement Law. Benefits are based on members' years of service, age, final compensation, and a benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. The California Public Employees' Pension Reform Act of 2013 (PEPRA) made significant changes to the benefit structure that primarily affect members first hired to perform CalSTRS creditable activities on or after January 1, 2013. As a result of PEPRA, the CalSTRS Plan has two benefit structures: 1) CalSTRS 2% at 60 – Members first hired on or before December 31, 2012, to perform CalSTRS creditable activities, and 2) CalSTRS 2% at 62 – Members first hired on or after January 1, 2013, to perform CalSTRS creditable activities. The 2 percent, also known as the age factor, refers to the percentage of final compensation received as a retirement benefit for each year of service credit. To be eligible for 2% service retirement, members hired prior to January 1, 2013, must be at least age 60 with a minimum of five years of CalSTRS-credited service, while members hired after January 1, 2013, must be at least age 62 with five years of service.

LODI UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

Contributions

Assembly Bill 1469 (AB 1469), signed into law as a part of the State of California's (the State) 2014-15 budget, increases contributions to the CalSTRS Plan from members, employers, and the State over the next seven years, effective July 1, 2014. School employer contributions will increase from 8.25% to a total of 16.92% of covered payroll over the seven-year period. The District's required contribution rate for the year ended June 30, 2021, was 16.15% of annual pay. District contributions to the CalSTRS Plan were \$25,990,245 for the year ended June 30, 2021.

The State contributes a percentage of the annual earnings of all members of the CalSTRS Plan. AB 1469 increases the State's contribution attributable to the benefits in effect in 1990, but does not change the base rate of 2.017%. In accordance with AB 1469, the portion of the state appropriation under Education Code Sections 22955(b) that is in addition to the base rate has been replaced by section 22955.1(b) in order to fully fund the benefits in effect as of 1990 by 2046. The additional state contribution increased from 1.437% in 2014-15 to 5.811% in 2020-21. The increased contributions end as of fiscal year end June 30, 2046. The State contribution rate for the period ended June 30, 2020, was 10.328% of the District's 2014-15 creditable CalSTRS compensation.

In addition to AB1469, California Senate Bill 90 (SB 90) signed June 27, 2019, appropriated from the State's General Fund \$1,117,000,000 in contributions on-behalf of school employers for the 2019-20 fiscal year to be transferred to the CalSTRS Plan. California Assembly Bill 84, Chapter 16, Statutes of 2020, (AB 84) was signed into law June 29, 2020 and revised certain provisions of Teachers' Retirement Law enacted by SB 90. Specifically, AB 84 repurposed \$1,600,000,000 originally allocated by SB 90 to the CalSTRS Defined Benefit Program to further supplant employer contributions through fiscal year 2021-22. SB 90 and AB 84 will appropriate contributions for the 2020-21 and 2021-22 fiscal years, such that it will result in school employers having to contribute 2.95 percentage points less than the statutory rate in the 2020-21 fiscal year and 2.18 percentage points less in the 2021-22 fiscal year, as specified.

Actuarial Assumptions

The total pension liability for the CalSTRS Plan was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2019, and rolling forward the total pension liability to the measurement date of June 30, 2020. The financial reporting actuarial valuation used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Actuarial Cost Method	Entry-Age Normal
Actuarial Assumptions:	
Discount Rate	7.10%
Consumer Price Inflation	2.75%
Wage Growth	3.50%
Investment Rate of Return ⁽¹⁾	7.10%
Mortality	CalSTRS' Membership Data
Post-Retirement Benefit Increase	2% simple for DB (Annually) Maintain 85% purchasing power Level for DB Not applicable for DBS /CBB

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

LODI UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

Discount Rate

The discount rate used to measure the CalSTRS Plan's total pension liability was 7.10%. 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 in accordance with law as described above under contributions. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10%) and assuming that contributions, benefit payments, and administrative expense occur midyear. Based on those assumptions, the CalSTRS Plan'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 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' general investment consultant as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS consulting actuary reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2020, are summarized in the following table:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term * Expected Real Rate of Return</u>
Global Equity	42.00%	4.80%
Fixed Income	12.00%	1.30%
Real Estate	15.00%	3.60%
Private Equity	13.00%	6.30%
Risk Mitigating Strategies	10.00%	1.80%
Inflation Sensitive	6.00%	3.30%
Cash / Liquidity	2.00%	-0.40%
Total	<u>100.00%</u>	

*20-year geometric average

California Public Employees' Retirement System (CalPERS)

Plan Description

The District participates in the Schools Pool (the CalPERS Plan), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. CalPERS issues a publicly available financial report that includes financial statements and required supplementary information for this plan. This report is available online at www.calpers.ca.gov.

LODI UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

Benefits Provided

The benefits for the CalPERS Plan are established by contract, in accordance with the provisions of the California Public Employees' Retirement Law (PERL). The benefits are based on members' years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. PEPRAs made significant changes to the benefit structure that primarily affect members first hired to perform CalPERS creditable activities on or after January 1, 2013. As a result of PEPRAs, the CalPERS Plan has two benefit structures: 1) CalPERS 2% at 55 – Members first hired on or before December 31, 2012, to perform CalPERS creditable activities, and 2) CalPERS 2% at 62 – Members first hired on or after January 1, 2013, to perform CalPERS creditable activities. To be eligible for service retirement, members hired prior to January 1, 2013, must be at least age 50 with a minimum of five years of CalPERS-credited service, while members hired after January 1, 2013, must be at least age 52 with a minimum of five years of CalPERS-credited service.

