

HACIENDA LA PUENTE UNIFIED SCHOOL DISTRICT

AUDIT REPORT
JUNE 30, 2023



HACIENDA LA PUENTE UNIFIED SCHOOL DISTRICT
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FINANCIAL SECTION

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTSIndependent Auditors' Report

Governing Board
Hacienda La Puente Unified School District
City of Industry, 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 Hacienda La Puente 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 Hacienda La Puente 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 Hacienda La Puente 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 Hacienda La Puente 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 Hacienda La Puente 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 Hacienda La Puente 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 Hacienda La Puente 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 total OPEB liability and related ratios, 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 Hacienda La Puente 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 March 12, 2024 on our consideration of the Hacienda La Puente 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 Hacienda La Puente 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 Hacienda La Puente Unified School District's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Christy White, Inc." in a cursive script.

San Diego, California
March 12, 2024

HACIENDA LA PUENTE UNIFIED SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

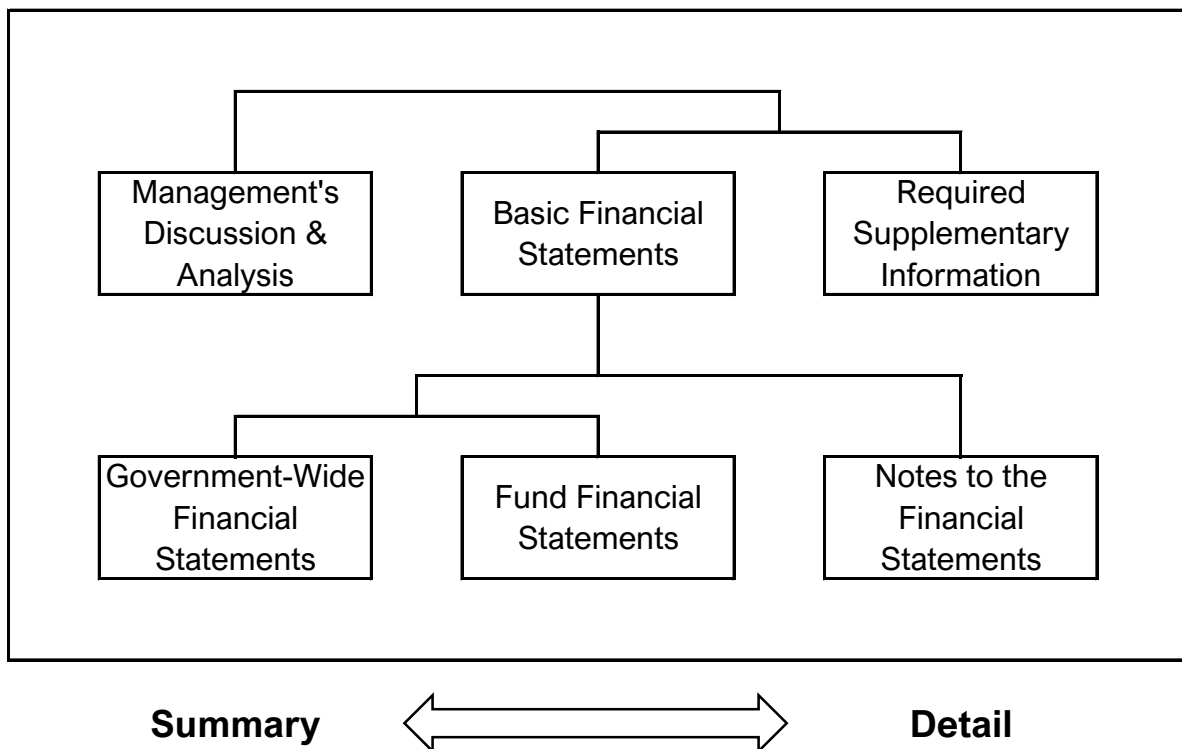
Our discussion and analysis of Hacienda La Puente Unified School District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2023. It should be read in conjunction with the District's financial statements, which follow this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

FINANCIAL HIGHLIGHTS

- The District's net position was \$389,790,202 at June 30, 2023. This was an increase of \$140,493,285 from the prior year, after restatement.
- Overall revenues were \$392,102,586, which exceeded expenses of \$287,519,910. Additionally, the District recognized proceeds from extraordinary items in the amount of \$35,910,609 in relation to the sale of land parcels that were the former school sites of Glenelder and La Subida.

OVERVIEW OF FINANCIAL STATEMENTS

Components of the Financial Section



**HACIENDA LA PUENTE 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.

**HACIENDA LA PUENTE 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 \$389,790,202 at June 30, 2023, as reflected in the table below. Of this amount, \$(59,104,530) was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit 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	\$ 491,746,510	\$ 401,177,485	\$ 90,569,025
Capital assets	353,338,565	334,243,054	19,095,511
Total Assets	845,085,075	735,420,539	109,664,536
DEFERRED OUTFLOWS OF RESOURCES	81,205,565	63,502,934	17,702,631
LIABILITIES			
Current liabilities	59,853,878	17,334,395	42,519,483
Long-term liabilities	429,768,165	409,939,795	19,828,370
Total Liabilities	489,622,043	427,274,190	62,347,853
DEFERRED INFLOWS OF RESOURCES	46,878,395	123,578,927	(76,700,532)
NET POSITION			
Net investment in capital assets	193,447,082	165,965,307	27,481,775
Restricted	255,447,650	227,236,277	28,211,373
Unrestricted	(59,104,530)	(145,131,228)	86,026,698
Total Net Position	\$ 389,790,202	\$ 248,070,356	\$ 141,719,846

**HACIENDA LA PUENTE 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, expenses, and extraordinary items for the year.

	Governmental Activities		
	2023	2022	Net Change
REVENUES			
Program revenues			
Charges for services	\$ 1,917,724	\$ 2,049,541	\$ (131,817)
Operating grants and contributions	147,874,245	103,379,909	44,494,336
General revenues			
Property taxes	59,095,926	54,812,874	4,283,052
Unrestricted federal and state aid	189,224,007	169,006,990	20,217,017
Other	(6,009,316)	(6,185,742)	176,426
Total Revenues	392,102,586	323,063,572	69,039,014
EXPENSES			
Instruction	149,814,973	147,545,101	2,269,872
Instruction-related services	32,178,865	28,762,429	3,416,436
Pupil services	33,848,938	27,953,368	5,895,570
General administration	17,980,440	15,167,846	2,812,594
Plant services	29,467,500	31,393,181	(1,925,681)
Ancillary and community services	2,939,420	2,339,134	600,286
Debt service	6,344,946	7,110,832	(765,886)
Other outgo	980,857	1,089,590	(108,733)
Depreciation	13,995,085	13,744,788	250,297
Enterprise activities	(31,114)	8,308	(39,422)
Total Expenses	287,519,910	275,114,577	12,405,333
Extraordinary items	35,910,609	-	35,910,609
Change in net position	140,493,285	47,948,995	92,544,290
Net Position - Beginning, as Restated	249,296,917	200,121,361	49,175,556
Net Position - Ending	\$ 389,790,202	\$ 248,070,356	\$ 141,719,846

The cost of all our governmental activities this year was \$287,519,910. The amount that our taxpayers ultimately financed for these activities through taxes was only \$59,095,926 because a portion of the cost was paid by other governments and organizations who subsidized certain programs with grants and contributions. During the year ended June 30, 2023, the District recognized an extraordinary item in the amount of \$35,910,609 related to the sale of surplus real property.

**HACIENDA LA PUENTE 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	\$ 48,933,482	\$ 93,956,311
Instruction-related services	20,216,014	15,501,660
Pupil services	5,287,365	6,264,051
General administration	13,925,047	10,513,186
Plant services	27,279,096	25,027,971
Ancillary and community services	1,270,121	970,185
Debt service	6,344,946	7,110,832
Transfers to other agencies	507,899	(3,412,165)
Depreciation	13,995,085	13,744,788
Enterprise activities	(31,114)	8,308
Total	\$ 137,727,941	\$ 169,685,127

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 \$395,793,806, which is more than last year's ending fund balance of \$326,589,670. During the year ended June 30, 2023, the District's General Fund had \$57,758,888 more in operating revenues than expenditures, combined with net financing uses of \$5,802,016, for a net increase in fund balance of \$51,956,872. The District's Adult Education Fund had \$52,847 less in operating revenues than expenditures for the year ended June 30, 2023. The District's Deferred Maintenance Fund had \$6,772,100 less in operating revenues than expenditures for the year ended June 30, 2023. The District's Special Reserve Fund for Capital Outlay Projects had \$9,880,463 less in operating revenues than expenditures, combined with financing sources of \$37,369,867, for a net increase in fund balance of \$27,489,404.

CURRENT YEAR BUDGET 2022-2023

During the fiscal year, budget revisions and appropriation transfers are presented to the Board for their approval on a periodic 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.

**HACIENDA LA PUENTE 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 \$353,338,565 in capital assets, net of accumulated depreciation.

	Governmental Activities		
	2023	2022	Net Change
CAPITAL ASSETS			
Land	\$ 6,162,576	\$ 6,162,576	\$ -
Construction in progress	50,382,679	34,222,017	16,160,662
Land improvements	48,154,241	37,693,832	10,460,409
Buildings & improvements	426,988,370	422,052,533	4,935,837
Furniture & equipment	34,439,733	33,706,801	732,932
Less: Accumulated depreciation	(212,789,034)	(199,594,705)	(13,194,329)
Total	\$ 353,338,565	\$ 334,243,054	\$ 19,095,511

Long-Term Liabilities

At year-end, the District had \$429,768,165 in long-term liabilities, This was an increase of 9.29% 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	\$ 113,899,865	\$ 122,654,342	\$ (8,754,477)
Total certificates of participation	59,749,858	64,929,869	(5,180,011)
Lighting project financing	11,228,780	12,772,796	(1,544,016)
Early retirement incentive	-	3,216,309	(3,216,309)
Compensated absences	3,704,691	3,668,024	36,667
Total OPEB liability	35,395,497	44,933,494	(9,537,997)
Net pension liability	217,224,407	147,075,091	70,149,316
Claims liability	5,304,869	9,463,309	(4,158,440)
Less: current portion of long-term liabilities	(16,739,802)	(15,478,505)	(1,261,297)
Total	\$ 429,768,165	\$ 393,234,729	\$ 36,533,436

**HACIENDA LA PUENTE UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2023**

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.

