

**BEVERLY HILLS UNIFIED SCHOOL DISTRICT
OF LOS ANGELES COUNTY
BEVERLY HILLS, CALIFORNIA**

AUDIT REPORT
June 30, 2021

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Beverly Hills Unified School District
Beverly Hills, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Beverly Hills Unified School District (District) as of and for the fiscal 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *2020-2021 Guide for Annual Audits of California K-12 Local Educational Agencies and State Compliance Reporting* prescribed by Title 5, *California Code of Regulations*, Section 19810. 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 fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Required Supplementary Information

As discussed in Note 1 to the basic financial statements effective July 1, 2020, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis (MD&A) on page 3 through 9, the Budgetary Comparison Schedule – General Fund on page 61, the Schedules of District’s Proportionate Share of Net Pension Liability on pages 62 and 63, the Schedules of District’s Pension Contributions on pages 64 and 65, the Schedule of Changes in the District’s Net OPEB Liability and the Related Ratios on page 66, the Schedule of the District’s Proportionate Share of the Net OPEB Liability and Related Ratios on page 67, and the Schedule of District’s OPEB Contributions on page 68, 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.

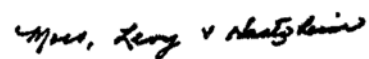
Supplementary Information

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The accompanying 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 of the District. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards, and is also not a required part of the basic financial statements of the District.

The supplementary information, as listed in the table of contents, including the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such 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 January 26, 2022, on our consideration of the District’s internal control over financial reporting and 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 do not 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 District’s internal control over financial reporting and compliance.



Moss, Levy & Hartzheim, LLP
Culver City, California
January 26, 2022

Beverly Hills Unified School District Management's Discussion and Analysis June 30, 2021

The annual financial audit report for the Beverly Hills Unified School District includes a Management's Discussion and Analysis (MD&A) of the District's financial performance during the fiscal year ending June 30, 2021 utilizing comparative information from 2020. The MD&A should be read in conjunction with the District's financial statements.

FINANCIAL HIGHLIGHTS

The District's audited financial reports show general fund revenue and other financing sources of \$86,319,088 and expenditures and other financing uses of \$79,846,050 leaving a net change of \$6,743,038. Ending general fund balance at June 30, 2021 was \$28,557,551, after a restatement of \$227,671.

FINANCIAL STATEMENT OVERVIEW

The financial report consists of four parts as required for the annual submission consisting of Management's Discussion and Analysis, the financial statements, the required supplemental information, and other supplemental information:

- The first two statements are District-wide financial statements that provide both short-term and long-term information about the District's overall financial status. The remaining statements are specific fund financial statements that focus on the District's individual financial components, reporting the District's operations in more detail than the District-wide statements. The basic financial statements also include notes to financial information.
- The two District-wide financial statements report the District's net position and how they have changed. Net position is the difference between the District's assets/deferred outflows and liabilities/deferred inflows as one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position is an indicator of whether its financial position is improving or deteriorating.
- In assessing the overall health of the District, you need to consider additional non-financial factors such as changes in the District's property tax base and the conditions of school buildings and other facilities.
- In the district-wide financial statements, Beverly Hills Unified School District is reporting its basic services, such as regular education, special education, and administration. Property taxes and local revenue finance most of these activities. These are called Governmental Activities.
- Proprietary fund statements consist of the self-insurance fund to account for resources committed to pay for costs arising from dental and vision claims.
- Fiduciary fund statements provide information about the financial relationships, in which, the District acts as a trustee or agent for the benefit of others.

REPORTING THE SCHOOL DISTRICT'S MAJOR FUNDS

Fund-based financial statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or major funds instead of the District in its entirety. The major governmental funds of the District are individually presented and consist of the General Fund, Building Fund, and Bond Interest and Redemption Fund. The remaining District funds are grouped together as Other Governmental Funds. These funds are reported individually in the Combining Statements for Non-Major Funds in the supplemental section of this report. Funds are a series of self-balancing accounts recording cash and other resources, liabilities and residual equities for the purpose of carrying out certain activities or objectives within special regulations, restrictions or limitations. For example:

- Some funds are required by state law and bound by covenants.
- The District establishes other funds to control and manage financial resources for particular purposes (i.e. repaying its long-term obligations) or to show it is properly using certain revenues obtained for specific purposes (i.e. state grants for building projects).

The District has three types of funds:

Governmental Funds include the District's basic services, which generally focus on (1) how cash and other financial assets can readily be converted to cash and pay for its expenditures (2) the balances left at fiscal year-end that are available for future spending. Consequently, the governmental fund statements provide a detailed short-term view that assist in determining whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Information contained in the governmental funds statements does not encompass the additional long-term focus of the District-wide statements, so additional information is provided with the governmental fund statements to explain the relationship between them.

Proprietary Fund consist of an internal service fund, which is used to account for services rendered on a cost-reimbursement basis within the District. The District maintains one internal service fund.

Fiduciary Funds provide for accounting for assets that belong to others with the District as trustee or fiduciary, include the retiree benefit fund. The District is responsible for ensuring that these assets are used for their intended purposes and are reported as such. These funds are not included in the District-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Government-wide statements

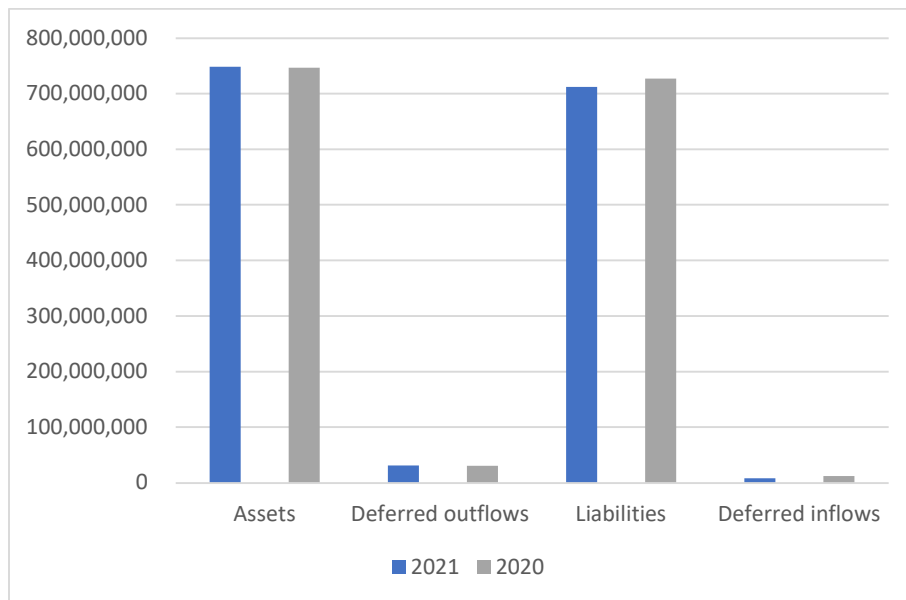
The statement of net position presents the financial position of the District at the end of the fiscal year, which ended June 30, 2021 and includes all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the District. The difference between the (total assets and deferred outflows of resources) and (total liabilities and deferred inflows of resources) is one indicator of the financial condition of the District, while the change in the net position is an indicator of whether the overall financial condition has improved or deteriorated during the fiscal year. Assets and liabilities are generally measured using current values. One notable exception is capital assets, which are stated at historical cost less an allowance for depreciation. For the purpose of distinguishing between current and non-current assets and liabilities, current assets and liabilities are those that can be reasonably expected to either generate or use cash, as part of normal business operations, within one fiscal year of the financial statement's date. The analysis below focuses on the net position and the change in net position from 2020 to 2021 for the District's governmental activities.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (Continued)

Statement of Net Position – Governmental Activities

Table 1

		2021	2020
<u>Assets</u>	Current and other assets	\$ 218,592,483	\$ 303,251,919
	Capital assets	529,994,052	443,648,414
	Total Assets	748,586,535	746,900,333
<u>Deferred Outflows</u>	Deferred outflows	31,332,209	30,571,371
<u>Liabilities</u>	Current Liabilities	29,371,502	28,116,870
	Long-term liabilities	682,572,633	699,179,701
	Total Liabilities	711,944,135	727,296,571
<u>Deferred Inflows</u>	Deferred inflows	8,357,280	11,843,247
<u>Net Position</u>	Net investment in capital assets	183,320,171	133,558,273
	Restricted	5,638,352	15,041,614
	Unrestricted	(129,341,194)	(110,268,001)
		\$ 59,617,329	\$ 38,331,886



FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (Continued)

Statement of Activities – Governmental Activities

Table 2

	<u>2021</u>	<u>2020</u>
<u>Revenues</u>		
General revenues		
Federal and State Aid (not restricted)	\$ 2,534,168	\$ 3,106,453
Property taxes	106,023,354	100,904,445
Other general revenues	13,463,544	19,142,541
Total Revenues	<u>122,021,066</u>	<u>123,153,439</u>
<u>Expenses (less program revenue)</u>		
Instruction related	44,528,874	38,083,396
Pupil services	4,943,801	4,928,463
Administration	8,063,314	6,856,853
Plant services	9,628,074	10,972,069
Other	33,641,768	28,000,642
Total Expenses	<u>100,805,831</u>	<u>88,841,423</u>
Changes in Net Position	<u>\$ 21,215,235</u>	<u>\$ 34,312,016</u>

The statement of activities presents the District's results of operations. The District's changes in net position resulted in a surplus of \$21,215,235 for fiscal year ended June 30, 2021.

The District's 2020/21 fiscal year general revenues were \$122,021,066. Taxes levied for general purpose accounted for (48.27%) of the District's general revenue. Taxes levied for debt service accounted for (38.50%) of the District's general revenue. Federal and State Aid made up (2.08%) of the District's general revenue. Local revenue/other made up the balance of the revenues at (11.15%) of the District's general revenue, which includes the City of Beverly Hills contribution from the Joint Power's Agreement and amendment and other miscellaneous revenues such as donations and interest earned.

The District's 2020/2021 fiscal year expenses less program revenue increased by \$11,964,408 from the 2019/2020 fiscal year. The District's expenses include instruction and pupil related services, which amount to (53.14%) of the total expenses reported. The administrative activities of the District were (8.15%) of expenses. Plant services (maintenance and operations) were (8.85%) of expenses. The other expenses included community services, interest on debt, other outgo and depreciation, which was (29.86%) of the total expenses.

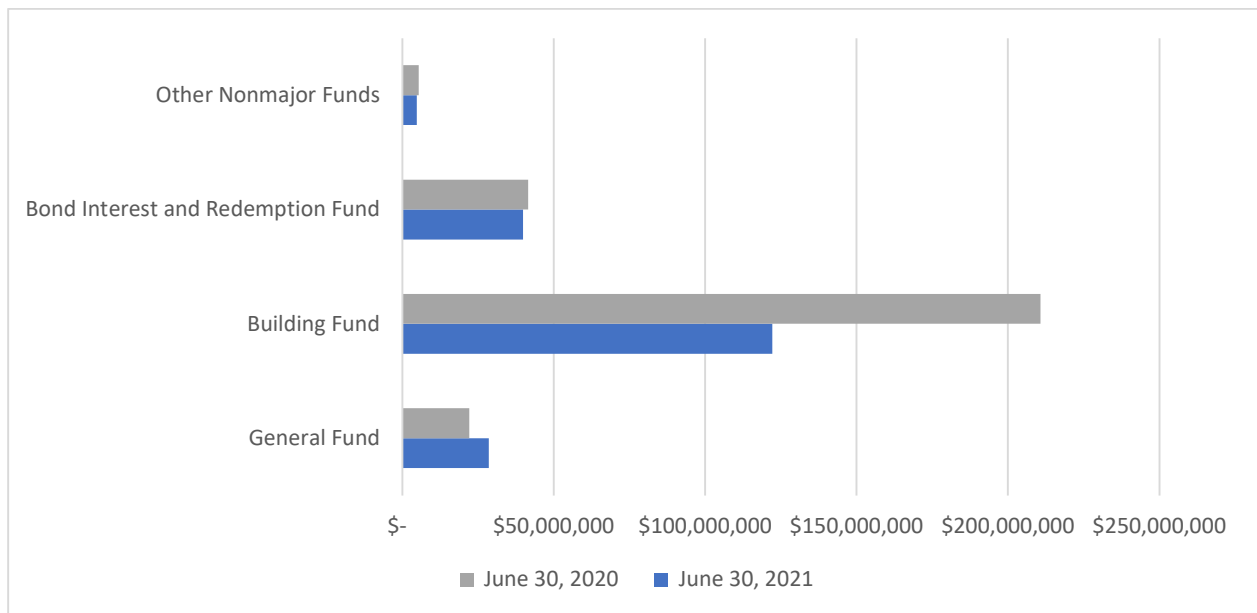
BALANCE SHEET

GOVERNMENTAL FUNDS

The following data reflects a year to year comparison of total fund balances for the governmental funds over the last two fiscal years.

Total Fund Balances – Table 3

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
General Fund	\$ 28,557,551	\$ 22,084,513
Building Fund	122,214,510	210,763,555
Bond Interest and Redemption Fund	39,853,679	41,495,553
Other Nonmajor Funds	4,810,529	5,433,873
Total Fund Balances	<u>\$ 195,436,269</u>	<u>\$ 279,777,494</u>



General Fund Budgetary Highlights

While the District’s final budget for the General Fund anticipated revenues in excess of expenditures by \$6,132,636, the actual results for the fiscal year show revenues in excess of expenditures by \$7,889,324. Actual revenues were \$767,625 less than anticipated and expenditures were \$2,524,313 less than budgeted.

Capital Assets and Long-Term Debt

GASB Statement No. 34 also requires the inclusion of capital assets and its related depreciation, and long-term debt into the basic financial statements. In accomplishing this for capital assets, the District is using a capitalization threshold of \$5,000. Items with original costs less than \$5,000 are expensed. Depreciation is computed on a straight-line basis over the estimated useful life of the asset.

The following reflects the comparison of the capital assets and long term debt between fiscal years 2021 and 2020.

	Balance June 30, 2021	Balance June 30, 2020
Capital assets, not being depreciated:		
Land	\$ 2,933,062	\$ 2,933,062
Construction in progress	313,916,678	278,197,090
Total capital assets, not being depreciated	<u>316,849,740</u>	<u>281,130,152</u>
Capital assets being depreciated:		
Buildings and improvements	288,238,928	232,741,795
Site improvements	8,850,821	8,850,821
Furniture and equipment	8,191,175	7,580,350
Total capital assets being depreciated	<u>305,280,924</u>	<u>249,172,966</u>
Less accumulated depreciation for:		
Buildings and improvements	(77,359,969)	(72,322,329)
Site improvements	(7,440,626)	(7,077,088)
Furniture and equipment	(7,336,017)	(7,255,287)
Total accumulated depreciation	<u>(92,136,612)</u>	<u>(86,654,704)</u>
Total capital assets, being depreciated, net	<u>213,144,312</u>	<u>162,518,262</u>
Total capital assets, net	<u>\$ 529,994,052</u>	<u>\$ 443,648,414</u>
	Balance June 30, 2021	Balance June 30, 2020
General obligation bonds:		
Principal balance	\$ 468,828,391	\$ 502,185,006
Unamortized premium	17,532,064	18,608,690
Accreted interest payable	102,316,806	92,047,712
Compensated absences	913,032	869,562
Net OPEB obligation	13,868,214	14,301,011
Net pension liability	78,712,146	70,322,405
Supplemental retirement plan (SRP)	341,980	785,315
Loans payable	60,000	60,000
Totals	<u>\$ 682,572,633</u>	<u>\$ 699,179,701</u>

For additional detail of the capital assets and long-term, please refer to the notes to the financial statements.