Contributions

Section 20814(c) of the PERL 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. Contribution rates for the CalPERS Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The CalPERS Plan's 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's required contribution rate for the year ended June 30, 2021, was 20.70% of annual pay. District contributions to the CalPERS Plan were \$10,648,826 for the year ended June 30, 2021.

Actuarial Assumptions

For the measurement period ended June 30, 2020 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2019 total pension liability. The June 30, 2020 total pension liability amounts were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry-Age Normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases ⁽¹⁾	Varies
Investment Rate of Return	7.15%
Mortality ⁽²⁾	CalPERS' Membership Data
Post-Retirement Benefit Increase ⁽³⁾	Up to 2.50%

⁽¹⁾ Varies by entry age and service

⁽²⁾ The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, refer to the December 2017 CalPERS Experience Study Report (based on CalPERS demographic data from 1997 to 2015) that can be found on CalPERS website.

⁽³⁾ 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

LODI UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

All other actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015.

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The crossover test results can be found on CalPERS' website.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the 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 table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

<u>Asset Class^(a)</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1 – 10^(b)</u>	<u>Real Return Years 11+^(c)</u>
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	<u>100.00%</u>		

^(a) In the Plan's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

^(b) An expected inflation of 2.00% was used for this period.

^(c) An expected inflation of 2.92% was used for this period.

LODI UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

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

As of June 30, 2021, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for the State's pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability:	
CalSTRS Plan	\$ 251,963,400
CalPERS Plan	108,252,347
Total District net pension liability	360,215,747
State's proportionate share of CalSTRS net pension liability associated with the District	129,864,646
Total	\$ 490,080,393

The District's net pension liability is measured as the proportionate share of each Plan's net pension liability. The net pension liabilities of the Plans are measured as of June 30, 2020, and calculated by reducing the total pension liability of each Plan by the respective Plan's fiduciary net position. The District's proportion of each Plan's net pension liability was based on the ratio of the District's actual employer contributions in the measurement period to the total actual employer and State contributions received by the respective Plan in the measurement period. The District's proportionate share of the net pension liability for the measurement period June 30, 2020, was .2600% and .3528% for the CalSTRS and CalPERS Plans, respectively, which was a decrease of 0.0060%, and 0.0186%, from its proportion measured as of June 30, 2019 for CalSTRS and CalPERS Plans, respectively.

For the measurement period ended June 30, 2020, the District recognized pension expense of \$68,417,509 and revenue of \$18,167,161 for support provided by the State. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,813,584	\$ (7,105,800)
Changes in assumptions	24,966,966	
Changes in proportion	1,158,137	(3,486,196)
Change in proportionate share of contributions	1,047,772	
Net differences between projected and actual investment earnings of pension plan investments	8,238,670	
District contributions subsequent to measurement date	36,639,071	
Total	\$ 77,864,200	\$ (10,591,996)

LODI UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

The \$36,639,071 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows/inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30</u>	
2022	\$ 5,186,704
2023	10,054,458
2024	10,872,121
2025	5,698,166
2026	(559,628)
Thereafter	(618,688)

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

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

	<u>Discount Rate -1% (6.10%)</u>	<u>Current Discount Rate (7.10%)</u>	<u>Discount Rate +1% (8.10%)</u>
District's proportionate share of the CalSTRS Plan's net pension liability	\$ 360,681,600	\$ 251,963,400	\$ 145,688,400
	<u>Discount Rate -1% (6.15%)</u>	<u>Current Discount Rate (7.15%)</u>	<u>Discount Rate +1% (8.15%)</u>
District's proportionate share of the CalPERS Plan's net pension liability	\$ 155,632,489	\$ 108,252,347	\$ 68,929,207

12. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description

In addition to the pension benefits described in Note 11, the District provides other postemployment health, dental, and vision care benefits for eligible retired employees through a single-employer defined benefit healthcare plan (the Plan). As of June 30, 2021, the District had not established an irrevocable trust or designated a trustee for the payment of plan benefits. As such, there are no assets accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

During the year ended June 30, 2021 the District paid benefits to retirees of \$1,723,022 and transferred \$5,412,335 to the Self-Insurance – OPEB Fund, an Internal Service Fund. This transfer is regarded as earmarking of employer assets to reflect the employer's intent to apply these assets to finance the cost of postemployment benefits at some time in the future and thus do not qualify as contributions.

LODI UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

Benefits Provided

The District's benefits provided to retirees are established per contractual agreement, which vary among different collective bargaining agreements. The following is a description of the current retiree benefit plan.

	<u>Management</u>	<u>Certificated</u>	<u>Classified and Supervisors</u>	<u>Confidential</u>
Benefit types provided	Medical, dental and vision	Medical, dental and vision	Medical, dental and vision*	Medical, dental and vision
Duration of Benefits	Lifetime	To age 65	Option 1: 60 months, not beyond age 65 Option 2: 84 months** Option 3: 120 months but not beyond age 65	To age 65
Required Service	10 years	10 consecutive full-time years, at least Class D on salary schedule (Class B for LPPA)	20 years of continuous service at age 50 or 15 years at age 55	15 years of continuous service
Minimum Age	55	55	55	60***
Dependent Coverage	Yes	Yes	Yes	Yes
District Contribution	100% up to cap to 65; \$2,000 per year beyond 65 if 10 years as administrator	100% to cap	100% to cap except option 3 is 50% of District cap	100% to cap
District Cap	\$5,114 to 65	LEA: \$8,845 LPPA: Applicable active cap	Active cap, less expensive rate for Option B	\$5,114 to 65

*Option 2 receives medical benefits only.