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 District's Business Office at (626) 933-3883

HACIENDA LA PUENTE UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities
ASSETS	
Cash and investments	\$ 466,641,293
Accounts receivable	22,154,474
Inventory	2,920,152
Prepaid expenses	20,076
Other current assets	10,515
Capital assets, not depreciated	56,545,255
Capital assets, net of accumulated depreciation	296,793,310
Total Assets	845,085,075
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	79,741,918
Deferred outflows related to OPEB	1,463,647
Total Deferred Outflows of Resources	81,205,565
LIABILITIES	
Accrued liabilities	31,153,065
Unearned revenue	11,961,011
Long-term liabilities, current portion	16,739,802
Long-term liabilities, non-current portion	429,768,165
Total Liabilities	489,622,043
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	32,518,172
Deferred inflows related to OPEB	14,360,223
Total Deferred Inflows of Resources	46,878,395
NET POSITION	
Net investment in capital assets	193,447,082
Restricted:	
Capital projects	40,259,726
Debt service	38,220,549
Educational programs	164,643,906
Food service	11,437,443
Associated student body	886,026
Unrestricted	(59,104,530)
Total Net Position	\$ 389,790,202

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

HACIENDA LA PUENTE 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	
GOVERNMENTAL ACTIVITIES				
Instruction	\$ 149,814,973	\$ 1,853,559	\$ 99,027,932	\$ (48,933,482)
Instruction-related services				
Instructional supervision and administration	12,164,158	23,280	7,188,102	(4,952,776)
Instructional library, media, and technology	976,516	1,299	32,257	(942,960)
School site administration	19,038,191	5,561	4,712,352	(14,320,278)
Pupil services				
Home-to-school transportation	2,604,712	-	49,110	(2,555,602)
Food services	13,303,778	12,378	19,818,662	6,527,262
All other pupil services	17,940,448	3,395	8,678,028	(9,259,025)
General administration				
Centralized data processing	5,043,712	-	641,043	(4,402,669)
All other general administration	12,936,728	11,928	3,402,422	(9,522,378)
Plant services	29,467,500	6,324	2,182,080	(27,279,096)
Ancillary services	2,838,729	-	1,669,299	(1,169,430)
Community services	100,691	-	-	(100,691)
Enterprise activities	(31,114)	-	-	31,114
Interest on long-term debt	6,344,946	-	-	(6,344,946)
Other outgo	980,857	-	472,958	(507,899)
Depreciation (unallocated)	13,995,085	-	-	(13,995,085)
Total Governmental Activities	\$ 287,519,910	\$ 1,917,724	\$ 147,874,245	(137,727,941)
General revenues				
Taxes and subventions				
Property taxes, levied for general purposes				42,819,949
Property taxes, levied for debt service				14,913,307
Property taxes, levied for other specific purposes				1,362,670
Federal and state aid not restricted for specific purposes				189,224,007
Interest and investment earnings				(6,620,067)
Miscellaneous				610,751
Subtotal, General Revenue				242,310,617
Change in net position before extraordinary items				104,582,676
Extraordinary items				35,910,609
CHANGE IN NET POSITION				140,493,285
Net Position - Beginning, as Restated				249,296,917
Net Position - Ending				\$ 389,790,202

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

HACIENDA LA PUENTE UNIFIED SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2023

	General Fund	Adult Education Fund	Deferred Maintenance Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$ 189,822,507	\$ 43,353,274	\$ 10,224,306	\$ 88,071,344	\$ 80,067,832	\$ 411,539,263
Accounts receivable	14,309,513	2,158,709	138,843	425,629	4,572,381	21,605,075
Stores inventory	2,761,897	-	-	-	158,255	2,920,152
Prepaid expenditures	16,993	2,663	-	-	420	20,076
Other current assets	10,515	-	-	-	-	10,515
Total Assets	\$ 206,921,425	\$ 45,514,646	\$ 10,363,149	\$ 88,496,973	\$ 84,798,888	\$ 436,095,081
LIABILITIES						
Accrued liabilities	\$ 14,056,077	\$ 2,174,931	\$ 7,599,523	\$ 695,339	\$ 3,814,394	\$ 28,340,264
Unearned revenue	11,877,638	-	-	-	83,373	11,961,011
Total Liabilities	25,933,715	2,174,931	7,599,523	695,339	3,897,767	40,301,275
FUND BALANCES						
Nonspendable	2,828,890	2,663	-	-	158,675	2,990,228
Restricted	118,488,165	43,337,052	-	40,259,726	80,742,446	282,827,389
Committed	-	-	2,763,626	-	-	2,763,626
Assigned	-	-	-	47,541,908	-	47,541,908
Unassigned	59,670,655	-	-	-	-	59,670,655
Total Fund Balances	180,987,710	43,339,715	2,763,626	87,801,634	80,901,121	395,793,806
Total Liabilities and Fund Balances	\$ 206,921,425	\$ 45,514,646	\$ 10,363,149	\$ 88,496,973	\$ 84,798,888	\$ 436,095,081

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

HACIENDA LA PUENTE UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET
POSITION
JUNE 30, 2023

Total Fund Balance - Governmental Funds **\$ 395,793,806**

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	\$ 566,127,599	
Accumulated depreciation	<u>(212,789,034)</u>	353,338,565

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 unmatrued interest owing at the end of the period was:

(2,379,249)

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	\$ 113,899,865	
Total certificates of participation	59,749,858	
Lighting project financing	11,228,780	
Compensated absences	3,704,691	
Total OPEB liability	35,395,497	
Net pension liability	<u>217,224,407</u>	(441,203,098)

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	\$ 79,741,918	
Deferred inflows of resources related to pensions	<u>(32,518,172)</u>	47,223,746

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	\$ 1,463,647	
Deferred inflows of resources related to OPEB	<u>(14,360,223)</u>	(12,896,576)

(continued on the following page)

HACIENDA LA PUENTE UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET
POSITION, continued
JUNE 30, 2023

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:

49,913,008

Total Net Position - Governmental Activities

\$ 389,790,202

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

	General Fund	Adult Education Fund	Deferred Maintenance Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
REVENUES						
LCFF sources	\$ 222,293,855	\$ -	\$ 3,000,000	\$ -	\$ -	\$ 225,293,855
Federal sources	22,162,478	2,682,901	-	-	18,457,485	43,302,864
Other state sources	88,415,643	23,808,504	-	-	8,467,323	120,691,470
Other local sources	(2,398,701)	3,354,281	(266,314)	1,139,992	17,466,395	19,295,653
Total Revenues	330,473,275	29,845,686	2,733,686	1,139,992	44,391,203	408,583,842
EXPENDITURES						
Current						
Instruction	161,516,250	18,042,063	-	-	6,473,221	186,031,534
Instruction-related services						
Instructional supervision and administration	13,621,230	74,747	-	-	2,198,729	15,894,706
Instructional library, media, and technology	1,086,216	-	-	-	-	1,086,216
School site administration	18,937,628	4,400,130	-	-	48	23,337,806
Pupil services						
Home-to-school transportation	2,767,054	-	-	-	-	2,767,054
Food services	869,173	-	-	-	12,857,897	13,727,070
All other pupil services	21,642,358	1,088,917	-	-	238,442	22,969,717
General administration						
Centralized data processing	5,553,515	-	-	-	-	5,553,515
All other general administration	11,882,199	1,020,281	-	-	832,271	13,734,751
Plant services	28,658,741	1,295,501	72,528	-	1,193,556	31,220,326
Facilities acquisition and construction	3,674,350	3,976,894	9,433,258	11,020,455	6,282,888	34,387,845
Ancillary services	1,421,141	-	-	-	1,546,304	2,967,445
Community services	101,602	-	-	-	-	101,602
Transfers to other agencies	980,857	-	-	-	-	980,857
Debt service						
Principal	-	-	-	-	14,094,016	14,094,016
Interest and other	2,073	-	-	-	7,893,040	7,895,113
Total Expenditures	272,714,387	29,898,533	9,505,786	11,020,455	53,610,412	376,749,573
Excess (Deficiency) of Revenues Over Expenditures	57,758,888	(52,847)	(6,772,100)	(9,880,463)	(9,219,209)	31,834,269
Other Financing Sources (Uses)						
Transfers in	197,984	-	-	-	6,000,000	6,197,984
Other sources	-	-	-	37,369,867	-	37,369,867
Transfers out	(6,000,000)	-	-	-	(197,984)	(6,197,984)
Net Financing Sources (Uses)	(5,802,016)	-	-	37,369,867	5,802,016	37,369,867
NET CHANGE IN FUND BALANCE	51,956,872	(52,847)	(6,772,100)	27,489,404	(3,417,193)	69,204,136
Fund Balance - Beginning	129,030,838	43,392,562	9,535,726	60,312,230	84,318,314	326,589,670
Fund Balance - Ending	\$ 180,987,710	\$ 43,339,715	\$ 2,763,626	\$ 87,801,634	\$ 80,901,121	\$ 395,793,806

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

**HACIENDA LA PUENTE 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 \$ 69,204,136

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:	\$	34,627,681	
Depreciation expense:		(13,995,084)	20,632,597

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:

17,310,325

Gain or loss from the disposal of capital assets:

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

(1,537,086)

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:

165,679

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:

(36,667)

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:

1,158,165

(continued on the following page)

**HACIENDA LA PUENTE 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**

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:

32,633,679

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:

1,384,488

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:

(422,031)

Change in Net Position of Governmental Activities

\$ 140,493,285

HACIENDA LA PUENTE UNIFIED SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities Internal Service Fund
ASSETS	
Current assets	
Cash and investments	\$ 55,102,030
Accounts receivable	549,399
Total current assets	<u>55,651,429</u>
Total Assets	<u>55,651,429</u>
LIABILITIES	
Current liabilities	
Accrued liabilities	<u>433,552</u>
Total current liabilities	<u>433,552</u>
Non-current liabilities	
Claims liability	<u>5,304,869</u>
Total non-current liabilities	<u>5,304,869</u>
Total Liabilities	<u>5,738,421</u>
NET POSITION	
Restricted	<u>49,913,008</u>
Total Net Position	<u>\$ 49,913,008</u>

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

**HACIENDA LA PUENTE 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	\$ 26,470,416
Total operating revenues	<u>26,470,416</u>
OPERATING EXPENSES	
Salaries and benefits	437,123
Professional services	25,238,421
Total operating expenses	<u>25,675,544</u>
Operating income/(loss)	<u>794,872</u>
NON-OPERATING REVENUES/(EXPENSES)	
Interest income	(1,216,903)
Total non-operating revenues/(expenses)	<u>(1,216,903)</u>
CHANGE IN NET POSITION	(422,031)
Net Position - Beginning	50,335,039
Net Position - Ending	<u>\$ 49,913,008</u>

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

**HACIENDA LA PUENTE 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	\$ 26,077,687
Cash payments for payroll, insurance, and operating costs	(29,532,473)
Net cash provided by (used for) operating activities	(3,454,786)
Cash flows from investing activities	
Interest received	(1,216,903)
Net cash provided by (used for) investing activities	(1,216,903)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(4,671,689)
CASH AND CASH EQUIVALENTS	
Beginning of year	59,773,719
End of year	\$ 55,102,030
Reconciliation of operating income (loss) to cash provided by (used for) operating activities	
Operating income/(loss)	\$ 794,872
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	(392,729)
Increase (decrease) in accrued liabilities	301,511
Increase (decrease) in claims liability	(4,158,440)
Net cash provided by (used for) operating activities	\$ (3,454,786)

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

HACIENDA LA PUENTE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The Hacienda La Puente 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 Hacienda La Puente USD Facilities Financing Authority (the “Authority”) financial activity is presented in the financial statements as a blended component unit. Certificates of participation and other debt issued by the Authority are included as long-term liabilities in the District-wide financial statements. Individually prepared financial statements are not prepared for the Authority.

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, except for fiduciary activities. 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.

HACIENDA LA PUENTE 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.

Adult Education Fund: This fund is used to account separately for federal, state, and local revenues for adult education programs. Money in this fund shall be expended for adult education purposes only. Moneys received for programs other than adult education shall not be expended for adult education (*Education Code Sections 52616[b] and 52501.5[a]*).

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*).