FACTORS BEARING ON THE DISTRICT'S FUTURE AND NEXT YEAR'S BUDGETS AND RATES

As in FY 2019-20, during FY 2020-21 the Covid 19 pandemic continued to have a substantial impact on the day-to-day operations of the District.

The District received substantial resources from Federal, State, and Local sources to address two main issues:

- 1) Student and staff safety, including the emotional impacts of the pandemic on students; and
- 2) Learning loss mitigation.

As in the prior fiscal year, the infusion of funds dedicated to Covid interventions reduced some traditional instructional expenditures. Additional Covid funds received for the school nutrition program began reducing the need for general fund support for that program. The District spent a considerable amount of time working with our labor partners to craft memorandums of understanding (MOU's) that addressed both safe working conditions and the processes and practices required to physically keep students in our schools and school sites open and operational.

The District continues to pre-fund the OPEB liability by depositing 2% of regular salary earnings to the OPEB Trust. The District has earmarked over 1.5% of the general fund to be transferred and allocated for deferred maintenance projects throughout the District. Eminent domain litigation between the District and the Los Angeles Metropolitan Transportation Authority (MTA) continues. Court appearances are scheduled for early 2022. A clear property title issue with the Los Angeles Unified School District regarding ownership of a portion of Beverly Hills High School was successfully mediated in 2020-21.

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide our community, taxpayers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives. If you have any questions or need additional financial information, please contact the Business Office located at 255 S. Lasky Drive, Beverly Hills, CA 90212. The District phone number is 310-551-5100. The Assistant Superintendent of Business Services is J. Wade Roach and the Director of Fiscal Services is Angeli Villaflores.

BEVERLY HILLS UNIFIED SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2021

Assets	<u>Governmental Activities</u>
Cash in County Treasury	\$ 208,360,410
Cash on hand and in banks	888,754
Revolving cash fund	50,000
Accounts receivable	8,624,457
Inventory	28,568
Prepaid expenses	349,882
Other assets	290,412
Land	2,933,062
Construction in progress	313,916,678
Buildings and improvements	288,238,928
Site improvements	8,850,821
Furniture and equipment	8,191,175
Less accumulated depreciation	<u>(92,136,612)</u>
Total assets	<u>748,586,535</u>
Deferred Outflows of Resources	
Deferred outflows of resources - pension related	21,484,275
Deferred outflows of resources - OPEB related	1,728,227
Deferred losses on debt refunding	<u>8,119,707</u>
Total deferred outflows of resources	<u>31,332,209</u>
Liabilities	
Accounts payable	22,359,242
Interest payable	6,569,978
Unearned revenue	442,282
Long-term liabilities:	
Long-term liabilities other than OPEB and pensions due within one year	33,633,012
Long-term liabilities other than OPEB and pensions due more than a year	556,359,261
Net OPEB liability	13,868,214
Net pension liability	<u>78,712,146</u>
Total liabilities	<u>711,944,135</u>
Deferred Inflows of Resources	
Deferred inflows of resources - pension related	3,572,418
Deferred inflows of resources - OPEB related	<u>4,784,862</u>
Total deferred inflows of resources	<u>8,357,280</u>
Net Position	
Net investment in capital assets	183,320,171
Restricted for:	
Capital projects	3,584,465
Education programs	1,414,962
Cafeteria program	449,504
Student activity	189,421
Unrestricted	<u>(129,341,194)</u>
Total net position	<u>\$ 59,617,329</u>

See notes to basic financial statements

BEVERLY HILLS UNIFIED SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2021

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Instruction	\$ 43,907,376	\$ 21,494	\$ 7,852,828	\$ -	\$ (36,033,054)
Instruction-related services:					
Instructional supervision and administration	2,111,773	-	197,851	-	(1,913,922)
Instructional library, media, and technology	1,830,369	-	12,782	-	(1,817,587)
School site administration	5,153,907	13,431	376,165	-	(4,764,311)
Pupil services:					
Home-to-school transportation	30,278	-	-	-	(30,278)
Food services	1,389,346	287	1,214,046	-	(175,013)
All other pupil services	5,688,286	31,664	918,112	-	(4,738,510)
General administration:					
Centralized data processing	1,750,416	-	1,746	-	(1,748,670)
All other general administration	7,471,118	488,401	668,073	-	(6,314,644)
Plant services	10,009,318	-	381,244	-	(9,628,074)
Ancillary services	1,010,085	115,081	26,572	-	(868,432)
Community services	659	-	-	-	(659)
Interest on long-term debt	27,282,263	-	-	-	(27,282,263)
Other outgo	8,506	-	-	-	(8,506)
Depreciation (unallocated)	5,481,908	-	-	-	(5,481,908)
Total governmental activities	<u>\$ 113,125,608</u>	<u>\$ 670,358</u>	<u>\$ 11,649,419</u>	<u>\$ -</u>	<u>(100,805,831)</u>

General revenues:

Taxes and subventions:	
Taxes levied for general purposes	58,898,159
Taxes levied for debt service	46,982,440
Tax levied for other specific purposes	142,755
Federal and state aid not restricted to specific purposes	2,534,168
Interest and investment earnings	1,265,436
Miscellaneous	12,198,108
Total general revenues	<u>122,021,066</u>
Change in net position	<u>21,215,235</u>
Net position, beginning of fiscal year	38,331,886
Restatements	70,208
Net position beginning of fiscal year, restated	<u>38,402,094</u>
Net position, end of fiscal year	<u>\$ 59,617,329</u>

See notes to basic financial statements

BEVERLY HILLS UNIFIED SCHOOL DISTRICT

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2021

	General Fund	Building Fund	Bond Interest and Redemption Fund
Assets			
Cash in County Treasury	\$ 36,042,507	\$ 127,428,142	\$ 39,853,679
Cash on hand and in banks	-	-	-
Revolving cash fund	50,000	-	-
Accounts receivable	4,518,994	3,294,924	-
Due from other funds	48,988	-	-
Inventory, at cost	-	-	-
Prepaid expenditures	349,882	-	-
Other assets	290,412	-	-
	<u>41,300,783</u>	<u>130,723,066</u>	<u>39,853,679</u>
Total assets	<u>\$ 41,300,783</u>	<u>\$ 130,723,066</u>	<u>\$ 39,853,679</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 12,310,248	\$ 8,508,556	\$ -
Due to other funds	-	-	-
Unearned revenue	432,984	-	-
	<u>12,743,232</u>	<u>8,508,556</u>	<u>-</u>
Total liabilities	<u>12,743,232</u>	<u>8,508,556</u>	<u>-</u>
Fund balances:			
Nonspendable			
Revolving cash	50,000	-	-
Store inventories	-	-	-
Prepaid expenditures	349,882	-	-
Restricted			
Legally restricted balances	1,414,962	-	-
Cafeteria program	-	-	-
Capital projects	-	122,214,510	-
Debt service	-	-	39,853,679
Assigned			
Deferred maintenance	-	-	-
Stabilization arrangements	10,887,544	-	-
Unassigned	15,855,163	-	-
	<u>28,557,551</u>	<u>122,214,510</u>	<u>39,853,679</u>
Total fund balances	<u>28,557,551</u>	<u>122,214,510</u>	<u>39,853,679</u>
Total liabilities and fund balances	<u>\$ 41,300,783</u>	<u>\$ 130,723,066</u>	<u>\$ 39,853,679</u>

See notes to basic financial statements

Other Governmental Funds	Total Governmental Funds
\$ 4,681,392	\$ 208,005,720
888,754	888,754
-	50,000
810,539	8,624,457
-	48,988
28,568	28,568
-	349,882
-	290,412
<u>\$ 6,409,253</u>	<u>\$ 218,286,781</u>
\$ 1,540,438	\$ 22,359,242
48,988	48,988
9,298	442,282
<u>1,598,724</u>	<u>22,850,512</u>
-	50,000
28,568	28,568
-	349,882
189,421	1,604,383
420,936	420,936
3,584,465	125,798,975
-	39,853,679
587,139	587,139
-	10,887,544
-	15,855,163
<u>4,810,529</u>	<u>195,436,269</u>
<u>\$ 6,409,253</u>	<u>\$ 218,286,781</u>

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BEVERLY HILLS UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2021

Total fund balances - governmental funds \$ 195,436,269

In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation.

Capital assets at historical cost	\$	622,130,664	
Accumulated depreciation		<u>(92,136,612)</u>	
Net			529,994,052

The District refunded portions of its 2008 Series 2009 and full amount of 2008 Series 2013 General Obligation Bonds. The difference between the amount that was sent to the trustee of the escrow account and the amount of the principal outstanding on the refunded obligations is amortized as an adjustment to interest expense over the remaining life of the refunded bonds. This balance represents the unamortized deferred losses on refunding. 8,119,707

In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In government-wide statement of activities, it is recognized in the period that it is incurred. (6,569,978)

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

General obligation bonds payable	\$	(468,828,391)	
Unamortized premium		(17,532,064)	
Accreted interest payable		(102,316,806)	
Compensated absences		(913,032)	
Net OPEB Liability		(13,868,214)	
SRP		(341,980)	
Loans payable		(60,000)	
Net pension liability		<u>(78,712,146)</u>	
Total			(682,572,633)

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

Deferred outflows of resources	\$	23,212,502	
Deferred inflows of resources		<u>(8,357,280)</u>	
Net			14,855,222

Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to operate for the benefit of governmental activities, assets, deferred outflows of resources, liabilities, and deferred inflows of resources of internal service funds are reported with governmental activities in the statement of net position. Net position for internal service funds is: 354,690

Total net position, governmental activities \$ 59,617,329

See notes to basic financial statements

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2021

	General Fund	Building Fund	Bond Interest and Redemption Fund
Revenues:			
LCFF Sources	\$ 60,492,330	\$ -	\$ -
Federal	4,158,894	-	-
Other state	6,650,196	-	32,270
Other local	15,017,668	948,531	47,254,958
Total revenues	<u>86,319,088</u>	<u>948,531</u>	<u>47,287,228</u>
Expenditures:			
Certificated salaries	34,582,985	-	-
Classified salaries	11,617,869	127,149	-
Employee benefits	18,382,802	42,254	-
Books and supplies	2,627,053	626,353	-
Contracted services and other operating expenditures	10,801,591	435,789	-
Capital outlay	477,057	88,266,031	-
Other outgo	(59,593)	-	-
Debt service:			
Principal	-	-	33,356,615
Interest	-	-	15,572,487
Total expenditures	<u>78,429,764</u>	<u>89,497,576</u>	<u>48,929,102</u>
Excess of revenues over (under) expenditures	<u>7,889,324</u>	<u>(88,549,045)</u>	<u>(1,641,874)</u>
Other Financing Sources (Uses):			
Transfers in	-	-	-
Transfers out	(1,416,286)	-	-
Total other financing sources (uses)	<u>(1,416,286)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>6,473,038</u>	<u>(88,549,045)</u>	<u>(1,641,874)</u>
Fund balances, July 1, 2020	22,312,184	210,763,555	41,495,553
Restatements	(227,671)	-	-
Fund balances, July 1, 2020, restated	<u>22,084,513</u>	<u>210,763,555</u>	<u>41,495,553</u>
Fund balance, June 30, 2021	<u>\$ 28,557,551</u>	<u>\$ 122,214,510</u>	<u>\$ 39,853,679</u>

See notes to basic financial statements

Other Governmental Funds	Totals Governmental Funds
\$ -	\$ 60,492,330
1,362,620	5,521,514
112,563	6,795,029
695,000	63,916,157
<u>2,170,183</u>	<u>136,725,030</u>
-	34,582,985
516,494	12,261,512
191,780	18,616,836
708,230	3,961,636
205,162	11,442,542
2,520,048	91,263,136
68,099	8,506
-	33,356,615
-	15,572,487
<u>4,209,813</u>	<u>221,066,255</u>
<u>(2,039,630)</u>	<u>(84,341,225)</u>
1,416,286	1,416,286
-	(1,416,286)
<u>1,416,286</u>	<u>-</u>
<u>(623,344)</u>	<u>(84,341,225)</u>
5,135,994	279,707,286
297,879	70,208
<u>5,433,873</u>	<u>279,777,494</u>
<u>\$ 4,810,529</u>	<u>\$ 195,436,269</u>

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2021

Total net change in fund balances - governmental funds	\$	(84,341,225)
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:</p>		
Expenditures for capital outlay	\$	92,414,670
Depreciation expense		<u>(5,481,908)</u>
		86,932,762
<p>If a planned capital project is canceled and will not be completed, cost previously capitalized as Construction in Progress must be written off to expense. Costs written off for canceled projects were:</p>		
		(587,124)
<p>In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities.</p>		
		33,356,615
<p>Governmental funds report the effect of premiums, discounts, and deferred losses on refunding when the debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. Amortization for the period was:</p>		
Premium amortization for the period	\$	1,076,626
Deferred losses on refunding amortized for the period		<u>(729,619)</u>
		347,007
<p>In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period that it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period was:</p>		
		(12,056,783)
<p>In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amounts earned. The difference between compensated absences earned and compensated absences paid was:</p>		
		(43,470)
<p>In governmental funds, OPEB expenses are recognized when employer OPEB contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis. This fiscal year, the difference between accrual basis OPEB expenses and actual employer OPEB contributions was:</p>		
		802,051
<p>In the government-wide statements, expenses must be accrued in connection with any liabilities incurred during the period that are not expected to be liquidated with current financial resources, in addition to compensated absences and long-term debt. Examples include special termination benefits such as retirement incentives financed over time. This fiscal year, expenses incurred for such obligations were:</p>		
		443,335
<p>In government funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This fiscal year, the difference between accrual basis pension costs and actual employer contributions was:</p>		
		(3,782,571)
<p>Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to benefit governmental activities, internal service activities are reported as governmental in the statement of activities. The net increase or decrease in internal service funds was:</p>		
		<u>144,638</u>
Changes in net position of governmental activities	\$	<u>21,215,235</u>

See notes to basic financial statements

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
June 30, 2021

	Governmental Activities
	<u>Internal Service Fund</u>
Assets	
Cash in County Treasury	\$ 354,690
Total assets	<u>354,690</u>
Liabilities	
Accounts payable	<u>-</u>
Total liabilities	<u>-</u>
Net Position	
Unrestricted	<u>354,690</u>
Total net position	<u><u>\$ 354,690</u></u>

See notes to basic financial statements

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
STATEMENT OF CHANGES IN NET POSITION
PROPRIETARY FUND
For the Fiscal Year Ended June 30, 2021

	Governmental Activities
	<u>Internal Service Fund</u>
Operating Revenues:	
In-district premiums	\$ <u>589,809</u>
Operating Expenses:	
Contracted services and other operating expenses	<u>445,171</u>
Net Operating income	144,638
Net position - July 1, 2020	<u>210,052</u>
Net position - June 30, 2021	<u><u>\$ 354,690</u></u>

See notes to basic financial statements

BEVERLY HILLS UNIFIED SCHOOL DISTRICT

STATEMENT OF CASH FLOWS

PROPRIETARY FUND

For the Fiscal Year Ended June 30, 2021

	Governmental Activities Internal Service Fund
Cash flows from operating activities:	
Cash received from internal charges	\$ 589,809
Cash paid for contracted services and other operating expenses	<u>(445,171)</u>
Net cash provided by operating activities	<u>144,638</u>
Net increase in cash and cash equivalents	144,638
Cash and cash equivalents at July 1, 2020	<u>210,052</u>
Cash and cash equivalents at June 30, 2021	<u><u>\$ 354,690</u></u>
 Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Operating income	<u>\$ 144,638</u>
Net cash used by operating activities	<u><u>\$ 144,638</u></u>

See notes to basic financial statements

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION
FIDUCIARY FUND
June 30, 2021

	<u>Retiree Benefit Fund</u>
Assets	
Cash in County Treasury	\$ 25,613
Investments	4,474,488
Accounts receivable	<u>862,588</u>
Total assets	<u>5,362,689</u>
Liabilities	
Accounts payable	<u>\$ 1,392</u>
Total liabilities	<u>1,392</u>
Net Position	
Unrestricted	<u>5,361,297</u>
Total net position	<u><u>\$ 5,361,297</u></u>

See notes to basic financial statements

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUND
For the Fiscal Year Ended June 30, 2021

	Retiree Benefit Fund
Additions:	
Interest	\$ 869,058
Contributions	<u>862,533</u>
Total additions	<u>1,731,591</u>
Change in net position	1,731,591
Net position - July 1, 2020	<u>3,629,706</u>
Net position - June 30, 2021	<u><u>\$ 5,361,297</u></u>

See notes to basic financial statements

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Policies

The Beverly Hills Unified School District (District) accounts for its financial transactions in accordance with 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 reporting entity is the District. The District is the level of government primarily accountable for activities related to public education. The governing authority consists of five elected officials who, together, constitute the Board of Education.

