

**MODIFIED PUBLIC PARTICIPATION PROCEDURE FOR BOARD MEETINGS IN RESPONSE TO COVID-19**

**Special Notice Regarding COVID-19:** Governor Newsom issued Executive Order N-25-20 (3/12/20) and N-29-20 (3/17/20) waiving certain Brown Act requirements around teleconferencing and public participation at Board meetings. Under these orders, local legislative bodies may hold public meetings via teleconference and will make public meetings accessible telephonically or otherwise electronically to all members of the public seeking to observe and to address the local legislative body. This means that board members will be allowed to participate in board meetings during this time remotely.

**Public Participation:** Pursuant to Executive N-29-20 and given the current health concerns, members of the public can access meetings live on-line with audio. The meeting will be held via Zoom Video Conferencing. To access the meeting, please use the following Zoom meeting information: Meeting ID: 945 4423 7473, and Password: Gpcgs6. You can access Zoom by typing [zoom.us](https://zoom.us) into your web browser.

Board Agenda public comments may be submitted via e-mail up until 6:00 PM on the day of the meeting or in-person as required by law. If members of the public would like to submit a public comment to be read at the Board meeting, please send an e-mail to [hackerr@centinela.k12.ca.us](mailto:hackerr@centinela.k12.ca.us); and the e-mail will be read into the Board record. Please note all comments will be subject to the Board's usual time limits on public comment.

Contact Ron Hacker at 310-263-3220 or [hackerr@centinela.k12.ca.us](mailto:hackerr@centinela.k12.ca.us) with any questions.

**Disability and Translation Information:** Notice: Any person with a disability may request this agenda to be made available in an appropriate alternative format. A request for a disability-related modification or accommodation may be made by a person with a disability who requires modification or accommodation in order to participate in the public meeting to Ron Hacker (CVUHSD, 14901 S. Inglewood Avenue, Lawndale, CA 90260) between the hours of 8:00 a.m. and 5:00 p.m. (at least 48 hours before the meeting). All efforts will be made for reasonable accommodations.

**LOCAL CLASSROOMS FUNDING AUTHORITY  
BOARD OF DIRECTORS MEETING (VIRTUAL)**

**CENTINELA VALLEY UNION HIGH SCHOOL DISTRICT BOARD ROOM  
14901 S. Inglewood Avenue, Lawndale, CA 90260  
MARCH 16, 2021; 6:00 PM**

(Prepared and distributed on March 12, 2021)

THIS MEETING WILL BE TAPE RECORDED FOR PURPOSES OF THE MINUTES. IN CONSIDERATION OF OTHERS, PLEASE TURN OFF ALL ELECTRONIC DEVICES (CELL PHONES, PAGERS) BEFORE THE START OF THE MEETING. ANY MEMBER OF THE PUBLIC WHO REQUIRES A DISABILITY-RELATED MODIFICATION OR ACCOMMODATION IN ORDER TO PARTICIPATE IN THIS MEETING SHOULD SUBMIT A DETAILED WRITTEN REQUEST TO THE CHIEF BUSINESS OFFICER OF THE CENTINELA VALLEY UHSD AT THE DISTRICT OFFICE AT LEAST 48 HOURS PRIOR TO THE MEETING.

**CALL TO ORDER \_\_\_\_\_ P.M.**

**SALUTE TO THE FLAG**

Roll Call:

**Board Members**

Ann Phillips, Chairperson  
Dr. Angela Fajardo, Vice-Chairperson  
Gloria Ramos, Clerk  
Dr. Eugene Krank, Member  
Neil Goldman, Member

**Staff**

Ron Hacker, Agency Representative to the LCFA Board of Directors

**1. AGENDA**

**Approve the agenda for the meeting.**

Motion: \_\_\_\_\_ Second: \_\_\_\_\_ Vote: \_\_\_\_\_

**2. PUBLIC COMMENTS ON ITEM(S) ON THE AGENDA**

NOTICE TO PARENTS AND CITIZENS ATTENDING THE MEETING: PLEASE FEEL FREE TO STATE YOUR VIEWS REGARDING THE LOCAL CLASSROOMS FUNDING AUTHORITY ON ANY ITEM LISTED ON THE AGENDA. PLEASE COMPLETE A FORM PROVIDED BY THE AUTHORITY AND SUBMIT THE COMPLETED FORM TO THE AGENCY REPRESENTATIVE PRIOR TO THE BEGINNING OF THE MEETING. NO PUBLIC CHARGES OR COMPLAINTS AGAINST EMPLOYEES ARE ALLOWED IN OPEN SESSION. YOU MAY FILE A COMPLAINT ON THE AUTHORITY AND IT MAY BE CONSIDERED IN CLOSED SESSION. STATEMENTS OF CHARGES IN OPEN SESSION CAN SUBJECT YOU TO LEGAL LIABILITY FOR DEFAMATION.