**For supervisors, Option B cannot go beyond age 65

***Up to 3 Confidential retirees at a time may be covered between ages 55 and 60

Employees Covered

As of the June 30, 2019 actuarial valuation, the following Inactive and active employees were covered by the benefit terms under the OPEB Plan:

Inactive employees receiving benefits	498
Inactive employees entitled to but not receiving benefits	0
Participating active employees	<u>3,176</u>
Total	<u><u>3,674</u></u>

LODI UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

Total OPEB Liability

The District's total OPEB liability of \$102,908,147 was measured as of June 30, 2020, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation dated June 30, 2019, based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry-Age Normal
Actuarial Assumptions:	
Discount Rate ⁽¹⁾	2.20%
Inflation	2.75%
Salary Increases ⁽²⁾	2.75%
Mortality - Classified ⁽³⁾	CalPERS' Membership Data
Mortality - Certificated ⁽⁴⁾	CalSTRS' Membership Data
Health care cost trend rates	4.00%

- (1) Based on Bond Buyer 20 Bond Index.
- (2) Since benefits do not depend on salary, using an aggregate payroll assumption for purposes of calculating the service costs results in negligible error.
- (3) The mortality assumptions used are based on CalPERS Retiree Mortality for Miscellaneous Employees table created by CalPERS.
- (4) The mortality assumptions are based on the 2009 CalSTRS Mortality table created by CalSTRS.

Changes in Assumptions

During the measurement period ended June 30, 2019, the discount rate was lowered from 3.50% to 2.20%.

Changes in the Total OPEB Liability

The changes in the Total OPEB liability for the OPEB Plan are as follows:

	Total OPEB Liability (TOL)
	<u>\$ 77,782,961</u>
Balance at June 30, 2020 (Measurement date June 30, 2019)	
Changes recognized for the measurement period:	
Service cost	6,282,569
Interest on TOL	2,800,579
Assumption Changes	17,857,465
Differences between expected and actual experience	(99,734)
Benefit payments	<u>(1,715,693)</u>
Net changes	<u>25,125,186</u>
Balance at June 30, 2021 (Measurement date June 30, 2020)	<u>\$ 102,908,147</u>

LODI UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

Sensitivity of the District's Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

	Discount Rate -1% (1.20%)	Current Discount Rate (2.20%)	Discount Rate +1% (3.20%)
Total OPEB liability	\$ 119,317,012	\$ 102,908,147	\$ 88,630,203

Sensitivity of the District's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the District, as well as what the total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

	Discount Rate -1% (3.00%)	Health Care Trend Rate (4.00%)	Discount Rate +1% (5.00%)
Total OPEB liability	\$ 89,706,465	\$ 102,908,147	\$ 119,985,977

Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability are recognized in OPEB expense systematically over time.

Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

The recognition period differs depending on the source of the gain or loss:

Net differences between projected and actual earnings on OPEB Trust investments	5 years
All other amounts	Expected average remaining service lives (EARSL) of plan participants

LODI UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

OPEB Expense and Deferred Outflows/Inflows Related to OPEB

For the year ended June 30, 2021, the District recognized OPEB expense of \$10,325,382. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 1,723,022	
Differences between expected and actual experience		\$ (1,652,416)
Changes of assumptions	18,975,424	(2,287,141)
Total	\$ 20,698,446	\$ (3,939,557)

The \$1,723,022 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2020 measurement date will be recognized as a reduction of the total OPEB liability during the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows/inflows of resources related to OPEB will be recognized as follows:

Year Ended June 30	
2022	\$ 1,242,234
2023	1,242,234
2024	1,242,234
2025	1,242,234
2026	1,242,234
Thereafter	8,824,697

13. SUBSEQUENT EVENT

On July 8, 2021, the District issued 2021 General Obligation Bonds in the amount of \$91,000,000, maturing through August 2043 and bearing interest at rates ranging from 2.000% - 4.000%. The bonds were issued to modernize, replace, renovate, construct, acquire and rebuild school facilities; and pay costs of issuance of bonds.