The District considered its financial and operational relationships with potential component units under the reporting entity definition of GASB Statement No. 14, *The Financial Reporting Entity*. The basic, but not the only, criterion for including another organization in the District's reporting entity for financial reports is the ability of the District's elected officials to exercise oversight responsibility over such agencies. Oversight responsibility implies that one entity is dependent on another and that the dependent unit should be reported as part of the other.

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

Based upon the requirements of GASB Statement No. 14, and as amended by GASB Statement No. 39, GASB Statement No. 61, and GASB Statement No. 80, certain organizations warrant inclusion as part of the financial reporting entity because of the nature and significance of their relationship with the District, including their ongoing financial support of the District or its other component units. A legally separate, tax-exempt organization should be reported as a component unit of the District if all of the following criteria are met:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the District, its component units, or its constituents.
2. The District, or its component units, are entitled to, or have the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
3. The economic resources received or held by an individual organization that the District, or its component units, are entitled to, or have the ability to otherwise access, are significant to the District.

However, based on the reasons indicated below, the Beverly Hills Education Foundation is not included in this report.

The Beverly Hills Education Foundation The Beverly Hills Education Foundation Inc. (the Foundation) is a legally separate, tax-exempt entity. The Foundation's sole purpose is to provide financial support for the District. Although the District does not control the timing or the amount of receipts of the Foundation, the majority of the resources held by the Foundation can only be used by, or for the benefit of the District. During the fiscal year ended June 30, 2021, the Foundation contributed \$326,538 to the District.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation

Government-wide Financial Statements:

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District.

The government-wide statements are prepared using the economic resources measurement focus. Government-wide statements differ from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for the 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 meet 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 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 detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

The accounting and financial treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current position.

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 proprietary fund's Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position for proprietary funds present increases (i.e. revenues) and decreases (i.e. expenses) in net position. The statement of cash flows provides information about how the District meets the cash flow needs of proprietary activities.

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 revenue of the internal service fund is charges to other funds for self-insurance costs. Operating expenses for the internal service fund include the costs of insurance premiums and claims related to self-insurance.

Fiduciary funds focus on net position and changes in net position. Trust funds use the flow of economic resources measurement focus and the accrual basis of accounting, except for the recognition of certain liabilities of defined benefit pension plans.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. The internal service fund is presented on the proprietary fund statements. Fiduciary 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. On 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 one year after fiscal year end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include 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 fiscal year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in 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.

Cash and Cash Equivalents:

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include cash with county treasury balances for purposes of the *Statement of Cash Flows*.

Unearned revenue:

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

Pensions:

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Beverly Hills School District's California Public Employees' Retirement System (CalPERS) and California State Teachers' Retirement Plan (CalSTRS) Plans and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS and CalSTRS. 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 as fair value.

Other Postemployment Benefits (OPEB):

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

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

Expenses/expenditures:

On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

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 inflows of resources, liabilities, deferred outflows of resources, fund equity, revenues, and expenditures 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, nonmajor, proprietary, and fiduciary funds as follows:

Major Governmental Funds:

The General Fund is the general operating fund of the District. It is used to account for and report all financial resources not accounted for and reported in another fund. Two funds currently defined as special revenue funds in the California State Accounting Manual (CSAM) did not meet the GASB Statement No. 54 special revenue fund definition. The Special Reserve Fund and Adult Education Fund are not substantially composed of restricted or committed revenue sources. While these funds are authorized by statute and will remain open for internal reporting purposes, these funds function effectively as an extension of the General Fund, and accordingly have been combined with the General Fund for presentation in these audit financial statements.

The Building Fund is used to account for the acquisition of governmental capital facilities and buildings from the sale of general obligation bonds.

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

Nonmajor Governmental Funds:

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

1. The Cafeteria Fund is used to account for revenues received and expenditures made to operate the District's food service operations.
2. The Deferred Maintenance Fund is used for the purpose of major repair or replacement of District property.
3. The Student Activity Fund is used to direct and account for monies used to support cocurricular and extracurricular student activities.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Fund Accounting (Continued)

Nonmajor Governmental Funds: (Continued)

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The District maintains two nonmajor capital projects funds:

1. The Capital Facilities Fund is used to account for resources received from developer impact fees assessed under provisions of the California Environmental Quality Act (CEQA).
2. The County School Facilities Fund is used to account separately for apportionments from the State School Facilities Fund authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants.

Proprietary Fund:

Internal Service Fund is used to account for services rendered on a cost-reimbursement basis within the District. The District maintains one internal service fund.

The Self-Insurance Fund is used to account for resources committed to pay for costs arising from dental and vision claims that are not covered, or are only partially covered, through purchased insurance.

Fiduciary Fund:

Private Purpose Trust Funds are used to account for assets held by the District as trustee. The District maintains one private purpose trust fund, the Retiree Benefit Fund, which is used to provide 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. 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. The District's governing board satisfied these requirements.

These budgets are revised by the District's governing board and District Superintendent during the fiscal year to give consideration to unanticipated income and expenditures. The original and final revised budgets are presented for the General Fund in the financial statements.

Formal budgetary integration was employed as a management control device during the fiscal 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.

G. Encumbrances

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

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Assets, Deferred Outflows and Inflows of Resources, Liabilities, and Equity

1. Deposits and Investments

Cash balances held in banks and in revolving funds are insured up to \$250,000 by the Federal Depository Insurance Corporation (all non-interest bearing transactions accounts are fully insured by the FDIC). All cash held by the financial institutions are fully insured or collateralized per California Government Code.

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Los Angeles County Treasury. The County pools these funds with those of other districts in the County and invests the cash. These pooled funds are carried at fair value. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

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

2. Interfund Balances

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as interfund receivables/payables. These amounts are eliminated in the governmental activities columns of the statement of net position.

3. Inventories and Prepaid Items

Inventories are recorded using the consumption method, in that inventory acquisitions are initially recorded in inventory (asset) accounts, and charged as expenditures when used. 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 in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditure when purchased.

4. Amortization of Premiums

The premiums are being amortized on the straight-line method over the life of the debt on the government-wide statements.

5. Capital Assets

Capital assets are those purchased or acquired with an original cost of \$5,000 or more and are reported at historical cost or estimated historical cost. Contributed assets are reported at fair value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of the capital assets or materially extend the capital assets’ lives are not capitalized but are expensed as incurred.

Depreciation on all capital assets is computed using the straight-line basis over the following estimated useful lives.

<u>Description</u>	<u>Estimated Lives</u>
Buildings	20-50 years
Improvements	5-50 years
Equipment	2-15 years

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Assets, Deferred Outflows and Inflows of Resources, Liabilities, and Equity (Continued)

6. Deferred inflows and outflows of resources

Pursuant to GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position," and GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities," the District recognizes deferred outflows and inflows of resources.

In addition to assets and liabilities, the Statement of Net Position will sometimes report a separate section for deferred outflows/inflows of resources. A deferred outflow of resources is defined as a consumption of net position while a deferred inflow of resources is defined as an acquisition of net position by the District that is applicable to a future reporting period. The District has items which qualify for reporting in these two categories; refer to Note 1 H.10, Notes 10,11, and 15 for a detailed listing of the deferred outflows/inflows of resources.

7. Unearned Revenue

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

8. Compensated Absences

All vacation pay plus related payroll taxes is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Accumulated employee sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expense 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, provided the employee was hired prior to July 1.

9. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bonds payable are reported net of applicable bond premium or discount.

In the fund financial statements, governmental funds recognize bond premiums and discounts during the period they were incurred.

10. Deferred Losses on Refunding

The deferred losses on refunding in the government-wide financial statements represent the difference between the cost of the old debt and the cost of the refunding. As the amount is directly related to the debt, the amount is deferred and amortized over the life, shorter of the old or new debt, using the straight-line method. During the fiscal year, \$729,619 was amortized as interest expense. As of June 30, 2021, the remaining balance is \$8,119,707.

11. Fund Balance – Governmental Funds

As of June 30, 2021, fund balances of the governmental funds are classified as follows:

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Assets, Deferred Outflows and Inflows of Resources, Liabilities, and Equity (Continued)

11. Fund Balance – Governmental Funds (Continued)

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal action of the governing board is the highest level of decision-making authority for the district. Commitments may be established, modified, or rescinded only through resolutions approved by the governing board.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District’s adopted policy, only the governing board or director may assign amounts for specific purposes. During the fiscal year 2020-2021, the governing board assigned \$10,887,554 as stabilization arrangements.

Unassigned – all other spendable amounts.

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

12. Net Position

The government-wide and fiduciary statement of net position includes three equity categories entitled net investment in capital assets; restricted net position; and unrestricted net position. The investment in capital assets category presents the District’s equity interest in capital assets less outstanding principal of related debt. The restricted net position category is designed to reflect net position that are subject to restrictions beyond the District’s control (externally imposed or imposed by law). The unrestricted net position category equals any remaining balance.

I. Property Taxes

The County is responsible for assessing, collecting, and apportioning property taxes. Taxes are levied for each fiscal year on taxable real and personal property in the County. The levy is based on the assessed values of the preceding January 1, which is also the lien date. Property taxes on the secured roll are due on November 1 and February 1, and taxes become delinquent after December 10 and April 10, respectively. Property taxes on the unsecured roll are due on the lien date (January 1) and become delinquent if unpaid by August 31.

Secured property taxes are recorded as revenue when apportioned, in the fiscal year of the levy. The County apportions secured property tax revenue in accordance with the alternate method of distribution prescribed by Section 4705 of the California *Revenue and Taxation Code*. This alternate method provides for crediting each applicable fund with its total secured taxes upon completion of the secured tax roll – approximately October 1 of each fiscal year.

The County Auditor reports the amount of the District’s allocated property tax revenue to the California Department of Education. Property taxes are recorded as Local Control Funding Formula (LCFF) local sources by the District.

J. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenditures/expenses during the reporting period. Actual results could differ from those reported.

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. New Accounting Pronouncements

Governmental Accounting Standards Board Statement No. 84

For the fiscal year ended July 1, 2020, the District implemented Governmental Accounting Standard Board (GASB) Statement 84, "Fiduciary Activities". This Statement is effective for periods beginning after December 15, 2019. The objective of this Statement is to enhance the consistency and comparability of fiduciary activity reporting by state and local government. Implementation of the GASB Statement No. 84 did have an impact on the District's financial statements for the fiscal year ended June 30, 2021, see Note 18. Restatements.

L. Future Accounting Pronouncements

GASB Statements listed below will be implemented in future financial statements:

GASB Statements listed below will be implemented in future financial statements:

Statement No. 87	"Leases"	The provision of this statement is effective for fiscal years beginning after June 15, 2021.
Statement No. 89	"Accounting for Interest Cost Incurred before the End of a Construction Period"	The provision of this statement is effective for fiscal years beginning after December 15, 2020.
Statement No. 91	"Conduit Debt Obligations"	The provision of this statement is effective for fiscal years beginning after December 15, 2021.
Statement No. 92	"Omnibus 2020"	The provision of this statement is effective for fiscal years beginning after June 15, 2021.
Statement No. 93	"Replacement of Interbank Offered Rates"	The provision of this statement except for paragraphs 11b, 13, and 14 are effective for fiscal years beginning after June 15, 2020. Paragraph 11b is effective for fiscal years beginning after December 31, 2021. Paragraphs 13 and 14 are effective for fiscal years beginning after June 15, 2021.
Statement No. 94	"Public-Private and Public-Public Partnerships and Availability Payment Arrangements"	The provision of this statement is effective for fiscal years beginning after June 15, 2022.
Statement No. 96	"Subscription-Based Information Technology Arrangements"	The provision of this statement is effective for fiscal years beginning after June 15, 2022.
Statement No. 97	"Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32"	The provision of this statement except for paragraphs 6-9 are effective for fiscal years beginning after December 15, 2019. Paragraph 6-9 is effective for fiscal years beginning after June 15, 2021.

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2021

NOTE 2 - CASH AND INVESTMENTS

The District's cash and investments at June 30, 2021 consisted of the following:

Cash and investments with County Treasury	\$ 208,386,023
Cash on hand and in banks	938,754
Investments	<u>4,474,488</u>
 Total cash and investments	 <u>\$ 213,799,265</u>

Cash and investments are presented on the accompanying basic financial statements, as follows:

Cash in County Treasury, statement of net position	\$ 208,360,410
Cash on hand and in banks, statement of net position	888,754
Cash in revolving fund, statement of net position	50,000
Cash in County Treasury, statement of fiduciary net position	25,613
Investment, statement of fiduciary net position	<u>4,474,488</u>
 Total cash and investments	 <u>\$ 213,799,265</u>

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. These principles recognized a three-tiered fair value hierarchy. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District had investments in the Los Angeles County Investment Pool, however, this external pool is not measured under Level 1, 2, or 3.

Cash in County Treasury

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Los Angeles County Treasury as part of the common investment pool (\$208,386,023 as of June 30, 2021). The fair value of this pool as of that date, as provided by the plan sponsor, was \$208,386,023. The District is considered to be an involuntary participant in the external pool. Interest is deposited in the participating funds. The County 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, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements.

Cash on Hand, in Banks, and in Revolving Fund

Cash balance on hand and in banks (\$888,754 as of June 30, 2021) and in the revolving fund (\$50,000) are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC). All cash held by the financial institution is fully insured or collateralized per California Government Code.

Investments Authorized by the District's Investment Policy

The District's investment policy authorizes investment in the local government investment pool administered by the County of Los Angeles and the PARS OPEB trust. The District's investment policy does not contain any specific provisions intended to limit the District's exposure to interest rate risk, credit risk, and concentration of credit risk.

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2021

NOTE 2 - CASH AND INVESTMENTS (Continued)

Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District's investment policy. The following table identifies the investment types that are authorized for investments held by bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Money Market Mutual Funds	N/A	None	None
Local Agency Investment Fund (State Pool)	N/A	None	None
Guaranteed Investment Contract	N/A	None	None
County Investment Pool	None	None	None

Disclosures Relating to 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 value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity:

Investment Type	Carrying Amount	Remaining maturity (in Months)			
		12 Months or Less	13 to 24 Months	25-60 Months	More Than 60 Months
Los Angeles County Investment Pool	\$ 208,386,023	\$ 208,386,023	\$ -	\$ -	\$ -
PARS OPEB Trust	4,474,488	4,474,488	-	-	-
Total	\$ 212,860,511	\$ 212,860,511	\$ -	\$ -	\$ -

Disclosures Relating to Credit Risk

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. Presented below is the minimum rating required by the California Government Code and the District's investment policy, and the actual rating as of fiscal year end for each investment type.

