

BEVERLY HILLS UNIFIED SCHOOL DISTRICT

**AUDIT REPORT
JUNE 30, 2023**

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
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JUNE 30, 2023

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FINANCIAL SECTION

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTSIndependent Auditors' Report

Governing Board
Beverly Hills Unified School District
Beverly Hills, California

Report on the Audit of the Financial Statements***Opinions***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Beverly Hills Unified School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Beverly Hills Unified School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Beverly Hills Unified School District, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Beverly Hills Unified School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user of the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Beverly Hills Unified School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Beverly Hills Unified School District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis, budgetary comparison information, schedule of changes in net District Plan OPEB liability and related ratios, schedule of changes in net MPP Program OPEB liability and related ratios, schedule of District contributions for OPEB, schedules of proportionate share of net pension liability, and schedules of district contributions for pensions be presented to supplement the basic financial statements. Such information, although not 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 appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Beverly Hills Unified School District's basic financial statements. The supplementary information listed in the table of contents, including the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2023 on our consideration of the Beverly Hills Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Beverly Hills Unified School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Beverly Hills Unified School District's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Christy White, Inc". The signature is fluid and cursive.

San Diego, California
December 11, 2023

BEVERLY HILLS UNIFIED SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

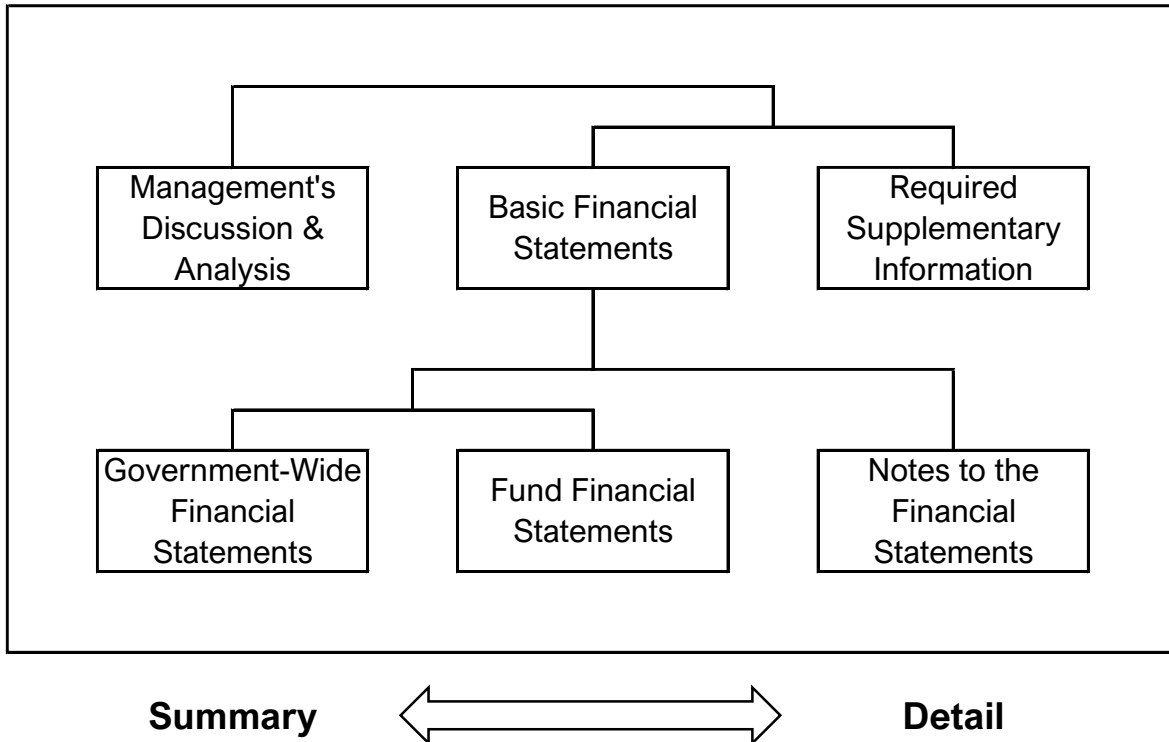
Our discussion and analysis of Beverly Hills Unified School District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2023. It should be read in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's net position was \$141,109,741 at June 30, 2023. This was an increase of \$72,861,510 from the prior year.
- Overall revenues were \$180,835,359 which exceeded expenses of \$107,973,849.

OVERVIEW OF FINANCIAL STATEMENTS

Components of the Financial Section



**BEVERLY HILLS UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2023**

OVERVIEW OF FINANCIAL STATEMENTS (continued)

Components of the Financial Section (continued)

This annual report consists of three parts – Management's Discussion and Analysis (this section), the basic financial statements, and required supplementary information. The three sections together provide a comprehensive overview of the District. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives:

- ▶ **Government-wide financial statements**, which comprise the first two statements, provide both short-term and long-term information about the entity's overall financial position.
- ▶ **Fund financial statements** focus on reporting the individual parts of District operations in more detail. The fund financial statements comprise the remaining statements.
 - ▶ **Governmental Funds** provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.
 - ▶ **Proprietary Funds** report services for which the District charges customers a fee. Like the government-wide statements, they provide both long- and short-term financial information.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The basic financial statements are followed by a section of required and other supplementary information that further explain and support the financial statements.

Government-Wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how it has changed. Net position is one way to measure the District's financial health. Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

The government-wide financial statements of the District include governmental activities. All of the District's basic services are included here, such as regular education, food service, maintenance and general administration. Local control formula funding and federal and state grants finance most of these activities.

**BEVERLY HILLS UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2023**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

Net Position

The District's net position was \$141,109,741 at June 30, 2023, as reflected in the table below. Of this amount, \$(130,490,381) was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limits the Governing Board's ability to use that net position for day-to-day operations.

	Governmental Activities		
	2023	2022	Net Change
ASSETS			
Current and other assets	\$ 313,503,841	\$ 352,097,739	\$ (38,593,898)
Capital assets	683,180,049	612,997,207	70,182,842
Total Assets	996,683,890	965,094,946	31,588,944
DEFERRED OUTFLOWS OF RESOURCES	33,134,664	27,895,945	5,238,719
LIABILITIES			
Current liabilities	55,319,349	59,431,540	(4,112,191)
Long-term liabilities	819,078,641	830,269,693	(11,191,052)
Total Liabilities	874,397,990	889,701,233	(15,303,243)
DEFERRED INFLOWS OF RESOURCES	14,310,823	35,041,427	(20,730,604)
NET POSITION			
Net investment in capital assets	205,003,480	176,438,131	28,565,349
Restricted	66,596,642	37,260,900	29,335,742
Unrestricted	(130,490,381)	(145,450,800)	14,960,419
Total Net Position	\$ 141,109,741	\$ 68,248,231	\$ 72,861,510

**BEVERLY HILLS UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2023**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the Statement of Activities. The table below takes the information from the Statement and rearranges it slightly, so you can see our total revenues and expenses for the year.

	Governmental Activities		
	2023	2022	Net Change
REVENUES			
Program revenues			
Charges for services	\$ 1,027,017	\$ 1,942,516	\$ (915,499)
Operating grants and contributions	17,426,000	12,816,055	4,609,945
Capital grants and contributions	15,444,470	-	15,444,470
General revenues			
Property taxes	119,508,768	96,288,709	23,220,059
Unrestricted federal and state aid	2,521,581	3,350,756	(829,175)
Other	24,907,523	(1,333,914)	26,241,437
Total Revenues	180,835,359	113,064,122	67,771,237
EXPENSES			
Instruction	37,230,207	39,590,731	(2,360,524)
Instruction-related services	7,479,252	9,640,940	(2,161,688)
Pupil services	7,836,428	7,914,400	(77,972)
General administration	9,453,462	7,449,759	2,003,703
Plant services	13,094,975	11,947,379	1,147,596
Ancillary and community services	1,700,591	1,654,617	45,974
Debt service	25,157,608	18,848,682	6,308,926
Other outgo	11,772	23,121	(11,349)
Depreciation	6,009,554	7,363,591	(1,354,037)
Total Expenses	107,973,849	104,433,220	3,540,629
Change in net position	72,861,510	8,630,902	64,230,608
Net Position - Beginning	68,248,231	59,617,329	8,630,902
Net Position - Ending	\$ 141,109,741	\$ 68,248,231	\$ 72,861,510

**BEVERLY HILLS UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2023**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Changes in Net Position (continued)

In the table below, we have presented the net cost of each of the District's functions. Net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

	Net Cost of Services	
	2023	2022
Instruction	\$ 10,628,320	\$ 33,095,552
Instruction-related services	6,614,233	8,143,563
Pupil services	3,714,495	4,032,071
General administration	8,811,863	7,095,367
Plant services	12,763,659	10,411,704
Ancillary and community services	364,858	660,998
Debt service	25,157,608	18,848,682
Transfers to other agencies	11,772	23,121
Depreciation	6,009,554	7,363,591
Total	\$ 74,076,362	\$ 89,674,649

FINANCIAL ANALYSIS OF THE DISTRICT'S MAJOR FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a combined fund balance of \$298,967,281, which is less than last year's ending fund balance of \$326,581,024. The District's General Fund had \$7,302,606 more in operating revenues than expenditures for the year ended June 30, 2023. The Building Fund had \$62,513,928 less in operating revenues than expenditures for the year ended June 30, 2023 primarily due to the modernization of El Rodeo Elementary School. The District's Bond Interest and Redemption Fund had \$11,249,337 more in operating revenues than expenditures for the year ended June 30, 2023.

CURRENT YEAR BUDGET 2022-2023

During the fiscal year, budget revisions and appropriation transfers are presented to the Board for their approval on a regular basis to reflect changes to both revenues and expenditures that become known during the year. In addition, the Board of Education approves financial projections included with the Adopted Budget, First Interim, and Second Interim financial reports. The Unaudited Actuals reflect the District's financial projections and current budget based on State and local financial information.

**BEVERLY HILLS UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2023**

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

By the end of 2022-2023 the District had invested \$683,180,049 in capital assets, net of accumulated depreciation.

	Governmental Activities		
	2023	2022	Net Change
CAPITAL ASSETS			
Land	\$ 2,933,062	\$ 2,933,062	\$ -
Construction in progress	478,299,124	404,283,424	74,015,700
Land improvements	8,850,821	8,850,821	-
Buildings & improvements	290,348,536	288,238,928	2,109,608
Furniture & equipment	8,258,263	8,191,175	67,088
Less: Accumulated depreciation	(105,509,757)	(99,500,203)	(6,009,554)
Total Capital Assets	\$ 683,180,049	\$ 612,997,207	\$ 70,182,842

Long-Term Liabilities

At year-end, the District had \$819,078,641 in long-term liabilities, a decrease of 1.35% from last year – as shown in the table below. More detailed information about the District's long-term liabilities is presented in footnotes to the financial statements.

	Governmental Activities		
	2023	2022	Net Change
LONG-TERM LIABILITIES			
Total general obligation bonds	\$ 774,028,244	\$ 795,518,154	\$ (21,489,910)
Compensated absences	910,172	2,019,996	(1,109,824)
Net OPEB liability	10,169,954	15,907,202	(5,737,248)
Net pension liability	65,481,235	42,776,267	22,704,968
Less: current portion of long-term liabilities	(31,510,964)	(25,951,926)	(5,559,038)
Total Long-term Liabilities	\$ 819,078,641	\$ 830,269,693	\$ (11,191,052)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

At the time these financial statements were prepared and audited, the District was aware of several circumstances that could affect its future financial health.

In its June 2023 quarterly report, the UCLA Anderson Forecast stated the U.S. economy was not in a recession yet, but the forecast comes with a caution. Anti-inflation actions by the Federal Reserve could still trigger a near-term recession. The Federal Reserve has said that its actions will be dependent on data. If data shows that the labor market continues to remain robust and if another jobs report shows strong growth in payroll employment and inflation remains sticky, the Federal Reserve will likely err on the side of further tightening of monetary policy and thus, a mild recession later this year is the most likely. The Forecast anticipates that there will be a mild impact on the State of California's economy regardless of the Federal Reserve's policy actions. The California unemployment rate averages for 2023, 2024, and 2025 are expected to be 4.1%, 4.0% and 4.0%, respectively, and non-farm payroll jobs are expected to grow at rates of 2.0%, 1.3%, and 1.6%, during the same three years.

**BEVERLY HILLS UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2023**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (continued)

Fiscal policy for the funding of public education changes annually based on fluctuations in State revenues. The May 2023 Budget Revision includes a total Proposition 98 guarantee of \$106.8 billion (\$77.4 billion General Fund and \$29.4 billion local property tax) down from the January 2023 Governor's Budget Proposition 98 guarantee of \$108.8 billion (\$79.6 billion General Fund and \$29.2 billion local property tax). The Proposition 98 Guarantee continues to be in Test 1 for 2022-23 and 2023-24. At May Revision, the 2023-24 cost-of-living adjustment (COLA) is updated to 8.22 percent, the largest COLA in the history of LCFF. Additionally, the May revise saw a reduction of \$1.8 billion to the Arts, Music, and Instructional Materials Discretionary Block Grant and a \$2.5 billion reduction of the Learning Recovery Emergency Block Grant.

The District participates in state employee pensions plans, California State Teachers' Retirement System (CalSTRS) and California Public Employees' Retirement System (CalPERS) and both are underfunded. The District's proportionate share of the liability is reported in the Statement of Net Position as of June 30, 2023. The amount of the liability is material to the financial position of the District. The CalSTRS projected employer contribution rate for 2023-24 is 19.10 percent. The CalPERS projected employer contribution rate for 2023-24 is 26.68 percent. The projected increased pension costs to school employers remain a significant fiscal factor.

Enrollment can fluctuate due to factors such as population growth, competition from private, parochial, inter-district transfers in or out, economic conditions and housing values. Losses in enrollment will cause a school district to lose operating revenues without necessarily permitting the district to make adjustments in fixed operating costs.