REQUIRED SUPPLEMENTARY INFORMATION

LODI UNIFIED SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE GENERAL FUND YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	GAAP Basis	Favorable (Unfavorable)
REVENUES				
State apportionments	\$ 209,098,696	\$ 230,920,927	\$ 229,705,458	\$ (1,215,469)
Local sources	<u>51,650,542</u>	<u>54,688,474</u>	<u>55,903,387</u>	<u>1,214,913</u>
Total local control funding formula	260,749,238	285,609,401	285,608,845	(556)
Federal revenues	25,149,959	90,987,852	52,104,459	(38,883,393)
Other state revenues	41,630,267	81,102,756	71,309,042	(9,793,714)
Other local revenues	<u>998,550</u>	<u>2,032,327</u>	<u>3,841,652</u>	<u>1,809,325</u>
Total revenues	<u>328,528,014</u>	<u>459,732,336</u>	<u>412,863,998</u>	<u>(46,868,338)</u>
EXPENDITURES				
Certificated personnel salaries	145,723,987	158,691,295	162,192,395	(3,501,100)
Classified personnel salaries	53,160,697	62,466,945	52,910,378	9,556,567
Employee benefits	88,804,023	93,163,268	82,266,624	10,896,644
Books and supplies	16,779,594	73,676,641	36,287,573	37,389,068
Services and other operating expenditures	44,035,885	85,100,673	46,888,123	38,212,550
Capital outlay	1,489,874	4,117,707	2,925,519	1,192,188
Other outgo	540,026	583,929	549,582	34,347
Allocation of indirect costs	(1,199,338)	(1,356,739)	(1,074,498)	(282,241)
Debt service	<u>513,333</u>	<u>550,694</u>	<u>55,626</u>	<u>495,068</u>
Total expenditures	<u>349,848,081</u>	<u>476,994,413</u>	<u>383,001,322</u>	<u>93,993,091</u>
Excess (shortfall) of revenues over expenditures	<u>(21,320,067)</u>	<u>(17,262,077)</u>	<u>29,862,676</u>	<u>47,124,753</u>
OTHER FINANCING SOURCES (USES)				
Interfund transfers out	<u>(1,203,468)</u>	<u>(17,509,477)</u>	<u>(17,556,047)</u>	<u>(46,570)</u>
Total other financing uses	<u>(1,203,468)</u>	<u>(17,509,477)</u>	<u>(17,556,047)</u>	<u>(46,570)</u>
Net increase (decrease) in fund balance	(22,523,535)	(34,771,554)	12,306,629	47,078,183
Fund balance – beginning	<u>96,392,962</u>	<u>96,392,962</u>	<u>96,392,962</u>	<u> </u>
Fund balance – ending	<u>\$ 73,869,427</u>	<u>\$ 61,621,408</u>	<u>\$ 108,699,591</u>	<u>\$ 47,078,183</u>

LODI UNIFIED SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE CAFETERIA SPECIAL REVENUE FUND YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	GAAP Basis	Favorable (Unfavorable)
REVENUES				
Federal revenues	\$ 15,989,645	\$ 18,614,601	\$ 17,640,602	\$ (973,999)
Other state revenues	951,791	1,385,251	1,418,786	33,535
Other local revenues	<u>3,886,942</u>	<u>991,939</u>	<u>1,176,496</u>	<u>184,557</u>
Total revenues	<u>20,828,378</u>	<u>20,991,791</u>	<u>20,235,884</u>	<u>(755,907)</u>
EXPENDITURES				
Classified personnel salaries	6,688,946	6,688,946	6,103,731	585,215
Employee benefits	3,772,451	3,772,451	2,475,303	1,297,148
Books and supplies	8,707,800	9,277,055	7,103,848	2,173,207
Services and other operating expenditures	570,934	558,179	377,532	180,647
Capital outlay	221,500	221,500	74,280	147,220
Allocation of indirect costs	983,632	1,009,201	799,476	209,725
Debt service	<u> </u>	<u> </u>	3,732	(3,732)
Total expenditures	<u>20,945,263</u>	<u>21,527,332</u>	<u>16,937,902</u>	<u>4,589,430</u>
Excess (deficiency) of revenues over expenditures	(116,885)	(535,541)	3,297,982	3,833,523
Fund balance – beginning	<u>7,460,627</u>	<u>7,460,627</u>	<u>7,460,627</u>	<u> </u>
Fund balance – ending	<u>\$ 7,343,742</u>	<u>\$ 6,925,086</u>	<u>\$ 10,758,609</u>	<u>\$ 3,833,523</u>

LODI UNIFIED SCHOOL DISTRICT

SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS YEAR ENDED JUNE 30, 2021 LAST 10 YEARS*

	Fiscal Year			
	2021	2020	2019	2018
	Measurement date 2020	Measurement date 2019	Measurement date 2018	Measurement date 2017
TOTAL OPEB LIABILITY				
Service cost	\$ 6,282,569	\$ 5,052,077	\$ 5,266,056	\$ 5,125,115
Interest	2,800,579	2,754,687	2,618,144	2,193,637
Changes in benefit terms				
Differences between expected and actual experience	(99,734)	(2,426,790)		
Changes of assumptions	17,857,465	3,031,617	(3,103,981)	
Benefit payments	<u>(1,715,693)</u>	<u>(1,188,724)</u>	<u>(971,268)</u>	<u>(1,501,729)</u>
NET CHANGE IN TOTAL OPEB LIABILITY	25,125,186	7,222,867	3,808,951	5,817,023
TOTAL OPEB LIABILITY, Beginning	<u>77,782,961</u>	<u>70,560,094</u>	<u>66,751,143</u>	<u>60,934,120</u>
TOTAL OPEB LIABILITY, Ending	<u>\$ 102,908,147</u>	<u>\$ 77,782,961</u>	<u>\$ 70,560,094</u>	<u>\$ 66,751,143</u>
Covered-employee payroll	\$ 227,246,959	\$ 205,390,911	\$ 197,512,341	\$ 188,614,088
District's total OPEB liability as a percentage of covered-employee payroll	45%	38%	36%	35%

Notes to Schedule:

There were no changes to benefit terms during the measurement periods ended June 30, 2020, 2019, 2018 and 2017. For the measurement periods ended June 30, 2020 and 2019 the interest assumption decreased from 3.5% to 2.20% and 3.8% to 3.5%, respectively. For the measurement period ended June 30, 2018, the interest assumption increased from 3.5% to 3.8%. There were no changes to the interest assumption during the measurement period ended June 30, 2017.