Special Reserve Fund for Capital Outlay Projects: This fund exists primarily to provide for the accumulation of General Fund moneys for capital outlay purposes (*Education Code Section 42840*).

HACIENDA LA PUENTE 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.

Child Development Fund: This fund is used to account separately for federal, state, and local revenues to operate child development programs. All moneys received by the District for, or from the operation of, child development services covered under the Child Care and Development Services Act (*Education Code Section 8200 et seq.*) shall be deposited into this fund. The moneys may be used only for expenditures for the operation of child development programs. The costs incurred in the maintenance and operation of child development services shall be paid from this fund, with accounting to reflect specific funding sources (*Education Code Section 8328*).

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*).

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).

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*).

HACIENDA LA PUENTE 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 (continued)

Debt Service Funds: Debt service funds are established to account for the accumulation of resources for and the payment of principal and interest on general long-term debt.

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.

Tax Override Fund: This fund is used for the repayment of voted indebtedness (other than Bond Interest and Redemption Fund repayments) to be financed from ad valorem tax levies. An example is a public school building loan repayment.

Debt Service Fund: This fund is used for the accumulation of resources for and the retirement of principal and interest on general long-term debt.

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*).

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting – Measurement Focus (continued)

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.

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.

HACIENDA LA PUENTE 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)

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 and Improvements	25-50 Years
Furniture and Equipment	15-20 Years
Vehicles	8 Years

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.

HACIENDA LA PUENTE 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)

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the total 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	July 1, 2022 to June 30, 2023

Gains and losses related to changes in total 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.

HACIENDA LA PUENTE 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.

HACIENDA LA PUENTE 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.

HACIENDA LA PUENTE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

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.

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.

HACIENDA LA PUENTE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 2 – CASH AND INVESTMENTS

A. Summary of Cash and Investments

	Governmental Funds	Internal Service Fund	Governmental Activities
Investment in county treasury	\$ 369,407,485	\$ 57,374,851	\$ 426,782,336
Fair value adjustment	(17,237,594)	(2,772,821)	(20,010,415)
Cash on hand and in banks	3,190,806	-	3,190,806
Cash with fiscal agent	56,128,566	500,000	56,628,566
Cash in revolving fund	50,000	-	50,000
Total	\$ 411,539,263	\$ 55,102,030	\$ 466,641,293

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.

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.

Cash with Fiscal Agent – The District has deposited amounts with BNY Mellon, as reported in the Special Reserve Fund for Capital Outlay Projects. The District has deposited amounts in a trust account for Workers' Compensation with Bank of America, as reported in the Self-Insurance Fund.

HACIENDA LA PUENTE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 2 – CASH AND INVESTMENTS (continued)

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

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 approximately \$406,771,921. 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.

HACIENDA LA PUENTE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 2 – CASH AND INVESTMENTS (continued)

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, \$2,375,280 of the District's bank balance was exposed to custodial credit risk.

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	\$ 406,771,921
Total	<u>\$ 406,771,921</u>

HACIENDA LA PUENTE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 3 – ACCOUNTS RECEIVABLE

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

	General Fund	Adult Education Fund	Deferred Maintenance Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Internal Service Fund	Governmental Activities
Federal Government							
Categorical aid	\$ 3,872,610	\$ 1,045,476	\$ -	\$ -	\$ 3,134,275	\$ -	\$ 8,052,361
State Government							
Apportionment	1,993,357	-	-	-	-	-	1,993,357
Categorical aid	5,298,271	-	-	-	793,672	-	6,091,943
Lottery	980,154	-	-	-	-	-	980,154
Local Government							
Other local sources	2,165,121	1,113,233	138,843	425,629	644,434	549,399	5,036,659
Total	\$ 14,309,513	\$ 2,158,709	\$ 138,843	\$ 425,629	\$ 4,572,381	\$ 549,399	\$ 22,154,474

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	\$ 6,162,576	\$ -	\$ -	\$ 6,162,576
Construction in progress	34,222,017	32,804,056	16,643,394	50,382,679
Total capital assets not being depreciated	40,384,593	32,804,056	16,643,394	56,545,255
Capital assets being depreciated				
Land improvements	37,693,832	10,460,409	-	48,154,241
Buildings & improvements	422,052,533	7,123,568	2,187,731	426,988,370
Furniture & equipment	33,706,801	883,042	150,110	34,439,733
Total capital assets being depreciated	493,453,166	18,467,019	2,337,841	509,582,344
Less: Accumulated depreciation				
Land improvements	17,922,822	1,728,032	-	19,650,854
Buildings & improvements	158,725,587	11,183,823	728,473	169,180,937
Furniture & equipment	22,946,296	1,083,229	72,282	23,957,243
Total accumulated depreciation	199,594,705	13,995,084	800,755	212,789,034
Total capital assets being depreciated, net	293,858,461	4,471,935	1,537,086	296,793,310
Governmental Activities				
Capital Assets, net	\$ 334,243,054	\$ 37,275,991	\$ 18,180,480	\$ 353,338,565

HACIENDA LA PUENTE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 5 – INTERFUND TRANSACTIONS

Operating Transfers

Interfund transfers for the year ended June 30, 2023 consisted of the following:

	Interfund Transfers Out	Interfund Transfers In		
		General Fund	Non-Major Governmental Funds	Total
General Fund		\$ -	\$ 6,000,000	\$ 6,000,000
Non-Major Governmental Funds		197,984	-	197,984
Total		\$ 197,984	\$ 6,000,000	\$ 6,197,984

Transfer from the General Fund to the Debt Service Fund for future debt payments.	\$ 6,000,000
Transfer from the Child Development Fund to the General Fund to reimburse for Head Start program expenditures.	197,984
Total	\$ 6,197,984

NOTE 6 – ACCRUED LIABILITIES

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

	General Fund	Adult Education Fund	Deferred Maintenance Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Internal Service Fund	District-Wide	Governmental Activities
Payroll	\$ 2,681,649	\$ 818,912	\$ -	\$ -	\$ 607,529	\$ -	\$ -	\$ 4,108,090
Construction	-	-	7,599,523	695,339	1,284,404	-	-	9,579,266
Vendors payable	9,040,963	1,356,019	-	-	1,922,461	433,552	-	12,752,995
Due to grantor government	2,333,465	-	-	-	-	-	-	2,333,465
Unmatured interest	-	-	-	-	-	-	2,379,249	2,379,249
Total	\$ 14,056,077	\$ 2,174,931	\$ 7,599,523	\$ 695,339	\$ 3,814,394	\$ 433,552	\$ 2,379,249	\$ 31,153,065

NOTE 7 – UNEARNED REVENUE

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

	General Fund	Non-Major Governmental Funds	Governmental Activities
Federal sources	\$ 4,180,088	\$ 83,373	\$ 4,263,461
State categorical sources	7,697,550	-	7,697,550
Total	\$ 11,877,638	\$ 83,373	\$ 11,961,011

HACIENDA LA PUENTE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 8 – LONG-TERM LIABILITIES

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

	Restated Balance July 01, 2022	Additions	Deductions	Balance June 30, 2023	Balance Due In One Year
Governmental Activities					
General obligation bonds	\$ 115,210,000	\$ -	\$ 8,160,000	\$ 107,050,000	\$ 9,185,000
Unamortized premium	7,444,342	-	594,477	6,849,865	594,477
Total general obligation bonds	122,654,342	-	8,754,477	113,899,865	9,779,477
Certificates of participation	55,330,000	-	4,390,000	50,940,000	4,580,000
Unamortized premium	9,599,869	-	790,011	8,809,858	790,011
Total certificates of participation	64,929,869	-	5,180,011	59,749,858	5,370,011
Lighting project financing	12,772,796	-	1,544,016	11,228,780	1,590,314
Early retirement incentive	3,216,309	-	3,216,309	-	-
Compensated absences	3,668,024	36,667	-	3,704,691	-
Total OPEB liability	44,933,494	-	9,537,997	35,395,497	-
Net pension liability	147,075,091	70,149,316	-	217,224,407	-
Claims liability	9,463,309	-	4,158,440	5,304,869	-
Total	\$ 408,713,234	\$ 70,185,983	\$ 32,391,250	\$ 446,507,967	\$ 16,739,802

- Payments for general obligation bonds are made in the Bond Interest and Redemption Fund.
- Payments on certificates of participation are made in the Debt Service Fund.
- Payments for the lighting project financing are made in the Debt Service Fund.
- Payments for the early retirement incentive are made in the General Fund.
- Payments for compensated absences are typically liquidated in the General Fund and the Non-Major Governmental Funds.
- Payments for claims liability are made from the Self-Insurance Fund.

A. General Obligation Bonds

The general obligation bonds outstanding at June 30, 2023 are summarized as follows:

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 01, 2022	Additions	Deductions	Bonds Outstanding June 30, 2023
2005 Refunding	6/16/2005	8/1/2024	3.50% - 5.00%	\$ 31,725,000	\$ 12,725,000	\$ -	\$ 3,825,000	\$ 8,900,000
2007 Refunding	10/4/2007	8/1/2027	4.347%	55,485,000	44,590,000	-	4,100,000	40,490,000
2016A	7/11/2017	8/1/2047	2.00% - 5.00%	70,000,000	57,895,000	-	235,000	57,660,000
Total					\$ 115,210,000	\$ -	\$ 8,160,000	\$ 107,050,000

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

Year Ended June 30,	Principal	Interest	Total
2024	\$ 9,185,000	\$ 4,793,585	\$ 13,978,585
2025	10,290,000	4,309,942	14,599,942
2026	11,480,000	3,767,040	15,247,040
2027	12,765,000	3,159,876	15,924,876
2028	8,290,000	2,632,615	10,922,615
2029 - 2033	6,085,000	11,468,525	17,553,525
2034 - 2038	10,050,000	9,815,125	19,865,125
2039 - 2043	15,250,000	6,885,863	22,135,863
2044 - 2048	23,655,000	2,498,900	26,153,900
Total	\$ 107,050,000	\$ 49,331,471	\$ 156,381,471

HACIENDA LA PUENTE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 8 – LONG-TERM LIABILITIES (continued)

B. Certificates of Participation

On April 21, 2015, the Hacienda La Puente Unified School District Financing Authority issued certificates of participation in the amount of \$28,160,000. The certificates were issued to provide funds to enhance District infrastructure, fund a reserve account, and pay the costs of issuing the certificates. The interest rate of the certificates ranges from 2.0% and 5.0% and mature on June 1, 2025. On February 23, 2021, the Authority issued certificates of participation in the amount of \$46,915,000. The interest rate of the certificates ranges from 3.0% and 4.0% and mature on June 1, 2045.

The annual requirements to amortize all certificates of participation outstanding at June 30, 2023 are as follows:

Year Ended June 30,	Principal	Interest	Total
2024	\$ 4,580,000	\$ 2,105,050	\$ 6,685,050
2025	4,795,000	1,888,950	6,683,950
2026	1,395,000	1,662,600	3,057,600
2027	1,450,000	1,606,800	3,056,800
2028	1,510,000	1,548,800	3,058,800
2029 - 2033	8,505,000	6,788,000	15,293,000
2034 - 2038	10,345,000	4,946,000	15,291,000
2039 - 2043	12,590,000	2,704,400	15,294,400
2044 - 2045	5,770,000	348,400	6,118,400
Total	\$ 50,940,000	\$ 23,599,000	\$ 74,539,000

C. Lighting Project Financing

On June 18, 2014, the District approved a lighting project financing, authorizing approval of the execution and delivery of an equipment/lease purchase agreement, for \$5,705,025. The agreement is for the acquisition, purchase and financing of certain equipment for the public benefit. On August 29, 2019, the District approved additional lighting project financing in the amount of \$15,500,000. The obligations do not meet the requirements to be treated as a lease under GASB 87.