All of these factors were considered in preparing the District's budget for the 2023-24 fiscal year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Business Office, located at 255 S. Lasky Drive, Beverly Hills, CA 90212.

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities
ASSETS	
Cash and investments	\$ 305,522,624
Accounts receivable	7,954,066
Inventory	27,151
Capital assets, not depreciated	481,232,186
Capital assets, net of accumulated depreciation	201,947,863
Total Assets	996,683,890
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	23,288,239
Deferred outflows related to OPEB	3,185,956
Deferred amount on refunding	6,660,469
Total Deferred Outflows of Resources	33,134,664
LIABILITIES	
Accrued liabilities	23,414,897
Unearned revenue	393,488
Long-term liabilities, current portion	31,510,964
Long-term liabilities, non-current portion	819,078,641
Total Liabilities	874,397,990
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	6,515,534
Deferred inflows related to OPEB	7,795,289
Total Deferred Inflows of Resources	14,310,823
NET POSITION	
Net investment in capital assets	205,003,480
Restricted:	
Capital projects	18,438,641
Debt service	41,603,656
Educational programs	4,713,587
Food service	1,099,702
Associated student body	741,056
Unrestricted	(130,490,381)
Total Net Position	\$ 141,109,741

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

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Function/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
GOVERNMENTAL ACTIVITIES					
Instruction	\$ 37,230,207	\$ 111,623	\$ 11,045,794	\$ 15,444,470	\$ (10,628,320)
Instruction-related services					
Instructional supervision and administration	2,693,388	-	517,772	-	(2,175,616)
Instructional library, media, and technology	1,467,115	-	795	-	(1,466,320)
School site administration	3,318,749	61,276	285,176	-	(2,972,297)
Pupil services					
Home-to-school transportation	298,372	-	34,034	-	(264,338)
Food services	2,176,415	125,787	2,629,991	-	579,363
All other pupil services	5,361,641	23,083	1,309,038	-	(4,029,520)
General administration					
Centralized data processing	1,972,633	-	-	-	(1,972,633)
All other general administration	7,480,829	75,317	566,282	-	(6,839,230)
Plant services	13,094,975	128,863	202,453	-	(12,763,659)
Ancillary services	1,700,591	501,068	834,665	-	(364,858)
Interest on long-term debt	25,157,608	-	-	-	(25,157,608)
Other outgo	11,772	-	-	-	(11,772)
Depreciation (unallocated)	6,009,554	-	-	-	(6,009,554)
Total Governmental Activities	\$ 107,973,849	\$ 1,027,017	\$ 17,426,000	\$ 15,444,470	(74,076,362)
General revenues					
Taxes and subventions					
Property taxes, levied for general purposes					65,947,724
Property taxes, levied for debt service					53,336,580
Property taxes, levied for other specific purposes					224,464
Federal and state aid not restricted for specific purposes					2,521,581
Interest and investment earnings					9,540,410
Miscellaneous					15,367,113
Subtotal, General Revenue					146,937,872
CHANGE IN NET POSITION					72,861,510
Net Position - Beginning					68,248,231
Net Position - Ending					\$ 141,109,741

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

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2023

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 42,464,677	\$ 190,629,917	\$ 51,370,292	\$ 20,565,519	\$ 305,030,405
Accounts receivable	5,343,321	2,085,637	-	522,516	7,951,474
Stores inventory	-	-	-	27,151	27,151
Total Assets	\$ 47,807,998	\$ 192,715,554	\$ 51,370,292	\$ 21,115,186	\$ 313,009,030
LIABILITIES					
Accrued liabilities	\$ 7,784,517	\$ 5,743,809	-	\$ 119,935	\$ 13,648,261
Unearned revenue	304,388	-	-	89,100	393,488
Total Liabilities	8,088,905	5,743,809	-	209,035	14,041,749
FUND BALANCES					
Nonspendable	50,000	-	-	27,151	77,151
Restricted	4,713,587	186,971,745	51,370,292	20,279,399	263,335,023
Committed	13,194,276	-	-	599,601	13,793,877
Unassigned	21,761,230	-	-	-	21,761,230
Total Fund Balances	39,719,093	186,971,745	51,370,292	20,906,151	298,967,281
Total Liabilities and Fund Balances	\$ 47,807,998	\$ 192,715,554	\$ 51,370,292	\$ 21,115,186	\$ 313,009,030

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

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET
POSITION
JUNE 30, 2023

Total Fund Balance - Governmental Funds \$ 298,967,281

Amounts reported for assets and liabilities for governmental activities in the statement of net position are different from amounts reported in governmental funds because:

Capital assets:

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	\$ 788,689,806	
Accumulated depreciation	<u>(105,509,757)</u>	683,180,049

Deferred amount on refunding:

In governmental funds, the net effect of refunding bonds is recognized when debt is issued, whereas this amount is deferred and amortized in the government-wide financial statements: 6,660,469

Unmatured interest on long-term debt:

In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmaturing interest owing at the end of the period was: (9,766,636)

Long-term liabilities:

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:

Total general obligation bonds	\$ 774,028,244	
Compensated absences	910,172	
Net OPEB liability	10,169,954	
Net pension liability	<u>65,481,235</u>	(850,589,605)

Deferred outflows and inflows of resources relating to pensions:

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

Deferred outflows of resources related to pensions	\$ 23,288,239	
Deferred inflows of resources related to pensions	<u>(6,515,534)</u>	16,772,705

Deferred outflows and inflows of resources relating to OPEB:

In governmental funds, deferred outflows and inflows of resources relating to 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 OPEB are reported.

Deferred outflows of resources related to OPEB	\$ 3,185,956	
Deferred inflows of resources related to OPEB	<u>(7,795,289)</u>	(4,609,333)

Internal service funds:

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: 494,811

Total Net Position - Governmental Activities	<u>\$ 141,109,741</u>
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The accompanying notes are an integral part of these financial statements.

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES					
LCFF sources	\$ 66,520,635	\$ -	\$ -	\$ 1,272,824	\$ 67,793,459
Federal sources	3,873,245	-	-	727,231	4,600,476
Other state sources	9,219,005	-	30,664	17,825,062	27,074,731
Other local sources	17,401,537	11,501,772	55,852,642	1,105,614	85,861,565
Total Revenues	97,014,422	11,501,772	55,883,306	20,930,731	185,330,231
EXPENDITURES					
Current					
Instruction	47,933,173	-	-	-	47,933,173
Instruction-related services					
Instructional supervision and administration	3,261,971	-	-	-	3,261,971
Instructional library, media, and technology	1,747,725	-	-	-	1,747,725
School site administration	5,580,268	-	-	-	5,580,268
Pupil services					
Home-to-school transportation	298,372	-	-	-	298,372
Food services	59,767	-	-	2,149,899	2,209,666
All other pupil services	6,496,569	-	-	-	6,496,569
General administration					
Centralized data processing	2,045,404	-	-	-	2,045,404
All other general administration	7,343,848	-	-	69,935	7,413,783
Plant services	13,422,888	-	-	78,772	13,501,660
Facilities acquisition and construction	-	74,015,700	-	1,907,387	75,923,087
Ancillary services	1,510,059	-	-	376,496	1,886,555
Transfers to other agencies	11,772	-	-	-	11,772
Debt service					
Principal	-	-	20,002,075	-	20,002,075
Interest and other	-	-	24,631,894	-	24,631,894
Total Expenditures	89,711,816	74,015,700	44,633,969	4,582,489	212,943,974
NET CHANGE IN FUND BALANCE	7,302,606	(62,513,928)	11,249,337	16,348,242	(27,613,743)
Fund Balance - Beginning	32,416,487	249,485,673	40,120,955	4,557,909	326,581,024
Fund Balance - Ending	\$ 39,719,093	\$ 186,971,745	\$ 51,370,292	\$ 20,906,151	\$ 298,967,281

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

**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 YEAR ENDED JUNE 30, 2023**

Net Change in Fund Balances - Governmental Funds \$ (27,613,743)

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

Capital outlay:

In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:

Expenditures for capital outlay:	\$ 76,192,396	
Depreciation expense:	<u>(6,009,554)</u>	70,182,842

Debt service:

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. Expenditures for repayment of the principal portion of long-term debt were:

20,002,075

Deferred amounts on refunding:

In governmental funds, deferred amounts on refunding are recognized in the period they are incurred. In the government-wide statements, the deferred amounts on refunding are amortized over the life of the debt. The net effect of the deferred amounts on refunding during the period was:

(729,619)

Unmatured interest on long-term debt:

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 it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period, was:

(1,283,930)

Accreted interest on long-term debt:

In governmental funds, accreted interest on capital appreciation bonds is not recorded as an expenditure from current sources. In the government-wide statement of activities, however, this is recorded as interest expense for the period.

(136,144)

Compensated absences:

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 amount earned. The difference between compensated absences paid and compensated absences earned, was:

1,109,824

(Continued on the next page)

**BEVERLY HILLS UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES, continued
FOR THE YEAR ENDED JUNE 30, 2023**

Postemployment benefits other than pensions (OPEB):

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 year, the difference between OPEB expenses and actual employer OPEB contributions was: 2,062,818

Pensions:

In governmental funds, pension costs are recognized when employer contributions are made. In the government-wide statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and employer contributions was: 7,668,404

Amortization of debt issuance premium or discount:

In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount is amortized over the life of the debt. Amortization of premium or discount for the period is: 1,623,979

Internal Service Funds:

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: (24,996)

Change in Net Position of Governmental Activities	<u>\$ 72,861,510</u>
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BEVERLY HILLS UNIFIED SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities Internal Service Fund
ASSETS	
Current assets	
Cash and investments	\$ 492,219
Accounts receivable	2,592
Total current assets	494,811
Total Assets	494,811
NET POSITION	
Restricted	494,811
Total Net Position	\$ 494,811

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

**BEVERLY HILLS UNIFIED SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2023**

	Governmental Activities Internal Service Fund
OPERATING REVENUES	
Charges for services	\$ 413,183
Total operating revenues	<u>413,183</u>
OPERATING EXPENSES	
Professional services	424,445
Total operating expenses	<u>424,445</u>
Operating income/(loss)	<u>(11,262)</u>
NON-OPERATING REVENUES/(EXPENSES)	
Interest income	(13,734)
Total non-operating revenues/(expenses)	<u>(13,734)</u>
CHANGE IN NET POSITION	(24,996)
Net Position - Beginning	519,807
Net Position - Ending	<u>\$ 494,811</u>

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

**BEVERLY HILLS UNIFIED SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2023**

	Governmental Activities
	Internal Service Fund
Cash flows from operating activities	
Cash received from user charges	\$ 413,183
Cash received (paid) from assessments made to (from) other funds	(2,003)
Cash payments for payroll, insurance, and operating costs	(492,579)
Net cash provided by (used for) operating activities	(81,399)
Cash flows from investing activities	
Interest received	(13,734)
Net cash provided by (used for) investing activities	(13,734)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(95,133)
 CASH AND CASH EQUIVALENTS	
Beginning of year	587,352
End of year	\$ 492,219
 Reconciliation of operating income (loss) to cash provided by (used for) operating activities	
Operating income/(loss)	\$ (11,262)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Changes in assets and liabilities:	
(Increase) decrease in accounts receivables	(2,003)
Increase (decrease) in accrued liabilities	(68,134)
Net cash provided by (used for) operating activities	\$ (81,399)

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

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

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

The District operates under a locally elected Board form of government and provides educational services to grades K-12 as mandated by the state. A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student-related activities.

B. Component Units

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. The District has no such component units.

C. Basis of Presentation

Government-Wide Statements. The statement of net position and the statement of activities display information about the primary government (the District). These statements include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenue, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenue for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reserved for the statement of activities. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting of operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District.

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Fund Financial Statements. The fund financial statements provide information about the District's funds, including its proprietary funds. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

Governmental funds are used to account for activities that are governmental in nature. Governmental activities are typically tax-supported and include education of pupils, operation of food service and child development programs, construction and maintenance of school facilities, and repayment of long-term debt.

Proprietary funds are used to account for activities that are more business-like than government-like in nature. Business-type activities include those for which a fee is charged to external users or to other organizational units of the District, normally on a full cost-recovery basis. Proprietary funds are generally intended to be self-supporting.

Major Governmental Funds

General Fund: The General Fund is the main operating fund of the District. It is used to account for all activities except those that are required to be accounted for in another fund. In keeping with the minimum number of funds principle, all of the District's activities are reported in the General Fund unless there is a compelling reason to account for an activity in another fund. A District may have only one General Fund.

Building Fund: This fund exists primarily to account separately for proceeds from the sale of bonds (*Education Code Section 15146*) and may not be used for any purposes other than those for which the bonds were issued. Other authorized revenues to the Building Fund are proceeds from the sale or lease-with-option-to-purchase of real property (*Education Code Section 17462*) and revenue from rentals and leases of real property specifically authorized for deposit into the fund by the governing board (*Education Code Section 41003*).

Bond Interest and Redemption Fund: This fund is used for the repayment of bonds issued for the District (*Education Code Sections 15125–15262*). The board of supervisors of the county issues the bonds. The proceeds from the sale of the bonds are deposited in the county treasury to the Building Fund of the District. Any premiums or accrued interest received from the sale of the bonds must be deposited in the Bond Interest and Redemption Fund of the District. The county auditor maintains control over the District's Bond Interest and Redemption Fund. The principal and interest on the bonds must be paid by the county treasurer from taxes levied by the county auditor-controller.

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Non-Major Governmental Funds

Special Revenue Funds: Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The District maintains the following special revenue funds:

Student Activity Fund: This fund may be used to account for student body activities that do not meet the fiduciary criteria established in GASB Statement No. 84.

Cafeteria Fund: This fund is used to account separately for federal, state, and local resources to operate the food service program (*Education Code Sections 38090–38093*). The Cafeteria Fund shall be used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code Sections 38091 and 38100*).