**3. AGENCY REPRESENTATIVE REPORT**

Opportunity for the agency representative to the LCFA Board of Directors to give reports or updates on activities related to LCFA business.

**4. MEMBER AGENCY REPORTS**

Opportunity for representatives of the member districts to give reports or updates on activities related to LCFA business.

**5. PRESENTATION ITEMS**

**A) Presentation of Audit Report 2019-20**

Presenter: Ben Leavitt, Cossolias Wilson Dominguez Leavitt, certified public accountants

**6. ACTION ITEMS**

**A) Approval of audit report for fiscal year 2019-2020**

Approve the audit report for fiscal year 2019-2020.

Motion: \_\_\_\_\_ Second: \_\_\_\_\_ Vote: \_\_\_\_\_

**B) Approval of 2021-2022 Budget for LCFA**

Approve the 2021-22 budget for LCFA.

Motion: \_\_\_\_\_ Second: \_\_\_\_\_ Vote: \_\_\_\_\_

**C) Approval of the Deferral of the Inflation Adjustment for the Measure CL Parcel Tax related to the 2021-2022 Property Tax Year**

Discuss the provision in Measure CL that allows the Board of Directors of the Local Classrooms Funding Authority to defer an inflation adjustment in any given year and approve the deferral of the inflation adjustment for the Measure CL parcel tax related to the 2021-2022 property tax year.

Motion: \_\_\_\_\_ Second: \_\_\_\_\_ Vote: \_\_\_\_\_

**D) Approval of agreement with Atkinson, Andelson, Loya, Ruud & Romo for Professional (Legal) Services**

Approve the agreement with ATKINSON, ANDELSON, LOYA, RUUD & ROMO for professional (legal) services through March 16, 2024 related to the operation of the Local Classroom Funding Authority and the administration of the parcel tax.

Motion: \_\_\_\_\_ Second: \_\_\_\_\_ Vote: \_\_\_\_\_

**7. PUBLIC COMMENTS ON NON-AGENDA ITEMS**

NOTICE TO PARENTS AND CITIZENS ATTENDING THE MEETING: PLEASE FEEL FREE TO STATE YOUR VIEWS REGARDING THE LOCAL CLASSROOMS FUNDING AUTHORITY ON ANY ITEM NOT LISTED ON THE AGENDA. PLEASE COMPLETE A FORM PROVIDED BY THE AUTHORITY AND SUBMIT THE COMPLETED FORM TO THE AGENCY REPRESENTATIVE PRIOR TO THE BEGINNING OF THE MEETING. NO PUBLIC CHARGES OR COMPLAINTS AGAINST EMPLOYEES ARE ALLOWED IN OPEN SESSION. YOU MAY FILE A COMPLAINT ON THE AUTHORITY AND IT MAY BE CONSIDERED IN CLOSED SESSION. STATEMENTS OF CHARGES IN OPEN SESSION CAN SUBJECT YOU TO LEGAL LIABILITY FOR DEFAMATION.

**8. ITEMS FROM THE BOARD**

**9. ADJOURNMENT**

**Next Board of Directors Meeting: Tentatively scheduled for March 2022**

**Meeting adjourned at: \_\_\_\_\_ P.M.**

Motion: \_\_\_\_\_ Second: \_\_\_\_\_ Vote: \_\_\_\_\_

**LOCAL CLASSROOMS FUNDING AUTHORITY**

**Lawndale, California**

**AUDIT REPORT**

**For the Fiscal Year Ended  
June 30, 2020**



**LOCAL CLASSROOMS FUNDING AUTHORITY**

**Table of Contents**

**June 30, 2020**

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	<b><u>Page</u></b>
Introduction and Organization .....	1
Independent Auditors' Report .....	2
<b>FINANCIAL SECTION</b>	
Management's Discussion and Analysis.....	4
Government-Wide Financial Statements	
Statement of Financial Position .....	6
Statement of Revenues, Expenses and Changes in Net Position .....	7
Governmental Funds Financial Statements	
Balance Sheet – General Fund .....	8
Statement of Revenues, Expenses and Changes in Fund Balance – General Fund .....	9
Notes to Financial Statements .....	10
<b>SUPPLEMENTARY INFORMATION SECTION</b>	
Budgetary Comparison Schedule.....	12
Schedule of Property Tax Distributions .....	13
<b>OTHER INDEPENDENT AUDITORS' REPORT</b>	
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> .....	14
<b>SCHEDULE OF FINDINGS AND QUESTIONED COSTS</b>	
Schedule of Findings and Questioned Costs.....	16
Schedule of Prior Audit Findings and Questioned Costs .....	17