The District has not accumulated assets in a trust to pay related OPEB benefits.

* Fiscal year 2018 was the 1st year of implementation, therefore only four years are presented.

LODI UNIFIED SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY YEAR ENDED JUNE 30, 2021 LAST 10 YEARS*

	CalSTRS Plan						
	Fiscal Year						
	2021	2020	2019	2018	2017	2016	2015
	Measurement date 2020	Measurement date 2019	Measurement date 2018	Measurement date 2017	Measurement date 2016	Measurement date 2015	Measurement date 2014
District's proportion of the net pension liability	0.260%	0.266%	0.260%	0.244%	0.269%	0.258%	0.252%
District's proportionate share of the net pension liability	\$ 251,963,400	\$ 240,240,560	\$ 238,958,200	\$ 225,651,200	\$ 217,569,890	\$ 173,695,920	\$ 147,261,240
State's proportionate share of the net pension liability associated with the District	<u>129,864,646</u>	<u>130,832,047</u>	<u>136,741,658</u>	<u>133,691,958</u>	<u>124,040,571</u>	<u>91,895,311</u>	<u>88,989,303</u>
Total	<u>\$ 381,828,046</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>
District's covered-employee payroll	\$ 143,394,826	\$ 145,117,585	\$ 140,118,151	\$ 131,489,564	\$ 130,333,231	\$ 124,375,645	\$ 114,500,629
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	176%	166%	171%	172%	167%	140%	129%
Plan fiduciary net position as a percentage of the total pension liability	371,072,607	375,699,858	359,343,158	341,610,461	265,591,231	236,250,543	
	72%	73%	71%	69%	70%	74%	77%

Notes to Schedule:

Change of benefit terms – For the measurement date ended June 30, 2020, 2019, 2018, 2017, 2016, 2015 and 2014, there were no changes to the benefit terms.

Changes in assumptions – For the measurement date ended June 30, 2020, 2019, 2018, 2016, 2015 and 2014, there were no changes in assumptions. For the measurement date ended June 30, 2017, the consumer price inflation changed from 3.00% to 2.75%, investment rate of return changed from 7.60% to 7.10% and wage growth changed from 3.75% to 3.50%.

* Fiscal year 2015 was the 1st year of implementation, therefore only seven years are shown.

LODI UNIFIED SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY YEAR ENDED JUNE 30, 2021 LAST 10 YEARS*

	CalPERS Plan						
	Fiscal Year						
	2021	2020	2019	2018	2017	2016	2015
	Measurement date 2020	Measurement date 2019	Measurement date 2018	Measurement date 2017	Measurement date 2016	Measurement date 2015	Measurement date 2014
District's proportion of the net pension liability ^y	0.3528%	0.3714%	0.3716%	0.3678%	0.3827%	0.3896%	0.3838%
District's proportionate share of the net pension liability	\$ 108,252,347	\$ 108,253,407	\$ 99,077,592	\$ 87,798,793	\$ 75,583,487	\$ 57,427,425	\$ 43,570,645
District's covered-employee payroll	\$ 50,962,159	\$ 51,692,243	\$ 50,361,691	\$ 47,013,324	\$ 46,113,845	\$ 43,217,793	\$ 40,354,159
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	212%	209%	197%	187%	164%	133%	108%
Plan fiduciary net position as a percentage of the total pension liability	70%	70%	71%	72%	74%	79%	83%

Notes to Schedule:

Change of benefit terms – For the measurement date ended June 30, 2020, 2019, 2018, 2017, 2016, 2015 and 2014, there were no changes to the benefit terms.

Changes in assumptions – For the measurement date ended June 30, 2015, the discount rate changed from 7.50% (net of administrative expenses in 2014) to 7.65% to correct an adjustment which previously reduced the discount rate for administrative expenses. For the measurement dates ended June 30, 2020, 2019, 2016 and 2014, there were no changes in assumptions. For the measurement date ended June 30, 2017, the discount rate changed from 7.65% to 7.15%. For the measurement date ended June 30, 2018, the demographic assumptions and inflation rates were changed. The inflation rate was lowered from 2.75% to 2.50%.

* Fiscal year 2015 was the 1st year of implementation, therefore only seven years are shown.

LODI UNIFIED SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS YEAR ENDED JUNE 30, 2021 LAST 10 YEARS*

	CalSTRS Plan						
	Fiscal Year						
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution (actuarially determined)	\$ 25,990,245	\$ 24,534,963	\$ 23,556,256	\$ 19,989,000	\$ 16,849,633	\$ 14,007,563	\$ 11,101,972
Contributions in relation to the contractually required contributions	<u>(25,990,245)</u>	<u>(24,534,963)</u>	<u>(23,556,256)</u>	<u>(19,989,000)</u>	<u>(16,849,633)</u>	<u>(14,007,563)</u>	<u>(11,101,972)</u>
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
District's covered-employee payroll	\$ 146,961,482	\$ 143,394,826	\$ 145,117,585	\$ 140,118,151	\$ 131,489,564	\$ 130,333,231	\$ 124,375,645
Contributions as a percentage of covered-employee payroll	17.69%	17.11%	16.23%	14.27%	12.81%	10.75%	8.93%

* Fiscal year 2015 was the 1st year of implementation, therefore only seven years are shown.