Deferred Maintenance Fund: This fund is used to account separately for state apportionments and the District's contributions for deferred maintenance purposes (*Education Code Sections 17582–17587*). In addition, whenever the state funds provided pursuant to *Education Code Sections 17584 and 17585* (apportionments from the State Allocation Board) are insufficient to fully match the local funds deposited in this fund, the governing board of a school district may transfer the excess local funds deposited in this fund to any other expenditure classifications in other funds of the District (*Education Code Sections 17582 and 17583*).

Capital Project Funds: Capital project funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

Capital Facilities Fund: This fund is used primarily to account separately for moneys received from fees levied on developers or other agencies as a condition of approving a development (*Education Code Sections 17620–17626*). The authority for these levies may be county/city ordinances (*Government Code Sections 65970–65981*) or private agreements between the District and the developer. Interest earned in the Capital Facilities Fund is restricted to that fund (*Government Code Section 66006*).

County School Facilities Fund: This fund is established pursuant to *Education Code Section 17070.43* to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), or the 2004 State School Facilities Fund (Proposition 55) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code Section 17070 et seq.*).

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Proprietary Funds

Internal Service Funds: Internal service funds are created principally to render services to other organizational units of the District on a cost-reimbursement basis. These funds are designed to be self-supporting with the intent of full recovery of costs, including some measure of the cost of capital assets, through user fees and charges.

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

D. Basis of Accounting – Measurement Focus

Government-Wide and Proprietary Fund Financial Statements

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Net Position equals assets and deferred outflows of resources minus liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. The net position should be reported as restricted when constraints placed on its use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other activities results from special revenue funds and the restrictions on their use.

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

Governmental Funds

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Governmental funds use the modified 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 a 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. Generally, "available" means collectible within the current period or within 60 days after year-end. However, to achieve comparability of reporting among California school districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to State-aid apportionments, the California Department of Education has defined available for school districts as collectible within one year.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting – Measurement Focus (continued)

Revenues – Exchange and Non-Exchange Transactions, continued

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 the grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, 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.

Unearned Revenue

Unearned revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the District prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

Certain grants received that have not met eligibility requirements are recorded as unearned revenue. On the governmental fund financial statements, receivables that will not be collected within the available period are also recorded as unearned revenue.

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.

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position

Cash and Cash Equivalents

The District's cash and cash equivalents consist of 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.

Investments

Investments with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in county and State investment pools are determined by the program sponsor.

Inventories

Inventories are recorded using the purchases method in that the cost is recorded as an expenditure at the time the individual inventory items are requisitioned. Inventories are valued at historical cost and consist of expendable supplies held for consumption.

Capital Assets

The accounting and reporting treatment applied to the capital assets associated with a fund is determined by its measurement focus. Capital assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their acquisition value as of the date received. The District maintains a capitalization threshold of \$5,000. The District does not own any infrastructure as defined in GASB Statement No. 34. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. All reported capital assets, except for land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Buildings	20-50 years
Improvements	5-50 years
Equipment	2-15 years

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Due from other funds/Due to other funds." These amounts are eliminated in the governmental activities columns of the statement of net position.

Compensated Absences

Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide financial statements. For governmental funds, the current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year-end that have not yet been paid with expendable available financial resource. These amounts are recorded in the fund from which the employees who have accumulated leave are paid.

Accumulated 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 because 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.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide and proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources related to OPEB and deferred inflows of resources related to OPEB, and OPEB expense have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms.

Generally accepted accounting principles require the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2023
Measurement Period	June 30, 2022 - June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Postemployment Benefits Other Than Pensions (OPEB) (continued)

Gains and losses related to changes in net OPEB liability are recognized in OPEB expense systematically over time. The first amortized amounts are recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The amortization period differs depending on the source of gain or loss. The difference between projected and actual earnings is amortized on a straight-line basis over five years. All other amounts are amortized on a straight-line basis over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) at the beginning of the measurement period.

Premiums and Discounts

In the government-wide and proprietary fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

Deferred Outflows/Deferred Inflows of Resources

In addition to assets, the District will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the District will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

Pensions

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

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance classification reflects amounts that are not in spendable form. Examples include inventory, lease receivables (net of related deferred inflows), prepaid items, the long-term portion of loans receivable, and nonfinancial assets held for resale. This classification also reflects amounts that are in spendable form but that are legally or contractually required to remain intact, such as the principal of a permanent endowment.

Restricted - The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the Governing Board. The constraints giving rise to committed fund balance must be imposed no later than the end of the reporting period. The actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements. In contrast to restricted fund balance, committed fund balance may be redirected by the government to other purposes as long as the original constraints are removed or modified in the same manner in which they were imposed, that is, by the same formal action of the Governing Board.

Assigned - The assigned fund balance classification reflects amounts that the government *intends* to be used for specific purposes. Assignments may be established either by the Governing Board or by a designee of the governing body and are subject to neither the restricted nor committed levels of constraint. In contrast to the constraints giving rise to committed fund balance, constraints giving rise to assigned fund balance are not required to be imposed, modified, or removed by formal action of the Governing Board. The action does not require the same level of formality and may be delegated to another body or official. Additionally, the assignment need not be made before the end of the reporting period, but rather may be made any time prior to the issuance of the financial statements.

Unassigned - In the General Fund only, the unassigned fund balance classification reflects the residual balance that has not been assigned to other funds and that is not restricted, committed, or assigned to specific purposes. However, deficits in any fund, including the General Fund that cannot be eliminated by reducing or eliminating amounts assigned to other purposes are reported as negative unassigned fund balance.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Interfund Activity

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

G. Estimates

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

H. Budgetary Data

The budgetary process is prescribed by provisions of the California Education Code and requires the governing board to hold a public hearing and adopt an operating budget no later than July 1 of each year. The District governing board satisfied these requirements. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for. For purposes of the budget, on-behalf payments have not been included as revenue and expenditures as required under generally accepted accounting principles.

I. Property Tax

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County Auditor-Controller bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. New Accounting Pronouncements

GASB Statement No. 91 – In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. This standard's primary objectives are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The statement was postponed by GASB Statement No. 95 and is effective for periods beginning after December 15, 2021. The District has fully implemented this Statement as of June 30, 2023.

GASB Statement No. 96 – In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for governments. This statement defines a SBITA; establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The statement is effective for periods beginning after June 15, 2022. The District has fully implemented this Statement as of June 30, 2023.

GASB Statement No. 99 – In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The statement addresses various practice issues, including: (a) clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives, (b) disclosures related to nonmonetary transactions; clarification of provisions in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, as amended, related to the focus of the government-wide financial statements, (c) terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and (d) terminology used in Statement 53 to refer to resource flows statements. A portion of this statement was effective upon issuance, while the remaining portions of this statement were effective for periods beginning after June 15, 2022 and for periods beginning after June 15, 2023. The District has implemented the requirements that were effective upon issuance but has not yet determined the impact on the financial statements for the requirements of this statement that are not yet effective.

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. New Accounting Pronouncements (continued)

GASB Statement No. 100 – In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections* – an amendment of GASB Statement No. 62. The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement is effective for periods beginning after June 15, 2023. The District has not yet determined the impact on the financial statements.

GASB Statement No. 101 – In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This statement is effective for periods beginning after December 15, 2023. The District has not yet determined the impact on the financial statements.

NOTE 2 – CASH AND INVESTMENTS

A. Summary of Cash and Investments

	Governmental Funds	Internal Service Fund	Governmental Activities
Investment in county treasury	\$ 317,044,745	\$ 517,215	\$ 317,561,960
Fair value adjustment	(12,839,559)	(24,996)	(12,864,555)
Cash on hand and in banks	775,219	-	775,219
Cash in revolving fund	50,000	-	50,000
Total	\$ 305,030,405	\$ 492,219	\$ 305,522,624

B. Policies and Practices

The District is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the state; U.S. Treasury instruments; registered state warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; collateralized mortgage obligations; and the County Investment Pool.

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 2 – CASH AND INVESTMENTS (continued)

B. Policies and Practices (continued)

Investment in County Treasury – The District maintains substantially all of its cash in the County Treasury in accordance with *Education Code Section 41001*. The Los Angeles County Treasurer’s pooled investments are managed by the County Treasurer who reports on a monthly basis to the board of supervisors. In addition, the function of the County Treasury Oversight Committee is to review and monitor the County’s investment policy. The committee membership includes the Treasurer and Tax Collector, the Auditor-Controller, Chief Administrative Officer, Superintendent of Schools Representative, and a public member. The fair value of the District’s investment in the pool is based upon the District’s pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

C. General Authorizations

Except for investments by trustees of debt proceeds, the authority to invest District funds deposited with the county treasury is delegated to the County Treasurer and Tax Collector. Additional information about the investment policy of the County Treasurer and Tax Collector may be obtained from its website. The table below identifies the investment types permitted by California Government Code.

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U. S. Treasury Obligations	5 years	None	None
U. S. Agency Securities	5 years	None	None
Banker’s Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 2 – CASH AND INVESTMENTS (continued)

D. 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. The District manages its exposure to interest rate risk by investing in the County Treasury. The District maintains a pooled investment with the County Treasury with a fair value of \$304,697,405. The average weighted maturity for this pool is 753 days.

E. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investments in the County Treasury are not required to be rated.

F. Custodial Credit Risk – Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, 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. The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2023, the District's bank balance of \$1,648,322 was exposed to custodial credit risk.

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 2 – CASH AND INVESTMENTS (continued)

G. Fair Value

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, either directly or indirectly.

Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonable available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

Uncategorized - Investments in the Los Angeles County Treasury Investment Pool are not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at \$1.00 net asset value per share.

The District's fair value measurements at June 30, 2023 were as follows:

	<u>Uncategorized</u>
Investment in county treasury	\$ 304,697,405
Total	<u>\$ 304,697,405</u>

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2023 consisted of the following:

	<u>General Fund</u>	<u>Building Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Internal Service Fund</u>	<u>Governmental Activities</u>
Federal Government					
Categorical aid	\$ 1,964,067	\$ -	\$ 75,464	\$ -	\$ 2,039,531
State Government					
Apportionment	164,590	-	-	-	164,590
Categorical aid	2,042,289	-	17,928	-	2,060,217
Lottery	194,129	-	-	-	194,129
Local Government					
Other local sources	978,246	2,085,637	429,124	2,592	3,495,599
Total	<u>\$ 5,343,321</u>	<u>\$ 2,085,637</u>	<u>\$ 522,516</u>	<u>\$ 2,592</u>	<u>\$ 7,954,066</u>

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023 was as follows:

	Balance July 01, 2022	Additions	Deletions	Balance June 30, 2023
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 2,933,062	\$ -	\$ -	\$ 2,933,062
Construction in progress	404,283,424	74,115,027	99,327	478,299,124
Total capital assets not being depreciated	407,216,486	74,115,027	99,327	481,232,186
Capital assets being depreciated				
Land improvements	8,850,821	-	-	8,850,821
Buildings & improvements	288,238,928	2,109,608	-	290,348,536
Furniture & equipment	8,191,175	67,088	-	8,258,263
Total capital assets being depreciated	305,280,924	2,176,696	-	307,457,620
Less: Accumulated depreciation				
Land improvements	7,804,165	367,724	-	8,171,889
Buildings & improvements	84,240,294	5,529,156	-	89,769,450
Furniture & equipment	7,455,744	112,674	-	7,568,418
Total accumulated depreciation	99,500,203	6,009,554	-	105,509,757
Total capital assets being depreciated, net	205,780,721	(3,832,858)	-	201,947,863
Governmental Activities				
Capital Assets, net	\$ 612,997,207	\$ 70,282,169	\$ 99,327	\$ 683,180,049

NOTE 5 – ACCRUED LIABILITIES

Accrued liabilities at June 30, 2023 consisted of the following:

	General Fund	Building Fund	Non-Major Governmental Funds	District-Wide	Governmental Activities
Payroll	\$ 3,878,188	\$ -	\$ 19,034	\$ -	\$ 3,897,222
Construction	-	5,743,809	-	-	5,743,809
Vendors payable	3,463,540	-	100,901	-	3,564,441
Unmatured interest	-	-	-	9,766,636	9,766,636
Due to grantor government	442,789	-	-	-	442,789
Total	\$ 7,784,517	\$ 5,743,809	\$ 119,935	\$ 9,766,636	\$ 23,414,897

NOTE 6 – UNEARNED REVENUE

Unearned revenue at June 30, 2023 consisted of the following:

	General Fund	Non-Major Governmental Funds	Governmental Activities
Federal sources	\$ 146,519	\$ 89,100	\$ 235,619
State categorical sources	157,869	-	157,869
Total	\$ 304,388	\$ 89,100	\$ 393,488

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 7 – LONG-TERM LIABILITIES

A schedule of changes in long-term liabilities for the year ended June 30, 2023 consisted of the following:

	Balance July 01, 2022	Additions	Deductions	Balance June 30, 2023	Balance Due In One Year
Governmental Activities					
General obligation bonds	\$ 664,390,284	\$ -	\$ 20,002,075	\$ 644,388,209	\$ 27,450,293
Unamortized premium	29,044,553	-	1,623,979	27,420,574	1,623,979
Accreted interest	102,083,317	9,915,606	9,779,462	102,219,461	2,436,692
Total general obligation bonds	795,518,154	9,915,606	31,405,516	774,028,244	31,510,964
Compensated absences	2,019,996	-	1,109,824	910,172	-
Net OPEB liability	15,907,202	-	5,737,248	10,169,954	-
Net pension liability	42,776,267	22,704,968	-	65,481,235	-
Total	\$ 856,221,619	\$ 32,620,574	\$ 38,252,588	\$ 850,589,605	\$ 31,510,964

- Payments for general obligation bonds are made in the Bond Interest and Redemption Fund.
- Payments for compensated absences are typically liquidated in the General Fund and the Non-Major Governmental Funds.

A. General Obligation Bonds

In July 2005, the District issued 2005 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.