# LOCAL CLASSROOMS FUNDING AUTHORITY

## Introduction and Organization

June 30, 2020

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The Local Classrooms Funding Authority ("Authority") is a Joint Powers Authority created by the Hawthorne School District ("Hawthorne"), the Lawndale School District ("Lawndale"), the Lennox School District ("Lennox"), the Wiseburn School District ("Wiseburn"), and the Centinela Valley Union High School District ("Centinela") (collectively "Members") administered pursuant to the Joint Exercise of Powers Agreement to Establish the Local Classrooms Funding Authority ("Agreement") by the Authority's Agency ("Agency"). The Members have established the goals of improving academic performance and the quality of education for all students of the Members.

In support of these goals and to protect local control of educational programs and services, the Board of Directors of the Authority ("Board") proposed an education parcel tax measure ("Measure CL") to provide stable local educational funding for schools and programs. Measure CL was approved by the voters on November 6, 2012.

Measure CL will raise approximately \$14 million a year for local schools including Hawthorne, Lawndale, Lennox, Wiseburn, and Centinela, and every penny of the money will stay local.

Money from Measure CL can be used to ensure that students get a solid educational foundation in academic subjects such as math, science, and English, helping prepare them for entry into college and to compete in today's tough job market, as well as to fund special education for children with physical or learning disabilities, giving them the support and opportunities they need to succeed.

The Local Classrooms Funding Authority Independent Citizens' Oversight Committee was comprised of the following members as of June 30, 2020:

### **GOVERNING BOARD**

<b>Member</b>	<b>Office</b>	<b>District</b>
JoAnne Kaneda	Chairperson	Wiseburn School District
Ann Phillips	Vice Chairperson	Lawndale Elementary School District
Angela Fajardo	Clerk	Lennox School District
Dr. Daniel D. Urrutia	Member	Centinela Valley Union High School District
Dr. Eugene Krank	Member	Hawthorne School District

### **AUTHORITY ADMINISTRATION**

Ron Hacker  
*Agency Representative*



## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Local Classrooms Funding Authority  
Lawndale, California

### **Report on the Financial Statement.**

We have audited the accompanying financial statements of the Local Classrooms Funding Authority (the "Authority"), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses and cash flows for the years then ended; and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 auditors' 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 Authority'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 Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2020, and the changes in its net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements of Local Classrooms Funding Authority taken as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

## Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 14, 2020, on our consideration of the Authority'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 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 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 Authority's internal control over financial reporting and compliance.

*CWDL, Certified Public Accountants*

San Diego, California  
December 14, 2020

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***Financial Section***

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**LOCAL CLASSROOMS FUNDING AUTHORITY**  
**Management's Discussion and Analysis**  
**June 30, 2020**

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The following discussion and analysis provides an overview of the Local Classrooms Funding Authority (the Authority) financial activities for the fiscal year ended June 30, 2020. Please read it in conjunction with the Authority's basic financial statements, which follow this section.

**Financial Highlight**

At June 30, 2020, the assets of the authority exceeded its liabilities by \$10,469 (net position).

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The annual financial report for the Authority includes this management's discussion and analysis (MD&A), the basic financial statements, notes to basic financial statements and other required supplementary information.

The basic financial statements of the Authority are presented showing two different views of the Authority. The government-wide financial statements focus shows both long-term and short-term information on the Authority's overall financial status. The fund financial statements view focuses on the Authority's operations with a short-term focus.

The government-wide financial statements include the statement of net position and the statement of activities, which are prepared using the economic resources measurement focus and the accrual basis of accounting. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of whether cash is received or paid. The statement of net position presents information on all assets and liabilities and reports the difference between the two as net position. The statement of activities presents information showing how the net position changed during the fiscal year. Over time, increases or decreases in the Authority's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

The fund financial statements include the balance sheet and statement of revenues, expenditures, and changes in fund balance and are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Fund financial statements keep track of specific sources of funding and spending for particular purposes. The Authority has only one fund, which is a governmental fund. The fund financial statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Authority's program. Because the Authority has no long term assets or liabilities, net position per the government-wide financial statements and fund balance per the fund financial statements agree.

**Parcel Tax and Economic Factors**

The parcel tax is levied according to square foot of lot. Residential parcels are taxed at the rate of 2 cents per square foot of lot; non-residential parcels are taxed at the rate of 7.5 cents per square foot of lot. This structure promotes a high level of fiscal stability. Although there may be development in the region, it will not significantly change the number of parcels or the square footage of those parcels.

**Request for Information**

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Local Classrooms Funding Authority, 14901 South Inglewood Avenue, Lawndale, CA 90260.