LODI UNIFIED SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS YEAR ENDED JUNE 30, 2021 LAST 10 YEARS*

	CalPERS Plan						
	Fiscal Year						
	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution (actuarially determined)	\$ 10,648,826	\$ 10,072,372	\$ 9,483,820	\$ 7,950,426	\$ 6,551,438	\$ 5,466,734	\$ 5,077,414
Contributions in relation to the contractually required contributions	<u>(10,648,826)</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
District's covered-employee payroll	\$ 49,869,383	\$ 50,962,159	\$ 51,692,243	\$ 50,361,691	\$ 47,013,324	\$ 46,113,845	\$ 43,217,793
Contributions as a percentage of covered-employee payroll	(10,072,372) 21.35%	(9,483,820) 19.78%	(7,950,426) 18.35%	(6,551,438) 15.79%	(5,466,734) 13.94%	(5,077,414) 11.85%	11.75%

* Fiscal year 2015 was the 1st year of implementation, therefore only seven years are shown.

SUPPLEMENTARY INFORMATION SECTION

LODI UNIFIED SCHOOL DISTRICT

ORGANIZATION JUNE 30, 2021

The Lodi Unified School District was established on July 1, 1967, and comprises an area located in San Joaquin County. There were no changes in the boundaries of the District during the current year. The District currently operates 32 elementary schools (most of which have a grade configuration of kindergarten through 6th grade, one GATE school for grades 4-8, and three schools for grades K-8), five middle schools (for grades 7-8), four comprehensive high schools (for grades 9-12), one early college high school, two continuation high schools, two alternative schools of choice for grades 7-8 and one for grades 7-12, two independent study schools for grades K-12, one charter school for grades K-8, preschool programs, and an adult education program. The District also has five independent charter schools.

GOVERNING BOARD

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Mr. Ron Freitas	President	2024
Mrs. Susan Macfarlane	Vice President	2022
Mr. Courtney Porter	Clerk	2022
Mr. Ron Heberle	Member	2022
Mr. George Neely	Member	2022
Mr. Joe Nava	Member	2024
Mr. Gary Knackstedt	Member	2024

ADMINISTRATION

Dr. Cathy Nichols-Washer
Superintendent

Mr. Leonard Kahn
Chief Business Officer

Mr. Mike McKilligan
Assistant Superintendent/Personnel

Mr. Neil Young
Assistant Superintendent/Elementary Education

Mr. Scott McGregor
Assistant Superintendent/Secondary Education

Dr. Robert Sahli
Assistant Superintendent/Curriculum-Instruction-Assessment

LODI UNIFIED SCHOOL DISTRICT

SCHEDULE OF CHARTER SCHOOLS YEAR ENDED JUNE 30, 2021

<u>Charter School</u>	<u>Charter School Number</u>	<u>Date Established</u>	<u>Included/ Not Included</u>
Aspire Public Schools – River Oaks Charter School	0364	8/15/2000	Not Included
Aspire Public Schools – Aspire Vincent Shalvey Academy	0178	1/19/1999	Not Included
Aspire Public Schools – Benjamin Holt College Prep Academy	0565	3/4/2003	Not Included
Rio Valley Charter School	1229	4/16/2010	Not Included
Aspire Public Schools – Benjamin Holt Middle School	1782	8/1/2016	Not Included
Joe Serna Jr. Charter School	0288	1/18/2000	Included

LODI UNIFIED SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME YEAR ENDED JUNE 30, 2021

DISTRICT

<u>Grade Level</u>	<u>Number of Instructional Days Offered</u>	<u>Required Number of Instructional Days</u>	<u>Status</u>
Kindergarten	180	180	In Compliance
Grades 1	180	180	In Compliance
Grades 2	180	180	In Compliance
Grades 3	180	180	In Compliance
Grades 4	180	180	In Compliance
Grades 5	180	180	In Compliance
Grades 6	180	180	In Compliance
Grades 7	180	180	In Compliance
Grades 8	180	180	In Compliance
Grades 9	180	180	In Compliance
Grades 10	180	180	In Compliance
Grades 11	180	180	In Compliance
Grades 12	180	180	In Compliance

LODI UNIFIED SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME YEAR ENDED JUNE 30, 2021

JOE SERNA JR. CHARTER SCHOOL

<u>Grade Level</u>	<u>Number of Instructional Days Offered</u>	<u>Required Number of Instructional Days</u>	<u>Status</u>
Kindergarten	180	175	In Compliance
Grades 1	180	175	In Compliance
Grades 2	180	175	In Compliance
Grades 3	180	175	In Compliance
Grades 4	180	175	In Compliance
Grades 5	180	175	In Compliance
Grades 6	180	175	In Compliance
Grades 7	180	175	In Compliance
Grades 8	180	175	In Compliance

LODI UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
YEAR ENDED JUNE 30, 2021

GENERAL FUND

	June Adopted Budget 2022	2021	2020	2019
Revenues and other financial sources	\$ 368,510,992	\$ 412,863,998	\$ 373,244,758	\$ 369,819,432
Expenditures	358,471,640	383,001,322	336,898,626	344,344,927
Other uses and transfers out	487,404	17,556,047	5,481,075	23,954,356
Total outgo	358,959,044	400,557,369	342,379,701	368,299,283
Change in fund balance	9,551,948	12,306,629	30,865,057	1,520,149
Ending fund balance	\$ 118,251,539	\$ 108,699,591	\$ 96,392,962	\$ 65,527,905
Available reserves ⁽¹⁾	\$ 24,033,442	\$ 24,033,442	\$ 22,700,000	\$ 21,088,000
Designated for economic uncertainties	\$ 10,768,771	\$ 12,016,721	\$ 11,350,000	\$ 10,540,000
Unassigned fund balance	\$ 13,264,671	\$ 12,016,721	\$ 11,350,000	\$ 10,540,000
Available reserves as a percentage of total outgo	6.7%	6.0%	6.6%	5.7%
Total long-term debt	\$ 751,054,696	\$ 777,163,679	\$ 753,663,438	\$ 633,648,975
Average daily attendance at P-2 ²	25,563	26,624	26,627	27,114

⁽¹⁾ Available reserves consist of all unassigned fund balances and all funds reserved for economic uncertainty contained within the General Fund.