On November 4, 2008 the voters of the District approved by more than 55% Measure E which authorizes \$334 million in general obligation bonds to provide safe and modernized school facilities, make necessary structural seismic safety repairs, upgrade, repair, and reconstruct aging classrooms, infrastructure, multiuse, gyms, libraries, science, technology & labs; roofing, plumbing, heating, ventilation and electrical systems; renovate Beverly Hills Unified School Districts schools to better protect student/staff from unauthorized entry, security risks and natural disasters. Bond funds are deposited into a special account held and monitored by the Los Angeles County Treasurer to ensure proper fund allocation and are subject to independent annual financial and performance audits open to public scrutiny. Also, a Citizen's Oversight Committee has been established to assure the appropriate expenditure of Measure E funds. The use of Measure E funds for teacher and administrator salaries or operating expenses unrelated to bond measure projects is strictly prohibited. As of June 30, 2023, \$289 million in General Obligation Bonds have been issued.

On June 5, 2018 the voters of the District approved by more than 55% Measure BH which authorizes \$385 million in general obligation bonds to improve aging Beverly Hills schools, upgrade/replace inefficient heating, cooling/electrical systems, classrooms, libraries/science labs, deteriorating restrooms/leaky roofs, and to provide modern classroom technology/science equipment. Bond funds will be deposited into a special account held and monitored by the Los Angeles County Treasurer to ensure proper fund allocation and are subject to independent annual financial and performance audits open to public scrutiny. Also, a Citizen's Oversight Committee has been established to assure the appropriate expenditure of Measure BH funds. The use of Measure BH funds for teacher and administrator salaries or operating expenses unrelated to bond measure projects is strictly prohibited. As of June 30, 2023, \$385 million in General Obligation Bonds have been issued.

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 7 – LONG-TERM LIABILITIES (continued)

A. General Obligation Bonds (continued)

The outstanding bonded debt at June 30, 2023 is:

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 01, 2022	Additions	Deductions	Bonds Outstanding June 30, 2023
2005 Refunding Series A	7/2005	6/2023	2.70% - 5.25%	\$ 47,354,973	\$ 1,924,485	\$ -	\$ 1,924,485	\$ -
2005 Refunding Series B	7/2005	8/2026	2.70% - 5.25%	36,384,991	8,294,671	-	1,667,040	6,627,631
Election 2008, Series 2009	1/2009	8/2033	2.50% - 8.10%	72,044,664	57,950,240	-	1,715,550	56,234,690
2012 Refunding Bonds	4/2012	8/2030	2.00% - 5.00%	42,230,000	3,895,000	-	3,020,000	875,000
Election 2008, Series 2015	9/2015	8/2032	2.00% - 5.00%	76,000,000	50,020,000	-	3,540,000	46,480,000
2016 Refunding Bonds	11/2016	8/2038	3.00% - 5.00%	55,738,598	49,603,598	-	-	49,603,598
Election 2008, Series 2017	2/2017	8/2040	2.00% - 5.00%	140,952,290	99,237,290	-	7,680,000	91,557,290
Election 2018, Series A	6/2019	8/2044	3.00% - 5.00%	160,000,000	136,405,000	-	-	136,405,000
2019 Refunding Bonds	9/2019	8/2030	1.78% - 2.39%	33,230,000	32,060,000	-	455,000	31,605,000
Election 2018, Series B	3/2022	8/2044	3.25% - 5.00%	115,000,000	115,000,000	-	-	115,000,000
Election 2018, Series B-1	3/2022	8/2044	3.25% - 5.00%	110,000,000	110,000,000	-	-	110,000,000
Total					\$ 664,390,284	\$ -	\$ 20,002,075	\$ 644,388,209

The annual requirements to amortize the general obligation bonds payable, outstanding as of June 30, 2023, are as follows:

Year Ended June 30,	Principal	Interest	Total
2024	\$ 27,450,293	\$ 23,439,927	\$ 50,890,220
2025	26,659,229	25,525,023	52,184,252
2026	23,630,779	26,016,683	49,647,462
2027	24,804,186	26,147,788	50,951,974
2028	22,110,255	25,818,689	47,928,944
2029 - 2033	113,196,980	145,589,481	258,786,461
2034 - 2038	166,144,915	153,271,737	319,416,652
2039 - 2043	173,211,572	51,141,588	224,353,160
2044 - 2045	67,180,000	3,414,480	70,594,480
Total	\$ 644,388,209	\$ 480,365,396	\$ 1,124,753,605

B. Compensated Absences

Total unpaid employee compensated absences as of June 30, 2023 amounted to \$910,172. This amount is included as part of long-term liabilities in the government-wide financial statements.

C. Other Postemployment Benefits

The District's beginning net OPEB liability was \$15,907,202 and decreased by \$5,737,248 during the year ended June 30, 2023. The ending net OPEB liability at June 30, 2023 was \$10,169,954. See Note 9 for additional information regarding the net OPEB liability.

D. Net Pension Liability

The District's beginning net pension liability was \$42,776,267 and increased by \$22,704,968 during the year ended June 30, 2023. The ending net pension liability at June 30, 2023 was \$65,481,235. See Note 10 for additional information regarding the net pension liability.

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 8 – FUND BALANCES

Fund balances were composed of the following elements at June 30, 2023:

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Non-spendable					
Revolving cash	\$ 50,000	\$ -	\$ -	\$ -	\$ 50,000
Stores inventory	-	-	-	27,151	27,151
Total non-spendable	50,000	-	-	27,151	77,151
Restricted					
Educational programs	4,713,587	-	-	-	4,713,587
Food service	-	-	-	1,099,702	1,099,702
Associated student body	-	-	-	741,056	741,056
Capital projects	-	186,971,745	-	18,438,641	205,410,386
Debt service	-	-	51,370,292	-	51,370,292
Total restricted	4,713,587	186,971,745	51,370,292	20,279,399	263,335,023
Committed					
Stabilization	13,194,276	-	-	-	13,194,276
Deferred maintenance	-	-	-	599,601	599,601
Total committed	13,194,276	-	-	599,601	13,793,877
Unassigned	21,761,230	-	-	-	21,761,230
Total Fund Balance	\$ 39,719,093	\$ 186,971,745	\$ 51,370,292	\$ 20,906,151	\$ 298,967,281

The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. The District's Minimum Fund Balance Policy requires a Reserve for Economic Uncertainties, consisting of unassigned amounts, equal to no less than 3% percent of General Fund expenditures and other financing uses.

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

The Beverly Hills Unified School District's (District) administers a single-employer defined benefit plan (Plan) that is used to provide postemployment benefits other than pensions (OPEB) for employee groups. The District prefunds for its retiree benefits through a Public Agency Retirement Services (PARS) Trust, a public agency agent multiple-employer trust administered by Phase II Systems, a California corporation, doing business as PARS. Additionally, the California State Teachers' Retirement System (CalSTRS) administers a cost-sharing multiple-employer OPEB plan, the Medicare Premium Payment (MPP) Program, as described below. The District reported its total OPEB liability and its' proportionate share of the total OPEB liabilities related to the MPP Program, OPEB expense, deferred outflow of resources, and deferred inflow of resources for each of the above plans as follows:

	Net OPEB liability	Deferred outflows related to OPEB	Deferred inflows related to OPEB	OPEB expense
District OPEB Plan	\$ 9,972,980	\$ 3,175,861	\$ 7,685,440	\$ 863,355
MPP Program	196,974	10,095	109,849	(56,794)
Total	\$ 10,169,954	\$ 3,185,956	\$ 7,795,289	\$ 806,561

1. District OPEB Plan

A. Plan Description

The Beverly Hills Unified School District's (District) administers a single-employer defined benefit plan (Plan) that is used to provide postemployment benefits other than pensions (OPEB) for employee groups. The District prefunds for its retiree benefits through a Public Agency Retirement Services (PARS) Trust, a public agency agent multiple-employer trust administered by Phase II Systems, a California corporation, doing business as PARS.

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 PEPPRA employees) and 5 years of service (CalPERS), or age 55 and 5 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 (\$149/month in 2022 and \$151/month in 2023, 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.

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

1. District OPEB Plan (continued)

A. Plan Description (continued)

The supplemental benefit includes the PEMHCA minimum, and varies slightly as follows: Certificated and unrepresented retirees are capped at \$11,250 for 2022 and \$11,750 for 2023. 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.

B. OPEB Plan Fiduciary Net Position

The District prefunds for its retiree benefits through a Public Agency Retirement Services (PARS) Trust, a public agency agent multiple-employer trust administered by Phase II Systems, a California corporation, doing business as PARS. In addition to the direct payment of current retiree benefits, the District may make a discretionary contribution determined by management of the District based on budget implications. Plan members are not required to contribute to the plan. Detailed information about the Plan's fiduciary net position is available in the separately-issued the Plan Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained by contacting the District.

C. Benefits 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.

D. Contributions

For fiscal year 2022-23, the District contributed \$1,510,697 to the Plan, \$631,642 of which was used for current premiums.

E. Plan Membership

Membership of the Plan consisted of the following:

	<u>Number of participants</u>
Inactive employees receiving benefits	156
Inactive employees entitled to but not receiving benefits*	-
Participating active employees	<u>429</u>
Total number of participants**	<u>585</u>

*Information not provided

**As of the June 30, 2023 valuation date

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

1. District OPEB Plan (continued)

F. Net OPEB Liability

The components of the net OPEB liability of the District at June 30, 2023, were as follows:

Total OPEB liability	\$ 15,755,674
Plan fiduciary net position	<u>(5,782,694)</u>
District's net OPEB liability	<u>\$ 9,972,980</u>
Plan fiduciary net position as a percentage of total OPEB liability	36.7%

G. Investments

Investment Strategy

The U.S. Bank Income Strategy is invested in various asset classes in percentages approved by PARS. Generally, equities are intended to help build the value of the Plans portfolio over the long term while bonds are intended to help provide income and stability of principal. Strategies invested in a higher percentage of equities seek higher investment returns (but assume more risk) compared with strategies invested in a higher percentage of bonds. The Trust utilized the First American Prime Obligation Fund Z Money Market Fund as a depository for plan contributions. Cash contributions into the Trust are received in the depository account and invested in the money market mutual funds. At least once a month, contributions, net of funds scheduled for immediate participant distributions, are transferred from the depository accounts to other investments selected by member agency plans. No participant distributions were made during the current fiscal year.

The U.S. Bank Index Strategy portfolio consist of the following asset classes and corresponding benchmarks:

Asset Class	Percentage of Portfolio	Assumed Gross Return
All Fixed Income	80%	4.250%
All Equities	15%	7.355%
Short-Term Government Fixed	5%	3.000%

Concentrations

The Plan holds investments explicitly in the US Bank Income Index Strategy which represents an amount greater than 5% of the Plan's fiduciary net position.

Rate of Return

For the year ended, June 30, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 6.58 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested.

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

1. District OPEB Plan (continued)

H. Actuarial Assumptions and Other Inputs

The net OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement.

Economic assumptions:

Inflation	2.50%
Salary increases	3.00%
Discount rate	5.90%
Healthcare cost trend rate	5.70%

Non-economic assumptions:

Mortality:

Certificated	2016 CalSTRS Mortality Table
Classified	2017 CalPERS Active Mortality for Miscellaneous Employees Table

The actuarial assumptions used in the June 30, 2023 valuation were based on a review of plan experience during the period July 1, 2021 to June 30, 2023.

The discount rate was based on the Bond Buyer 20 Bond Index.

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

1. District OPEB Plan (continued)

I. Changes in Net OPEB Liability

	<u>June 30, 2023</u>
Total OPEB Liability	
Service cost	\$ 1,167,885
Interest on total OPEB liability	1,103,949
Difference between expected and actual experience	(2,702,718)
Changes of assumptions	(3,158,971)
Benefits payments	<u>(631,642)</u>
Net change in total OPEB liability	(4,221,497)
Total OPEB liability - beginning	<u>19,977,171</u>
Total OPEB liability - ending (a)	<u>\$ 15,755,674</u>
 Plan fiduciary net position	
Contributions - employer	\$ 1,510,697
Net investment income	467,193
Benefit payments	<u>(631,642)</u>
Net change in plan fiduciary net position	1,346,248
Plan fiduciary net position - beginning	<u>4,436,446</u>
Plan fiduciary net position - ending (b)	<u>\$ 5,782,694</u>
 District's net OPEB liability - ending (a) - (b)	<u>\$ 9,972,980</u>
 Plan fiduciary net position as a percentage of the total OPEB liability	 36.70%
 Covered-employee payroll	 \$ 47,210,181
 District's net OPEB liability (asset) as a percentage of covered-employee payroll	 21.12%

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

The following presents the net OPEB liability of the Beverly Hills Unified School District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease	Valuation Discount Rate	1% Increase
	(4.90%)	(5.90%)	(6.90%)
Net OPEB liability	\$ 11,759,850	\$ 9,972,980	\$ 8,452,968

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

1. District OPEB Plan (continued)

K. Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the net OPEB liability of the Beverly Hills Unified School District, as well as what the District's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current healthcare cost trend rate:

	Valuation Trend		
	1% Decrease	Rate	1% Increase
	(4.70%)	(5.70%)	(6.70%)
Net OPEB liability	\$ 8,106,567	\$ 9,972,980	\$ 12,256,114

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

For the year ended June 30, 2023, the Beverly Hills Unified School District recognized OPEB expense of \$863,355. At June 30, 2023, the Beverly Hills Unified School District reported deferred outflows of resources related to OPEB and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual earnings on plan investments	\$ 273,225	\$ -
Differences between expected and actual experience	327,567	2,480,091
Changes in assumptions	1,216,387	5,205,349
District contributions subsequent to the measurement date	1,358,682	-
Total	\$ 3,175,861	\$ 7,685,440

The \$1,358,682 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2024	\$ 386,493	\$ 1,510,848
2025	377,145	1,510,848
2026	519,642	1,237,693
2027	209,319	663,964
2028	93,343	642,259
Thereafter	231,237	2,119,828
Total	\$ 1,817,179	\$ 7,685,440

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

2. MPP Program

A. Plan Description and Contribution Information

The California State Teachers' Retirement System (CalSTRS) administers a hybrid retirement system consisting of a defined benefit plan, two defined contribution plans, a postemployment benefit plan and a fund used to account for ancillary activities associated with various deferred compensation plans and programs. The postemployment benefit plan component is the Medicare Premium Payment (MPP) Program. The MPP Program is a cost-sharing multiple-employer other postemployment benefit plan (OPEB) established pursuant to Chapter 1032, Statutes 2000 (SB 1435). CalSTRS administers the MPP Program through the Teachers' Health Benefits Fund (THBF). The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the STRP DB Program who were retired or began receiving a disability allowance prior to July 1, 2012 and were not eligible for premium free Medicare Part A.