Investment Type	Amount	Minimum Legal Rating	Exempt from Rating	Rating as of Fiscal Year End			
				AAA	AA	A	Not Rated
Los Angeles County Investment Pool	\$ 208,386,023	N/A	\$ -	\$ -	\$ -	\$ -	\$ 208,386,023
PARS OPEB Trust	4,474,488	N/A	-	-	-	-	4,474,488
Total	\$ 212,860,511		\$ -	\$ -	\$ -	\$ -	\$ 212,860,511

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2021

NOTE 2 - CASH AND INVESTMENTS (Continued)

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 Government 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 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 fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allow financial institutions to secure the District’s deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2021, all of the District’s deposits with financial institutions in excess of federal depository insurance limits were held in collateralized accounts. As of June 30, 2021, the District’s investment in the following type was held by the same broker-dealer (Counterparty) that was used by the District to buy the security:

<u>Investment Type</u>	<u>Reported Amount</u>
PARS OPEB Trust	\$4,474,488

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District’s investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government’s indirect investment in securities through the use of mutual funds or government investment pools (such as Los Angeles County Investment Pool).

NOTE 3 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the fiscal year ended June 30, 2021, the District incurred no excess of expenditures over appropriations of in the General Fund as presented in the Budgetary Comparison Schedule by major object code.

NOTE 4 - RECEIVABLES

Receivables at June 30, 2021, consist of the following:

	<u>General Fund</u>	<u>Building Fund</u>	<u>Other Governmental Funds</u>	<u>Retiree Benefit Fund</u>
Federal Government				
Categorical Aid	\$ 1,877,653	\$ -	\$ 554,741	\$ -
State Government				
LCFF	451,186	-	-	-
Categorical Aid	1,453,162	-	52,566	-
Lottery	214,255	-	-	-
Local Government				
Interest	93,959	304,735	1,339	55
Other Local Sources	<u>428,779</u>	<u>2,990,189</u>	<u>201,893</u>	<u>862,533</u>
	<u>\$ 4,518,994</u>	<u>\$ 3,294,924</u>	<u>\$ 810,539</u>	<u>\$ 862,588</u>

BEVERLY HILLS UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 5 - INTERFUND TRANSACTIONS

Interfund transactions are reported as either 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 market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers among governmental funds are netted as part of the reconciliation to the government-wide financial statements.

Interfund Transfers

Interfund transfers consist of transfers from funds receiving revenue to funds through which the resources are to be expended. Interfund transfers for the 2020-2021 fiscal year are as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Major Fund:		
General Fund	\$ -	\$ 1,416,286
Nonmajor Funds:		
Cafeteria Fund	153,650	-
Deferred Maintenance Fund	1,262,636	-
	<hr/>	<hr/>
Totals	<u>\$ 1,416,286</u>	<u>\$ 1,416,286</u>

Due From/Due To Other Funds

Individual fund receivable and payable balances as of June 30, 2021, are as follows:

<u>Fund</u>	<u>Due from</u>	<u>Due to</u>
Major Fund:		
General Fund	\$ 48,988	\$ -
Nonmajor Fund:		
Cafeteria Fund	-	48,988
	<hr/>	<hr/>
Totals	<u>\$ 48,988</u>	<u>\$ 48,988</u>

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 6 - CAPITAL ASSETS AND DEPRECIATION

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

	Balance July 1, 2020	Additions	Deletions	Transfers	Balance June 30, 2021
Capital assets, not being depreciated:					
Land	\$ 2,933,062	\$ -	\$ -	\$ -	\$ 2,933,062
Construction in progress	278,197,090	91,803,845	(587,124)	(55,497,133)	313,916,678
Total capital assets, not being depreciated	<u>281,130,152</u>	<u>91,803,845</u>	<u>(587,124)</u>	<u>(55,497,133)</u>	<u>316,849,740</u>
Capital assets being depreciated:					
Buildings and improvements	232,741,795	-	-	55,497,133	288,238,928
Site improvements	8,850,821	-	-	-	8,850,821
Furniture and equipment	7,580,350	610,825	-	-	8,191,175
Total capital assets being depreciated	<u>249,172,966</u>	<u>610,825</u>	<u>-</u>	<u>55,497,133</u>	<u>305,280,924</u>
Less accumulated depreciation for:					
Buildings and improvements	(72,322,329)	(5,037,640)	-	-	(77,359,969)
Site improvements	(7,077,088)	(363,538)	-	-	(7,440,626)
Furniture and equipment	(7,255,287)	(80,730)	-	-	(7,336,017)
Total accumulated depreciation	<u>(86,654,704)</u>	<u>(5,481,908)</u>	<u>-</u>	<u>-</u>	<u>(92,136,612)</u>
Total capital assets, being depreciated, net	<u>162,518,262</u>	<u>(4,871,083)</u>	<u>-</u>	<u>55,497,133</u>	<u>213,144,312</u>
Total capital assets, net	<u>\$ 443,648,414</u>	<u>\$ 86,932,762</u>	<u>\$ (587,124)</u>	<u>\$ -</u>	<u>\$ 529,994,052</u>

Depreciation expense of \$5,481,908 was charged to governmental activities as unallocated.

NOTE 7 - LONG-TERM LIABILITIES – SCHEDULE OF CHANGES

A schedule of changes in long-term liabilities for the fiscal year ended June 30, 2021, is shown below:

- General Obligation Bonds are paid from tax revenues and are reported in the Bond Interest and Redemption Fund.
- Supplemental retirement plan (SRP) is paid from unrestricted resources in the General Fund
- Accumulated unpaid employee vacation is paid from the resources of the fund for which the employee salary is funded.
- Loan payable is paid from the General Fund.

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021	Due within One Year
General obligation bonds:					
Principal balance	\$ 502,185,006	\$ -	\$ (33,356,615)	\$ 468,828,391	\$ 29,438,107
Unamortized premium	18,608,690	-	(1,076,626)	17,532,064	1,059,372
Accreted interest payable	92,047,712	14,669,198	(4,400,104)	102,316,806	2,277,037
Compensated absences	869,562	528,449	(484,979)	913,032	456,516
Loans payable	60,000	-	-	60,000	60,000
Supplemental retirement plan (SRP)	785,315	-	(443,335)	341,980	341,980
Totals	<u>\$ 614,556,285</u>	<u>\$ 15,197,647</u>	<u>\$ (39,761,659)</u>	<u>\$ 589,992,273</u>	<u>\$ 33,633,012</u>

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 8 - GENERAL OBLIGATION BONDS

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds			Bonds Outstanding June 30, 2021	Due within One Year
				Outstanding July 1, 2020	Issued	Redeemed		
7/2005	6/2023	2.70-5.25%	\$ 47,354,973	\$ 6,061,083	\$ -	\$ (2,117,780)	\$ 3,943,303	\$ 2,018,818
7/2005	8/2026	2.70-5.25%	36,384,991	11,758,371	-	(1,753,835)	10,004,536	1,709,865
1/2009	8/2033	2.50-8.10%	72,044,664	59,584,664	-	-	59,584,664	1,634,424
4/2012	8/2030	2.00-5.00%	42,230,000	8,010,000	-	(1,370,000)	6,640,000	2,745,000
9/2015	8/2032	2.00-5.00%	76,000,000	56,805,000	-	(3,390,000)	53,415,000	3,395,000
11/2016	8/2038	3.00-5.00%	55,738,598	52,988,598	-	(3,385,000)	49,603,598	-
2/2017	8/2040	2.00-5.00%	140,952,290	113,747,290	-	(7,160,000)	106,587,290	7,350,000
6/2019	8/2044	3.00-5.00%	160,000,000	160,000,000	-	(13,455,000)	146,545,000	10,140,000
9/2019	8/2030	1.78-2.39%	33,230,000	33,230,000	-	(725,000)	32,505,000	445,000
				<u>\$ 502,185,006</u>	<u>\$ -</u>	<u>\$ (33,356,615)</u>	<u>\$ 468,828,391</u>	<u>\$ 29,438,107</u>

2005 Refunding Bonds Series A and B

In July 2005, the District issued General Obligation Refunding Bonds Series A and B in the amount of \$47,354,973 and \$36,384,991, respectively. The bonds were issued for the purpose of providing funds to refinance two previously outstanding bond issues including the 1998 Series B and the 2002 Series A bonds. The 2005 Refunding Bonds Series A and B had combined deferred losses on refunding and premium that was fully amortized over the life of the debt. The premium was amortized utilizing the straight-line method. The bonds' interest rates range from 2.70 percent to 5.25 percent. The outstanding principal at June 30, 2021 was \$3,943,303 and \$10,004,536, respectively. The accreted interest on the capital appreciation bonds balance as of June 30, 2021 was \$5,356,909 and \$12,421,275, respectively.

The Series A bonds mature through fiscal year 2023 as follows:

Fiscal Year Ended	Principal	Accreted Interest	Total
2022	\$ 2,018,818	\$ 2,479,432	\$ 4,497,500
2023	1,924,485	2,574,764	4,498,250
	<u>\$ 3,943,303</u>	<u>\$ 5,054,196</u>	<u>\$ 8,997,499</u>

The Series B bonds mature through fiscal year 2027 as follows:

Fiscal Year Ended	Principal	Accreted Interest	Total
2022	\$ 1,709,865	\$ 2,158,691	\$ 3,774,218
2023	1,667,039	2,298,462	3,868,556
2024	1,623,433	2,436,692	3,965,501
2025	1,634,729	2,663,271	4,060,125
2026	1,704,139	3,005,986	4,710,125
2027	1,665,331	3,171,669	4,837,000
	<u>\$ 10,004,536</u>	<u>\$ 15,734,771</u>	<u>\$ 25,739,307</u>

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2021

NOTE 8 - GENERAL OBLIGATION BONDS (Continued)

2008 General Obligation Bond Series 2009

In January 2009 the District issued General Obligation Bonds Series 2009 in the amount of \$72,044,664. The bonds included \$12,460,000 in Current Interest bonds and \$59,584,664 in Capital Appreciation bonds totaling to the \$72,044,664. The Capital Appreciation bonds of \$59,584,664 accrete to a \$203,900,000 maturity value. The bonds' interest rates range from 2.50 percent to 8.10 percent. The bonds were issued for the purpose of providing funds to refinance new construction, additions to and modernization of school facilities for the District. On November 2, 2016, the District issued 2016 General Obligation Refunding Bonds to advance refund partial of the Current Interest bonds. The advance refunding resulted in a legal defeasance of the bonds. An irrevocable trust was established with funds sufficient to fund payments on the bonds until the redemption date. The difference between the debt service of the original bonds and the refunding bonds is \$428,121 and an economic gain (difference between the present values of the old and new debt) of \$387,754. Because the transaction qualifies as a legal defeasance the obligations for the defeased bonds have been removed from the District's financial statements. The remaining unamortized premium totaled \$1,194,564 as of June 30, 2021. The premium is being amortized utilizing the straight-line method over the life of the debt. The outstanding principal at June 30, 2021, was \$59,584,664. The accreted interest on the capital appreciation bonds balance as of June 30, 2021 was \$67,756,044.

The bonds mature through fiscal year 2034 as follows:

Fiscal Year Ended	Principal	Accreted Interest	Total
2022	\$ 1,634,424	\$ 2,765,576	\$ 4,400,000
2023	1,715,550	3,284,450	5,000,000
2024	2,521,860	2,978,140	5,500,000
2025	4,209,500	5,790,500	10,000,000
2026	4,281,640	6,718,360	11,000,000
2027-2031	26,025,640	58,974,360	85,000,000
2032-2034	19,196,050	63,803,950	83,000,000
	<u>\$ 59,584,664</u>	<u>\$ 144,315,336</u>	<u>\$ 203,900,000</u>

2012 General Obligation Refunding Bonds

In April 2012 the District issued 2012 General Obligation Refunding Bonds in the amount of \$42,230,000. The bonds were issued for the purpose of providing funds to refinance General Obligation Bonds, 2002 Series B. The bond's interest rates range from 2.00 percent to 5.00 percent. The outstanding principal at June 30, 2021, was \$6,640,000.

The bonds mature through fiscal year 2024 as follows:

Fiscal Year Ended	Principal	Interest	Total
2022	\$ 2,745,000	\$ 245,875	\$ 2,990,875
2023	3,020,000	101,750	3,121,750
2024	875,000	13,125	888,125
	<u>\$ 6,640,000</u>	<u>\$ 360,750</u>	<u>\$ 7,000,750</u>

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2021

NOTE 8 - GENERAL OBLIGATION BONDS (Continued)

2008 General Obligation Bond Series 2013

In December 2013, the District issued 2008 General Obligation Bonds Series 2013 in the amount of \$44,999,303. The bonds were issued for the purpose of financing the construction, renovation, modernization and equipping of school facilities. On November 2, 2016, the District issued 2016 General Obligation Refunding Bonds to advance refund the bonds. The advance refunding resulted in a legal defeasance of the bonds. An irrevocable trust was established with funds sufficient to fund payments on the bonds until the redemption date. The difference between the debt service of the original bonds and the refunding bonds is \$5,800,000 and an economic gain (difference between the present values of the old and new debt) of \$2,959,192. Because the transaction qualifies as a legal defeasance the obligations for the defeased bonds have been removed from the District's financial statements. As of June 30, 2021, the defeased bonds balance including accreted interest of \$15,391,861 was \$49,243,149.

2008 General Obligation Bond Series 2015

In September 2015, the District issued 2008 General Obligation Bonds Series 2015 in the amount of \$76,000,000. The bonds were issued for the purpose of financing the construction, renovation, modernization and equipping of school facilities. The unamortized premium totaled \$4,319,207 as of June 30, 2021. The premium is being amortized utilizing the straight-line method over the life of the debt. The bond's interest rates range from 2.00 percent to 5.00 percent. The outstanding principal at June 30, 2021, was \$53,415,000.

The bonds mature through fiscal year 2033 as follows:

Fiscal Year Ended	Principal	Interest	Total
2022	\$ 3,395,000	\$ 1,955,776	\$ 5,350,776
2023	3,540,000	1,886,426	5,426,426
2024	3,780,000	1,775,426	5,555,426
2025	4,585,000	1,608,126	6,193,126
2026	4,580,000	1,424,826	6,004,826
2027-2031	29,885,000	3,424,615	33,309,615
2032-2033	3,650,000	149,200	3,799,200
	<u>\$ 53,415,000</u>	<u>\$ 12,224,395</u>	<u>\$ 65,639,395</u>

2016 General Obligation Refunding Bond

On November 2, 2016, the District issued 2016 General Obligation Refunding Bonds in the amount of \$55,738,598. The bonds were issued for the purpose of refund portions of the 2008 General Obligation Bond Series 2009 and refund the entire portions of the 2008 General Obligation Bond Series 2013. The bonds included \$6,135,000 in Current Interest bonds and \$49,603,598 in Capital Appreciation bonds. The Capital Appreciation bonds accrete to a \$98,485,000 maturity value. The unamortized premium totaled \$17,254 as of June 30, 2021. The premium is being amortized utilizing the straight-line method over the life of the debt. The bond's interest rates range from 3.00 percent to 5.00 percent. The outstanding principal at June 30, 2021, was \$49,603,598. The accreted interest on the capital appreciation bonds balance as of June 30, 2021 was \$8,214,375.

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2021

NOTE 8 - GENERAL OBLIGATION BONDS (Continued)

2016 General Obligation Refunding Bond (Continued)

The bonds mature through fiscal year 2039 as follows:

Fiscal Year Ended	Principal	Accreted Interest	Total
2022	\$ -	\$ -	\$ -
2023	-	-	-
2024	-	-	-
2025	-	-	-
2026	-	-	-
2027-2031	-	-	-
2032-2036	19,786,768	17,063,232	36,850,000
2037-2039	29,816,830	31,818,170	61,635,000
	<u>\$ 49,603,598</u>	<u>\$ 48,881,402</u>	<u>\$ 98,485,000</u>

2008 General Obligation Bond Series 2017

On February 9, 2017, the District issued 2008 General Obligation Bond Series 2017 in the amount of \$140,952,290. The bonds were issued for the purpose of financing to acquire, repair, and construct certain equipment, sites and facilities of the District. The bonds included \$99,565,000 in Current Interest bonds and \$41,387,290 in Capital Appreciation bonds. The Capital Appreciation bonds accrete to a \$95,705,000 maturity value. The unamortized premium totaled \$5,598,493 as of June 30, 2021. The premium is being amortized utilizing the straight-line method over the life of the debt. The bond's interest rates range from 2.00 percent to 5.00 percent. The outstanding principal at June 30, 2021, was \$106,587,290. The accreted interest on the capital appreciation bonds balance as of June 30, 2021 was \$8,568,203.