⁽²⁾ Excludes County Community Schools ADA.

The General Fund balance has increased by \$43,171,686 over the past two years. The fiscal year 2021-22 budget projects an increase of \$9,551,948. For a district this size, the state recommends available reserves of at least 3% of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has not incurred operating deficits in the past three years, and does not anticipate generating an operating deficit during the 2021-22 fiscal year. Total long-term debt has increased by \$143,514,704 over the past two years.

Average daily attendance has decreased by 490 over the past two years. ADA is anticipated to decrease by 1,061 during fiscal year 2021-22.

LODI UNIFIED SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number	PCA Number	Federal Expenditures
U.S. Department of Agriculture:			
Passed-Through California Department of Education (CDE):			
Child Nutrition Cluster:			
Child Nutrition: School Programs	10.555	13391	\$ 5,514,978
Child Nutrition (School Breakfast Basic and Especially Needy)	10.553	N/A	2,741,441
Child Nutrition: School Programs - Commodities	10.555	N/A	2,374,393
Subtotal Child Nutrition Cluster			10,630,812
Child and Adult Care Food Program:			
Child Nutrition: CACFP Claims	10.558	13666	6,511,643
Child Nutrition: CCFP Cash in Lieu of Commodities	10.558	13389	356,930
Subtotal Child and Adult Care Food Program			6,868,573
Child Nutrition: Fresh Fruit and Vegetable Program	10.582	14968	115,718
Healthier US School Challenge: Smarter Lunchrooms	10.543	14906	25,500
			17,640,603
Total U.S. Department of Agriculture			
U.S. Department of Education:			
Passed-Through California Department of Rehabilitation:			
WorkAbility II, Transition Partnership	84.126A	10006	1,083,595
Passed-Through CDE:			
Title IV, Part A, Student Support and Academic Enrichment			
Grant Program	84.424	15396	807,917
Voc & Applied Tech Secondary II C, Sec 131 (Carl Perkins Act)	84.048	13924	272,357
IDEA Early Intervention Grants	84.181	23761	75,117
Title II, Part A, Improving Teacher Quality Local Grants	84.367	14341	812,311
Title III, Limited English Proficient (LEP) Student Program	84.365	14346	452,796
Title I Basic Grants Low Income & Neg.	84.010	14329	8,965,547
Education Stabilization Fund (ESF):			
COVID-19 Governor's Emergency Education Relief Fund (GEER)	84.425C	15517	1,603,421
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER)	84.425D	15536	4,780,406
COVID-19 Elementary and Secondary School Emergency Relief II Fund (ESSER II)	84.425D	15547	4,009,357
Subtotal Education Stabilization Fund (ESF)			10,393,184

LODI UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number	PCA Number	Federal Expenditures
Special Education Cluster (IDEA):			
IDEA Basic Local Assistance Entitlement, Part B, Section 611	84.027	13379	4,803,679
IDEA Local Assistance, Part B, Sec 611, Private School ISPs	84.027	10115	29,185
IDEA Preschool Grants, Part B, Section 619 (Age 3-4-5)	84.173	13430	115,274
Special Ed: IDEA Mental Health Services, Part B, Sec 611	84.027A	14468	321,835
IDEA Preschool Staff Development, Part B, Sec 619	84.173A	13431	1,115
Special Ed IDEA 619 Preschool Early	84.173	N/A	4,022
Special Ed: IDEA 611 Early Intervention	84.027	10119	<u>223,605</u>
Subtotal Special Education Cluster (IDEA)			<u>5,498,715</u>
Total U.S. Department of Education			<u>28,361,539</u>
U.S. Treasury			
Passed-Through CDE:			
COVID-19 Coronavirus Relief Fund (CRF)	21.019	25516	<u>23,559,830</u>
Total U.S. Treasury			<u>23,559,830</u>
U.S. Department of Health and Human Services:			
Passed-Through CDE:			
COVID-19 Child Development: Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act CCDF Cluster	93.575	15555	42,998
Passed-Through California Department of Health Services:			
Head Start Cluster	93.600	10016	2,902,948
COVID-19 Supplemental Head Start Cluster	93.600	10016	<u>217,604</u>
Subtotal Head Start Cluster			<u>3,120,552</u>
Medi-Cal Option Billing Cluster	93.778	10013	<u>443,153</u>
Total U.S. Department of Health and Human Services			<u>3,606,703</u>
Total Expenditures of Federal Awards			<u>\$ 73,168,675</u>

LODI UNIFIED SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT
(UNAUDITED ACTUALS) WITH AUDITED FUND FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

AUDITOR'S COMMENTS

All fund balances agreed to the unaudited actuals.