Future payments due under the agreements are as follows:

Year Ended June 30,	Principal	Interest	Total
2024	\$ 1,590,314	\$ 322,464	\$ 1,912,778
2025	1,637,999	274,778	1,912,777
2026	1,687,115	225,663	1,912,778
2027	1,737,703	175,074	1,912,777
2028	1,789,809	122,969	1,912,778
2029 - 2030	2,785,840	83,326	2,869,166
Total	\$ 11,228,780	\$ 1,204,274	\$ 12,433,054

HACIENDA LA PUENTE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 8 – LONG-TERM LIABILITIES (continued)

D. Early Retirement Incentive

The District has established a supplemental early retirement incentive program (SERP) whereby certain qualified employees may retire early and receive a portion of their salary paid out as an annuity. The final payment on the SERP agreement was made during the year ended June 30, 2023.

E. Compensated Absences

Total unpaid employee compensated absences as of June 30, 2023 amounted to \$3,704,691. This amount is included as part of long-term liabilities in the government-wide financial statements.

F. Other Postemployment Benefits

The District's restated beginning total OPEB liability was \$44,933,494 and decreased by \$9,537,997 during the year ended June 30, 2023. The ending total OPEB liability at June 30, 2023 was \$35,395,497. See Note 11 for additional information regarding the total OPEB liability.

G. Net Pension Liability

The District's beginning net pension liability was \$147,075,091 and increased by \$70,149,316 during the year ended June 30, 2023. The ending net pension liability at June 30, 2023 was \$217,224,407. See Note 12 for additional information regarding the net pension liability.

NOTE 9 – RISK MANAGEMENT

Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2023, Hacienda La Puente Unified School District was self-insured for property losses. The District is a member of Southern California ReLiEF for any claims over the member retained limit of \$25,000. Southern California ReLiEF (JPA) will pay any claims up to \$250,000 and claims exceeding \$250,000 are handled by Schools Association for Excess Risk (SAFER) (JPA) up to \$249,750,000. The District is self-insured for liability losses. The District is a member of Southern California ReLiEF (JPA) for any claims over the member retained limit of \$10,000. Southern California ReLiEF (JPA) pays any liability claims up to \$1,000,000. Claims over \$1,000,000 are handled by SAFER (JPA) up to \$20,000,000.

Workers' Compensation

For fiscal year 2023, the District was self-funded for workers compensation, with excess coverage for claims over \$500,000 provided by the Schools Alliance for Workers' Compensation Excess (SAWCX) public entity risk pool.

Employee Medical Benefits

The District is self-funded for medical, dental, and vision benefits.

Claims Liability

The District records an estimated liability for workers' compensation claims against the District. Claims liabilities are based on estimates of the ultimate cost of reported claims (including future claim adjustment expenses) and an estimate for claims incurred but not reported based on historical experience.

HACIENDA LA PUENTE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 9 – RISK MANAGEMENT (continued)

Unpaid Claims Liabilities

The District establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses.

The following represent the changes in approximate aggregate liabilities for the District from July 1, 2021 to June 30, 2023:

	Workers' Compensation
Liability Balance, July 01, 2021	\$ 9,463,309
Claims & changes in estimates	27,947,863
Claims payments	<u>(27,947,863)</u>
Liability Balance, June 30, 2022	\$ 9,463,309
Claims & changes in estimates	21,079,981
Claims payments	<u>(25,238,421)</u>
Liability Balance, June 30, 2023	<u>\$ 5,304,869</u>
 Assets available to pay claims at June 30, 2023	 <u>\$ 55,651,429</u>

NOTE 10 – FUND BALANCES

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

	General Fund	Adult Education Fund	Deferred Maintenance Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
Non-spendable						
Revolving cash	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ 50,000
Stores inventory	2,761,897	-	-	-	158,255	2,920,152
Prepaid expenditures	16,993	2,663	-	-	420	20,076
Total non-spendable	<u>2,828,890</u>	<u>2,663</u>	<u>-</u>	<u>-</u>	<u>158,675</u>	<u>2,990,228</u>
Restricted						
Educational programs	118,488,165	43,337,052	-	-	2,818,689	164,643,906
Food service	-	-	-	-	11,437,443	11,437,443
Associated student body	-	-	-	-	886,026	886,026
Capital projects	-	-	-	40,259,726	24,986,600	65,246,326
Debt service	-	-	-	-	40,613,688	40,613,688
Total restricted	<u>118,488,165</u>	<u>43,337,052</u>	<u>-</u>	<u>40,259,726</u>	<u>80,742,446</u>	<u>282,827,389</u>
Committed						
Other commitments	-	-	2,763,626	-	-	2,763,626
Total committed	<u>-</u>	<u>-</u>	<u>2,763,626</u>	<u>-</u>	<u>-</u>	<u>2,763,626</u>
Assigned						
Other assignments	-	-	-	47,541,908	-	47,541,908
Total assigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,541,908</u>	<u>-</u>	<u>47,541,908</u>
Unassigned	59,670,655	-	-	-	-	59,670,655
Total	<u>\$ 180,987,710</u>	<u>\$ 43,339,715</u>	<u>\$ 2,763,626</u>	<u>\$ 87,801,634</u>	<u>\$ 80,901,121</u>	<u>\$ 395,793,806</u>

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 three percent of General Fund expenditures and other financing uses.

HACIENDA LA PUENTE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 11 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

A. Plan Description

The Hacienda La Puente Unified School District's defined benefit OPEB plan, Hacienda La Puente Unified School District Retiree Benefit Plan (the Plan) is described below. The Plan is a single-employer defined benefit plan administered by the District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

B. Benefits Provided

The eligibility requirements and benefits provided by the Plan are described below.

	<u>Certificated*</u>	<u>Classified - CSEA*</u>	<u>Classified - SEIU*</u>
Benefit types provided	Medical only	Medical only	Medical only
Duration of Benefits	Choice of 5 years fully paid, but not beyond age 65, or 50% paid to 65	Choice of 5 years fully paid, but not beyond age 65, or 50% paid to 65***	Choice of 5 years fully paid, but not beyond age 65, or 50% paid to 65
Required Service	15 years	15 years**	15 years
Minimum Age	55	55**	55
Dependent Coverage	Yes	Yes	Yes
District Contribution %	100%	100%	100%
District Cap	\$1,075 per month	\$1,075 per month	\$1,075 per month

* Non-bargained benefits follow the appropriate employee group above.

** Those hired prior to January 1, 2003 may retire as early as age 50 with 10 years of service.

*** 25% paid to age 65 for employees at 20-29 hours per week.

C. Contributions

For the measurement period, the District contributed \$3,527,725 to the Plan, all of which was used for current premiums.

D. Plan Membership

Membership of the Plan consisted of the following:

	<u>Number of participants</u>
Inactive employees receiving benefits	100
Inactive employees entitled to but not receiving benefits*	-
Participating active employees	1,240
Total number of participants**	1,340

*Information not provided

**As of the June 30, 2023 valuation date

HACIENDA LA PUENTE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 11 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

E. Total OPEB Liability

The Hacienda La Puente Unified School District's total OPEB liability of \$35,395,497 was measured as of June 30, 2023 and was determined by an actuarial valuation as of that date.

F. Actuarial Assumptions and Other Inputs

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

Economic assumptions:

Inflation	2.50%
Salary increases	2.75%
Healthcare cost trend rates	6.00% for 2023, 5.50% for 2024, 5.25% for 2025-2029, 5.00% for 2030-2039, 4.75% for 2040-2049, 4.50% for 2050-2069, and 4.00% for 2070 and later years; Medicare ages: 4.50% for 2023-2029 and 4.00% for 2030 and later years.

Non-economic assumptions:

<i>Mortality:</i>	
Certificated	CalSTRS Experience Analysis (2015-2018)
Classified	CalPERS Experience Study (2000-2019)

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. The actuary assumed contributions would be sufficient to fully fund the obligation over a period not to exceed thirty years.

G. Changes in Total OPEB Liability

	<u>June 30, 2023</u>
Total OPEB Liability	
Service cost	\$ 1,707,270
Interest on total OPEB liability	1,656,547
Difference between expected and actual experience	(9,190,691)
Changes of assumptions	(183,398)
Benefits payments	<u>(3,527,725)</u>
Net change in total OPEB liability	(9,537,997)
Total OPEB liability - beginning	<u>44,933,494</u>
Total OPEB liability - ending	<u>\$ 35,395,497</u>

HACIENDA LA PUENTE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 11 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

H. Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Hacienda La Puente Unified School District, as well as what the District's total 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
	(2.86%)	(3.86%)	(4.86%)
Total OPEB liability	\$ 37,627,060	\$ 35,395,497	\$ 33,219,952

I. Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the total OPEB liability of the Hacienda La Puente Unified School District, as well as what the District's total 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	Healthcare Cost Trend Rate	1% Increase
	(5.00%)	(6.00%)	(7.00%)
Total OPEB liability	\$ 32,040,546	\$ 35,395,497	\$ 39,229,035

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

For the year ended June 30, 2023, the Hacienda La Puente Unified School District recognized OPEB expense of \$2,369,560. At June 30, 2023, the Hacienda La Puente 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 expected and actual experience	\$ -	\$ 8,754,975
Changes in assumptions	1,463,647	5,605,248
Total	\$ 1,463,647	\$ 14,360,223

HACIENDA LA PUENTE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 11 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

J. OPEB Expense and Deferred Outflows and Deferred Inflows of Resources Related to OPEB (continued)

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	\$ 190,084	\$ 1,794,066
2025	190,084	1,794,066
2026	190,084	1,794,066
2027	190,084	1,794,066
2028	190,084	1,794,066
Thereafter	513,227	5,389,893
Total	\$ 1,463,647	\$ 14,360,223

NOTE 12 – 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	\$ 139,915,711	\$ 54,007,252	\$ 21,607,611	\$ (5,338,761)
PERS Pension	77,308,696	25,734,666	10,910,561	5,893,478
Total	\$ 217,224,407	\$ 79,741,918	\$ 32,518,172	\$ 554,717

HACIENDA LA PUENTE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 12 – PENSION PLANS (continued)

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.

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 \$23,499,167 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 \$11,240,563 to CalSTRS.

HACIENDA LA PUENTE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 12 – 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

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	\$ 139,915,711
State's proportionate share of the net pension liability associated with the District	70,070,198
Total	\$ 209,985,909

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 0.201 percent, which was a decrease of 0.004 percent from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized pension expense of \$(5,338,761). In addition, the District recognized pension expense and revenue of \$(5,240,693) 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual earnings on plan investments	\$ -	\$ 6,840,136
Differences between expected and actual experience	114,774	10,490,759
Changes in assumptions	6,938,801	-
Changes in proportion and differences between District contributions and proportionate share of contributions	23,454,510	4,276,716
District contributions subsequent to the measurement date	23,499,167	-
Total	\$ 54,007,252	\$ 21,607,611

HACIENDA LA PUENTE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 12 – 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)

The \$23,499,167 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	\$ 11,309,616	\$ 9,887,419
2025	5,440,026	8,738,227
2026	5,440,024	10,689,336
2027	4,020,859	(9,854,767)
2028	2,186,402	1,666,151
2029	2,111,158	481,245
Total	\$ 30,508,085	\$ 21,607,611

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.