As of June 30, 2022, 4,770 retirees participated in the MPP Program. The number of retired members who will participate in the program in the future is unknown as eligibility cannot be predetermined. The MPP Program is funded on a pay-as-you-go basis from a portion of monthly employer contributions. In accordance with California Education Code section 25930, contributions 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.

The parameters for employer contribution rates are set by the California Legislature and the Governor and detailed in the Teachers' Retirement Law. Current contribution rates were established with the enactment of AB 1469 in 2014 (the CalSTRS Funding Plan).

B. Net OPEB Liability

The Beverly Hills Unified School District's net MPP Program OPEB liability of \$196,974 was measured as of June 30, 2022 by applying update procedures to an actuarial valuation as of June 30, 2021 and rolling forward the total OPEB liability to June 30, 2022. 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 MPP Program relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2022, the District's proportion was 0.092 percent.

C. Actuarial Assumptions and Other Inputs

The June 30, 2023 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2021, and rolling forward the total OPEB liability to June 30, 2022 using the assumptions listed in the following table:

Valuation Date	June 30, 2021
Experience Study	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal
Investment Rate of Return	3.54%
Medicare Part A Premium Costs Trend Rate ¹	4.50%
Medicare Part B Premium Costs Trend Rate ¹	5.40%

¹ Trend rates indicate medical inflation in the specific year and therefore affect the premiums for the following year. For example, the projected 2022-2023 premium is the 2021-2022 premium increased by the assumed 2021-2022 trend rate.

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

2. MPP Program (continued)

C. Actuarial Assumptions and Other Inputs (continued)

In addition, assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the member's age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program.

For the valuation as of June 30, 2021, CalSTRS changed the mortality assumptions based on the July 1, 2015, through June 30, 2018, experience study. CalSTRS now 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 the 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.

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

The following presents the net OPEB liability of the Beverly Hills Unified School District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease (2.54%)	Valuation Discount Rate (3.54%)	1% Increase (4.54%)
Net OPEB liability	\$ 214,740	\$ 196,974	\$ 181,592

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

2. MPP Program (continued)

E. Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the net OPEB liability of the Beverly Hills Unified School District, as well as what the District's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current healthcare cost trend rate:

	1% Decrease (3.50% Part A and 4.40% Part B)	Valuation Trend Rate (4.50% Part A and 5.40% Part B)	1% Increase (5.50% Part A and 6.40% Part B)
Net OPEB liability	\$ 180,731	\$ 196,974	\$ 215,387

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

For the fiscal year ended June 30, 2023, the Beverly Hills Unified School District recognized OPEB expense of \$(56,794). At June 30, 2023, the Beverly Hills Unified School District reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual earnings on plan investments	\$ -	\$ 104
Changes in proportion and differences between Program contributions and proportionate share of contributions	10,095	109,745
Total	\$ 10,095	\$ 109,849

Amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

<u>Year Ended June 30,</u>	Deferred Outflows of Resources	Deferred Inflows of Resources
2024	\$ 3,041	\$ 18,338
2025	3,041	18,324
2026	3,042	18,308
2027	487	18,299
2028	484	18,291
Thereafter	-	18,289
Total	\$ 10,095	\$ 109,849

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 10 – PENSION PLANS

Qualified employees are covered under multiple-employer contributory retirement plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS), and classified employees are members of the California Public Employees' Retirement System (CalPERS). The District reported its proportionate share of the net pension liabilities, pension expense, deferred outflow of resources, and deferred inflow of resources for each of the above plans as follows:

	Net pension liability	Deferred outflows related to pensions	Deferred inflows related to pensions	Pension expense
STRS Pension	\$ 41,549,770	\$ 14,917,770	\$ 5,107,849	\$ (961,015)
PERS Pension	23,931,465	8,370,469	1,407,685	3,301,529
Total	\$ 65,481,235	\$ 23,288,239	\$ 6,515,534	\$ 2,340,514

A. California State Teachers' Retirement System (CalSTRS)

Plan Description

The District contributes to the California State Teachers' Retirement System (CalSTRS); a cost-sharing multiple employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement and disability benefits and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 7919 Folsom Blvd., Sacramento, CA 95826.

Benefits Provided

The CalSTRS defined benefit plan has two benefit formulas:

1. CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform service that could be creditable to CalSTRS. CalSTRS 2% at 60 members are eligible for normal retirement at age 60, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. Early retirement options are available at age 55 with five years of credited service or as early as age 50 with 30 years of credited service. The age factor for retirements after age 60 increases with each quarter year of age to 2.4 percent at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of up to 0.2 percent to the age factor, known as the career factor. The maximum benefit with the career factor is 2.4 percent of final compensation.
2. CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS. CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4 percent at age 65 or older.

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 10 – PENSION PLANS (continued)

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

Contributions

Active plan CalSTRS 2% at 60 and 2% at 62 members are required to contribute 10.25% and 10.205% of their salary for fiscal year 2023, respectively, and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2023 was 19.10% of annual payroll. The contribution requirements of the plan members are established by state statute. Contributions to the plan from the District were \$6,962,261 for the year ended June 30, 2023.

On-Behalf Payments

The District was the recipient of on-behalf payments made by the State of California to CalSTRS for K-12 education. These payments consist of state general fund contributions of approximately \$3,338,030 to CalSTRS.

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

At June 30, 2023, 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	\$ 41,549,770
State's proportionate share of the net pension liability associated with the District	20,808,247
Total	<u>\$ 62,358,017</u>

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2021 and rolling forward the total pension liability to June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2022, the District's proportion was 0.060 percent, which was a decrease of 0.001 percent from its proportion measured as of June 30, 2021.

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 10 – PENSION PLANS (continued)

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

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

For the year ended June 30, 2023, the District recognized pension expense of \$(961,015). In addition, the District recognized pension expense and revenue of \$(1,556,291) for support provided by the State. At June 30, 2023, 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>
Differences between projected and actual earnings on plan investments	\$ -	\$ 2,031,266
Differences between expected and actual experience	34,084	3,076,583
Changes in assumptions	2,060,566	-
Changes in proportion and differences between District contributions and proportionate share of contributions	5,860,859	-
District contributions subsequent to the measurement date	6,962,261	-
Total	<u>\$ 14,917,770</u>	<u>\$ 5,107,849</u>

The \$6,962,261 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2024	\$ 3,436,533	\$ 2,322,292
2025	971,635	2,208,070
2026	850,289	3,037,356
2027	1,212,431	(3,034,508)
2028	900,685	431,726
2029	583,936	142,913
Total	<u>\$ 7,955,509</u>	<u>\$ 5,107,849</u>

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 10 – PENSION PLANS (continued)

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

Actuarial Assumptions

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2021, and rolling forward the total pension liability to June 30, 2022 using the following actuarial assumptions, applied to all periods included in the measurement:

Consumer Price Inflation	2.75%
Investment Rate of Return*	7.10%
Wage Inflation	3.50%

* Net of investment expenses, but gross of administrative expenses.

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on MP-2016 series tables adjusted to fit CalSTRS experience.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2018.

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 an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of expected 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class as of June 30, 2022, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return*
Public Equity	42%	4.80%
Real Estate	15%	3.60%
Private Equity	13%	6.30%
Fixed Income	12%	1.30%
Risk Mitigating Strategies	10%	1.80%
Inflation Sensitive	6%	3.30%
Cash/Liquidity	2%	-0.40%
	<u>100%</u>	

*20-year geometric average

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 10 – PENSION PLANS (continued)

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

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 Plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.10 percent, 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 (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
District's proportionate share of the net pension liability	\$ 70,566,920	\$ 41,549,770	\$ 17,456,811

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalSTRS financial report.

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 10 – PENSION PLANS (continued)

B. California Public Employees' Retirement System (CalPERS)

Plan Description

The District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS); a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Laws. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95811.

Benefits Provided

The benefits for the defined benefit plan are based on members' years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Members become fully vested in their retirement benefits earned to date after five years of credited service.

Contributions

Active plan members who entered into the plan prior to January 1, 2013, are required to contribute 7.0% of their salary. The California Public Employees' Pension Reform Act (PEPRA) specifies that new members entering into the plan on or after January 1, 2013, shall pay the higher of fifty percent of normal costs or 7.0% of their salary. Additionally, for new members entering the plan on or after January 1, 2013, the employer is prohibited from paying any of the employee contribution to CalPERS unless the employer payment of the member's contribution is specified in an employment agreement or collective bargaining agreement that expires after January 1, 2013.

The District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2023 was 25.37% of annual payroll. Contributions to the plan from the District were \$3,046,657 for the year ended June 30, 2023.

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

At June 30, 2023, the District reported a liability of \$23,931,465 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2021 and rolling forward the total pension liability to June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2022, the District's proportion was 0.070 percent, which was a decrease of 0.004 percent from its proportion measured as of June 30, 2021.

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 10 – PENSION PLANS (continued)

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

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

For the year ended June 30, 2023, the District recognized pension expense of \$3,301,529. At June 30, 2023, 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>
Differences between projected and actual earnings on plan investments	\$ 2,825,655	\$ -
Differences between expected and actual experience	108,156	595,445
Changes in assumptions	1,770,314	-
Changes in proportion and differences between District contributions and proportionate share of contributions	619,687	812,240
District contributions subsequent to the measurement date	3,046,657	-
Total	<u>\$ 8,370,469</u>	<u>\$ 1,407,685</u>

The \$3,046,657 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2024	\$ 1,735,087	\$ 493,259
2025	1,102,839	486,541
2026	762,901	427,885
2027	1,722,985	-
Total	<u>\$ 5,323,812</u>	<u>\$ 1,407,685</u>

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 10 – PENSION PLANS (continued)

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

Actuarial Assumptions

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2021, and rolling forward the total pension liability to June 30, 2022 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Discount Rate	6.90%
Salary Increases	Varies by Entry Age and Service

CalPERS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are derived using CalPERS' membership data for all funds. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 80% of scale MP 2020.

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from 2000 through 2019.

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. In determining the long-term expected rate of return, both short-term and long-term market return expectations as well as the expected pension fund cash flows were taken into account. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 10 – PENSION PLANS (continued)

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

Actuarial Assumptions (continued)

The table below reflects 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 geometric rates of return are net of administrative expenses.

Asset Class	Assumed Asset Allocation	Real Return Years 1 – 10*
Global Equity – cap-weighted	30.0%	4.45%
Global Equity – non-cap-weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed securities	5.0%	0.50%
Investment grade corporates	10.0%	1.56%
High yield	5.0%	2.27%
Emerging market debt	5.0%	2.48%
Private debt	5.0%	3.57%
Real assets	15.0%	3.21%
Leverage	(5.0)%	(0.59)%
	<u>100.0%</u>	

*An expected inflation of 2.30% used for this period. Figures are based on the 2021-22 CalPERS Asset Liability Management Study

Discount Rate

The discount rate used to measure the total pension liability was 6.90 percent. A projection of the expected benefit payments and contributions was performed to determine if assets would run out. The test revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Schools Pool. The results of the crossover testing for the Schools Pool are presented in a detailed report that can be obtained at CalPERS’ website.

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

The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 6.90 percent, 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 (5.90 percent) or 1-percentage-point higher (7.90 percent) than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
District’s proportionate share of the net pension liability	\$ 34,570,213	\$ 23,931,465	\$ 15,138,931

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalPERS financial report.

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 11 – COMMITMENTS AND CONTINGENCIES

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2023.

B. Litigation

The District is 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, 2023.

C. Construction Commitments

As of June 30, 2023, the District had commitments with respect to unfinished capital projects of \$163,155,419.

D. Construction 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 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 12 – PARTICIPATION IN JOINT POWERS AUTHORITIES

The District participates in three joint ventures under joint powers authorities (JPAs), the Southern California Relief (SCR), Schools Linked for Insurance Management (SLIM), and Protected Insurance Schools and Community College Districts (PIPS). The relationships between the District and the JPAs are such that the JPAs are not component units of the District for financial reporting purposes.

The JPAs 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 JPAs and the District are included in these statements. The audited financial statements are generally available from the respective entities.

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 13 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

A. Refunded Debt

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 recognized deferred outflows or inflows of resources in the District-wide financial statements. The deferred outflow of resources pertains to the difference in the carrying value of the refunded debt and its reacquisition price (deferred amount on refunding). Previous financial reporting standards require this to be presented as part of the District's long-term debt. This deferred outflow of resources is recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the new debt, whichever is shorter. At June 30, 2023, the deferred amount on refunding was \$6,660,469.

B. Pension Plans

Pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the District recognized deferred outflows of resources related to pensions and deferred inflows of resources related to pensions in the District-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 10. At June 30, 2023, total deferred outflows related to pensions was \$23,288,239 and total deferred inflows related to pensions was \$6,515,534.

C. Other Postemployment Benefits

Pursuant to GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the District recognized deferred outflows of resources related to other postemployment benefits and deferred inflows of resources related to other postemployment benefits in the District-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 9. At June 30, 2023, total deferred outflows related to other postemployment benefits was \$3,185,956 and total deferred inflows related to other postemployment benefits was \$7,795,289.