The bonds mature through fiscal year 2041 as follows:

Fiscal Year Ended	Principal	Accreted Interest	Interest	Total
2022	\$ 7,350,000	\$ -	\$ 2,433,900	\$ 9,783,900
2023	7,680,000	-	2,246,850	9,926,850
2024	7,985,000	-	1,970,425	9,955,425
2025	4,080,000	-	1,689,200	5,769,200
2026	4,320,000	-	1,499,600	5,819,600
2027-2031	4,740,000	-	5,913,400	10,653,400
2032-2036	13,964,330	14,310,670	5,725,800	34,000,800
2037-2041	56,467,960	40,007,040	4,470,700	100,945,700
	<u>\$ 106,587,290</u>	<u>\$ 54,317,710</u>	<u>\$ 25,949,875</u>	<u>\$ 186,854,875</u>

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2021

NOTE 8 - GENERAL OBLIGATION BONDS (Continued)

2018 General Obligation Bond Series A

On June 13, 2019, the District issued 2018 General Obligation Bond Series A in the amount of \$160,000,000. The Bonds are being issued to finance the acquisition, construction, repairing, upgrading and equipping of District sites and facilities, and to pay the costs of issuance of the Bonds. The unamortized premium totaled \$6,419,800 as of June 30, 2021. The premium is being amortized utilizing the straight-line method over the life of the debt. The bond's interest rates range from 3.00 percent to 5.00 percent. The outstanding principal at June 30, 2021, was \$146,545,000.

The bonds mature through fiscal year 2045 as follows:

Fiscal Year Ended	Principal	Interest	Total
2022	\$ 10,140,000	\$ 4,778,800	\$ 14,918,800
2023	-	4,525,300	4,525,300
2024	-	4,525,300	4,525,300
2025	-	4,525,300	4,525,300
2026	-	4,525,300	4,525,300
2027-2031	11,070,000	21,919,400	32,989,400
2032-2036	29,025,000	17,585,400	46,610,400
2037-2041	45,485,000	11,248,875	56,733,875
2042-2045	50,825,000	3,185,025	54,010,025
	<u>\$ 146,545,000</u>	<u>\$ 76,818,700</u>	<u>\$ 223,363,700</u>

2019 General Obligation Refunding Bond

On September 4, 2019, the District issued 2019 General Obligation Refunding Bonds in the amount of \$33,230,000. The bonds were issued for the purpose of refund portions of the 2012 General Obligation Bond. The bond's interest rates range from 1.78 percent to 2.39 percent. The outstanding principal at June 30, 2021, was \$32,505,000.

The bonds mature through fiscal year 2031 as follows:

Fiscal Year Ended	Principal	Interest	Total
2022	\$ 445,000	\$ 698,401	\$ 1,143,401
2023	455,000	690,164	1,145,164
2024	2,935,000	658,343	3,593,343
2025	3,850,000	593,409	4,443,409
2026	3,705,000	517,903	4,222,903
2027-2031	21,115,000	1,270,701	22,385,701
	<u>\$ 32,505,000</u>	<u>\$ 4,428,921</u>	<u>\$ 36,933,921</u>

NOTE 9 - COMPENSATED ABSENCES

The accumulated unpaid employee vacation for the District at June 30, 2021, amounted to \$913,032.

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2021

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

At June 30, 2021, net OPEB liability and related deferred inflows of resources are as follows:

	<u>Governmental Activities</u>
Net OPEB liabilities:	\$ 13,493,978
Total net OPEB liabilities	<u>\$ 13,493,978</u>
Deferred outflows of resources:	
Changes of assumptions	\$ 1,306,802
Net difference between projected and actual earnings on OPEB plan investments	<u>421,425</u>
Total deferred outflows of resources	<u>\$ 1,728,227</u>
Deferred inflows of resources:	
Changes of assumptions	\$ 4,113,608
Net difference between projected and actual earnings on OPEB plan investments	<u>103,577</u>
Difference between expected and actual experience	<u>567,677</u>
Total deferred inflows of resources	<u>\$ 4,784,862</u>

Plan Description

OPEB provided: The District provides retiree medical, dental and vision coverage until age 65. The District's participation in the Public Employees' Medical and Hospital Care Act (PEMHCA) may extend coverage beyond 65, under certain circumstances.

Access to coverage: The District offers integrated medical/prescription drug coverage through CalPERS under PEMHCA. Employees can choose from a variety of HMO and PPO options providing comprehensive medical and prescription drug coverage. The District offers the same medical plans to its retirees and surviving spouses as to its active employees, with the exception that once a retiree becomes eligible for Medicare he or she must join a Medicare HMO or a Medicare Supplement plan, with Medicare becoming the primary payer. Dental and vision benefits are also provided to employees and retirees.

Employees become eligible to retire and receive District-paid healthcare benefits upon attainment of age 50 (age 52 for PEPRAs employees) and 5 years of service (CalPERS), or age 55 and 10 years of service (CalSTRS). The District contribution towards retiree health benefits is determined under the "equal contribution method" under PEMHCA, whereby the contribution is 100% of the District's statutory minimum contribution for active employees (\$139/month for 2020 and \$143/month for 2021, and scheduled to be indexed by medical inflation for years after 2020).

In addition to the statutory minimum contribution, employees who have attained age 55 and completed at least 10 years of service may receive District-paid supplemental health benefits for a period of up to 8 years, or 10 years if the employee had 20 or more years of service. Supplemental benefits end at age 65 and the retiree may continue to receive the PEMHCA minimum contribution for his or her remaining lifetime by continued participation in PEMHCA.

The supplemental benefit includes the PEMHCA minimum, and varies slightly as follows:

Certificated and unrepresented retirees are capped at \$10,250 for 2020 and \$10,750 for 2021 CSEA members receive the full amount for medical and dental premiums for retiree only.

Other BHEA members (OTBS and Instructional Assistants) are capped at \$7,000/year.

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2021

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Employees Covered

As of June 30, 2021, actuarial valuation, the following current and former employees were covered by the benefit terms under the District's Plan:

Active plan members	517
Inactive employees or beneficiaries currently receiving benefit payments	159
Total	<u>676</u>

Contribution Information

The contribution requirement of plan members and the District are established under a funding policy approved by the District's Board and may be amended by the District from time to time. The District's funding policy is to contribute an amount sufficient to pay the current fiscal year premiums. For fiscal year 2021, the District contributed \$507,762 to the plan including implicit rate subsidy of \$148,515.

Net OPEB Liability

The District's net OPEB liability was measured as of June 30, 2021 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2021 based on the following actuarial methods and assumptions.

Valuation Date	June 30, 2021
Measurement Date	June 30, 2021
Inflation	2.5%
Salary increases	3.0%, average, including inflation
Discount rate	5.5%, net of investment expense, including inflation
Healthcare cost trend rates	5.7% in 2022, decreasing to 4.0% by 2076 in periodic steps of 0.1%
Retirees' share of cost	Based on retirees' cost-sharing provisions, with dollar caps and statutory minimum benefits projected to increase at an average of 3.0% per year.

Mortality rates were based on the expectation that future experience under the plan will be materially consistent with the assumptions utilized in the CalSTRS and CalPERS valuations. CalSTRS mortality rates are from the January 2020 experience study and the CalPERS mortality rates are from the December 2017 experience study.

Discount Rate

The long-term expected rate of return on OPEB plan investments of 5.60% for the PARS Trust was provided by PARS and US Bank, using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2021

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Changes in the OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
	(a)	(b)	(c) = (a) - (b)
Balance at fiscal year ending June 30, 2020	\$ 16,752,347	\$ 2,779,559	\$ 13,972,788
Changes Recognized for the Measurement Period:			
Service Cost	559,380	-	559,380
Interest on the total OPEB liability	835,834	-	835,834
Difference between expected and actual investment income	-	156,436	(156,436)
Changes of assumptions	(139,687)	-	(139,687)
Difference between expected and actual experience	468,354	712,484	(244,130)
Contributions from the employer	-	1,333,771	(1,333,771)
Net investment income	-	-	-
Administrative expenses	-	-	-
Benefit payments	(507,762)	(507,762)	-
Net Changes during July 1, 2020 to June 30, 2021	<u>1,216,119</u>	<u>1,694,929</u>	<u>(478,810)</u>
Balance at fiscal year ending June 30, 2021 (Measurement Date)	<u>\$ 17,968,466</u>	<u>\$ 4,474,488</u>	<u>\$ 13,493,978</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following present the net OPEB liability of the District if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2021:

Plan's Net OPEB Liability (Asset)		
Current Discount Rate - 1%	Current Discount Rate (5.5%)	Current Discount Rate + 1%
\$ 15,817,649	\$ 13,493,978	\$ 11,539,068

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trends Rates

The following present the net OPEB liability of the District if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2021:

Plan's Net OPEB Liability (Asset)		
Current Trend Rate - 1% (4.7% decreasing to 3.0%)	Current Healthcare Cost Trend Rate (5.7% decreasing to 4.0%)	Current Trend Rate + 1% (6.7% decreasing to 5.0%)
\$ 11,052,131	\$ 13,493,978	\$ 16,536,641

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2021

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position 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 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. Changes in assumptions on OPEB plan investments are recognized over 9.98 years. All other amounts are recognized over the expected average remaining lifetime (EARSL).

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

For the fiscal year ended June 30, 2021, the District recognized OPEB expense of \$485,707. As of fiscal year ended June 30, 2021, the District reported deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 1,306,802	\$ 4,113,608
Net difference between projected and actual earnings on OPEB plan investments	421,425	103,577
Difference between expected and actual experience	-	567,677
Total	<u>\$ 1,728,227</u>	<u>\$ 4,784,862</u>

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

Measurement Period Ended June 30,	Recognized Net Deferred Outflows (Inflows) of Resources
2022	\$ (753,073)
2023	(749,474)
2024	(738,405)
2025	(747,753)
2026	(332,102)
Thereafter	264,172
Total	<u>\$ (3,056,635)</u>

BEVERLY HILLS UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS MEDICARE PREMIUMS PAYMENT PROGRAM (OPEB)

Plan Description

CalSTRS administers a cost sharing multiple-employer other postemployment benefit plan (OPEB), the Medicare Premiums Payment Program (MPP) for all eligible members of the State Teachers’ Retirement plan that were retired or began receiving a disability allowance prior to July 1, 2012 and were not eligible for premium free Medicare Part A. CalSTRS administers the MPP Program through the Teachers’ Health Benefits Fund. CalSTRS issues a publicly available financial report that can be obtained at <https://www.calstrs.com/comprehensive-annual-financial-report>.

Benefits Provided

The Medicare Premiums Payment Program (MPP) provides all employees’ Medicare Part A premiums and Medicare Part A and B late enrollment surcharges for eligible members of the State Teachers’ Retirement plan that were retired or began receiving a disability allowance prior to July 1, 2012 and were not eligible for premium free Medicare Part A.

Contributions

The MPP Program is funded on a pay-as-you go basis from a portion of monthly District benefit payments. In accordance with California *Education Code* Section 25930, benefit payments that would otherwise be credited to the DB Program each month are instead credited to the MPP Program to fund monthly program and administrative costs. Total redirections to the MPP Program are monitored to ensure that total incurred costs do not exceed the amount initially identified as the cost of the program.

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

At June 30, 2021, the District reported a liability of \$374,236 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 using standard update procedures. The District’s proportion of the net OPEB liability was based on a projection of the District’s long-term share of contributions to the OPEB plan relative to the projected contributions of all participating school, actuarially determined. The District's proportionate share for the measurement period June 30, 2020 and June 30, 2019, respectively, was 0.0883 percent, and 0.0881 percent, resulting in a net increase in the proportionate share of 0.0002 percent.

For the fiscal year ended June 30, 2021, the District recognized OPEB expense of \$(12,902).

Actuarial Assumptions

The District’s net OPEB liability was measured as of June 30, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2019 that was rolled forward to determine the June 30, 2020 total OPEB liability, based on the following actuarial methods and assumptions:

Investment Rate of Return	2.21%
Mortality Rate	Custom mortality tables based on RP2000 Series tables issued by the Society of Actuaries
Medicare Part A Premium Costs Trend Rate	4.50%
Medicare Part B Premium Costs Trend Rate	5.40%

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2021

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS MEDICARE PREMIUMS PAYMENT PROGRAM (OPEB)
(Continued)

Discount Rate

The discount rate used to measure the total OPEB liability was 2.21 percent. The MPP Program is funded on a pay-as-you-go basis and under this method, the OPEB plan’s fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 2.21 percent, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2020, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate decreased 1.29 percent from 3.50 percent as of June 30, 2019.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the District if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2020:

	1% Decrease <u>1.21%</u>	<u>Discount Rate 2.21%</u>	1% Increase <u>3.21%</u>
District's proportionate share of the net OPEB liability	\$ 413,822	\$ 374,236	\$ 340,551

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability of the District if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2020:

	1% Decrease <u>(3.5% Part A and 4.4 Part B)</u>	Current Healthcare Cost Trend Rates <u>(4.5% Part A and 5.4% Part B)</u>	1% Increase <u>(5.5% Part A and 6.4% Part B)</u>
Net OPEB Liability	\$ 339,332	\$ 374,236	\$ 414,416

Payables to the OPEB Plan

At June 30, 2021, the District had no amount outstanding for contributions to the OPEB plan required for the fiscal year ended June 30, 2021.

NOTE 12 - SUPPLEMENTAL RETIREMENT PLAN (SRP)

The District has offered a Supplemental Retirement Plan. The SEP provides qualified employees with a monthly income supplement to their regular CalSTRS/CalPERS. This was offered to employees 50 years of age or greater as of the effective date of retirement or five or more years of continuous service with the District.

The future SERP payments are as follows:

Fiscal Year <u>Ended</u>	<u>Total Payment</u>
2022	<u>\$ 341,980</u>
	<u>\$ 341,980</u>

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2021

NOTE 13 - LOANS PAYABLE – DIRECT BORROWING

City of Beverly Hills Loan

On August 1, 2006, the District entered into an agreement with the City of Beverly Hills (City) whereby the City will provide partial funding to upgrade the lower athletic field at Beverly Hills High School with synthetic turf. In return, the District agreed to make available to the City the use of the athletic field. The term of the agreement stated the City would contribute \$600,000 toward the construction cost and provide an additional \$300,000 in the form of an interest free loan to the District. Repayment of the loan began in fiscal year 2008-2009. The District is in contact with the City to follow up the remaining payment amount which was supposed to have been due in fiscal year 2013-2014. In the event of default, the City may exercise any and all remedies available under law or granted to it under the loan. The future payment is as follows:

Fiscal Year	Total
Ended	\$
2022	60,000

NOTE 14 - JOINT VENTURES (Joint Powers Agreements)

The District is a member of the Southern California Relief (SCR), Schools Linked for Insurance Management (SLIM), and Protected Insurance Schools and Community College Districts (PIPS), Joint Power Authorities (JPAs). The District pays an annual premium to each entity for its health, workers’ compensation, and property liability coverage. The relationships between the District and the pools are such that they are not component units of the District for financial reporting purposes.

These entities have budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, fund transactions between the entities and the District are included in these statements. Audited financial statements are available from the respective entities.