**LOCAL CLASSROOMS FUNDING AUTHORITY**  
**Statement of Financial Position**  
**June 30, 2020**

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<b>ASSETS</b>	
Cash in bank	\$ 10,469
<b>Total Assets</b>	<u>\$ 10,469</u>
<b>LIABILITIES AND NET POSITION</b>	
<b>Liabilities</b>	
Accounts payable	<u>-</u>
<b>Total Liabilities</b>	<u>-</u>
<b>Net Position</b>	
Restricted for JPA operations	<u>10,469</u>
<b>Total Liabilities and Net Position</b>	<u>\$ 10,469</u>
<b>Net Position of Governmental Activity</b>	<u>\$ 10,469</u>

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

**LOCAL CLASSROOMS FUNDING AUTHORITY**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Fiscal Year Ended June 30, 2020**

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<b>REVENUES</b>	
Other local revenue	\$ 14,884
	<u>14,884</u>
<b>Total Revenues</b>	<u>14,884</u>
<b>EXPENDITURES</b>	
Other operating expenditures	<u>10,483</u>
	<u>10,483</u>
<b>Total Expenditures</b>	<u>10,483</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>4,401</u>
<b>Change in Net Position</b>	4,401
<b>Net Position, July 1, 2019</b>	<u>6,068</u>
<b>Net Position, June 30, 2020</b>	<u>\$ 10,469</u>

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

**LOCAL CLASSROOMS FUNDING AUTHORITY**  
**Balance Sheet – General Fund**  
**June 30, 2020**

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<b>ASSETS</b>	
Cash in bank	\$ 10,469
<b>Total Assets</b>	<b>\$ 10,469</b>
<b>LIABILITIES AND FUND BALANCE</b>	
<b>Liabilities</b>	
Accounts payable	\$ -
<b>Total Liabilities</b>	<b>-</b>
<b>Fund Balance</b>	
Restricted for JPA operations	10,469
<b>Total Liabilities and Fund Balance</b>	<b>\$ 10,469</b>

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

**LOCAL CLASSROOMS FUNDING AUTHORITY**  
**Statement of Revenues, Expenses and Changes in Fund Balance – General Fund**  
**June 30, 2020**

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<b>REVENUES</b>	
Other local revenue	\$ 14,884
<b>Total Revenues</b>	<u>14,884</u>
<b>EXPENDITURES</b>	
Expenditures	<u>10,483</u>
<b>Total Expenditures</b>	<u>10,483</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>4,401</u>
<b>Net Change in Fund Balance</b>	4,401
<b>Fund Balance, July 1, 2019</b>	<u>6,068</u>
<b>Fund Balance, June 30, 2020</b>	<u>\$ 10,469</u>

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

## **LOCAL CLASSROOMS FUNDING AUTHORITY**

### **Notes to Financial Statements**

**June 30, 2020**

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#### **NOTE 1 – REPORTING ENTITY**

The Local Classrooms Funding Authority (the "Authority") was formed as a Joint Powers Authority created by the Hawthorne School District ("Hawthorne"), the Lawndale School District ("Lawndale"), the Lennox School District ("Lennox"), the Wiseburn School District ("Wiseburn"), and the Centinela Valley Union High School District ("Centinela") (collectively "Members") administered pursuant to the Joint Exercise of Powers Agreement to Establish the Local Classrooms Funding Authority ("Agreement") by the Authority's Agency ("Agency"). The Members have established the goals of improving academic performance and the quality of education for all students of the Members. Funding sources consist of the Measure CL educational parcel tax.

#### **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### ***Basis of Accounting and Financial Statement Presentation***

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

The Authority's fund financial statements are prepared using the current financial resources focus and the modified accrual basis of accounting. Revenues are recorded when "susceptible to accrual" (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means that revenues are collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, except for property taxes, the Authority considers revenues to be available if they are collected within 360 days of the end of the current year. Revenues meeting this availability criteria include fines, forfeitures, and penalties; intergovernmental revenues; charges for services; and others. The availability period for property taxes is 60 days. Revenues not considered available are recorded as deferred revenues. Expenditures are generally recorded when the fund liability is incurred. Liabilities expected to be paid after one year are recorded in the government-wide financial statements as a noncurrent liability due more than one year.

The Authority reports only one fund, which is the Authority's operating fund that accounts for all financial resources of the Authority.

##### ***Cash and Investments***

Cash and investments are deposited in bank account in the name of the Authority. Custodial credit risk is the risk that in the event of a bank failure, an organization's deposits may not be returned to it. The Authority has adopted a cash management policy that addresses investment options as well as actions to be taken in the event that deposits exceed FDIC insurance limits. The FDIC insures 100% of non-interest bearing accounts and up to \$250,000 per depositor on interest bearing accounts per insured bank. As of June 30, 2020, the Authority's bank balance was not exposed to custodial credit risk as there were no deposits over \$250,000 in interest bearing accounts at any one insured bank.