REQUIRED SUPPLEMENTARY INFORMATION

**BEVERLY HILLS UNIFIED SCHOOL DISTRICT
GENERAL FUND – BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual*	Variances -
	Original	Final	(Budgetary Basis)	Final to Actual
REVENUES				
LCFF sources	\$ 65,905,112	\$ 67,112,351	\$ 67,793,459	\$ 681,108
Federal sources	3,975,023	4,497,941	3,873,245	(624,696)
Other state sources	4,914,439	8,783,274	8,343,589	(439,685)
Other local sources	15,003,711	15,044,408	17,890,819	2,846,411
Total Revenues	89,798,285	95,437,974	97,901,112	2,463,138
EXPENDITURES				
Certificated salaries	38,293,196	37,855,098	37,114,765	740,333
Classified salaries	12,672,301	12,874,324	13,099,365	(225,041)
Employee benefits	21,705,987	21,711,300	22,449,636	(738,336)
Books and supplies	3,067,481	4,349,328	2,996,977	1,352,351
Services and other operating expenditures	15,823,271	17,635,219	13,966,056	3,669,163
Capital outlay	233,494	269,785	143,180	126,605
Other outgo				
Excluding transfers of indirect costs	107,000	107,000	11,772	95,228
Transfers of indirect costs	(185,873)	(185,873)	(69,935)	(115,938)
Total Expenditures	91,716,857	94,616,181	89,711,816	4,904,365
Excess (Deficiency) of Revenues				
Over Expenditures	(1,918,572)	821,793	8,189,296	7,367,503
Other Financing Sources (Uses)				
Transfers out	(1,272,824)	(1,272,824)	(4,022,824)	(2,750,000)
Net Financing Sources (Uses)	(1,272,824)	(1,272,824)	(4,022,824)	(2,750,000)
NET CHANGE IN FUND BALANCE	(3,191,396)	(451,031)	4,166,472	4,617,503
Fund Balance - Beginning	21,482,929	21,482,929	21,482,929	-
Fund Balance - Ending	\$ 18,291,533	\$ 21,031,898	\$ 25,649,401	\$ 4,617,503

* Actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Special Reserve Fund for Other Than Capital Outlay Projects in accordance with the fund type definitions promulgated by GASB Statement No. 54. In addition, audit adjustments are not reflected in the schedule above.

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS – DISTRICT OPEB PLAN
FOR THE YEAR ENDED JUNE 30, 2023

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Total OPEB Liability						
Service cost	\$ 1,167,885	\$ 1,091,196	\$ 559,380	\$ 543,087	\$ 1,510,791	\$ 1,466,787
Interest on total OPEB liability	1,103,949	1,032,384	835,834	852,961	730,403	665,576
Difference between expected and actual experience	(2,702,718)	-	468,354	(140,101)	-	-
Changes of assumptions	(3,158,971)	463,213	(139,687)	1,767,602	(6,387,061)	(169,638)
Benefits payments	<u>(631,642)</u>	<u>(578,088)</u>	<u>(507,762)</u>	<u>(510,256)</u>	<u>(562,346)</u>	<u>(489,280)</u>
Net change in total OPEB liability	(4,221,497)	2,008,705	1,216,119	2,513,293	(4,708,213)	1,473,445
Total OPEB liability - beginning	19,977,171	17,968,466	16,752,347	14,239,054	18,947,267	17,473,822
Total OPEB liability - ending (a)	<u>\$ 15,755,674</u>	<u>\$ 19,977,171</u>	<u>\$ 17,968,466</u>	<u>\$ 16,752,347</u>	<u>\$ 14,239,054</u>	<u>\$ 18,947,267</u>
Plan fiduciary net position						
Contributions - employer	\$ 1,510,697	\$ 1,439,000	\$ 1,333,771	\$ 1,285,126	\$ 1,316,747	\$ 489,280
Net investment income	467,193	(898,954)	868,920	67,492	108,439	86,878
Benefit payments	(631,642)	(578,088)	(507,762)	(510,256)	(562,346)	(489,280)
Administrative expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>(13,292)</u>	<u>(3,676)</u>	<u>(2,679)</u>
Net change in plan fiduciary net position	1,346,248	(38,042)	1,694,929	829,070	859,164	84,199
Plan fiduciary net position - beginning	4,436,446	4,474,488	2,779,559	1,950,489	1,091,325	1,007,126
Plan fiduciary net position - ending (b)	<u>\$ 5,782,694</u>	<u>\$ 4,436,446</u>	<u>\$ 4,474,488</u>	<u>\$ 2,779,559</u>	<u>\$ 1,950,489</u>	<u>\$ 1,091,325</u>
District's net OPEB liability - ending (a) - (b)	<u>\$ 9,972,980</u>	<u>\$ 15,540,725</u>	<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	36.70%	22.21%	24.90%	16.59%	13.70%	5.76%
Covered-employee payroll	\$ 47,210,181	\$ 44,104,632	\$ 45,214,111	\$ 40,012,175	\$ 38,846,772	\$ 39,651,934
District's net OPEB liability (asset) as a percentage of covered-employee payroll	21.12%	35.24%	29.84%	34.92%	31.63%	45.03%

See accompanying notes to required supplementary information.

**BEVERLY HILLS UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS – MPP PROGRAM
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
District's proportion of the collective net MPP Program OPEB liability	0.092%	0.092%	0.883%	0.088%	0.890%	0.886%
District's proportionate share of the collective net MPP Program OPEB liability	\$ 196,974	\$ 366,477	\$ 374,236	\$ 328,223	\$ 340,810	\$ 372,570
District's covered-employee payroll	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*
District's proportionate share of the collective net MPP Program OPEB liability as a percentage of its covered-employee payroll	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*
MPP Program fiduciary net position as a percentage of the net OPEB liability	(0.940%)	(0.800%)	(0.710%)	(0.810%)	0.400%	0.010%

* Not applicable - The MPP Program is closed to new entrants. Members who retire on or after July 1, 2012, are not eligible for coverage under the MPP Program.

**BEVERLY HILLS UNIFIED SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS FOR OPEB
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Actuarially determined contribution	\$ 1,837,324	\$ 1,765,728	\$ 507,762	\$ 471,232	\$ 465,250	\$ 489,280
Contributions in relation to the actuarially determined contribution	1,510,697	1,439,000	1,333,771	1,285,126	1,316,747	489,280
Contribution deficiency (excess)	<u>\$ 326,627</u>	<u>\$ 326,728</u>	<u>\$ (826,009)</u>	<u>\$ (813,894)</u>	<u>\$ (851,497)</u>	<u>\$ -</u>
Covered-employee payroll	\$ 47,210,181	\$ 44,104,632	\$ 45,214,111	\$ 40,012,175	\$ 38,846,772	\$ 39,651,934
Contributions as a percentage of covered payroll	3.20%	3.26%	2.95%	3.21%	3.39%	1.23%

See accompanying notes to required supplementary information.

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALSTRS
FOR THE YEAR ENDED JUNE 30, 2023

	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
District's proportion of the net pension liability	0.060%	0.061%	0.058%	0.057%	0.057%	0.056%	0.058%	0.055%	0.063%
District's proportionate share of the net pension liability	\$ 41,549,770	\$ 27,816,571	\$ 56,469,678	\$ 51,504,579	\$ 52,038,867	\$ 51,457,049	\$ 46,953,160	\$ 36,819,496	\$ 36,815,310
State's proportionate share of the net pension liability associated with the District	20,808,247	13,996,511	38,801,938	49,026,561	29,620,576	32,332,321	28,673,140	19,472,294	N/A
Total	<u>\$ 62,358,017</u>	<u>\$ 41,813,082</u>	<u>\$ 95,271,616</u>	<u>\$ 100,531,140</u>	<u>\$ 81,659,443</u>	<u>\$ 83,789,370</u>	<u>\$ 75,626,300</u>	<u>\$ 56,291,790</u>	<u>\$ 36,815,310</u>
District's covered payroll	\$ 34,711,602	\$ 34,146,120	\$ 32,431,895	\$ 31,807,279	\$ 30,628,600	\$ 29,651,653	\$ 29,302,768	\$ 27,173,187	\$ 26,603,685
District's proportionate share of the net pension liability as a percentage of its covered payroll	119.7%	81.5%	174.1%	161.9%	169.9%	173.5%	160.2%	135.5%	138.4%
Plan fiduciary net position as a percentage of the total pension liability	81.2%	87.2%	71.8%	72.6%	71.0%	69.5%	70.0%	74.0%	76.5%

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALPERS
FOR THE YEAR ENDED JUNE 30, 2023

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
District's proportion of the net pension liability	0.070%	0.074%	0.072%	0.065%	0.067%	0.063%	0.063%	0.065%	0.061%
District's proportionate share of the net pension liability	\$ 23,931,465	\$ 14,959,696	\$ 22,242,468	\$ 18,817,826	\$ 17,818,794	\$ 15,117,377	\$ 12,399,158	\$ 9,564,851	\$ 6,947,690
District's covered payroll	\$ 12,236,169	\$ 10,473,789	\$ 10,477,330	\$ 8,954,490	\$ 8,832,606	\$ 8,100,324	\$ 7,578,948	\$ 7,154,634	\$ 6,419,830
District's proportionate share of the net pension liability as a percentage of its covered payroll	195.6%	142.8%	212.3%	210.1%	201.7%	186.6%	163.6%	133.7%	108.2%
Plan fiduciary net position as a percentage of the total pension liability	69.8%	81.0%	70.0%	70.0%	70.8%	71.9%	73.9%	79.4%	83.4%

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

**BEVERLY HILLS UNIFIED SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALSTRS
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 6,962,261	\$ 5,906,093	\$ 5,514,598	\$ 5,545,854	\$ 5,178,225	\$ 4,419,707	\$ 3,730,178	\$ 3,144,187	\$ 2,412,979
Contributions in relation to the contractually required contribution*	(6,962,261)	(5,906,093)	(5,514,598)	(5,545,854)	(5,178,225)	(4,419,707)	(3,730,178)	(3,144,187)	(2,412,979)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 36,425,587	\$ 34,711,602	\$ 34,146,120	\$ 32,431,895	\$ 31,807,279	\$ 30,628,600	\$ 29,651,653	\$ 29,302,768	\$ 27,173,187
Contributions as a percentage of covered payroll	19.11%	17.01%	16.15%	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%

*Amounts do not include on-behalf contributions

**BEVERLY HILLS UNIFIED SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALPERS
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 3,046,657	\$ 2,467,096	\$ 2,168,074	\$ 2,060,318	\$ 1,617,360	\$ 1,371,792	\$ 1,124,973	\$ 2,168,074	\$ 842,172
Contributions in relation to the contractually required contribution*	(3,046,657)	(2,467,096)	(2,168,074)	(2,060,318)	(1,617,360)	(1,371,792)	(1,124,973)	(2,168,074)	(842,172)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 13,642,822	\$ 12,236,169	\$ 10,473,789	\$ 10,447,330	\$ 8,954,490	\$ 8,832,606	\$ 8,100,324	\$ 7,578,948	\$ 7,154,634
Contributions as a percentage of covered payroll	22.33%	20.16%	20.70%	19.72%	18.06%	15.53%	13.89%	28.61%	11.77%

*Amounts do not include on-behalf contributions

**BEVERLY HILLS UNIFIED SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 1 – PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

This schedule is required by GASB Statement No. 34 as required supplementary information (RSI) for the General Fund and for each major special revenue fund that has a legally adopted annual budget. The budgetary comparison schedule presents both (a) the original and (b) the final appropriated budgets for the reporting period as well as (c) actual inflows, outflows, and balances, stated on the District's budgetary basis. A separate column to report the variance between the final budget and actual amounts is also presented, although not required.

Schedule of Changes in Net OPEB Liability and Related Ratios

This 10-year schedule is required by GASB Statement No. 75 for all sole and agent employers that provide other postemployment benefits (OPEB). Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 75 was applicable. The schedule presents the sources of change in the net OPEB liability, and the components of the net OPEB liability and related ratios, including the OPEB plan's fiduciary net position as a percentage of the total OPEB liability, and the net OPEB liability as a percentage of covered-employee payroll.

Changes in Benefit Terms

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

Changes in Assumptions

The discount rate changed from 4.90% to 5.90% since the previous valuation for the District OPEB Plan. The discount rate changed from 2.16% to 3.54% since the previous valuation for the MPP Program.

Schedule of the District Contributions for OPEB

This 10-year schedule presents information on the District's actuarially determined contribution, contributions in relation to the actuarially determined contribution, and any excess or deficiency related to the actuarially determined contribution.

Schedule of the District's Proportionate Share of the Net Pension Liability

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 68 was applicable. The schedule presents the District's proportion (percentage) of the collective net pension liability, the District's proportionate share (amount) of the collective net pension liability, the District's covered payroll, the District's proportionate share (amount) of the collective net pension liability as a percentage of the employer's covered payroll, and the pension plan's fiduciary net position as a percentage of the total pension liability.

Changes in Benefit Terms

There were no changes in benefit terms since the previous valuations for CalSTRS and CalPERS.

Changes in Assumptions

There were no changes in economic assumptions since the previous valuations for CalSTRS. The discount rate changed from 7.15% to 6.90% and the inflation rate changed from 2.50% to 2.30% since the previous measurement for CalPERS.

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION, continued
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 – PURPOSE OF SCHEDULES (continued)

Schedule of District Contributions

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 68 was applicable. The schedule presents the District's statutorily or contractually required employer contribution, the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the difference between the statutorily or contractually required employer contribution and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the District's covered payroll, and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution as a percentage of the District's covered payroll.