HACIENDA LA PUENTE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 12 – PENSION PLANS (continued)

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

Actuarial Assumptions (continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance–PCA) as 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

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	\$ 237,628,771	\$ 139,915,711	\$ 58,784,493

HACIENDA LA PUENTE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 12 – PENSION PLANS (continued)

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

Pension Plan Fiduciary Net Position

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

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 \$9,689,229 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 \$77,308,696 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 0.225 percent, which was a decrease of 0.039 percent from its proportion measured as of June 30, 2021.

HACIENDA LA PUENTE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 12 – 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 \$5,893,478. 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	\$ 9,128,054	\$ -
Differences between expected and actual experience	349,390	1,923,539
Changes in assumptions	5,718,858	-
Changes in proportion and differences between District contributions and proportionate share of contributions	849,135	8,987,022
District contributions subsequent to the measurement date	9,689,229	-
Total	<u>\$ 25,734,666</u>	<u>\$ 10,910,561</u>

The \$9,689,229 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	\$ 4,275,774	\$ 4,616,141
2025	3,739,208	3,140,643
2026	2,464,490	3,153,777
2027	5,565,965	-
Total	<u>\$ 16,045,437</u>	<u>\$ 10,910,561</u>

HACIENDA LA PUENTE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 12 – 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.

HACIENDA LA PUENTE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 12 – 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	\$ 111,676,326	\$ 77,308,696	\$ 48,905,113

Pension Plan Fiduciary Net Position

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

HACIENDA LA PUENTE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 13 – 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 \$43,208,055.

NOTE 14 – PARTICIPATION IN JOINT POWERS AUTHORITIES

The Hacienda La Puente Unified School District participates in the Riverside County Employer/Employee Partnership (REEP) for Benefits (JPA) public entity risk pools for health benefits. The Hacienda La Puente Unified School District pays monthly premiums for each of its group health insurance plans.

The JPA is governed by a board consisting of a representative from each member district. Each governing board member controls the operations of its district independent of any influence by the Hacienda La Puente Unified School District beyond the District's representation on the governing boards.

The member districts are independently accountable for their fiscal matters. Budgets are not subject to any approval other than that of the respective governing boards. Member districts share surpluses and deficits proportionately to their participation in the JPA.

Audited financial statements are available from the respective entities.

The relationship between the Hacienda La Puente Unified School District and the JPA is such that the JPA is not a component unit of the District for financial reporting purposes.

HACIENDA LA PUENTE UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 15 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

A. 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 12. At June 30, 2023, total deferred outflows related to pensions was \$79,741,918 and total deferred inflows related to pensions was \$32,518,172.

B. 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 11. At June 30, 2023, total deferred outflows related to other postemployment benefits was \$1,463,647 and total deferred inflows related to other postemployment benefits was \$14,360,223.

NOTE 16 – RESTATEMENT OF NET POSITION

The amount previously reported at June 30, 2022 as the ending net position for Governmental Activities, has been restated due to the removal of the Medical Premium Payment (MPP) Program net OPEB liability and its deferred inflows of resources related to OPEB in the prior year. The impact on beginning net position is presented as follows:

	Governmental Activities
Net Position - Beginning, as Previously Reported	\$ 248,070,356
Restatement	1,226,561
Net Position - Beginning, as Restated	<u>\$ 249,296,917</u>

NOTE 17 – EXTRAORDINARY ITEMS

During the year ended June 30, 2023, the District sold land parcels that were the former school sites of Glenelder and La Subida. The land parcels were previously held as capitals asset at the historical cost of \$233,761. The District received combined proceeds of \$37,369,867 as a result of the sales agreements. These transactions are categorized as extraordinary items as they are both unusual in nature and infrequent in occurrence.

NOTE 18 – SUBSEQUENT EVENT

On September 26, 2023, the District issued \$78,000,000 of Election 2016, 2023 Series A general obligation bonds to finance the acquisition and improvement of various capital facilities of the District.

REQUIRED SUPPLEMENTARY INFORMATION

**HACIENDA LA PUENTE 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	\$ 206,827,419	\$ 212,954,273	\$ 222,293,855	\$ 9,339,582
Federal sources	49,757,626	48,982,388	22,162,478	(26,819,910)
Other state sources	42,537,075	74,937,051	84,022,743	9,085,692
Other local sources	1,198,828	1,694,742	(2,398,701)	(4,093,443)
Total Revenues	300,320,948	338,568,454	326,080,375	(12,488,079)
EXPENDITURES				
Certificated salaries	116,540,947	126,820,444	115,959,438	10,861,006
Classified salaries	41,257,754	43,126,313	33,151,205	9,975,108
Employee benefits	68,675,482	73,909,348	65,479,903	8,429,445
Books and supplies	32,634,130	38,795,316	15,034,894	23,760,422
Services and other operating expenditures	33,620,063	50,139,700	39,893,328	10,246,372
Capital outlay	6,194,856	14,970,429	4,044,583	10,925,846
Other outgo				
Excluding transfers of indirect costs	950,000	972,731	1,003,588	(30,857)
Transfers of indirect costs	(1,940,744)	(1,991,580)	(1,852,552)	(139,028)
Total Expenditures	297,932,488	346,742,701	272,714,387	74,028,314
Excess (Deficiency) of Revenues				
Over Expenditures	2,388,460	(8,174,247)	53,365,988	61,540,235
Other Financing Sources (Uses)				
Transfers in	-	-	197,984	197,984
Transfers out	(6,000,000)	(6,000,000)	(6,000,000)	-
Net Financing Sources (Uses)	(6,000,000)	(6,000,000)	(5,802,016)	197,984
NET CHANGE IN FUND BALANCE				
Fund Balance - Beginning	(3,611,540)	(14,174,247)	47,563,972	61,738,219
Fund Balance - Ending	129,030,838	129,030,838	129,030,838	-
	\$ 125,419,298	\$ 114,856,591	\$ 176,594,810	\$ 61,738,219

* The actual amounts reported on this schedule do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance because audit adjustments and reclassifications are not included in the schedule above.

**HACIENDA LA PUENTE UNIFIED SCHOOL DISTRICT
ADULT EDUCATION FUND – BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual (Budgetary Basis)	Variances - Final to Actual
	Original	Final		
REVENUES				
Federal sources	\$ 2,995,406	\$ 2,872,868	\$ 2,682,901	\$ (189,967)
Other state sources	18,946,987	19,516,409	23,808,504	4,292,095
Other local sources	58,607	58,607	3,354,281	3,295,674
Total Revenues	22,001,000	22,447,884	29,845,686	7,397,802
EXPENDITURES				
Certificated salaries	7,349,801	7,476,280	6,729,220	747,060
Classified salaries	3,713,051	3,743,051	3,646,643	96,408
Employee benefits	4,487,283	4,526,081	3,888,036	638,045
Books and supplies	2,759,429	3,003,862	3,383,520	(379,658)
Services and other operating expenditures	2,426,213	2,481,673	7,103,447	(4,621,774)
Capital outlay	1,961,270	7,177,217	4,127,386	3,049,831
Other outgo				
Transfers of indirect costs	904,302	932,626	1,020,281	(87,655)
Total Expenditures	23,601,349	29,340,790	29,898,533	(557,743)
NET CHANGE IN FUND BALANCE	(1,600,349)	(6,892,906)	(52,847)	6,840,059
Fund Balance - Beginning	43,392,562	43,392,562	43,392,562	-
Fund Balance - Ending	\$ 41,792,213	\$ 36,499,656	\$ 43,339,715	\$ 6,840,059

See accompanying notes to required supplementary information.

**HACIENDA LA PUENTE UNIFIED SCHOOL DISTRICT
DEFERRED MAINTENANCE 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	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000	\$ -
Other local sources	30,000	30,000	(266,314)	(296,314)
Total Revenues	3,030,000	3,030,000	2,733,686	(296,314)
EXPENDITURES				
Books and supplies	-	4,007,000	-	4,007,000
Services and other operating expenditures	105,000	204,920	72,528	132,392
Capital outlay	2,600,000	2,525,580	9,433,258	(6,907,678)
Total Expenditures	2,705,000	6,737,500	9,505,786	(2,768,286)
NET CHANGE IN FUND BALANCE	325,000	(3,707,500)	(6,772,100)	(3,064,600)
Fund Balance - Beginning	9,535,726	9,535,726	9,535,726	-
Fund Balance - Ending	\$ 9,860,726	\$ 5,828,226	\$ 2,763,626	\$ (3,064,600)

See accompanying notes to required supplementary information.

HACIENDA LA PUENTE UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
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	\$ 1,707,270	\$ 3,356,927	\$ 2,864,887	\$ 2,883,182	\$ 2,948,281	\$ 2,869,373
Interest on total OPEB liability	1,656,547	976,472	1,159,644	1,360,897	1,408,975	1,307,636
Difference between expected and actual experience	(9,190,691)	-	(829,524)	-	-	-
Changes of assumptions	(183,398)	(5,571,062)	2,033,899	(1,483,159)	3,048,629	-
Benefits payments	<u>(3,527,725)</u>	<u>(2,647,080)</u>	<u>(1,745,817)</u>	<u>(3,085,127)</u>	<u>(1,325,189)</u>	<u>(1,429,074)</u>
Net change in total OPEB liability	(9,537,997)	(3,884,743)	3,483,089	(324,207)	6,080,696	2,747,935
Total OPEB liability - beginning	<u>44,933,494</u>	<u>48,818,237</u>	<u>45,335,148</u>	<u>45,659,355</u>	<u>39,578,659</u>	<u>36,830,724</u>
Total OPEB liability - ending	<u>\$ 35,395,497</u>	<u>\$ 44,933,494</u>	<u>\$ 48,818,237</u>	<u>\$ 45,335,148</u>	<u>\$ 45,659,355</u>	<u>\$ 39,578,659</u>
 Covered-employee payroll	 \$ 153,720,102	 \$ 160,549,355	 \$ 158,614,440	 \$ 140,764,028	 \$ 148,413,000	 \$ 144,440,747
 District's total OPEB liability as a percentage of covered-employee payroll	 23.03%	 27.99%	 30.78%	 32.21%	 30.77%	 27.40%

See accompanying notes to required supplementary information.

HACIENDA LA PUENTE 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	0.201%	0.205%	0.206%	0.195%	0.185%	0.191%	0.195%	0.201%	0.191%
District's proportionate share of the net pension liability	\$ 139,915,711	\$ 93,099,315	\$ 199,484,528	\$ 176,285,137	\$ 169,872,124	\$ 176,161,712	\$ 157,717,950	\$ 135,321,240	\$ 111,614,670
State's proportionate share of the net pension liability associated with the District	70,070,198	46,843,964	102,834,298	96,175,311	97,259,735	104,215,780	89,799,235	71,569,827	67,398,433
Total	\$ 209,985,909	\$ 139,943,279	\$ 302,318,826	\$ 272,460,448	\$ 267,131,859	\$ 280,377,492	\$ 247,517,185	\$ 206,891,067	\$ 179,013,103
District's covered payroll	\$ 117,617,759	\$ 112,307,616	\$ 94,567,111	\$ 104,463,329	\$ 101,220,908	\$ 101,569,253	\$ 98,597,027	\$ 91,961,700	\$ 87,301,552
District's proportionate share of the net pension liability as a percentage of its covered payroll	119.0%	82.9%	210.9%	168.8%	167.8%	173.4%	160.0%	147.1%	127.8%
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.