NOTE 15 – PENSION PLANS

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

As of June 30, 2021, the District’s proportionate share of the net pension liabilities, pension expense, and deferred inflows of resources and deferred outflows of resources for each of the retirement plans are as follows:

Pension Plan	Proportionate Share of Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Proportionate Share of Pension Expense
CalSTRS	\$ 56,469,678	\$ 15,949,953	\$ 3,293,478	\$ 7,929,647
CalPERS	22,242,468	5,534,322	278,940	4,445,742
Total	<u>\$ 78,712,146</u>	<u>\$ 21,484,275</u>	<u>\$ 3,572,418</u>	<u>\$ 12,375,389</u>

State Teachers’ Retirement System (CalSTRS)

A. General Information about the Pension Plan

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

NOTE 15 – PENSION PLANS (Continued)

State Teachers’ Retirement System (CalSTRS) (Continued)

A. General Information about the Pension Plan (Continued)

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2019, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/memberpublications>.

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

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor of the STRP and obligor of the trust. In addition, the state is both an employer and nonemployer contributing entity to the STRP.

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

The STRP provisions and benefits in effect at June 30, 2021, are summarized as follows:

	CalSTRS	
	Before January 1, 2013	On or After January 1, 2013
Hire Date		
Benefit Formula	2% at 60	2% at 62
Benefit Vesting Schedule	5 Years	5 Years
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	50-63	55-65
Monthly benefits, as a % of eligible compensation	2.0% to 2.4%	2.00%
Required employee contribution rates (Average)	10.250%	10.205%
Required employer contribution rates	16.150%	16.150%
Required state contribution rates	10.328%	10.328%
*Amounts are limited to 120% of Social Security Wage Base		

Contributions – Required member, employer and state contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. Contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial cost method.

For the fiscal year ended June 30, 2021, the contributions recognized as part of pension expense was as follows:

	CalSTRS
Contribution - employer	\$ 5,545,854
Contribution - state on behalf payments	\$ 3,294,333

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 15 – PENSION PLANS (Continued)

State Teachers’ Retirement System (CalSTRS) (Continued)

B. Pension Liabilities, Pension Expenses, 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 state pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ 56,469,678
State's proportionate share of the net pension liability associated with the District	<u>38,801,398</u>
Total	<u>\$ 95,271,076</u>

The District’s net pension liability is measured as the proportionate share of the net pension liability. The net pension liability is measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2020, the District’s proportion was 0.05827%, which increased by 0.00124% over its proportion measured as of June 30, 2019.

For the fiscal year ended June 30, 2021, the District recognized pension expense of \$7,929,647. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 99,641	\$ (1,591,509)
Changes of assumptions	5,505,478	-
Changes in proportions	2,293,492	(1,654,194)
Net difference between projected and actual earning on pension plan investments	1,341,016	-
Differences between District contributions and proportionate share of contributions	1,195,728	(47,775)
District contributions subsequent to the measurement date	<u>5,514,598</u>	<u>-</u>
Total	<u>\$ 15,949,953</u>	<u>\$ (3,293,478)</u>

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2021

NOTE 15 – PENSION PLANS (Continued)

State Teachers’ Retirement System (CalSTRS) (Continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

\$5,514,598 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 fiscal year ended June 30, 2022. Other than differences between projected and actual investment earnings, deferred inflows and outflows of resources are recognized in pension expense beginning in the current period using a straight line method over a closed seven year period equal to the average of the expected remaining service lives of all plan members who are provided with pensions through CalSTRS (active and inactive), as of July 1, 2019. Similarly, deferred inflows and outflows relating to differences between projected and actual earnings on plan investments are netted and amortized over a closed five-year period.

As of June 30, 2021, the deferred outflows of resources and deferred inflows of resources related to STRP from the aforementioned sources are as follows:

Fiscal Year Ended June 30	Amount
2022	\$ 400,177
2023	2,624,903
2024	2,772,546
2025	1,096,371
2026	66,131
Thereafter	181,749
Total	<u>\$ 7,141,877</u>

Actuarial Assumptions – The total pension liabilities in the June 30, 2019 actuarial valuations were determined using the following actuarial assumptions:

	<u>CalSTRS</u>
Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return ¹	7.10%
Consumer Price Inflation	2.75%
Wage Growth	3.50%
Post-retirement Benefit Increases	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.

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

NOTE 15 – PENSION PLANS (Continued)

State Teachers’ Retirement System (CalSTRS) (Continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Actuarial Assumptions (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS’ general investment consultant (Pension Consulting Alliance–PCA) as inputs to the process. The actuarial investment rate of return assumption was adopted by the board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of expected 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class as of June 30, 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%	4.80%
Fixed Income	12%	1.30%
Real Estate	15%	3.60%
Private Equity	13%	6.30%
Absolute Return	10%	1.80%
Inflation Sensitive	6%	3.30%
Cash/Liquidity	2%	-0.40%
	<u>100%</u>	

*10-year geometric average

Discount Rate – The discount rate used to measure the total pension liability was 7.10 percent. 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 the rate increases per AB 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 percent) and assuming that contributions, benefit payments, and administrative expense occur midyear. Based on those assumptions, the STRP’s fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 15 – PENSION PLANS (Continued)

State Teachers’ Retirement System (CalSTRS) (Continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Sensitivity of the 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, 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:

1% Decrease		6.10%
Net Pension Liability	\$	85,317,817
Current Discount Rate		7.10%
Net Pension Liability	\$	56,469,678
1% Increase		8.10%
Net Pension Liability	\$	32,651,476

Pension Plan Fiduciary Net Position —Detailed information about pension plan's fiduciary net position is available in the separately issued CalSTRS financial reports.

C. Payable to the Pension Plan

At June 30, 2021, the District had no amount outstanding for contributions to the pension plan required for the fiscal year ended June 30, 2021.

D. On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of \$3,294,332. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements. On behalf payments have been excluded from the calculation of available reserves.

California Public Employees’ Retirement System (CalPERS)

A. General Information About the Pension Plan

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

A full description of the pension plan(s) regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2019 annual actuarial valuation report, Schools Pool Actuarial Valuation. This report(s) and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/forms-publications>.

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2021

NOTE 15 – PENSION PLANS (Continued)

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

A. General Information About the Pension Plan (Continued)

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

The Plans' provisions and benefits in effect at June 30, 2021, are summarized as follows:

	CalPERS	
	<u>Before January 1, 2013</u>	<u>On or After January 1, 2013</u>
Hire Date		
Benefit Formula	2% at 55	2% at 62
Benefit Vesting Schedule	5 Years	5 Years
Benefit Payments	Monthly for Life	Monthly For Life
Retirement Age	50-63	52-67
Monthly benefits, as a % of eligible compensation	1.17 - 2.5%	1.0 - 2.5%
Required employee contribution rates (Average)	7.000%	7.000%
Required employer contribution rates	20.700%	20.700%

Specific details for retirement, disability or death benefit calculations for each of the pension plans are available in the CalPERS’ Comprehensive Annual Financial Report (CAFR). The CalPERS’ CAFR is available online at <https://www.calpers.ca.gov/page/forms-publications>.

Contributions – Section 20814 (c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employees be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Local Government is required to contribute the difference between the actuarially determined rate of employees.

For the fiscal year ended June 30, 2021, the contributions recognized as part of pension expense was as follows:

	<u>CalPERS</u>
Contribution - employer	\$ 2,060,318

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2021

NOTE 15 – PENSION PLANS (Continued)

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

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2021, the District reported net pension liability for its proportionate shares of the net pension liability in the amount of \$22,242,468.

The District’s net pension liability is measured as the proportionate share of the net pension liability. The net pension liability is measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2020, the District’s proportion was 0.07249%, which increased by 0.00792% from its proportion measured as of June 30, 2019.

For the fiscal year ended June 30, 2021, the District recognized pension expense of \$4,445,742. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 1,103,158	\$ -
Changes of assumptions	81,564	-
Changes in proportions	1,718,509	(255,220)
Net difference between projected and actual earning on pension plan investments	463,017	-
Differences between District contributions and proportionate share of contributions	-	(23,720)
District contributions subsequent to the measurement date	<u>2,168,074</u>	<u>-</u>
	<u>\$ 5,534,322</u>	<u>\$ (278,940)</u>

\$2,168,074 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 fiscal year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Fiscal Year Ended June 30</u>	<u>Amount</u>
2022	\$ 1,106,033
2023	853,204
2024	857,321
2025	<u>270,750</u>
Total	<u>\$ 3,087,308</u>

NOTE 15 – PENSION PLANS (Continued)

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

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Actuarial Method and Assumptions – The collective total pension liability for the June 30, 2020 measurement period was determined by an actuarial valuation as of June 30, 2019, with update procedures used to roll forward the total pension liability to June 30, 2020.

	<u>CalPERS</u>
Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.15%
Inflation	2.50%
Salary increases	Varies by Entry Age and Service
Mortality rate table ¹	Derived using CalPERS' Membership Data for all Funds
Post-retirement Benefit Increases	2% until PPPA Allowance Floor on Purchasing Power Applies, 2.50% thereafter

¹The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

Discount Rate - The discount rate used to measure the total pension liability for PERF B 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.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed February 2022. Any changes to the discount rate will require Board action and proper stockholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2021-22 fiscal years. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

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 of the funds’ asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2021

NOTE 15 – PENSION PLANS (Continued)

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

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

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. These rates are net of administrative expenses.

<u>Asset Class¹</u>	<u>CalPERS</u>		
	<u>Assumed Asset Allocation</u>	<u>Real Return Years 1-10²</u>	<u>Real Return Years 11+³</u>
Global Equity	50%	4.80%	5.98%
Fixed Income	28%	1.00%	2.62%
Inflation Sensitive	0%	0.77%	1.81%
Private Equity	8%	6.30%	7.23%
Real Estate	13%	3.75%	4.93%
Liquidity	1%	0.00%	-0.92%
	<u>100%</u>		

(1) In the System'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.

(2) An expected inflation of 2.00% used for this period.

(3) An expected inflation of 2.92% used for this period.

Sensitivity of the 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, 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:

1% Decrease		6.15%
Net Pension Liability	\$	31,977,604
Current Discount Rate		7.15%
Net Pension Liability	\$	22,242,468
1% Increase		8.15%
Net Pension Liability	\$	14,162,794

Pension Plan Fiduciary Net Position —Detailed information about pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

C. Payable to the Pension Plan

At June 30, 2021, the District had no amount outstanding for contributions to the pension plan required for the fiscal year ended June 30, 2021.

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2021

NOTE 16 - 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 reimbursements will not be material.

Litigation

The District is also involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2021.

Contingency

The cost for abandonment, plugging, and capping of the oil wells is estimated at between \$26 million and \$31 million. The District entered into an agreement with the City of Beverly Hills for the City to pay the entire cost of the project up front and to be the project lead. The District has agreed to reimburse the City all directly related costs in excess of \$11 million. In June 2018, the District successfully passed the Measure BH for \$385 million. Within the language of Measure BH is a provision to reimburse the City any additional costs related to the oil wells. As such, the oil well abandonment project has no further effect on the District's general fund.

NOTE 17 - NET POSITION

The government-wide and fiduciary funds financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

Net Investment In Capital Assets – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.

Restricted Net Position – This category presents 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.

Unrestricted Net Position – This category represents net position of the District, not restricted for any project or other purpose.

NOTE 18 - RESTATEMENTS

The District restated its Net Position and Fund Balances at July 1, 2020 as follows:

	<u>Governmental Activities</u>	<u>General Fund</u>	<u>Other Governmental Funds</u>
Net Position/Fund Balance at July 1, 2020	\$ 38,331,886	\$ 22,312,184	\$ 5,135,994
Restatement, per GASB Statement No. 84.	297,879	-	297,879
(Overstatement)/Understatement of Accounts Receivable	(117,286)	(117,286)	-
Overstatement/(Understatement) of Unearned Revenue	(110,385)	(110,385)	-
Net Position/Fund Balances, restated July 1, 2020	<u>\$ 38,402,094</u>	<u>\$ 22,084,513</u>	<u>\$ 5,433,873</u>

REQUIRED SUPPLEMENTARY INFORMATION

BEVERLY HILLS UNIFIED SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

For the Fiscal Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
LCFF Sources	\$ 59,392,343	\$ 60,743,569	\$ 60,492,330	\$ (251,239)
Federal	2,106,186	5,571,695	4,158,894	(1,412,801)
Other state	3,820,909	5,966,242	6,650,196	683,954
Other local	15,160,157	14,805,207	15,017,668	212,461
Total revenues	<u>80,479,595</u>	<u>87,086,713</u>	<u>86,319,088</u>	<u>(767,625)</u>
Expenditures:				
Certificated salaries	33,552,567	34,582,986	34,582,985	1
Classified salaries	11,930,999	11,617,869	11,617,869	-
Employee benefits	19,084,338	18,382,802	18,382,802	-
Books and supplies	2,306,992	4,660,354	2,627,053	2,033,301
Contracted services and other operating expenditures	12,644,424	11,144,282	10,801,591	342,691
Capital outlay	-	527,362	477,057	50,305
Other outgo	57,069	38,422	(59,593)	98,015
Total expenditures	<u>79,576,389</u>	<u>80,954,077</u>	<u>78,429,764</u>	<u>2,524,313</u>
Excess of revenues over (under) expenditures	<u>903,206</u>	<u>6,132,636</u>	<u>7,889,324</u>	<u>1,756,688</u>
Other Financing Sources (Uses):				
Transfers out	<u>(1,982,500)</u>	<u>(1,389,980)</u>	<u>(1,416,286)</u>	<u>(26,306)</u>
Total other financing sources (uses)	<u>(1,982,500)</u>	<u>(1,389,980)</u>	<u>(1,416,286)</u>	<u>(26,306)</u>
Net change in fund balance	<u>(1,079,294)</u>	<u>4,742,656</u>	<u>6,473,038</u>	<u>1,730,382</u>
Fund balance, July 1, 2020	22,312,184	22,312,184	22,312,184	-
Restatements	-	-	(227,671)	(227,671)
Fund balance, July 1, 2020, restated	<u>22,312,184</u>	<u>22,312,184</u>	<u>22,084,513</u>	<u>(227,671)</u>
Fund balance, June 30, 2021	<u>\$ 21,232,890</u>	<u>\$ 27,054,840</u>	<u>\$ 28,557,551</u>	<u>\$ 1,502,711</u>

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
As of June 30, 2021

Last 10 Fiscal Years*

The following table provides required supplementary information regarding the District's CALSTRS Pension Plan.

Fiscal Year Ended June 30, Measurement date	<u>2021</u> June 30, 2020	<u>2020</u> June 30, 2019	<u>2019</u> June 30, 2018
District's proportion of the net pension liability	0.05827%	0.05703%	0.05662%
District's proportionate share of the net pension liability	\$ 56,469,678	\$ 51,504,579	\$ 52,038,867
State's proportionate share of the net pension liability associated with the District	\$ 38,801,938	\$ 49,026,561	\$ 29,620,576
District's covered payroll	\$ 32,431,895	\$ 31,807,279	\$ 30,628,600
District's proportionate share of the net pension liability as percentage of covered payroll	174.12%	161.93%	169.90%
Plan fiduciary net position as a percentage of the total pension liability	72.56%	72.56%	70.99%

The following table provides required supplementary information regarding the District's CALPERS Pension Plan.

Fiscal Year Ended June 30, Measurement date	<u>2021</u> June 30, 2020	<u>2020</u> June 30, 2019	<u>2019</u> June 30, 2018
District's proportion of the net pension liability	0.07249%	0.06457%	0.06683%
District's proportionate share of the net pension liability	\$ 22,242,468	\$ 18,817,826	\$ 17,818,794
District's covered payroll	\$ 10,447,330	\$ 8,954,490	\$ 8,832,606
District's proportionate share of the net pension liability as percentage of covered payroll	212.90%	210.15%	201.74%
Plan fiduciary net position as a percentage of the total pension liability	70.05%	70.05%	70.85%

* This is a 10 year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

Notes to Schedule:

Changes in Benefit Terms - There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.