**LOCAL CLASSROOMS FUNDING AUTHORITY**  
**Schedule of Property Tax Distributions**  
**June 30, 2020**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Property Tax***

The reported lien date is January 1 for secured and unsecured property taxes. In accordance with Government Code Section 29100, on or before September 1, the County's Board shall adopt the rates of taxes on the secured roll. The County's Tax Collector then completes the tax bill processing by the end of September. The Revenues and Taxation Code specifics that the Tax collector shall issue secured tax bill by November 1.

The due dates and delinquency dates for secured taxes are as follows:

- Due date for the first installment is November 1 and delinquent after December 10.
- Due date for the second installment is February 1 and delinquent after April 10.

***Net Position***

The government-wide financial statements utilize a net position presentation. Net position is categorized as restricted.

Net position of the Authority is comprised of the following:

**Restricted Net Position** represents net position with external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

***Fund Balance***

Under the provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, the Authority reports the fund balance for governmental funds in specific classifications (nonspendable, restricted, committed, assigned and unassigned), which create a hierarchy primarily based on the extent to which the Authority is bound to the constraints on the specific purposes for which funds can be spent. Nonspendable fund balance represents amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable. Restricted fund balances are amounts when constraints placed on use of resources are either: (1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation. The Authority will spend the most restricted dollars in accordance with restrictions imposed before the less restricted dollars.

***Use of Estimates***

The preparation of basic financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make certain estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

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***Supplementary Information Section***

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**LOCAL CLASSROOMS FUNDING AUTHORITY**  
**Budgetary Comparison Schedule**  
**June 30, 2020**

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	<b>Budgeted Amounts</b>		<b>Actual Amount</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Other local revenue	\$ 14,894	\$ 14,894	\$ 14,884	\$ (10)
<b>Total Revenues</b>	14,894	14,894	14,884	(10)
<b>EXPENDITURES</b>				
Expenditures	14,894	14,894	10,483	4,411
<b>Total Expenditures</b>	14,894	14,894	10,483	4,411
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	-	-	4,401	4,401
<b>Net Change in Fund Balance</b>	\$ -	-	\$ 4,401	\$ 4,401
<b>Fund Balance, July 1, 2019</b>			6,068	
<b>Fund Balance, June 30, 2020</b>			\$ 10,469	

**LOCAL CLASSROOMS FUNDING AUTHORITY**  
**Schedule of Property Tax Distributions**  
**June 30, 2020**

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Property tax collections for the 2019-20 fiscal year occurred on December 10, 2019 and April 10, 2020 and totaled \$9,194,586 with a delinquent balance of \$137,552 outstanding as of June 30, 2020. County-initiated distributions to the Authority's member districts were made in accordance with the provisions of the Measure CL ballot language, as follows:

<b>District</b>	<b>Distribution %</b>	<b>Distributions</b>	<b>Distributions Outstanding</b>	<b>Total Distributions</b>
Centinela Valley Union High School District	40.0%	\$ 3,677,834	\$ 55,021	\$ 3,732,855
Hawthorne School District	16.6%	1,534,882	22,834	1,549,135
Lawndale Elementary School District	14.7%	1,359,202	20,220	1,371,824
Lennox School District	8.7%	804,426	11,967	811,896
Wiseburn School District	20.0%	1,849,255	27,510	1,866,428
		<u>\$ 9,194,586</u>	<u>\$ 137,552</u>	<u>\$ 9,332,138</u>

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***Other Independent Auditors' Report***

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**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 Auditors' Report

To the Board of Directors of  
Local Classrooms Funding Authority  
Lawndale, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Local Classrooms Funding Authority (the "Authority") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated December 14, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting ("internal control") to determine the auditing 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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 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 Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*CWDL, Certified Public Accountants*

San Diego, California  
December 14, 2020

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***Schedule of Findings and Questioned Costs***

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**LOCAL CLASSROOMS FUNDING AUTHORITY**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2020**

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*There were no financial statement findings noted in the 2019-20 fiscal year.*

**LOCAL CLASSROOMS FUNDING AUTHORITY**  
**Schedule of Prior Audit Findings and Questioned Costs**  
**June 30, 2020**

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**FINDING #2019-1: ANNUAL AUDIT**

Criteria: For so long as the tax is in effect, the Treasurer of the Authority shall cause a report to be filed with the Board and the Governing Boards of its members no later than December 31 of each year, stating the amount collected and distributed to each Member in such year.