HACIENDA LA PUENTE 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	0.225%	0.264%	0.260%	0.270%	0.267%	0.264%	0.280%	0.291%	0.311%
District's proportionate share of the net pension liability	\$ 77,308,696	\$ 53,975,776	\$ 80,622,436	\$ 79,647,943	\$ 71,274,538	\$ 53,588,858	\$ 55,379,173	\$ 42,952,648	\$ 35,340,130
District's covered payroll	\$ 35,331,131	\$ 38,645,836	\$ 39,937,508	\$ 38,482,217	\$ 37,378,340	\$ 37,103,334	\$ 34,508,373	\$ 34,206,006	\$ 32,664,333
District's proportionate share of the net pension liability as a percentage of its covered payroll	218.8%	139.7%	201.9%	207.0%	190.7%	144.4%	160.5%	125.6%	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.

**HACIENDA LA PUENTE 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	\$ 23,499,167	\$ 19,900,925	\$ 18,137,680	\$ 16,170,976	\$ 17,006,630	\$ 14,606,177	\$ 12,777,412	\$ 10,579,461	\$ 8,166,197
Contributions in relation to the contractually required contribution*	(23,499,167)	(19,900,925)	(18,137,680)	(16,170,976)	(17,006,630)	(14,606,177)	(12,777,412)	(10,579,461)	(8,166,197)
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	\$ 123,350,276	\$ 117,617,759	\$ 112,307,616	\$ 94,567,111	\$ 104,463,329	\$ 101,220,908	\$ 101,569,253	\$ 98,597,027	\$ 91,961,700
Contributions as a percentage of covered payroll	19.05%	16.92%	16.15%	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%

*Amounts do not include on-behalf contributions

**HACIENDA LA PUENTE 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	\$ 9,689,229	\$ 8,094,362	\$ 7,999,688	\$ 7,876,076	\$ 6,950,658	\$ 5,805,230	\$ 5,152,911	\$ 4,088,207	\$ 4,026,389
Contributions in relation to the contractually required contribution*	(9,689,229)	(8,094,362)	(7,999,688)	(7,876,076)	(6,950,658)	(5,805,230)	(5,152,911)	(4,088,207)	(4,026,389)
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	\$ 40,412,500	\$ 35,331,131	\$ 38,645,836	\$ 39,937,508	\$ 38,482,217	\$ 37,378,340	\$ 37,103,334	\$ 34,508,373	\$ 34,206,006
Contributions as a percentage of covered payroll	23.98%	22.91%	20.70%	19.72%	18.06%	15.53%	13.89%	11.85%	11.77%

*Amounts do not include on-behalf contributions

**HACIENDA LA PUENTE 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 Total 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 total OPEB liability, and the components of the total OPEB liability and related ratios, including the total 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 inflation rate assumption changed from 2.75 percent to 2.50 percent since the previous valuation. The healthcare cost trend rate assumption changed from 5.40 percent to 6.00 percent since the previous valuation.

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.

HACIENDA LA PUENTE 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 outlined below:

	Expenditures and Other Uses		
	Budget	Actual	Excess
General Fund			
Other outgo			
Excluding transfers of indirect costs	\$ 972,731	\$ 1,003,588	\$ 30,857
Transfers of indirect costs	\$ (1,991,580)	\$ (1,852,552)	\$ 139,028
Adult Education Fund			
Books and supplies	\$ 3,003,862	\$ 3,383,520	\$ 379,658
Services and other operating expenditures	\$ 2,481,673	\$ 7,103,447	\$ 4,621,774
Other outgo			
Transfers of indirect costs	\$ 932,626	\$ 1,020,281	\$ 87,655
Deferred Maintenance Fund			
Capital outlay	\$ 2,525,580	\$ 9,433,258	\$ 6,907,678

SUPPLEMENTARY INFORMATION

**HACIENDA LA PUENTE 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			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	\$ 5,384,829
Comprehensive Support and Improvement for LEAs	84.010	15438	141,794
Subtotal Title I, Part A			<u>5,526,623</u>
Adult Education			
Adult Education: Adult Basic Education & ESL	84.002A	14508	464,320
Adult Education: Adult Secondary Education	84.002	13978	139,850
Adult Education: English Literacy and Civics Education	84.002A	14109	203,675
Subtotal Adult Education			<u>807,845</u>
Title I, Migrant Education	84.011	14326	38,249
Title II, Part A, Supporting Effective Instruction Local Grants	84.367	14341	750,396
Title III, English Learner Student Program	84.365	14346	459,873
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	666,502
Special Education Cluster			
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	3,687,021
ARP IDEA Part B, Sec 611, Local Assistance Entitlement	84.027	15638	30,900
IDEA Local Assistance, Part B, Sec 611, Private School ISPs	84.027	10115	34,886
IDEA Mental Health Average Daily Attendance (ADA) Allocation, Part B, Sec 611	84.027A	15197	200,666
IDEA Preschool Grants, Part B, Section 619 (Age 3-4-5)	84.173	13430	99,433
Alternate Dispute Resolution, Part B, Sec 611	84.027A	13007	31,332
Subtotal Special Education Cluster			<u>4,084,238</u>
IDEA Early Intervention Grants, Part C	84.181	23761	62,559
Career Technical Education			
Strengthening Career and Technical Education for the 21st Century (Perkins V)	84.048	14894	167,030
Carl D. Perkins Career and Technical Education: Adult, Section 132	84.048	14893	873,672
Subtotal Career Technical Education			<u>1,040,702</u>
Education for Homeless Children and Youth, Subtitle VII-B McKinney-Vento Act	84.196	14332	75,420
COVID-19 Emergency Acts Funding/Education Stabilization Fund Discretionary Grants: [1]			
Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425	15547	3,770,386
Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425	15559	3,965,801
Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U	10155	1,133,881
Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Emergency Needs	84.425	15620	1,039,650
Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Learning Loss	84.425	15621	55,623
American Rescue Plan-Homeless Children and Youth (ARP-HCY) Program	84.425	15564	36,304
ARP Homeless Children and Youth - Statewide Activities (ARP- HYC Statewide Activities)	84.425	15636	127,154
American Rescue Plan - Homeless Children and Youth II (ARP HYC II) Program	84.425	15566	83,364
Child Nutrition: COVID CARES Act Supplemental Meal Reimbursement	84.425	15535	420,059
Subtotal Education Stabilization Fund Discretionary Grants			<u>10,632,222</u>
<i>Passed through California Department of Rehabilitation:</i>			
State Vocational Rehabilitation Services Program - We Can Work	84.126A	*	119,425
<i>Direct Award:</i>			
PELL Grants	84.063	*	1,001,384
Total U. S. Department of Education			<u><u>25,265,438</u></u>
U. S. DEPARTMENT OF AGRICULTURE:			
<i>Passed through California Department of Education:</i>			
Child Nutrition Cluster [1]			
School Breakfast Program - Needy	10.553	13526	1,722,590
National School Lunch Program	10.555	13391	7,002,455
USDA Commodities [2]	10.555	*	755,989
Meal Supplements	10.555	*	256,194
Supply Chain Assistance Funds	10.555	15655	383,904
Subtotal Child Nutrition Cluster			<u>10,121,132</u>
NSLP Equipment Assistance Grants	10.579	14906	4,211
<i>Passed through California Department of Social Services:</i>			
CACFP Claims - Centers and Family Day Care [1]	10.558	13393	1,448,152
Total U. S. Department of Agriculture			<u><u>\$ 11,573,495</u></u>

(continued on the following page)

**HACIENDA LA PUENTE UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, continued
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 HEALTH AND HUMAN SERVICES:			
<i>Passed through California Department of Education:</i>			
Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act - One-time Stipend	93.575	15555	\$ 122,035
Child Center Development Block Grant	93.596	13609	1,074,543
Head Start	93.600	10016	4,712,589
Total U. S. Department of Health & Human Services			<u>5,909,167</u>
Total Federal Expenditures			<u>\$ 42,748,100</u>

[1] - Major Program

[2] - In-Kind Contribution

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

**HACIENDA LA PUENTE 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	4,479.30	4,495.71
Extended Year Special Education	-	4.99
Special Education - Nonpublic Schools	0.62	0.84
Total TK/K through Third	<u>4,479.92</u>	<u>4,501.54</u>
Fourth through Sixth		
Regular ADA	3,485.64	3,495.47
Extended Year Special Education	-	3.67
Special Education - Nonpublic Schools	1.54	1.97
Extended Year Special Education - Nonpublic Schools	0.09	0.09
Total Fourth through Sixth	<u>3,487.27</u>	<u>3,501.20</u>
Seventh through Eighth		
Regular ADA	2,282.81	2,288.22
Extended Year Special Education	-	2.10
Special Education - Nonpublic Schools	1.23	1.36
Extended Year Special Education - Nonpublic Schools	-	0.18
Community Day School	1.36	1.41
Total Seventh through Eighth	<u>2,285.40</u>	<u>2,293.27</u>
Ninth through Twelfth		
Regular ADA	4,660.48	4,662.69
Extended Year Special Education	-	6.31
Special Education - Nonpublic Schools	3.91	4.23
Extended Year Special Education - Nonpublic Schools	0.46	0.65
Community Day School	12.74	11.56
Total Ninth through Twelfth	<u>4,677.59</u>	<u>4,685.44</u>
TOTAL SCHOOL DISTRICT	<u>14,930.18</u>	<u>14,981.45</u>

**HACIENDA LA PUENTE 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	50,400	180	Complied
Grade 1	50,400	50,400	180	Complied
Grade 2	50,400	50,400	180	Complied
Grade 3	50,400	50,400	180	Complied
Grade 4	54,000	54,000	180	Complied
Grade 5	54,000	54,000	180	Complied
Grade 6	54,000	54,000	180	Complied
Grade 7	54,000	54,000	180	Complied
Grade 8	54,000	54,000	180	Complied
Grade 9	64,800	64,810	180	Complied
Grade 10	64,800	64,810	180	Complied
Grade 11	64,800	64,810	180	Complied
Grade 12	64,800	64,810	180	Complied

**HACIENDA LA PUENTE 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	\$ 326,750,614	\$ 326,278,359	\$ 286,174,822	\$ 274,967,145
Expenditures And Other Financing Uses	345,362,483	278,714,387	266,283,181	249,420,851
Net change in Fund Balance	\$ (18,611,869)	\$ 47,563,972	\$ 19,891,641	\$ 25,546,294
Ending Fund Balance	\$ 157,982,941	\$ 176,594,810	\$ 129,030,838	\$ 109,139,197
Available Reserves*	\$ 47,948,987	\$ 59,670,655	\$ 9,557,316	\$ 16,986,538
Available Reserves As A Percentage Of Outgo	13.88%	21.41%	3.59%	6.81%
Long-term Liabilities	\$ 429,768,165	\$ 446,507,967	\$ 409,939,795	\$ 564,187,104
Average Daily Attendance At P-2***	15,005	14,930	14,941	17,111

The General Fund ending fund balance has increased by \$67,455,613 over the past two years. However, the fiscal year 2023-24 budget projects a decrease of \$18,611,869. 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 decreased by \$117,679,137 over the past two years.