CalSTRS - The assumptions used in determining the Total Pension Liability of the STRP changed as a result of the actuarial experience study for the period starting July 1, 2020 and ending June 30, 2015. The assumption changes were to price inflation, wage growth, discount rate and the mortality tables.

CalPERS - In Fiscal Year 2017-18, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial assumptions December 2017. There were no changes in the discount rate.

2018	2017	2016	2015
June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
0.05564%	0.05805%	0.05469%	0.0630%
\$ 51,457,049	\$ 46,953,160	\$ 36,819,496	\$ 36,815,310
\$ 32,332,321	\$ 28,673,140	\$ 19,472,294	N/A
\$ 29,651,653	\$ 29,302,768	\$ 27,173,187	\$ 26,603,685
173.54%	160.23%	135.50%	138.38%
69.46%	70.04%	74.02%	76.52%

2018	2017	2016	2015
June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
0.06333%	0.06280%	0.06489%	0.0612%
\$ 15,117,377	\$ 12,399,158	\$ 9,564,851	\$ 6,947,690
\$ 8,100,324	\$ 7,578,948	\$ 7,154,634	\$ 6,419,830
186.63%	163.60%	133.69%	108.22%
71.87%	73.90%	79.43%	83.38%

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS
As of June 30, 2021

Last 10 Fiscal Years*

The following table provides required supplementary information regarding the District's CALSTRS Pension Plan.

Fiscal Year Ended June 30,	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution (actuarially determined)	\$ 5,514,598	\$ 5,545,854	\$ 5,178,225
Contribution in relation to the actuarially determined contributions	<u>(5,514,598)</u>	<u>(5,545,854)</u>	<u>(5,178,225)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 34,146,120	\$ 32,431,895	\$ 31,807,279
Contributions as a percentage of covered payroll	16.15%	17.10%	16.28%

The following table provides required supplementary information regarding the District's CALPERS Pension Plan.

Fiscal Year Ended June 30,	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution (actuarially determined)	\$ 2,168,074	\$ 2,060,318	\$ 1,617,360
Contribution in relation to the actuarially determined contributions	<u>(2,168,074)</u>	<u>(2,060,318)</u>	<u>(1,617,360)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 10,473,789	\$ 10,447,330	\$ 8,954,490
Contributions as a percentage of covered payroll	20.700%	19.721%	18.062%

* This is a 10 year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

2018	2017	2016	2015
\$ 4,419,707	\$ 3,730,178	\$ 3,144,187	\$ 2,412,979
<u>(4,419,707)</u>	<u>(3,730,178)</u>	<u>(3,144,187)</u>	<u>(2,412,979)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 30,628,600	\$ 29,651,653	\$ 29,302,768	\$ 27,173,187
14.43%	12.58%	10.73%	8.88%

2018	2017	2016	2015
\$ 1,371,792	\$ 1,124,973	\$ 2,168,074	\$ 842,172
<u>(1,371,792)</u>	<u>(1,124,973)</u>	<u>(2,168,074)</u>	<u>(842,172)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 8,832,606	\$ 8,100,324	\$ 7,578,948	\$ 7,154,634
15.531%	13.888%	28.607%	11.771%

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHANGES IN DISTRICT'S NET OPEB LIABILITY AND RELATED RATIOS
As of June 30, 2021

Last 10 Fiscal Years*

Employer Fiscal Year End Measurement Period	2020-21 2020-21	2019-20 2019-20	2018-19 2018-19	2017-18 2017-18
Total OPEB Liability				
Service Cost	\$ 559,380	\$ 543,087	\$ 1,510,791	\$ 1,466,787
Interest on the Total OPEB Liability	835,834	852,961	730,403	665,576
Difference between Expected and Actual Experience	468,354	(140,101)	-	-
Changes of Assumptions	(139,687)	1,767,602	(6,387,061)	(169,638)
Benefit Payments	<u>(507,762)</u>	<u>(510,256)</u>	<u>(562,346)</u>	<u>(489,280)</u>
Net Change in Total OPEB Liability	1,216,119	2,513,293	(4,708,213)	1,473,445
Total OPEB Liability - Beginning	<u>16,752,347</u>	<u>14,239,054</u>	<u>18,947,267</u>	<u>17,473,822</u>
Total OPEB Liability - Ending	<u>\$ 17,968,466</u>	<u>\$ 16,752,347</u>	<u>\$ 14,239,054</u>	<u>\$ 18,947,267</u>
OPEB Fiduciary Net Position				
Difference between expected and actual experience	\$ 712,484	\$ (46,741)	\$ 55,344	\$ 17,982
Contributions from the Employer	1,333,771	1,285,126	1,316,747	489,280
Net Investment Income	156,436	114,233	53,095	68,896
Administrative Expenses	-	(13,292)	(3,676)	(2,679)
Benefit Payments	<u>(507,762)</u>	<u>(510,256)</u>	<u>(562,346)</u>	<u>(489,280)</u>
Net Change in Plan Fiduciary Net Position	1,694,929	829,070	859,164	84,199
Plan Fiduciary Net Position - Beginning	<u>2,779,559</u>	<u>1,950,489</u>	<u>1,091,325</u>	<u>1,007,126</u>
Plan Fiduciary Net Position - Ending	<u>\$ 4,474,488</u>	<u>\$ 2,779,559</u>	<u>\$ 1,950,489</u>	<u>\$ 1,091,325</u>
Plan Net OPEB Liability - Ending	<u>\$ 13,493,978</u>	<u>\$ 13,972,788</u>	<u>\$ 12,288,565</u>	<u>\$ 17,855,942</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	<u>24.90%</u>	<u>16.59%</u>	<u>13.70%</u>	<u>5.76%</u>
Covered-Employee Payroll	\$ 45,214,111	\$ 40,012,175	\$ 38,846,772	\$ 39,651,934
Net OPEB Liability as a Percentage of Covered-Employee Payroll	29.84%	34.92%	31.63%	45.03%

* This is a 10 year schedule. However, the information in this schedule is not required to be presented retroactively.

Notes to Schedule:

Change of Assumptions: General inflation assumption change from 2.25% to 2.5%.
For the fiscal year ended June 30, 2021, discount rate was increased from 4.90% to 5.50%.

BEVERLY HILLS UNIFIED SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET OPEB LIABILITY AND RELATED RATIO

MEDICARE PREMIUM PAYMENT PROGRAM

As of June 30, 2021

Last 10 Fiscal Years*

Employer Fiscal Year End June 30, Measurement Period Fiscal Year End June 30,	2021 2020	2020 2019	2019 2018	2018 2017
District's proportion of the net OPEB liability	0.0883%	0.0881%	0.0890%	0.0886%
District's proportionate share of the net OPEB liability	\$ 374,236	\$ 328,223	\$ 340,810	\$ 372,570
District's covered payroll ¹	N/A	N/A	N/A	N/A
District's proportionate share of the net OPEB liability as a percentage of covered payroll	N/A	N/A	N/A	N/A
Plan's total OPEB liability	\$ 420,872,000	\$ 369,413,000	\$ 381,228,000	\$ 420,749,000
Plan's fiduciary net position	\$ (3,003,000)	\$ (2,984,000)	\$ (1,542,000)	\$ 41,000
Plan fiduciary net position as a percentage of the total OPEB liability	-0.713519%	-0.807768%	-0.404482%	0.009745%

* This is a 10 year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available

¹ As of June 30, 2012, active members are no longer eligible for future enrollment in the MPP program, therefore, the covered payroll disclosure is not applicable.

Notes to Schedule:

Change of Assumptions: The assumed increases in the Medicare Part A and Part B Cost Trend Rates vary by year, however; the increases are approximately equivalent to a 4.5 percent and 5.4 percent increase each year for Medicare Part A and Part B, respectively.

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S OPEB CONTRIBUTIONS
As of June 30, 2021

Last 10 Fiscal Years*	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>
Actuarially Determine Contribution	\$ 507,762	\$ 471,232	\$ 465,250	\$ 489,280
Contributions in Relation to the Actuarially Determined Contribution	<u>1,333,771</u>	<u>1,285,126</u>	<u>1,316,747</u>	<u>489,280</u>
Contribution Deficiency (Excess)	<u>\$ (826,009)</u>	<u>\$ (813,894)</u>	<u>\$ (851,497)</u>	<u>\$ -</u>
Covered Employee Payroll During Fiscal Year	\$ 45,214,111	\$ 40,012,175	\$ 38,846,772	\$ 39,651,934
Contributions as a Percentage of Covered Employee Payroll	2.95%	3.21%	3.39%	1.23%

* GASB 75 requires this information for plans funding with OPEB trusts be reported in the employer's Required Supplementary Information for 10 years or as many years as are available upon implementation. Fiscal year 2018 was the 1st year of implementation, therefore only four fiscal years are shown.

SUPPLEMENTARY INFORMATION

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BEVERLY HILLS UNIFIED SCHOOL DISTRICT
COMBINING NONMAJOR FUNDS
BALANCE SHEET
June 30, 2021

	<u>Cafeteria Fund</u>	<u>Capital Facilities Fund</u>	<u>County School Facilities Fund</u>	<u>Deferred Maintenance Fund</u>
Assets				
Cash in County Treasury	\$ 6,068	\$ 4,070,710	\$ 16,811	\$ 587,803
Cash on hand and in banks	-	-	-	-
Accounts receivable	607,421	200,679	1,250	1,189
Inventory, at cost	<u>28,568</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 642,057</u>	<u>\$ 4,271,389</u>	<u>\$ 18,061</u>	<u>\$ 588,992</u>

Liabilities and Fund Balances

Liabilities:				
Accounts payable	\$ 134,267	\$ 704,985	\$ -	\$ 1,853
Due to other funds	48,988	-	-	-
Unearned revenue	<u>9,298</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>192,553</u>	<u>704,985</u>	<u>-</u>	<u>1,853</u>
Fund balances:				
Nonspendable				
Store inventories	28,568	-	-	-
Restricted				
Cafeteria program	420,936	-	-	-
Capital projects	-	3,566,404	18,061	-
Student activity	-	-	-	-
Assigned				
Deferred maintenance	<u>-</u>	<u>-</u>	<u>-</u>	<u>587,139</u>
Total fund balances	<u>449,504</u>	<u>3,566,404</u>	<u>18,061</u>	<u>587,139</u>
Total liabilities and fund balances	<u>\$ 642,057</u>	<u>\$ 4,271,389</u>	<u>\$ 18,061</u>	<u>\$ 588,992</u>

Student Activity Fund	Total Nonmajor Funds
\$ -	\$ 4,681,392
888,754	888,754
-	810,539
-	28,568
<u>\$ 888,754</u>	<u>\$ 6,409,253</u>

\$ 699,333	\$ 1,540,438
-	48,988
-	9,298
<u>699,333</u>	<u>1,598,724</u>

-	28,568
-	420,936
-	3,584,465
189,421	189,421
-	587,139
<u>189,421</u>	<u>4,810,529</u>
<u>\$ 888,754</u>	<u>\$ 6,409,253</u>

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
COMBINING NONMAJOR FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2021

	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Deferred Maintenance Fund
Revenues:				
Federal	\$ 1,362,620	\$ -	\$ -	\$ -
Other state	112,563	-	-	-
Other local	1,174	626,515	91	2,343
Total revenues	<u>1,476,357</u>	<u>626,515</u>	<u>91</u>	<u>2,343</u>
Expenditures:				
Classified salaries	516,494	-	-	-
Employee benefits	191,780	-	-	-
Books and supplies	624,163	528	-	-
Contracted services and other operating expenditures	17,787	13,103	-	84,476
Capital outlay	-	1,926,684	-	593,364
Other outgo	68,099	-	-	-
Total expenditures	<u>1,418,323</u>	<u>1,940,315</u>	<u>-</u>	<u>677,840</u>
Excess of revenues over (under) expenditures	<u>58,034</u>	<u>(1,313,800)</u>	<u>91</u>	<u>(675,497)</u>
Other Financing Sources (Uses):				
Transfers in	153,650	-	-	1,262,636
Total other financing sources (uses)	<u>153,650</u>	<u>-</u>	<u>-</u>	<u>1,262,636</u>
Net change in fund balance	<u>211,684</u>	<u>(1,313,800)</u>	<u>91</u>	<u>587,139</u>
Fund balances, July 1, 2020	237,820	4,880,204	17,970	-
Prior period adjustments	-	-	-	-
Fund balances, July 1, 2020, restated	<u>237,820</u>	<u>4,880,204</u>	<u>17,970</u>	<u>-</u>
Fund balances, June 30, 2021	<u>\$ 449,504</u>	<u>\$ 3,566,404</u>	<u>\$ 18,061</u>	<u>\$ 587,139</u>

Student Activity Fund	Total Nonmajor Funds
\$ -	\$ 1,362,620
-	112,563
<u>64,877</u>	<u>695,000</u>
<u>64,877</u>	<u>2,170,183</u>
-	516,494
-	191,780
83,539	708,230
89,796	205,162
-	2,520,048
<u>-</u>	<u>68,099</u>
<u>173,335</u>	<u>4,209,813</u>
<u>(108,458)</u>	<u>(2,039,630)</u>
<u>-</u>	<u>1,416,286</u>
<u>-</u>	<u>1,416,286</u>
<u>(108,458)</u>	<u>(623,344)</u>
-	5,135,994
297,879	297,879
<u>297,879</u>	<u>5,433,873</u>
<u>\$ 189,421</u>	<u>\$ 4,810,529</u>

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
ORGANIZATION
June 30, 2021

The Beverly Hills Unified School District (District) was unified in 1935 under the laws of the State of California and consists of an area comprising approximately 5.7 square miles. The District operates three elementary schools, one middle school, one high school, and one adult school. There were no changes in the boundaries of the District during the current fiscal year.

The Board of Education and the District Administrators for the fiscal year ended June 30, 2021 were as follows:

GOVERNING BOARD

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Ms. Rachelle Marcus	President	December, 2022
Ms. Mary Wells	Vice President	December, 2024
Ms. Tristen Walker-Shuman	Member	December, 2022
Dr. Amanda Stern	Member	December, 2024
Mr. Noah Margo	Member	December, 2024

ADMINISTRATION

Dr. Michael Bregy
Superintendent

Mr. Wade Roach
Assistant Superintendent – Business Services

Mr. Dustin Seemann
Assistant Superintendent – Education Services

Dr. Matt Horvath
Assistant Superintendent – Personnel Services

Ms. Laura Chism
Assistant Superintendent – Student Services

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE
For the Fiscal Year Ended June 30, 2021

	<u>Second Period Report*</u>	<u>Annual Report*</u>
SCHOOL DISTRICT		
TK/K through Third		
Regular ADA	N/A	N/A
Extended Year Special Education	N/A	N/A
Special Education - Nonpublic Schools	N/A	N/A
Extended Year Special Education - Nonpublic Schools	N/A	N/A
Total TK/K through Third	<u>N/A</u>	<u>N/A</u>
Fourth through Sixth		
Regular ADA	N/A	N/A
Extended Year Special Education	N/A	N/A
Special Education - Nonpublic Schools	N/A	N/A
Extended Year Special Education - Nonpublic Schools	N/A	N/A
Total Fourth through Sixth	<u>N/A</u>	<u>N/A</u>
Seventh and Eighth		
Regular ADA	N/A	N/A
Extended Year Special Education	N/A	N/A
Special Education - Nonpublic Schools	N/A	N/A
Extended Year Special Education - Nonpublic Schools	N/A	N/A
Total Seventh and Eighth	<u>N/A</u>	<u>N/A</u>
Ninth through Twelfth		
Regular ADA	N/A	N/A
Extended Year Special Education	N/A	N/A
Special Education - Nonpublic Schools	N/A	N/A
Extended Year Special Education - Nonpublic Schools	N/A	N/A
Total Ninth through Twelfth	<u>N/A</u>	<u>N/A</u>
TOTAL SCHOOL DISTRICT	<u><u>N/A</u></u>	<u><u>N/A</u></u>

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

*Due to the COVID-19 pandemic, this schedule is not required this fiscal year.