Condition: The audit for the 2018-19 fiscal year was not filed with the Authority Board and the Governing Boards of its members prior to December 31, 2019.

Cause: Records indicating the tax amounts billed and collected for the 2018-19 fiscal year were not available for audit until subsequent to December 31, 2019.

Effect: The Authority is out of compliance with the provisions of the ballot language and government code section 50075.3.

Perspective: The audit report was not timely filed with the Authority Board and the Governing Boards of its members.

Recommendation: The Authority should obtain records indicating tax amounts billed and collected well in advance of the December 31<sup>st</sup> deadline.

District Response: The District accepts the finding, and will work with the contractor charged with the parcel tax levy and/or Los Angeles County agencies to ensure timely calculation and submission of this report.

Status: Implemented during the 2019-20 fiscal year.

**Local Classrooms Funding Authority Budget  
2021-2022**

<b>Item/Description</b>	<b>2020-2021 Estimated Actuals</b>	<b>2021-2022 Proposed Budget</b>
Audit Costs	\$4,264.00	\$4,392.00
Legal Costs	\$0.00	\$0.00
Administrative (Parcel Tax Levy)	\$6,200.00	\$6,200.00
Senior/SSI Exemption Mailing	\$2,399.00	\$2,500.00
Bank Fees	\$480.00	\$500.00
Miscellaneous	\$217.65	\$250.00
Refunds of Levies	\$33,151.90	\$0.00
<b>Total</b>	<b>\$46,712.55</b>	<b>\$13,842.00</b>

<b>Clerical Support Contribution</b>	<b>Contribution Percentage</b>	<b>Adjusted Contribution Percentage</b>	<b>2021-2022 Proposed Contribution</b>
Contribution to CVUHSD			\$4,000.00
Centinela Valley UHSD	40.0%	-100.0%	-\$4,000.00
Hawthorne School District	16.6%	27.7%	\$1,108.00
Lawndale Elementary School District	14.7%	24.5%	\$980.00
Lennox School District	8.7%	14.5%	\$580.00
Wisburn School District	20.0%	33.3%	\$1,332.00

<b>District</b>	<b>Contribution Percentage</b>	<b>Unadjusted Contribution</b>	<b>Clerical Contribution</b>	<b>One Payment</b>		
				<b>Adjusted Contribution</b>	<b>7/23/2021 (80%)</b>	<b>3/11/2022 (20%)</b>
Centinela Valley UHSD	40.0%	\$5,536.80	-\$4,000.00	\$1,536.80	\$1,229.44	\$307.36
Hawthorne School District	16.6%	\$2,297.77	\$1,108.00	\$3,405.77	\$2,724.62	\$681.15
Lawndale Elementary School District	14.7%	\$2,034.77	\$980.00	\$3,014.77	\$2,411.82	\$602.95
Lennox School District	8.7%	\$1,204.25	\$580.00	\$1,784.25	\$1,427.40	\$356.85
Wisburn School District	20.0%	\$2,768.40	\$1,332.00	\$4,100.40	\$3,280.32	\$820.08
	100.0%	\$13,841.99	\$0.00	\$13,841.99	\$11,073.59	\$2,768.40

## **AGREEMENT FOR SPECIAL SERVICES**

### **I. PARTIES**

This Agreement for Special Services (“Agreement”) is entered into by and between the law firm of ATKINSON, ANDELSON, LOYA, RUUD & ROMO, a professional corporation, hereinafter referred to as the “Law Firm” and, LOCAL CLASSROOM FUNDING AUTHORITY, hereinafter referred to as “LCFA,” a joint powers authority formed pursuant to California Government Code section 6500 et seq.

### **II. PURPOSE**

The LCFA desires to retain and engage Law Firm to perform legal and, upon request, non-legal consultant services on the District’s behalf. Law Firm accepts this engagement on the terms and conditions contained in this Agreement.

### **III. TERMS AND CONDITIONS**

#### **A. Fees for Services**

##### **1. Standard Hourly Rate Services**

District agrees to pay the Law Firm at the following standard hourly rates:

Senior Partners	\$315
Partner/Senior Counsel	\$300
Senior Associates	\$280
Associates	\$245
Electronic Technology Litigation Specialist	\$225
Non-Legal Consultants	\$200
Senior Paralegals/Law Clerks	\$200
Paralegals/Legal Assistants	\$200

These rates shall increase by \$10/hour on July 1, 2021.