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2023, the District incurred an excess of expenditures over appropriations in individual major funds presented in the Budgetary Comparison Schedule by major object code as follows:

	Expenditures and Other Uses		
	Budget	Actual	Excess
General Fund			
Classified salaries	\$ 12,874,324	\$ 13,099,365	\$ 225,041
Employee benefits	\$ 21,711,300	\$ 22,449,636	\$ 738,336
Other outgo			
Transfers of indirect costs	\$ (185,873)	\$ (69,935)	\$ 115,938

SUPPLEMENTARY INFORMATION

**BEVERLY HILLS UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass-Through Grantor/Program or Cluster	AL Number	Pass-Through Entity Identifying Number	Federal Expenditures
U. S. DEPARTMENT OF EDUCATION:			
<i>Passed through California Department of Education:</i>			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	\$ 927,860
Title II, Part A, Supporting Effective Instruction Local Grants	84.367	14341	137,760
Title III, English Learner Student Program	84.365	14346	58,900
Department of Rehabilitation: Workability II, Transitions Partnership Program	84.126	10006	19,308
Special Education Cluster			
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	783,779
ARP IDEA Part B, Sec 619, Preschool Grants	84.173	15639	14,757
IDEA Preschool Grants, Part B, Section 619 (Age 3-4-5)	84.173	13430	23,391
Subtotal Special Education Cluster			<u>821,927</u>
Strengthening Career and Technical Education for the 21st Century (Perkins V)	84.048	14894	34,704
COVID-19 Emergency Acts Funding/Education Stabilization Fund Discretionary Grants:			
Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425	15547	489,476
Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425	15559	49,027
Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U	10155	731,668
Expanded Learning Opportunities (ELO) Grant ESSER II State Reserve	84.425	15618	341,591
Expanded Learning Opportunities (ELO) Grant GEER II	84.425	15619	78,398
Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Emergency Needs	84.425	15620	182,626
Subtotal Education Stabilization Fund Discretionary Grants			<u>1,872,786</u>
Total U. S. Department of Education			<u><u>3,873,245</u></u>
U. S. DEPARTMENT OF AGRICULTURE:			
<i>Passed through California Department of Education:</i>			
Child Nutrition Cluster			
School Breakfast Program - Basic	10.553	13525	103,122
School Breakfast Program - Needy	10.553	13526	40,655
National School Lunch Program	10.555	13391	391,375
USDA Commodities	10.555	*	114,979
Supply Chain Assistance (SCA) Funds	10.555	15655	77,100
Subtotal Child Nutrition Cluster			<u>727,231</u>
Total U. S. Department of Agriculture			<u>727,231</u>
Total Federal Expenditures			<u><u>\$ 4,600,476</u></u>

* - Pass-Through Entity Identifying Number not available or not applicable

**BEVERLY HILLS UNIFIED SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)
FOR THE YEAR ENDED JUNE 30, 2023**

	Second Period Report	Annual Report
SCHOOL DISTRICT		
TK/K through Third		
Regular ADA	689.33	692.75
Extended Year Special Education	0.14	0.14
Special Education - Nonpublic Schools	1.70	1.13
Extended Year Special Education - Nonpublic Schools	0.11	0.11
Total TK/K through Third	691.28	694.13
Fourth through Sixth		
Regular ADA	588.84	589.89
Extended Year Special Education	0.05	0.05
Special Education - Nonpublic Schools	0.77	0.80
Total Fourth through Sixth	589.66	590.74
Seventh through Eighth		
Regular ADA	507.28	508.44
Special Education - Nonpublic Schools	0.25	0.18
Total Seventh through Eighth	507.53	508.62
Ninth through Twelfth		
Regular ADA	1,147.59	1,146.80
Special Education - Nonpublic Schools	4.65	4.84
Extended Year Special Education - Nonpublic Schools	0.22	0.22
Total Ninth through Twelfth	1,152.46	1,151.86
TOTAL SCHOOL DISTRICT	2,940.93	2,945.35

**BEVERLY HILLS UNIFIED SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2023**

Grade Level	Minutes Requirement	2022-23 Actual Minutes	Number of Days	Status
Kindergarten	36,000	37,240	180	Complied
Grade 1	50,400	51,045	180	Complied
Grade 2	50,400	51,045	180	Complied
Grade 3	50,400	51,045	180	Complied
Grade 4	54,000	54,150	180	Complied
Grade 5	54,000	54,150	180	Complied
Grade 6	54,000	60,614	180	Complied
Grade 7	54,000	60,614	180	Complied
Grade 8	54,000	60,614	180	Complied
Grade 9	64,800	64,800	180	Complied
Grade 10	64,800	64,800	180	Complied
Grade 11	64,800	64,800	180	Complied
Grade 12	64,800	64,800	180	Complied

See accompanying notes to supplementary information.

**BEVERLY HILLS UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

	2024 (Budget)	2023	2022	2021
General Fund - Budgetary Basis**				
Revenues And Other Financing Sources	\$ 92,442,764	\$ 97,901,112	\$ 92,017,439	\$ 86,319,088
Expenditures And Other Financing Uses	96,559,788	93,734,640	86,613,152	79,846,050
Net change in Fund Balance	\$ (4,117,024)	\$ 4,166,472	\$ 5,404,287	\$ 6,473,038
Ending Fund Balance	\$ 21,532,377	\$ 25,649,401	\$ 23,074,294	\$ 28,557,551
Available Reserves*	\$ 18,882,655	\$ 21,761,230	\$ 17,974,120	\$ 15,855,163
Available Reserves As A Percentage Of Outgo	19.56%	23.22%	20.75%	19.86%
Long-term Liabilities	\$ 819,078,641	\$ 850,589,605	\$ 856,221,619	\$ 682,572,633
Average Daily Attendance At P-2***	2,898	2,941	2,960	3,398

The General Fund ending fund balance has decreased by \$2,908,150 over the past two years. The fiscal year 2023-24 budget projects a further decrease of \$4,117,024. For a District this size, the State recommends available reserves of at least 3% of General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in each of the past three years but anticipates incurring an operating deficit during the 2023-24 fiscal year. Total long-term obligations have increased by \$168,016,972 over the past two years.

Average daily attendance has decreased by 457 ADA over the past two years. A further decrease of 43 ADA is anticipated during the 2023-24 fiscal year.

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

** The actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Special Reserve Fund for Other Than Capital Outlay Projects, in accordance with the fund type definitions promulgated by GASB Statement No. 54. In addition, audit adjustments are not reflected in the schedule above.

***Due to the COVID-19 pandemic, Average Daily Attendance at P-2 was not reported in 2021. Funding was based on Average Daily Attendance at P-2 as reported in 2020.

**BEVERLY HILLS UNIFIED SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL
STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

	General Fund	Special Reserve Fund for Other Than Capital Outlay Projects
June 30, 2023, annual financial and budget report fund balance	\$ 25,649,401	\$ 13,194,276
Adjustments and reclassifications:		
Increase (decrease) in total fund balances:		
Accounts receivable	875,416	-
Fund balance transfer (GASB 54)	13,194,276	(13,194,276)
Net adjustments and reclassifications	14,069,692	(13,194,276)
June 30, 2023, audited financial statement fund balance	<u>\$ 39,719,093</u>	<u>\$ -</u>

**BEVERLY HILLS UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2023**

The District does not sponsor any charter schools.

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
COMBINING BALANCE SHEET
JUNE 30, 2023

	Student Activity Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	County School Facilities Fund	Non-Major Governmental Funds
ASSETS						
Cash and investments	\$ 775,219	\$ 1,170,545	\$ 593,318	\$ 2,558,279	\$ 15,468,158	\$ 20,565,519
Accounts receivable	101	98,413	6,283	262,894	154,825	522,516
Stores inventory	-	27,151	-	-	-	27,151
Total Assets	\$ 775,320	\$ 1,296,109	\$ 599,601	\$ 2,821,173	\$ 15,622,983	\$ 21,115,186
LIABILITIES						
Accrued liabilities	\$ 34,264	\$ 80,156	\$ -	\$ 5,515	\$ -	\$ 119,935
Unearned revenue	-	89,100	-	-	-	89,100
Total Liabilities	34,264	169,256	-	5,515	-	209,035
FUND BALANCES						
Non-spendable	-	27,151	-	-	-	27,151
Restricted	741,056	1,099,702	-	2,815,658	15,622,983	20,279,399
Committed	-	-	599,601	-	-	599,601
Total Fund Balances	741,056	1,126,853	599,601	2,815,658	15,622,983	20,906,151
Total Liabilities and Fund Balances	\$ 775,320	\$ 1,296,109	\$ 599,601	\$ 2,821,173	\$ 15,622,983	\$ 21,115,186

See accompanying notes to supplementary information.

BEVERLY HILLS UNIFIED SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2023

	Student Activity Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	County School Facilities Fund	Non-Major Governmental Funds
REVENUES						
LCFF sources	\$ -	\$ -	\$ 1,272,824	\$ -	\$ -	\$ 1,272,824
Federal sources	-	727,231	-	-	-	727,231
Other state sources	-	1,595,782	-	-	16,229,280	17,825,062
Other local sources	673,382	110,277	45,067	900,651	(623,763)	1,105,614
Total Revenues	<u>673,382</u>	<u>2,433,290</u>	<u>1,317,891</u>	<u>900,651</u>	<u>15,605,517</u>	<u>20,930,731</u>
EXPENDITURES						
Current						
Pupil services						
Food services	-	2,149,899	-	-	-	2,149,899
General administration						
All other general administration	-	69,935	-	-	-	69,935
Plant services	-	-	-	78,772	-	78,772
Facilities acquisition and construction	-	-	1,874,810	32,577	-	1,907,387
Ancillary services	376,496	-	-	-	-	376,496
Total Expenditures	<u>376,496</u>	<u>2,219,834</u>	<u>1,874,810</u>	<u>111,349</u>	<u>-</u>	<u>4,582,489</u>
NET CHANGE IN FUND BALANCE	296,886	213,456	(556,919)	789,302	15,605,517	16,348,242
Fund Balance - Beginning	444,170	913,397	1,156,520	2,026,356	17,466	4,557,909
Fund Balance - Ending	<u>\$ 741,056</u>	<u>\$ 1,126,853</u>	<u>\$ 599,601</u>	<u>\$ 2,815,658</u>	<u>\$ 15,622,983</u>	<u>\$ 20,906,151</u>

See accompanying notes to supplementary information.

**BEVERLY HILLS UNIFIED SCHOOL DISTRICT
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
JUNE 30, 2023**

The Beverly Hills Unified School District was established in 1935 and is comprised of an area of approximately 5.7 square miles located in Los Angeles County. There were no changes in the boundaries of the District during the current year. The District is operating three elementary schools, one middle school, one high school, and one adult school.

GOVERNING BOARD

Member	Office	Term Expires
Mr. Noah Margo	President	December 2024
Dr. Amanda Stern	Vice President	December 2024
Ms. Mary Wells	Clerk	December 2024
Ms. Judy Manouchehri	Member	December 2026
Ms. Rachelle Marcus	Member	December 2026

DISTRICT ADMINISTRATORS

Dr. Michael Bregy
Superintendent

Mr. Raphael Guzman
Assistant Superintendent – Business Services

Mr. Dustin Seemann
Assistant Superintendent – Education Services

Dr. Matt Horvath
Assistant Superintendent – Personnel Services

Ms. Laura Collins-Williams
Assistant Superintendent – Student Services

**BEVERLY HILLS UNIFIED SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
JUNE 30, 2023**

NOTE 1 – PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of 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 financial statements.

The District has not elected to use the 10 percent de minimis indirect cost rate.

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the article 8 (commencing with section 46200) of chapter 2 of part 26 of the *Education Code*.

Schedule of Financial Trends and Analysis

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

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Annual Financial and Budget Report Unaudited Actuals to the audited financial statements.

Schedule of Charter Schools

This schedule lists all Charter Schools chartered by the District and displays information for each Charter School on whether or not the Charter School is included in the District audit.

Combining Statements – Non-Major Funds

These statements provide information on the District's non-major funds.

Local Education Agency Organization Structure

This schedule provides information about the District's boundaries and schools operated, members of the governing board, and members of the administration.

OTHER INDEPENDENT AUDITORS' REPORTS

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

Governing Board
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 Beverly Hills Unified School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Beverly Hills Unified School District's basic financial statements, and have issued our report thereon dated December 11, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Beverly Hills Unified School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Beverly Hills Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Beverly Hills Unified School 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in blue ink that reads "Christy White, Inc". The signature is written in a cursive, flowing style.

San Diego, California
December 11, 2023

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**Independent Auditors' Report

Governing Board
Beverly Hills Unified School District
Beverly Hills, California

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

We have audited Beverly Hills Unified School District's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Beverly Hills Unified School District's major federal programs for the year ended June 30, 2023. Beverly Hills Unified School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, 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 year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Beverly Hills Unified School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on compliance for each major federal program. Our audit does not provide a legal determination of Beverly Hills Unified School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit for Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Beverly Hills Unified School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user of the report on compliance about Beverly Hills Unified School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Beverly Hills Unified School District's compliance with compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Beverly Hills Unified School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Beverly Hills Unified School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Report on Internal Control Over Compliance (continued)

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

A handwritten signature in blue ink that reads "Christy White, Inc". The signature is written in a cursive, flowing style.

San Diego, California
December 11, 2023

**REPORT ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER
COMPLIANCE FOR STATE PROGRAMS**Independent Auditors' Report

Governing Board
Beverly Hills Unified School District
Beverly Hills, California

Report on State Compliance***Opinion on State Compliance***

We have audited Beverly Hills Unified School District's compliance with the types of compliance requirements described in the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed by Title 5, *California Code of Regulations*, section 19810, that could have a direct and material effect on each of Beverly Hills Unified School District's state programs for the fiscal year ended June 30, 2023, as identified below.

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 the applicable state programs for the year ended June 30, 2023.

Basis for Opinion on State Compliance

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 *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed by Title 5, *California Code of Regulations*, section 19810 as regulations (the K-12 Audit Guide). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of State Compliance section of our report.