Average daily attendance has decreased by 2,181 ADA over the past two years. An increase of 75 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 audit adjustments and reclassifications.

*** 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.

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

	General Fund
June 30, 2023, annual financial and budget report fund balance	<u>\$ 176,594,810</u>
Adjustments and reclassifications:	
Increase (decrease) in total fund balances:	
Accounts receivable	<u>4,392,900</u>
Net adjustments and reclassifications	<u>4,392,900</u>
June 30, 2023, audited financial statement fund balance	<u><u>\$ 180,987,710</u></u>

**HACIENDA LA PUENTE UNIFIED SCHOOL DISTRICT
RECONCILIATION OF HEAD START EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2023**

	Federal Expenditures	Non-Federal Share (NFS)
Program Operations 12.0-52100.0	\$ 4,571,093	\$ -
Training & Technical Assistance (TTA) 12.0-52102.0	62,188	-
COVID-19 Supplemental 12.0-52100.0	79,308	-
2022-23 Federal Expenditures, per audit	<u>\$ 4,712,589</u>	<u>\$ -</u>

* The District was approved for a waiver for the 20% Non-Federal Share (NFS) matching requirement.

HACIENDA LA PUENTE UNIFIED SCHOOL DISTRICT
COMBINING BALANCE SHEET
JUNE 30, 2023

	Student Activity Fund	Child Development Fund	Cafeteria Fund	Building Fund	Bond Interest and Redemption Fund	Tax Override Fund	Debt Service Fund	Non-Major Governmental Funds
ASSETS								
Cash and investments	\$ 907,598	\$ 3,554,807	\$ 9,249,081	\$ 25,984,962	\$ 12,729,472	\$ 13,746	\$ 27,628,166	\$ 80,067,832
Accounts receivable	-	1,372,961	2,671,074	286,042	-	144	242,160	4,572,381
Stores inventory	-	-	158,255	-	-	-	-	158,255
Prepaid expenditures	-	-	-	420	-	-	-	420
Total Assets	\$ 907,598	\$ 4,927,768	\$ 12,078,410	\$ 26,271,424	\$ 12,729,472	\$ 13,890	\$ 27,870,326	\$ 84,798,888
LIABILITIES								
Accrued liabilities	\$ 21,572	\$ 2,109,079	\$ 399,339	\$ 1,284,404	\$ -	\$ -	\$ -	\$ 3,814,394
Unearned revenue	-	-	83,373	-	-	-	-	83,373
Total Liabilities	21,572	2,109,079	482,712	1,284,404	-	-	-	3,897,767
FUND BALANCES								
Non-spendable	-	-	158,255	420	-	-	-	158,675
Restricted	886,026	2,818,689	11,437,443	24,986,600	12,729,472	13,890	27,870,326	80,742,446
Total Fund Balances	886,026	2,818,689	11,595,698	24,987,020	12,729,472	13,890	27,870,326	80,901,121
Total Liabilities and Fund Balances	\$ 907,598	\$ 4,927,768	\$ 12,078,410	\$ 26,271,424	\$ 12,729,472	\$ 13,890	\$ 27,870,326	\$ 84,798,888

See accompanying notes to supplementary information.

**HACIENDA LA PUENTE UNIFIED SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2023**

	Student Activity Fund	Child Development Fund	Cafeteria Fund	Building Fund	Bond Interest and Redemption Fund	Tax Override Fund	Debt Service Fund	Non-Major Governmental Funds
REVENUES								
Federal sources	\$ -	\$ 6,883,990	\$ 11,573,495	\$ -	\$ -	\$ -	\$ -	\$ 18,457,485
Other state sources	-	4,188,155	4,191,543	-	87,625	-	-	8,467,323
Other local sources	1,683,771	121,496	1,741,485	(447,304)	14,977,382	(286)	(610,149)	17,466,395
Total Revenues	<u>1,683,771</u>	<u>11,193,641</u>	<u>17,506,523</u>	<u>(447,304)</u>	<u>15,065,007</u>	<u>(286)</u>	<u>(610,149)</u>	<u>44,391,203</u>
EXPENDITURES								
Current								
Instruction	-	6,473,221	-	-	-	-	-	6,473,221
Instruction-related services								
Instructional supervision and administration	-	2,198,729	-	-	-	-	-	2,198,729
School site administration	-	48	-	-	-	-	-	48
Pupil services								
Food services	-	55,193	12,802,704	-	-	-	-	12,857,897
All other pupil services	-	238,442	-	-	-	-	-	238,442
General administration								
All other general administration	-	538,270	294,001	-	-	-	-	832,271
Plant services	-	608,784	129,279	455,493	-	-	-	1,193,556
Facilities acquisition and construction	-	93,445	-	6,189,443	-	-	-	6,282,888
Ancillary services	1,546,304	-	-	-	-	-	-	1,546,304
Debt service								
Principal	-	-	-	-	8,160,000	-	5,934,016	14,094,016
Interest and other	-	-	-	-	5,224,829	-	2,668,211	7,893,040
Total Expenditures	<u>1,546,304</u>	<u>10,206,132</u>	<u>13,225,984</u>	<u>6,644,936</u>	<u>13,384,829</u>	<u>-</u>	<u>8,602,227</u>	<u>53,610,412</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>137,467</u>	<u>987,509</u>	<u>4,280,539</u>	<u>(7,092,240)</u>	<u>1,680,178</u>	<u>(286)</u>	<u>(9,212,376)</u>	<u>(9,219,209)</u>
Other Financing Sources (Uses)								
Transfers in	-	-	-	-	-	-	6,000,000	6,000,000
Transfers out	-	(197,984)	-	-	-	-	-	(197,984)
Net Financing Sources (Uses)	<u>-</u>	<u>(197,984)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,000,000</u>	<u>5,802,016</u>
NET CHANGE IN FUND BALANCE	<u>137,467</u>	<u>789,525</u>	<u>4,280,539</u>	<u>(7,092,240)</u>	<u>1,680,178</u>	<u>(286)</u>	<u>(3,212,376)</u>	<u>(3,417,193)</u>
Fund Balance - Beginning	<u>748,559</u>	<u>2,029,164</u>	<u>7,315,159</u>	<u>32,079,260</u>	<u>11,049,294</u>	<u>14,176</u>	<u>31,082,702</u>	<u>84,318,314</u>
Fund Balance - Ending	<u>\$ 886,026</u>	<u>\$ 2,818,689</u>	<u>\$ 11,595,698</u>	<u>\$ 24,987,020</u>	<u>\$ 12,729,472</u>	<u>\$ 13,890</u>	<u>\$ 27,870,326</u>	<u>\$ 80,901,121</u>

See accompanying notes to supplementary information.

**HACIENDA LA PUENTE UNIFIED SCHOOL DISTRICT
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
JUNE 30, 2023**

The Hacienda La Puente Unified School District was established on July 1, 1970, and is comprised of an area of approximately 20 square miles located in Los Angeles County. There were no changes in the boundaries of the District during the current year. The District serves students in the diverse communities of City of Industry, Hacienda Heights, La Puente and portions of Valinda and West Covina. Learning facilities include: four comprehensive high schools, one alternative high school, one Community Day School, one special education school, seventeen K-5 elementary schools, six K-8 schools, four middle schools, one orthopedic unit for students with disabilities and extensive child development and early primary programs and three main Adult Education facilities.

GOVERNING BOARD

Member	Office	Term Expires
Christine Salazar	President	November 2024
Stephanie Serrano	Vice President	November 2024
Jeffrey De La Torre	Clerk	November 2026
Nancy Loera	Member	November 2026
Gino Kwok, Esq.	Member	November 2026

DISTRICT ADMINISTRATORS

Dr. Alfonso Jiménez
Superintendent

Manoj Roychowdhury
Associate Superintendent, Business Services

Dr. Rosa Isiah
Assistant Superintendent, Curriculum, Education Services

Dr. John Lovato
Assistant Superintendent, Human Resources

HACIENDA LA PUENTE 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 following schedule provides reconciliation between revenues reported on the Statement of Revenue, Expenditures, and Changes in Fund Balance, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts represent Federal funds that have been recorded as revenues in a prior year that have been expended by June 30, 2023 or Federal funds that have been recorded as revenues in the current year and were not expended by June 30, 2023.

	AL	
	Number	Amount
Total Federal Revenues reported in the Statement of Revenues, Expenditures, and Changes in Fund Balance		\$ 43,302,864
ARP California State Preschool Program One-time Stipend	93.575	(160,800)
ARP California State Preschool Program - Rate Supplements	93.575	(936,058)
CRRSA Act - One-time Stipend	93.575	122,035
COVID CARES Act Supplemental Meal Reimbursement	84.425	420,059
Total Expenditures reported in the Schedule of Expenditures of Federal Awards		<u>\$ 42,748,100</u>

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.

**HACIENDA LA PUENTE UNIFIED SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION, continued
JUNE 30, 2023**

NOTE 1 – PURPOSE OF SCHEDULES (continued)

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.

Reconciliation of Head Start Expenditures

This schedule provides information on the detail of Head Start Expenditures that are reported on the Schedule of Expenditures of Federal Awards.

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
Hacienda La Puente Unified School District
City of Industry, 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 Hacienda La Puente 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 Hacienda La Puente Unified School District's basic financial statements, and have issued our report thereon dated March 12, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Hacienda La Puente 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 Hacienda La Puente Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Hacienda La Puente 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying Schedule of Audit Findings and Questioned Costs as Finding #2023-001 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hacienda La Puente 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*.

Hacienda La Puente Unified School District's Response to Findings

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

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." in a cursive script.

San Diego, California
March 12, 2024

**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
Hacienda La Puente Unified School District
City of Industry, California

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

We have audited Hacienda La Puente 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 Hacienda La Puente Unified School District's major federal programs for the year ended June 30, 2023. Hacienda La Puente 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, Hacienda La Puente 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 Hacienda La Puente 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 Hacienda La Puente 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 Hacienda La Puente 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 Hacienda La Puente 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 Hacienda La Puente 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 Hacienda La Puente 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 Hacienda La Puente 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 Hacienda La Puente 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." in a cursive script.

San Diego, California
March 12, 2024

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

Governing Board
Hacienda La Puente Unified School District
City of Industry, California

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

We have audited Hacienda La Puente Unified School District's compliance with the requirements specified in the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* applicable to Hacienda La Puente Unified School District's state program requirements as identified in the table in the Auditor's Responsibilities for the Audit of State Compliance section of our report for the year ended June 30, 2023.

In our opinion, Hacienda La Puente Unified School District complied, in all material respects, with the laws and regulations of the applicable laws and regulations of 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* (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 Hacienda La Puente 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 opinion. Our audit does not provide a legal determination of Hacienda La Puente 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 Hacienda La Puente 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 Hacienda La Puente 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 that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Hacienda La Puente 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 judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Hacienda La Puente 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 Hacienda La Puente 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 Hacienda La Puente Unified School District's internal control over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine Hacienda La Puente Unified School District's compliance with the state laws and regulations applicable 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	No
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
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	Yes
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	Yes
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 independent study because program ADA is 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 and material weaknesses in internal control over compliance that we identify during the audit.