##### **2. Fixed Fee Services**

District agrees to pay the Law Firm a fixed fee for the following services:

A full day of training (up to 8 hours)	\$5,000
A half day of training (up to 4 hours)	\$4,000
A two-hour training	\$3,000
A one-hour training	\$2,000

3. Fee Arrangements for Specialized Legal Services

For specialized litigation and transactional services in the areas of construction, procurement, technology, prevailing wage, real property, CEQA, mitigation negotiations, school and college finance, tax, bankruptcy, copyright, non-profit organizations, immigration and appellate law, the District agrees to pay Law Firm at rates higher than the standard hourly rates for special projects or particular scopes of work. The Law Firm shall inform the District of the rates for specialized services and the Superintendent or designee shall agree to such rates in writing prior to any billings for specialized legal services by the Law Firm.

4. Costs and Expenses

In addition to the fees described above, the District agrees to pay a five percent (5%) “administrative fee” calculated and based on the total monthly billed fees to cover certain operating expenses of the Law Firm incurred in providing services to the District. This administrative fee is in lieu of charging the District for Westlaw, photocopies, automobile mileage, parking, facsimiles, telephone, document preparation, and postage.

Costs relating to fees charged by third parties retained to perform services ancillary to the Law Firm’s representation of District are not included in the administrative fee and are charged separately. These include, but are not limited to, deposition and court reporter fees, transcript costs, witness fees (including expert witnesses), process server fees, and other similar third party fees. The Law Firm shall not be obligated to advance costs on behalf of the District; however, for purposes of convenience and in order to expedite matters, the Law Firm reserves the right to advance costs on behalf of the District with the prior approval of the Superintendent or designee in the event a particular cost item exceeds \$2,000.00 in amount, and without the prior approval of the Superintendent or designee in the event a particular cost item totals \$2,000.00 or less.

If the Law Firm retains, with authorization from the District, experts or outside consultants for the benefit of the District, rather than the District contracting directly with any expert or outside consultant, the District agrees to pay a five percent (5%) “consultant processing fee” in addition to the actual costs paid by the Law Firm to the expert or outside consultant in order to offset related costs to the Law Firm resulting from administering and initially paying such expert and outside consultant fees on behalf of the District. This fee shall not apply to the services of Law Firm-provided non-legal consultants as set forth in paragraph F., below.

B. Billing Practices

1. A detailed description of the work performed and the costs and expenses advanced by the Law Firm will be prepared on a monthly basis as of the last day of the month

and will be mailed to the District on or about the 15th of the following month, unless other arrangements are made. Payment of the full amount due, as reflected on the monthly statement, will be due to the Law Firm from the District by the 10th of the month following delivery of the statement, unless other arrangements are made. In the event that there are funds of the District in the Law Firm's Trust Account at the time a monthly billing statement is prepared, funds will be transferred from the Law Firm's Trust Account to the Law Firm's General Account to the extent of the balance due on the monthly statement and a credit will be reflected on the monthly statement. Any balance of fees or costs advanced remaining unpaid for a period of 60 days will be subject to a 1% per month service charge.

2. The Law Firm shall bill in one-quarter hour increments.

3. Certain tasks shall be billed at established minimum time increments. These include: (a) telephone conference (.25 hour), (b) electronic correspondence (.25 hour), (c) standard written correspondence (.50 hour), (d) provide a document (.50 hour).

4. The Law Firm may charge the full hourly rate to more than one client for services provided concurrently during the same time period. For example, in the course of traveling to the District or while providing legal services at the District, it may be necessary for the Law Firm to provide billable services to other clients.

5. District agrees to review the Law Firm's monthly statements promptly upon receipt and to notify the Law Firm, in writing, with respect to any disagreement with the monthly statement. Failure to communicate written disagreement with the Law Firm's monthly statement within thirty (30) days of the District's receipt thereof shall be deemed to signify the District's agreement that the monthly billing statement accurately reflects the services performed; and the proper charge for those services.

6. After the conclusion of a particular engagement (e.g. an investigation) should a need arise for the Firm to respond to any subpoena or discovery, to provide testimony at deposition, trial or arbitration, or to otherwise perform services with respect to any matter relating to or arising out of that engagement, the District shall compensate the Firm at its then applicable rates for time expended, including all required preparation time.

### C. Termination of Representation on a Particular Matter

The Law Firm reserves the right to discontinue the performance of legal services on behalf of the District on a particular matter upon the occurrence of any one or more of the following events:

1. Upon order of a court of law requiring the Law Firm to discontinue the performance of legal services;

2. Upon a determination by the Law Firm in the exercise of its reasonable and sole discretion, that state or federal legal ethical principles require it to discontinue the performance of legal services;

3. Upon a failure of the District to perform any of the District's obligations with

respect to the payment of the Law Firm's fees, costs or expenses as reflected on the monthly bill;

4. Upon a failure of the District to perform any of the District's obligations with respect to the duty of cooperation with the Law Firm in connection with the Law Firm's representation of the District.