We are required to be independent of Beverly Hills Unified School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on state compliance. Our audit does not provide a legal determination of Beverly Hills Unified School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of State Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the state compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Beverly Hills Unified School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the K-12 Audit Guide will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user of the report on compliance about Beverly Hills Unified School District's compliance with the requirements of the applicable state programs as a whole.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, and the K-12 Audit Guide, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Beverly Hills Unified School District's compliance with compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Beverly Hills Unified School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the K-12 Audit Guide, but not for the purpose of expressing an opinion on the effectiveness of Beverly Hills Unified School District's internal control over compliance. Accordingly, no such opinion is expressed.
- Select and test transactions and records to determine Beverly Hills Unified School District's compliance with the state laws and regulations related to the following items:

PROGRAM NAME	PROCEDURES PERFORMED
Local Education Agencies Other Than Charter Schools	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	No
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Not Applicable
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable
Home to School Transportation Reimbursement	Yes
Independent Study Certification for ADA Loss Mitigation	Yes

Auditor's Responsibilities for the Audit of State Compliance (continued)

PROGRAM NAME	PROCEDURES PERFORMED
School Districts, County Offices of Education, and Charter Schools	
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program	Not Applicable
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not Applicable
Immunizations	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Yes
Transitional Kindergarten	Yes
Charter Schools	
Attendance; for charter schools	Not Applicable
Mode of Instruction; for charter schools	Not Applicable
Nonclassroom-Based Instruction/Independent Study; for charter schools	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction; for charter schools	Not Applicable
Annual Instructional Minutes - Classroom Based	Not Applicable
Charter School Facility Grant Program	Not Applicable

We did not perform testing for Continuation Education because the ADA was not material.

The term "Not Applicable" is used above to mean either the District did not offer the program during the current fiscal year, the District did not participate in the program during the current fiscal year, or the program applies to a different type of local education agency.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are described in the accompanying schedule of findings and questioned costs as Findings #2023-001, #2023-002, and #2023-003. Our opinion on state compliance is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on Beverly Hills Unified School District's response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and corrective action plan. Beverly Hills Unified School District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state 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 state 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 state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of State Compliance section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the K-12 Audit Guide. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Christy White, Inc". The signature is written in a cursive, flowing style.

San Diego, California
December 11, 2023

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**BEVERLY HILLS UNIFIED SCHOOL DISTRICT
SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2023**

FINANCIAL STATEMENTS

Type of auditors' report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Non-compliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

Internal control over major program:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Type of auditors' report issued:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)?	<u>No</u>
Identification of major programs:	

<u>AL Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.425, 84.425U	Education Stabilization Fund Discretionary Grants
10.553, 10.555	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

STATE AWARDS

Internal control over state programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Any audit findings disclosed that are required to be reported in accordance with 2022-23 Guide for Annual Audits of California K-12 Local Education Agencies ?	<u>Yes</u>
Type of auditors' report issued on compliance for state programs:	<u>Unmodified</u>

**BEVERLY HILLS UNIFIED SCHOOL DISTRICT
FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2023**

FIVE DIGIT CODE

20000
30000

AB 3627 FINDING TYPE

Inventory of Equipment
Internal Control

There were no financial statement findings for the year ended June 30, 2023.

**BEVERLY HILLS UNIFIED SCHOOL DISTRICT
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

FIVE DIGIT CODE

50000

AB 3627 FINDING TYPE

Federal Compliance

There were no federal award findings or questioned costs for the year ended June 30, 2023.

**BEVERLY HILLS UNIFIED SCHOOL DISTRICT
STATE AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

FIVE DIGIT CODE

10000
40000
42000
43000
60000
61000
62000
70000
71000
72000

AB 3627 FINDING TYPE

Attendance
State Compliance
Charter School Facilities Programs
Apprenticeship: Related and Supplemental Instruction
Miscellaneous
Classroom Teacher Salaries
Local Control Accountability Plan
Instructional Materials
Teacher Misassignments
School Accountability Report Card

FINDING #2023-001: CLASSROOM TEACHER SALARIES (61000)

Criteria: As set forth in California Education Code section 41372, a unified school district should expend a minimum of 55% of the District's current expenses of education towards salaries of classroom teachers.

Condition: In the 2022-23 fiscal year, Beverly Hills Unified School District did not meet the minimum percentage requirement of 55%. Beverly Hills Unified School District spent 49.72% on classroom teacher salaries in the 2022-23 fiscal year.

Cause: The deficiency amount was due to one-time funding received for COVID-19 relief funds.

Effect: The District's current expense of education for the year ended June 30, 2023, was \$87,629,414 and the total salaries and benefits for classroom teachers was \$43,573,077. The District was below the minimum required percentage of 55% by 5.28% which calculates out to a deficiency of \$4,626,833.

Questioned Costs: The questioned costs are the deficiency of \$4,626,833.

Repeat Finding: This is repeat finding.

Recommendation: We recommend that in the future, the District monitor their expenses towards salaries of classroom teachers against their total expenses to be sure that they meet the 55% minimum requirement.

Corrective Action Plan: The one-time funding impacted the percentages typically seen in this calculation. The District will file for a waiver from the Los Angeles County Office of Education and expects the percentages to stabilize after the expiration of all one-time COVID funds.

**BEVERLY HILLS UNIFIED SCHOOL DISTRICT
STATE AWARD FINDINGS AND QUESTIONED COSTS, continued
FOR THE YEAR ENDED JUNE 30, 2023**

FIVE DIGIT CODE

10000
40000
42000
43000
60000
61000
62000
70000
71000
72000

AB 3627 FINDING TYPE

Attendance
State Compliance
Charter School Facilities Programs
Apprenticeship: Related and Supplemental Instruction
Miscellaneous
Classroom Teacher Salaries
Local Control Accountability Plan
Instructional Materials
Teacher Misassignments
School Accountability Report Card

FINDING #2023-002: HOME-TO-SCHOOL TRANSPORTATION (40000)

Criteria: As a condition of receiving apportionments under Education Code Section 41850.1, a local educational agency shall develop a plan describing the transportation services it will offer to its pupils, and how it will prioritize planned transportation services for pupils in transitional kindergarten, kindergarten, and any of grades 1 to 6, inclusive, and pupils who are low income. The plan shall be adopted by the local educational agency's governing board on or before April 1, 2023, and updated by April 1 each year thereafter.

Condition: The District did not develop and adopt a plan on or before April 1, 2023.

Effect: The District is not in compliance with State requirements.

Cause: The District did not have a need in this area, therefore has not allocated resources to implement a plan.

Questioned Costs: The full amount of the home-to-school transportation reimbursement funding, \$91,246.

Repeat Finding: This is not a repeat finding.

Recommendation: We recommend that the District continue to provide oversight and training to staff responsible for implementing new requirements in California Education Code in a timely manner.

Corrective Action Plan: The District will continue to evaluate needs and implement a plan, if necessary.

**BEVERLY HILLS UNIFIED SCHOOL DISTRICT
STATE AWARD FINDINGS AND QUESTIONED COSTS, continued
FOR THE YEAR ENDED JUNE 30, 2023**

FIVE DIGIT CODE

10000
40000
42000
43000
60000
61000
62000
70000
71000
72000

AB 3627 FINDING TYPE

Attendance
State Compliance
Charter School Facilities Programs
Apprenticeship: Related and Supplemental Instruction
Miscellaneous
Classroom Teacher Salaries
Local Control Accountability Plan
Instructional Materials
Teacher Misassignments
School Accountability Report Card

FINDING #2023-003: RATIO OF ADMINISTRATIVE EMPLOYEES TO TEACHERS (40000)

Criteria: The number of administrative employees per hundred teachers must not exceed the allowable ratio set forth in Education Code section 41402, if the school district is not in compliance with the allowable ratio, auditors are required to state the number of excess administrators and the associated penalty, as set forth by Education Code section 41404.

Condition: The District had 248.21 full-time equivalents (FTE) for teachers, based on an allowable ratio for unified districts of 0.08%, the District must have had less than 19.86 FTE related to non-exempt certificated administrative employees. The District had 22 FTE for non-exempt certificated administrative employees representing an excess of 2.14 FTE.

Effect: The District is not in compliance with State requirements.

Cause: Excess of certificated administrative FTE.

Questioned Costs: \$35,678, calculated as follows:

A)	District's Total State Revenue (Prior Year Unaudited Actual Financial Report)	\$ 9,424,783
B)	District's Total Revenue and Other Financing Sources (Prior Year Unaudited Actual Financial Report)	\$ 92,017,437
C)	Portion of State Revenue in Total Revenue (Part IV, Line A divided by Part IV, Line B. Calculated to two decimals)	0.10
D)	Total Annual Salaries of the Administrative FTE reported on Part I, Line A	\$ 3,924,659
E)	Average Administrator Salary (Part IV, Line D divided by FTE from Part I, Line A. Rounded to nearest whole number)	\$ 178,394
F)	State Funded Share of Administrator Salary (Part IV, Line E x Part IV, Line C. Rounded to the nearest whole number)	\$ 17,839
G)	Penalty	\$ 35,678

Repeat Finding: This is not a repeat finding.

Recommendation: We recommend the District evaluate the FTE related to non-exempt certificated administrative employees as compared to FTE related to teachers to ensure the District is in compliance.

Corrective Action Plan: The District had a need for additional administrators due to the impacts of COVID during this time. However, the District has already made reductions in Administrative Employees and is closely monitoring this ratio to ensure compliance.

**BEVERLY HILLS UNIFIED SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2023**

FINDING #2022-001: CLASSROOM TEACHER SALARIES (61000)

Criteria: As set forth in California Education Code section 41372, a unified school district should expend a minimum of 55% of the District's current expenses of education towards salaries of classroom teachers.

Condition: In the 2021-22 fiscal year, Beverly Hills Unified School District did not meet the minimum percentage requirement of 55%. Beverly Hills Unified School District spent 52.52% on classroom teacher salaries in the 2021-22 fiscal year.

Effect: The District's current expense of education for the year ended June 30, 2022, was \$81,057,734.69 and the total salaries and benefits for classroom teachers was \$42,573,271.95. The District was below the minimum required percentage of 55% by 2.48% which calculates out to a deficiency of \$2,010,231.82.

Cause: The deficiency amount was due to one-time funding received for COVID-19 relief funds.

Questioned Costs: The questioned costs are the deficiency of \$2,010,231.82.

Repeat Finding: This is not a repeat finding.

Recommendation: We recommend that in the future, the District monitor their expenses towards salaries of classroom teachers against their total expenses to be sure that they meet the 55% minimum requirement.

Corrective Action Plan: The District will file for a waiver from the County Office of Education.

Current Status: Not implemented, see Finding #2023-001.

**BEVERLY HILLS UNIFIED SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, continued
FOR THE YEAR ENDED JUNE 30, 2023**

FINDING #2022-002 INSTRUCTIONAL TIME (40000)

Criteria: Pursuant to *California Education Code (Ed Code) Sections 46200 through 46208*, a school district that has either met or does not meet Local Control Funding Formula (LCFF) targets must meet or exceed the required number of days, which is 180 instructional days, beginning in 2015-16. In accordance with *Ed Code Sections 46207*, the minimum annual instructional minutes for grades 9 to 12 are 64,800 minutes.

Condition: During our review of instructional time, we noted Beverly Hills High School did not meet the required minimum annual instructional minutes. As a result of starting the instructional day at 8:30am, the annual instructional minutes were only 64,082 minutes. Therefore, the school site was short 718 minutes for the school year. This was the only school site within the District that was deemed to be out of compliance.

Effect: The District is not in compliance with State requirements and may be subject to penalties.

Cause: Due to the new late start time implemented in school year 2021-22.

Questioned Costs: \$135,669, as calculated below. The District is a basic aid district and does not receive LCFF funding for instructional time.

Item Number	Calculating the Cost of an Instructional Time Audit Finding	Instructions	9–12
1	Affected grade level(s)	Informational Only: Enter the affected grade level(s) in each grade span box.	9-12
2	Affected grade level ADA	School Districts: Enter the total P2 ADA for the affected grade level(s) within each grade span that the school district failed to offer instructional minutes.	1,166.04
3	Derived Value of ADA by Grade Span	Enter the derived value of ADA rate by grade span from the "Derived Value of ADA" worksheet for the school district or charter school.	\$10,482.01
4	Number of required minutes	Required minutes pursuant to <i>Education Code</i> sections 46201 beginning in FY 2015–16 and after.	64,800
5	Number of minutes short	Enter the total number of minutes short for each affected grade level(s) within each grade span. A separate worksheet may be needed if there are multiple grade levels affected within the same grade span.	718
6	Percentage of Minutes Not Offered	Calculated Field.	1.11%
7	Affected LCFF Apportionment by Grade Span	Calculated Field.	\$12,222,443
8	Instructional Time Penalty by Grade Span	Calculated Field.	\$135,669
9	Total Instructional Time Penalty	Calculated Field.	\$135,669
10	Number of required days	Required days for school districts pursuant to <i>Education Code</i> Section 46200 beginning in FY 2015–16 and after.	180
11	Number of days short	Enter the number of days short for each affected grade level(s) within each grade span up to a maximum of 5 days. Note: There is an additional penalty calculation if an LEA offers less than 175 days pursuant to <i>Education Code</i> Section 41420.	0
12	Instructional Day Penalty by Grade Span	Calculated Field.	\$0
13	Total Instructional Day Penalty	Calculated Field.	\$0

**BEVERLY HILLS UNIFIED SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, continued
FOR THE YEAR ENDED JUNE 30, 2023**

FINDING #2022-002 INSTRUCTIONAL TIME (40000) (continued)

Repeat Finding: This is not a repeat finding.

Recommendation: We recommend that District management review school sites' instructional calendar and bell schedules prior to the beginning of the school year and ensure compliance with State requirements.

Corrective Action Plan: District management will implement procedures to ensure a review school sites' instructional calendar and bell schedules prior to the beginning of the school year and ensure compliance with State requirements.

Current Status: Implemented.