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
For the Fiscal Year Ended June 30, 2021

<u>Grades</u>	<u>Number of School Days Required</u>	<u>Number of Days Traditional Calendar</u>	<u>Status</u>
Kindergarten	180	180	In compliance
Grade 1	180	180	In compliance
Grade 2	180	180	In compliance
Grade 3	180	180	In compliance
Grade 4	180	180	In compliance
Grade 5	180	180	In compliance
Grade 6	180	180	In compliance
Grade 7	180	180	In compliance
Grade 8	180	180	In compliance
Grade 9	180	180	In compliance
Grade 10	180	180	In compliance
Grade 11	180	180	In compliance
Grade 12	180	180	In compliance

Districts must maintain their instructional minutes as defined in Education Code Section 43501 and days requirement of Education Code Section 43502(c).

The District has received incentive funding for increasing instructional time as provided by the Incentive for Longer Instructional Day. This schedule presents information on the amount of instruction time offered by the District and whether the District complied with the provisions of Education Code Sections 46200 through 46206. Th District has met or exceeded its Local Control Funding Formula target funding.

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
For the Fiscal Year Ended June 30, 2021

General Fund*	(Budget) 2022 ¹	2021	2020	2019
Revenues and other financial sources	\$ 87,420,986	\$ 86,319,088	\$ 80,055,165	\$ 73,531,961
Expenditures	88,767,179	78,429,764	77,158,799	71,701,942
Other uses and transfers out	1,723,437	1,416,286	357,411	282,816
Total outgo	<u>90,490,616</u>	<u>79,846,050</u>	<u>77,516,210</u>	<u>71,984,758</u>
Changes in fund balance (deficit)	<u>(3,069,630)</u>	<u>6,473,038</u>	<u>2,538,955</u>	<u>1,547,203</u>
Restatements	<u>-</u>	<u>(227,671)</u>	<u>(135,594)</u>	<u>138,134</u>
Ending fund balance (restated)	<u>\$ 25,487,921</u>	<u>\$ 28,557,551</u>	<u>\$ 22,312,184</u>	<u>\$ 19,908,823</u>
Available reserve ²	<u>\$ 15,200,897</u>	<u>\$ 15,855,163</u>	<u>\$ 5,472,508</u>	<u>\$ 6,134,601</u>
Available reserves as a percentage of total outgo ³	<u>16.8%</u>	<u>19.9%</u>	<u>7.1%</u>	<u>8.5%</u>
Total long-term debt liability	<u>\$ 648,939,621</u>	<u>\$ 682,572,633</u>	<u>\$ 699,179,701</u>	<u>\$ 711,727,023</u>
Average daily attendance at P-2	<u>3,398</u>	<u>3,398</u>	<u>3,398</u>	<u>3,602</u>

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

The General Fund fund balance has increased by \$8,648,728 over the past two fiscal years. The fiscal year 2021-2022 budget projects a decrease of \$3,069,630. For a district this size, the state recommends available reserves of at least 3% of total general fund expenditures and other uses (total outgo).

The District has incurred an operating surplus in each of the past three fiscal years, and anticipates an operating deficit during the 2021-22 fiscal year. Total long-term debt has decreased by \$29,154,390 over the past two fiscal years.

Average daily attendance has decreased by 204 over the past two fiscal years. No change on ADA is anticipated during the fiscal year 2021-2022.

NOTES:

* In conformity with GASB Statement No. 54 – General Fund presented in the fund statement included Special Reserve Fund for Other Than Capital Outlay Projects Fund.

¹ Budget 2022 is included for analytical purposes only and has not been subjected to audit.

² Available reserves consist of all unassigned fund balance within the General Fund.

³ STRS On behalf payments of \$3,294,333 have been excluded from the calculation of available reserves for the fiscal year ending June 30, 2021.

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2021

Federal Grantor/Pass Through Grantor/Program or Cluster Title	Federal Catalog (CFDA) Number	Pass-through Entity Identifying Number	Federal Expenditures
Federal Programs:			
U.S. Department of Education:			
Passed through the California Department of Education (CDE):			
Every Student Succeeds Act (ESSA)			
ESSA: Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	\$ 383,222
ESSA: Title II, Part A, Supporting Effective Instruction	84.367	14341	99,383
ESSA: Title III, English Learner Student Program	84.365	14346	18,122
Child Nutrition: COVID CARES Act Supplemental Meal Reimbursement	84.425	15535	7,511 **
Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425	15536	467,576 **
Elementary and Secondary School Emergency Relief (ESSER II) Fund	84.425	15547	784,271 **
Governor's Emergency Education Relief Fund: Learning Loss Mitigation	84.425C	15517	223,565 **
Special Education (IDEA) State Grants Cluster:			
Special Ed: IDEA - Basic Local Assistance Entitlement, Part B	84.027	13379	773,188
Special Ed: IDEA - Preschool Grant, Part B	84.173	13430	17,323
Total Special Education Cluster**			<u>790,511</u>
Vocational Programs: Voc & Appl Tech Secondary II C, Sec 131	84.048	14893	27,186
Passed through the Department of Rehabilitation (DOR)			
State Vocational Rehabilitation Services Program	84.126	30396	<u>4,633</u>
Total U.S. Department of Education			<u>2,805,980</u>
U.S. Department of the Treasury:			
Coronavirus Relief Fund: Learning Loss Mitigation	21.019	25516	<u>1,358,725 **</u>
Total U.S. Department of the Treasury			<u>1,358,725</u>
U.S. Department of Health and Human Services:			
Passed through the Los Angeles County Office of Education			
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) Grant	93.323	C-21252:20:23	<u>1,700</u>
Total U.S. Department of Health and Human Services			<u>1,700</u>
U.S. Department of Agriculture:			
Passed through California Department of Education (CDE):			
National School Lunch Program	10.555	13396	1,324,689 **
Food Distribution*	10.555	13396	24,731
Total Child Nutrition Cluster			<u>1,349,420</u>
Total U.S. Department of Agriculture			<u>1,349,420</u>
Total Expenditures of Federal Awards			<u>\$ 5,515,825</u>
Reconciliation to Federal Revenues			
Total Federal Program Expenditures			\$ 5,515,825
Revenue in excess of expenditures related to Federal Entitlements:			
Child Nutrition: COVID CARES Act Supplemental Meal Reimbursement	84.425	15535	<u>5,689</u>
Total Federal Program Revenues			<u>\$ 5,521,514</u>

* Indicated noncash expenditure

** Denotes major program

The accompanying note is an integral part of this schedule.

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2021

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Beverly Hills Unified School District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the District's basic financial statements.

The District has not elected to use the ten percent de minimis cost rate as covered in Section 200.414 Indirect (F&A) costs of the Uniform Guidance.

For the fiscal year ended June 30, 2021, the District did not have payments passed through to other agencies.

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH
AUDITED FINANCIAL STATEMENTS
June 30, 2021

	General Fund*	Cafeteria Fund	Special Reserve Fund for Other Than Capital Outlay Projects
June 30, 2021 Annual Financial and Budget Report Fund Balances/Net Position	\$ 19,845,355	\$ 244,002	\$ 10,887,544
(Overstatement)/Understatement of cash in county treasury	(126,636)	-	-
(Overstatement)/Understatement of account receivable	(548,712)	205,502	-
Overstatement/(Understatement) of account payable	(1,500,000)	-	-
June 30, 2021 Audited Financial Statements Fund Balances/Net Position	<u>\$ 17,670,007</u>	<u>\$ 449,504</u>	<u>\$ 10,887,544</u>

* In conformity with GASB Statement No. 54 - general fund fund balance presented in the fund statement included
Special Reserve Fund for Other Than Capital Outlay Projects Fund Fund Balance

	Bond Interest and Redemption Fund	Internal Service Fund	Retiree Benefit Fund
June 30, 2021 Annual Financial and Budget Report Fund Balances/Net Position	<u>\$ 39,853,679</u>	<u>\$ 354,690</u>	<u>\$ 5,361,297</u>
June 30, 2021 Audited Financial Statements Fund Balances/Net Position	<u>\$ 39,853,679</u>	<u>\$ 354,690</u>	<u>\$ 5,361,297</u>

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

<u>Building Fund</u>	<u>Capital Facilities Fund</u>	<u>County School Facilities Fund</u>	<u>Deferred Maintenance Fund</u>	<u>Student Activity Fund</u>
\$ 122,214,510	\$ 3,564,786	\$ 18,061	\$ 587,139	\$ 189,421
-	126,636	-	-	-
-	(125,018)	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 122,214,510</u>	<u>\$ 3,566,404</u>	<u>\$ 18,061</u>	<u>\$ 587,139</u>	<u>\$ 189,421</u>



MOSS, LEVY & HARTZHEIM LLP

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Education
Beverly Hills Unified School District
Beverly Hills, 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 Beverly Hills Unified School District (District), as of and for the fiscal 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 January 26, 2022.

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. 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. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a significant deficiency.

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 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*.

The District's Responses to Findings

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.



MOSS, LEVY & HARTZHEIM, LLP
Culver City, California
January 26, 2022



MOSS, LEVY & HARTZHEIM LLP

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INDEPENDENT AUDITOR’S REPORT ON STATE COMPLIANCE

Board of Education
Beverly Hills Unified School District
Beverly Hills, California

Report on State Compliance

We have audited the Beverly Hills Unified School District’s (the “District”) compliance with the types of compliance requirements described in *2020-2021 Guide for Annual Audits of California K-12 Local Educational Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel for the fiscal year ended June 30, 2021. The District’s state compliance requirements are identified in the table provided.

Management’s Responsibility for State Compliance

Management is responsible for compliance with the requirements of state laws and regulations as identified below.

Auditor’s Responsibility

Our responsibility is to express an opinion on the District’s compliance based on our audit of the types of compliance requirements referred to below. 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 *2020-2021 Guide for Annual Audits of California K-12 Local Educational 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 noncompliance with the specific areas listed below has 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 state compliance. However, our audit does not provide a legal determination of the District’s compliance.

Compliance Requirements Tested

In connection with the audit referred to above, we selected and tested transactions and records to determine the District’s compliance with the state laws and regulations applicable to the following items:

	<u>Procedures Performed</u>
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS:	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Instructional Time	Yes
Instructional Materials	Yes

	<u>Procedures Performed</u>
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS: (Continued)	
Ratios 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 Expenditures of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Pupil Counts	Yes
CHARTER SCHOOLS:	
Independent study-course based	No, see below
Attendance	No, see below
Mode of instruction	No, see below
Nonclassroom-based instruction/independent study	No, see below
Determination of funding for nonclassroom-based instruction	No, see below
Charter school facility grant program	No, see below

The District does not have any Charter Schools; therefore, we did not perform any procedures for Charter School Programs.

Unmodified Opinion on Compliance with State Programs

In our opinion, the District complied with the state law and regulations of the state programs referred to above in all material respects for the fiscal year ended June 30, 2021.

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP
 Culver City, California
 January 26, 2022

The term “not applicable” is used above to mean either the District did not offer the program during the current fiscal year or the program applies to a different type of local education agency.



MOSS, LEVY & HARTZHEIM LLP

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

Board of Education
Beverly Hills Unified School District
Beverly Hills, California

Report on Compliance for Each Major Federal Program

We have audited the Beverly Hills Unified School District (District)’s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the fiscal 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 the 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, Beverly Hills Unified School 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 fiscal year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of Beverly Hills Unified School 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 in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of 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 and 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP
Culver City, California
January 26, 2022

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FINDINGS AND RECOMMENDATIONS SECTION

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
 June 30, 2021

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued	<u>Unmodified</u>		
Internal control over financial reporting:			
Material weakness(es) identified?	_____ Yes	<u> X </u> No	
Significant deficiency(ies) identified not considered to be material weaknesses?	<u> X </u> Yes	_____ 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 not considered to be material weaknesses?	_____ Yes	<u> X </u> None reported	
Type of auditor’s report issued on compliance for major programs:	<u>Unmodified</u>		

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance, 2CFR 200.516 (a)	_____ Yes	<u> X </u> No	
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Identification of major programs

<u>CFDA Number (s)</u>	<u>Name of Federal Program or Cluster</u>
21.019 _____	<u>Coronavirus Relief Fund: Learning Loss Mitigation</u>
84.425 _____	<u>Education Stabilization Fund</u>
84.425C _____	<u>Governor’s Emergency Education Relief Fund</u>
10.555 _____	<u>National School Lunch Program</u>

Dollar threshold used to distinguish between Type A and Type B programs:	\$ <u> 750,000 </u>
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Auditee qualified as low-risk auditee:	<u> X </u> Yes	_____ No
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State Awards

Any audit findings disclosed that are required to be reported in accordance with Standards and Procedures for Audits of California K-12 Local Education Agencies?	_____ Yes	<u> X </u> No
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Type of auditor’s report issued on compliance for state programs:	<u>Unmodified</u>
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BEVERLY HILLS UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
 June 30, 2021

Section II – Financial Statement Findings

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

<u>Five Digit Code</u>	<u>AB 3627 Finding Types</u>
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities Programs
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

FINDING 2021-001
INTERNAL CONTROLS
30000

Condition:

During the audit, we noted the payroll liability payments were not properly applied to the correct account. As a result, account balances at fiscal year end are either overstated or understated. However, overall net results are immaterial. We also noted the worker’s compensation liability account is increasing. Worker’s compensation is collected at a percentage rate charged to payroll and appears to be higher than the actual worker’s compensation expense paid.

Effect:

Payroll liabilities that are not reconciled to the District’s payroll and general ledger in a timely manner could lead to a material misstatement of accounts.

Cause:

There is a lack of oversight by the District.

Repeat Finding:

Yes. See prior year finding 2020-001 in the Summary Schedule of Prior Year Audit Findings.

Recommendation:

We recommend the District implement policies and procedures to reconcile and have management review the payroll liability accounts prior to finalizing payroll each pay period. We also recommend the District reduce the percentage rate of worker’s compensation collected and reconcile the amounts collected to the amounts paid to worker’s compensation.

LEA’s Corrective Action Plan:

The Accounting Technician position will assist the Payroll Manager in Payroll as well as payment of Health Benefits. This assistance will allow the Payroll Manager to reconcile payroll liability accounts regularly.

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
June 30, 2021

Section III – Federal Award Findings

There were no federal award findings in the current fiscal year.

Section IV – State Award Findings

There were no state award findings in the current fiscal year.

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
June 30, 2021

Section II – Financial Statement Findings

FINDING 2020-001
INTERNAL CONTROLS
30000

Condition:

During the audit, we noted the payroll liability payments were not properly applied to the correct account. As a result, account balances at fiscal year end are either overstated or understated. However, overall net results are immaterial. We also noted the worker’s compensation liability account is increasing. Worker’s compensation is collected at a percentage rate charged to payroll and appears to be higher than the actual worker’s compensation expense paid.

Effect:

Payroll liabilities that are not reconciled to the District’s payroll and general ledger in a timely manner could lead to a material misstatement of accounts.

Recommendation:

We recommend the District implement policies and procedures to reconcile and have management review the payroll liability accounts prior to finalizing payroll each pay period. We also recommend the District reduce the percentage rate of worker’s compensation collected and reconcile the amounts collected to the amounts paid to worker’s compensation.

Current Status:

Not implemented – See Finding 2021-001

Section III – Federal Award Findings

There were no federal award findings in the prior year.

Section IV – State Award Findings

There were no state award findings in the prior year.