In the event that the Law Firm ceases to perform services for the District on a matter, the District agrees that it will promptly pay to the Law Firm any and all unpaid fees and costs advanced, and retrieve all of its files, signing a receipt therefor. Further, the District agrees that, with respect to any litigation where the Law Firm has made an appearance in a court of law on its behalf, the District will promptly execute an appropriate Substitution of Attorney form. Any termination of Law Firm's representation on such a matter may be subject to approval by the applicable court of law.

D. Consent to Joint Representation

The District acknowledges that from time to time Law Firm may be asked to perform legal services on a matter affecting two or more public education local agencies. In such situations before proceeding with representation, Law Firm shall seek separate written consent to joint representation from all involved parties if permissible according to ethical principles applicable to attorneys. The District acknowledges that it is often in the best interest of the District for such representation to commence without undue delay which may result from waiting until a regularly-scheduled Board meeting. Therefore, pursuant to Education Code section 7, the Governing Board of the District hereby delegates to the Superintendent or designee authority to consent to joint representation in the circumstances described in this paragraph.

E. Client Cooperation

The District agrees to fully cooperate with the Law Firm in connection with the Law Firm's representation of the District, including but not limited to, attending mandatory court hearings and other appearances, making its employees and officials available, and providing accurate information documentation necessary to enable the Law Firm to adequately represent the District.

F. Services performed by Law Firm-provided Non-legal Consultants

The Law Firm has an affiliation with non-legal consultants who are available to provide services in areas including, but not limited to, personnel/business office audits, human resources/collective bargaining consultation, special education consultation, public/employee relations surveys and communications, media and public relations, budget analysis/support services, instructional coaching/counseling at school improvement sites, leadership coaching, board/superintendent relations and best practices, and interim management placement.

Because the Law Firm has a financial interest in the District's use of these affiliated non-legal consultants, the rules of the State Bar of California require that the District provide its informed written consent to this arrangement to prior to utilizing these services. Execution of this Agreement shall be deemed "informed consent" for the purpose of this paragraph. The

District is hereby advised that it may seek the advice of an independent attorney of your choice prior to providing such written consent.

Please also be advised that because the services of these non-legal consultants are provided to the District outside of the attorney-client relationship, communications with these non-legal consultants will not be protected from disclosure by the attorney-client privilege.

G. Consent to Law Firm Communication

As part of our commitment to client service, the Law Firm will send the District periodic alerts on case developments and legislative changes, and notices of breakfast briefings, conferences, and other training opportunities designed to help the District with daily legal concerns. The Law Firm will send those and other additional service notices to the District via regular mail and/or electronic mail at the email address which you designate or the email used in your daily communications with us. By execution of this Agreement, the District and designated contact(s) consent to receive such communications by electronic mail subject to the right to unsubscribe at any time.

H. Identification of Insurance Coverage

With respect to insurance coverage for any matters covered by the scope of services under this Agreement, you agree that it is your own responsibility, rather than the Law Firm's responsibility, to identify potential insurance coverage and to tender legal matters to any appropriate insurance companies that may insure you. If you desire that the Law Firm become involved in identifying potential insurers and/or the tender of legal disputes, then a separate written agreement between you and the Law Firm to that effect will be required.

I. Miscellaneous

1. The Law Firm maintains errors and omissions insurance coverage applicable to the services to be rendered.

2. The parties agree that the Law Firm, while engaged in carrying out and complying with any of the terms and conditions of this Agreement, is an independent contractor and is not an employee of the District.

3. After a file on a matter is closed, the District has a right to request the Law Firm to return the file to the District. Absent such a request, the Law Firm shall retain the file on the District's behalf.

**IV. BINDING ARBITRATION**

If any dispute arises out of, or related to, a claimed breach of this agreement, the professional services rendered by attorneys, or any other disagreement of any nature, type, or description, regardless of the facts or the legal theories which may be involved, including attorney malpractice, such dispute shall be resolved by binding arbitration by a single arbitrator. Each side will bear its own costs and attorney fees. The parties agree to waive their right to a jury and to an appeal.

**V. DURATION**

This Agreement shall commence March 17, 2021 and terminate on March 16, 2024 and shall thereafter continue from month to month at the then current rate schedules until modified in writing by agreement between the Law Firm and the District up to a maximum of five (5) years duration per Education Code section 17596.

Either the District or the Law Firm may terminate this Agreement on thirty (30) days' written notice.

“Law Firm”

ATKINSON, ANDELSON, LOYA, RUUD &  
ROMO

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
David A. Soldani

“District”

LOCAL CLASSROOM FUNDING AUTHORITY  
(LCFA)

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
RON HACKER (on behalf of JPA)