LODI UNIFIED SCHOOL DISTRICT

NOTES TO SUPPLEMENTARY INFORMATION YEAR ENDED JUNE 30, 2021

1. PURPOSE OF SCHEDULES

A. SCHEDULE OF CHARTER SCHOOLS

This schedule lists all charter schools chartered by the District and displays information for each charter school on whether or not it is included in the District's financial statements.

B. SCHEDULE OF INSTRUCTIONAL TIME

This schedule presents data as to whether the District complied with the provisions of article 8 (commencing with section 46200) of chapter 2 of part 26 of the Education Code by grade level.

C. SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS

This schedule discloses the District's financial trends by displaying past years' data along with current year budget information. These financial trend disclosures are used to evaluate the District's ability to continue as a going concern for a reasonable period of time.

D. SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The audit of the District for the year ended June 30, 2021, was conducted in accordance with Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), which requires disclosure of the financial activities of all federally funded programs. To comply with Uniform Guidance, the Schedule of Expenditures of Federal Awards was prepared by the District.

General – The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the District. The District reporting entity is defined in Note 1 to the District's basic financial statements.

Basis of Accounting – The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to the District's basic financial statements.

Indirect Cost Rate – The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance

Subrecipients – The District did not provide federal awards to subrecipients during the year ended June 30, 2021.

E. RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (UNAUDITED ACTUALS) WITH AUDITED FINANCIAL STATEMENTS

This schedule provides the information necessary to reconcile the fund equity of all funds as reported on the unaudited actuals to the audited fund financial statements.

OTHER INDEPENDENT AUDITOR'S REPORTS

**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***

Independent Auditor's Report

**Board of Education
Lodi Unified School District
Lodi, California**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lodi Unified School District (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 22, 2021.

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 the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



GILBERT CPAs
Sacramento, California

November 22, 2021

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

Independent Auditor's Report

**Board of Education
Lodi Unified School District
Lodi, California**

Report on Compliance for Each Major Federal Program

We have audited Lodi Unified School District's (the District) compliance with the types of compliance requirements described 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, 2021. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Audit Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

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

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

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



GILBERT CPAs
Sacramento, California

November 22, 2021

**REPORT ON COMPLIANCE WITH APPLICABLE REQUIREMENTS IN
ACCORDANCE WITH 2020-21 GUIDE FOR ANNUAL AUDITS OF
K-12 LOCAL EDUCATION AGENCIES AND
STATE COMPLIANCE REPORTING**

Independent Auditor's Report

**Board of Education
Lodi Unified School District
Lodi, California**

Report on State Compliance

We have audited the Lodi Unified School District's (the District) compliance with the types of compliance requirements described in the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* applicable to the District's programs identified in the below schedule for the school year ended June 30, 2021.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the District's state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Those standards and the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the programs identified in the below schedule occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary under the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance. However, our audit does not provide a legal determination on the District's compliance with those requirements.

In connection with the requirements referred to above, we selected and tested transactions and records to determine the District's compliance with the applicable programs identified below:

Compliance Requirements	Procedures Performed
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS	
Attendance and Distance Learning	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
GANN Limit Calculation	Yes
School Accountability Report Card	Yes
K-3 Grade Span Adjustment	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable
SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS	
California Clean Energy Jobs Act	Not Applicable
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
CHARTER SCHOOLS	
Independent Study-Course Based	Not Applicable
Attendance	Yes
Mode of Instruction	Yes
Non-classroom-Based Instruction/Independent Study	Not Applicable
Determination of Funding for Non-classroom-Based Instruction	Not Applicable
Charter School Facility Grant Program	Not Applicable

Opinion on State Compliance

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the programs identified in the above schedule for the year ended June 30, 2021.



GILBERT CPAs
Sacramento, California

November 22, 2021

FINDINGS AND RECOMMENDATIONS SECTION

LODI UNIFIED SCHOOL DISTRICT

SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2021

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	_____ Yes	_____ <u>X</u> No
Significant deficiency(ies) identified?	_____ Yes	_____ <u>X</u> None reported
Noncompliance material to financial statements noted?	_____ Yes	_____ <u>X</u> No

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	_____ Yes	_____ <u>X</u> No
Significant deficiency(ies) identified?	_____ Yes	_____ <u>X</u> None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	_____ Yes	_____ <u>X</u> No

Identification of major programs

<u>Assistance Listing Numbers</u>	<u>Name of Federal Program or Cluster</u>
84,027, 84.027A, 84.173, 84.173A	Special Education Cluster
21.019	COVID-19 Coronavirus Relief Fund
84.425C, 84.425D	COVID-19 Education Stabilization Fund
Dollar threshold used to distinguish between Type A and Type B programs:	\$ 2,195,060
Auditee qualified as low-risk auditee?	_____ <u>X</u> Yes _____ No

State Awards

Internal control over State programs:		
Material weakness(es) identified?	_____ Yes	_____ <u>X</u> No
Significant deficiency(ies) identified?	_____ Yes	_____ <u>X</u> None Reported
Any audit findings disclosed that are required to be reported in accordance with Audits of California K-12 Local Education Agencies?	_____ Yes	_____ <u>X</u> No
Type of auditor's report issued on compliance for state programs:	Unmodified	

LODI UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021

FINANCIAL STATEMENT

There were no financial statement findings reported.

STATE COMPLIANCE

There were no state compliance findings reported.

FEDERAL COMPLIANCE

There were no federal compliance findings reported.

LODI UNIFIED SCHOOL DISTRICT

**STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021**

STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS

There were no prior year findings and recommendations.