Other Matters

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

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

Report on Internal Control Over Compliance

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 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 a material noncompliance with a compliance requirement 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 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, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been 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.

Christy White, Inc.

San Diego, California
March 12, 2024

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**HACIENDA LA PUENTE 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>Yes</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>
<u>84.425, 84.425U</u>	<u>Education Stabilization Fund Discretionary Grants</u>
<u>10.553, 10.555, 10.559</u>	<u>Child Nutrition Cluster</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 1,282,443</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>

**HACIENDA LA PUENTE 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

FINDING #2023-001: CAPITAL ASSETS INVENTORY (20000)

Criteria: The District must maintain current, auditable asset listings to support the amount reported on the government-wide statement of net position. Physical inventory counts should be performed every two years to verify accuracy of asset listing and valuations. This inventory should include a current detail of construction projects in progress and their related costs. Upon project completion, the completed asset(s) should be placed into service and depreciated in the appropriate asset category.

Condition: During our audit of the District's financial statements, we determined that construction projects in progress had not been adequately tracked for purposes of recording completed projects and subsequent depreciation. We noted projects dating back several years that remain classified as construction in progress in the capital assets inventory listing, although many of these projects have likely been completed and should be transferred into the appropriate depreciable asset category.

Context: Governmental accounting standards require property, plant, and equipment to be inventoried and valued every two years for a District this size. For construction projects, this should be an ongoing process that tracks the related costs and begins depreciating the assets once they are placed into service.

Effect: Without completing regular updates of physical inventory and construction in progress listings, the District cannot maintain adequate control over buildings, site improvements, and other capital assets as they relate to the government-wide financial statements.

Cause: Lack of adequate controls over capital assets inventory reporting. Current policies do not appear to require project inventory records to be maintained and updated contemporaneously.

Recommendation: We recommend the District implement procedures that ensure the capital asset inventory listing is updated and verified by performing periodic physical inventory counts. The District should consider hiring a consultant to perform a full physical inventory of all capital assets or identify employees that can perform the inventory count in-house. Completed construction projects should begin recognizing depreciation expense in the fiscal year in which they are placed into service.

Corrective Action Plan: The District will conduct a review of the works in progress to determine whether projects are completed or in progress and correct any inaccuracies in the list. Staff will be assigned to continually review and update the district's inventory as needed.

**HACIENDA LA PUENTE 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.

**HACIENDA LA PUENTE 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 #2023-002: ATTENDANCE REGISTERS (10000)

Criteria: In accordance with Education Code Section 46000, attendance in all schools and classes shall be recorded and kept according to regulations prescribed by the State Board of Education. This includes preparation, review, and signature of weekly attendance records. These signatures can be provided electronically if the District has received the appropriate approval from the California Department of Education (CDE).

Condition: During our testing of attendance records at a representative sample of school sites, we noted that weekly attendance registers are not prepared, reviewed, and signed by teachers.

Cause: The District was previously under the understanding that it had received the appropriate approval from CDE to utilize a system of electronic signatures for attendance reporting.

Questioned Costs: None. Daily attendance is recorded online in the classrooms by the appropriately certificated teachers. In addition, we determined that the attendance recorded was based on the actual attendance of the students and could be relied upon for attendance reporting purposes.

Effect: Potential for errors and irregularities in attendance records to be undetected. Incorrect reporting of ADA can result in noncompliance with State regulations and potential loss of funding.

Repeat Finding: This is not a repeat finding.

Recommendation: The District should enforce procedures that require weekly attendance registers to be prepared, reviewed, and signed by the teachers responsible for the related attendance records. Additionally, the District should consider completing the necessary procedures to obtain electronic signature approval from CDE.

Corrective Action Plan: The District was under the impression that approval from CDE had been granted. The District will complete the necessary steps to gain approval for using electronic signatures on attendance reports.

**HACIENDA LA PUENTE UNIFIED SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2023**

FINDING #2022-001: IN-PERSON INSTRUCTION (40000)

Criteria: If the LEA did not provide in-person instruction on or before May 15, 2021, for the specified subgroups pursuant to Education Code Section 43521(c)(3), subparagraphs (A) to (C), or did not provide continuous in-person instruction pursuant to Education Code Section 43521(c)(2)(B)(iii), the full amount of the In-Person Instruction Grant received is disallowed.

Condition: The District elected not to re-open for in-person instruction during the 2020-21 school year.

Cause: The District elected not to re-open for in-person instruction during the 2020-21 school year.

Effect: The full amount of the in-person instruction grant, \$3,100,632, is disallowed.

Recommendation: Not applicable.

Corrective Action Plan: The District did not re-open for instruction in the 2020-21 school year. The allocated funds have been returned to the State.

Current Status: Implemented.

**HACIENDA LA PUENTE UNIFIED SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, continued
FOR THE YEAR ENDED JUNE 30, 2023**

FINDING #2022-002: INDEPENDENT STUDY (10000)

Criteria: Pursuant to Education Code Sections 51744-51749.6, every written independent study agreement is required to contain the following required elements:

1. The manner, time, frequency, and place for submitting a pupil's assignments and for reporting his or her progress, and for communicating with a pupil's parent or guardian regarding a pupil's academic progress.
2. The objectives and methods of study (pupil activities selected by the supervising teacher as the means to reach the educational objectives set forth in the written agreement) for the pupil's work
3. The methods utilized used to evaluate that work (any specified procedure through which a certificated teacher personally assesses the extent to which the pupils achieved the objectives set forth in the written assignment)
4. The specific resources, including materials and personnel, to be made available to the pupils (resources reasonably necessary to the achievement of the objectives in the written agreement, not to exclude resources normally available to all pupils on the same terms as the terms on which they are normally available to all pupils). These resources shall include confirming or providing access to all pupils to the connectivity and devices adequate to participate in the educational program and complete assigned work.
5. A statement of the policies adopted pursuant to subdivisions (a) and (b) of Education Code Section 51747:
 - A. The maximum length of time allowed between the assignment and the completion of a pupil's assigned work; and
 - B. The level of satisfactory educational progress as defined in Education Code Section 51747(b)(2)(A)-(D); and
 - C. The number of assignments a pupil may miss before there must be an evaluation of whether it is in the pupil's best interests to continue in independent study.
6. The duration of the independent study agreement, including the beginning and ending dates for the pupil's participation in independent study under the agreement, with no agreement being for longer than one school year
7. A statement of the number of course credits or, for the elementary grades, other measures of academic accomplishment appropriate to the agreement, to be earned by the pupil upon completion
8. A statement detailing the academic and other supports that will be provided to address the needs of pupils who are not performing at grade level, or need support in other areas, such as English learners, individuals with exceptional needs in order to be consistent with the pupil's individualized education program or plan pursuant to Education Code Section 504 of the federal Rehabilitation Act of 1973 (29 U.S.C. Sec. 794), pupils in foster care or experiencing homelessness, and pupils requiring mental health supports.
9. A statement in each independent study agreement that independent study is an optional educational alternative in which no pupil may be required to participate.

**HACIENDA LA PUENTE UNIFIED SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, continued
FOR THE YEAR ENDED JUNE 30, 2023**

FINDING #2022-002: INDEPENDENT STUDY (10000) (continued)

Condition: Condition: During testing of independent study attendance we noted the following elements were missing from the short-term independent study contracts in use at the District:

- Manner of reporting, frequency of meeting, time of event, place of reporting and for communicating with a pupil's parent or guardian regarding a pupil's academic progress
- Specific resources, including materials and personnel, to be made available by the District. Shall include confirming or providing access to the connectivity and devices adequate to participate in the program and complete work
- Methods of study for the pupil's work
- The maximum length of time allowed between assignment and completion of pupils work
- The number of assignments a pupil may miss before there must be an evaluation of whether independent study is in the pupils best interest
- The number of course credits to be earned (or for elementary grades, other measures of academic credit) if the objective is reached
- A statement detailing the academic and other supports that will be provided to address the needs of pupils who are not performing at grade level, or need support in other areas
- Duration of the agreement

The total ADA by grade span for non-compliant independent study is documented in the Schedule of ADA in the Supplementary Information Section.

Context: Errors were noted at all sites conducting short-term independent study throughout the 2021-22 school year.

Cause: The District was unaware of the compliance requirements surrounding independent study.

Effect: The calculation based on derived value of ADA totals a questioned cost of \$260,130. However, based on ADA yield flexibilities enacted for the 2021-22 fiscal year, we do not anticipate any ultimate impact to funding.

Recommendation: We recommend that all independent study contracts be updated to reflect all required elements.

Corrective Action Plan: The district will review the contract requirements and update out contracts as needed.

Current Status: Implemented.

**HACIENDA LA PUENTE UNIFIED SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, continued
FOR THE YEAR ENDED JUNE 30, 2023**

FINDING #2022-003: COMPREHENSIVE SCHOOL SAFETY PLAN (40000)

Criteria: According to Education Code Section 32281 “each school district and county office of education is responsible for the overall development of all comprehensive school safety plans for its schools operating kindergarten or any of grades 1 to 12, inclusive.” Furthermore, per Section 32282, the comprehensive school safety plan “shall be evaluated at least once a year, to ensure that the comprehensive school safety plan is properly implemented.” This review and update is required to be completed by March 1 as described in Education Code Section 32286.

Condition: During our testing of the comprehensive school safety plans, it was noted that two sites updated their respective plans after March 1. Lassalette Elementary updated their plan on March 8, 2022, and Wilson High updated their plan on March 21, 2022.

Cause: Due to the numerous new requirements related to reopening sites for in-person instruction in the 2021-22 school year, this deadline was overlooked.

Effect: No questioned cost.

Recommendation: We recommend that the District implement a procedure to ensure that the plans are reviewed and updated annually by the March 1 deadline.

Corrective Action Plan: The District will create a schedule for submission, review, and approval of school plans to ensure that plans are evaluated annually by the required deadline.

Current Status: Implemented.

MANAGEMENT LETTER

To the Governing Board
Hacienda La Puente Unified School District
City of Industry, California

In planning and performing our audit of the basic financial statements of Hacienda La Puente Unified School District for the fiscal year ending June 30, 2023, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control structure.

However, during our audit we noted matters that are an opportunity for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated March 12, 2024, on the financial statements of Hacienda La Puente Unified School District.

Compensated Absences Liability

Observation: The collective bargaining agreement with CSEA specifies that by the end of the fiscal year, employees shall not have an earned vacation balance that exceeds more than can be earned in a fiscal year unless the employee has the written approval of the superintendent or a designee. While the maximum amount differs based on employees' years of service, the maximum amount for any CSEA employee is 24 days, or 192 hours. Management employees do not have a stated maximum, but "best practices" dictate that the same limits should apply to management employees. A significant number of classified employees, both CSEA members and non-members, are carrying accrued vacation balances significantly in excess of 24 days. The liability for those accrued vacation balances continues to grow each year as each employee's hourly rate of pay is increased for step and column changes, as well as negotiated salary increases. At June 30, 2023, the liability for those accrued vacation balances exceeds \$3.7 million.

Recommendation: To prevent the liability from continuing to grow to excessive amounts, the District should investigate either requiring employees to take more vacation, paying off some of the excessive balances, or enforcing the cap limitation so that once employees reach the accrued vacation cap, they may not accrue additional vacation.



San Diego, California
March 12, 2024