# BUENA PARK SCHOOL DISTRICT

## AUDIT REPORT
### JUNE 30, 2023

**BUENA PARK SCHOOL DISTRICT**
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**JUNE 30, 2023**

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# REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Independent Auditors' Report

Governing Board
Buena Park School District
Buena Park, 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 Buena Park School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Buena Park 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 Buena Park School District, as of June 30, 2023, and the respective changes in financial position 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 Buena Park 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 Buena Park 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.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2023 on our consideration of the Buena Park 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 Buena Park 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 Buena Park School District's internal control over financial reporting and compliance.

Christy White, Inc.

San Diego, California
December 14, 2023

**BUENA PARK SCHOOL DISTRICT**
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

## INTRODUCTION

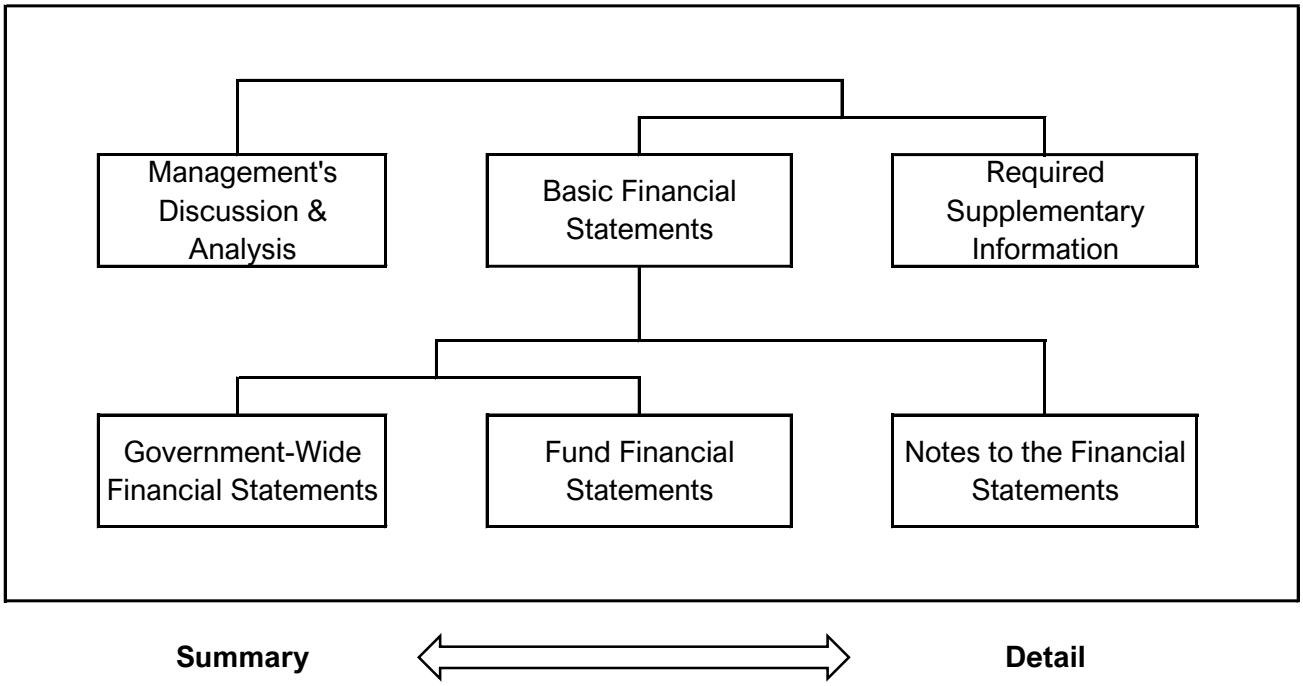
Our discussion and analysis of Buena Park School District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2023. It should be read in conjunction with the District's financial statements, which follow this section.

## FINANCIAL HIGHLIGHTS

- The District's net position was $10,892,713 at June 30, 2023. This was an increase of $25,137,504 from the prior year.
- Overall revenues were $99,844,471, which exceeded expenses of $74,706,967.

## OVERVIEW OF FINANCIAL STATEMENTS

### Components of the Financial Section



## 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.

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 or position. 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.

## FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

### Net Position

The District's net position was $10,892,713 at June 30, 2023, as reflected in the table below. Of this amount, $(31,758,049) 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 | $ 64,750,265 | $ 56,203,375 | $ 8,546,890 |
| Capital assets | 62,543,444 | 54,271,053 | 8,272,391 |
| **Total Assets** | 127,293,709 | 110,474,428 | 16,819,281 |
| **DEFERRED OUTFLOWS OF RESOURCES** | 20,717,106 | 12,814,708 | 7,902,398 |
| **LIABILITIES** | | | |
| Current liabilities | 11,798,250 | 10,885,160 | 913,090 |
| Long-term liabilities | 116,107,462 | 97,785,924 | 18,321,538 |
| **Total Liabilities** | 127,905,712 | 108,671,084 | 19,234,628 |
| **DEFERRED INFLOWS OF RESOURCES** | 9,212,390 | 28,862,843 | (19,650,453) |
| **NET POSITION** | | | |
| Net investment in capital assets | 8,131,528 | 9,968,319 | (1,836,791) |
| Restricted | 34,519,234 | 20,811,482 | 13,707,752 |
| Unrestricted | (31,758,049) | (45,024,592) | 13,266,543 |
| **Total Net Position** | $ 10,892,713 | $ (14,244,791) | $ 25,137,504 |

## 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 them slightly, so you can see our total revenues and expenses for the year.

| | Governmental Activities | | |
|---|---|---|---|
| | 2023 | 2022 | Net Change |
| **REVENUES** | | | |
| Program revenues | | | |
| Charges for services | $ 555,555 | $ 757,813 | $ (202,258) |
| Operating grants and contributions | 35,922,244 | 20,895,787 | 15,026,457 |
| Capital grants and contributions | 242 | 10,886,320 | (10,886,078) |
| General revenues | | | |
| Property taxes | 29,986,064 | 29,448,745 | 537,319 |
| Unrestricted federal and state aid | 31,398,725 | 27,420,528 | 3,978,197 |
| Other | 1,981,641 | 454,237 | 1,527,404 |
| **Total Revenues** | 99,844,471 | 89,863,430 | 9,981,041 |
| **EXPENSES** | | | |
| Instruction | 35,263,068 | 33,023,167 | 2,239,901 |
| Instruction-related services | 5,113,770 | 4,608,342 | 505,428 |
| Pupil services | 7,946,006 | 7,080,515 | 865,491 |
| General administration | 5,833,791 | 5,401,043 | 432,748 |
| Plant services | 8,965,521 | 6,652,665 | 2,312,856 |
| Ancillary and community services | 3,791,805 | 1,428,930 | 2,362,875 |
| Debt service | 2,456,051 | 2,057,072 | 398,979 |
| Other outgo | 1,637,825 | 1,507,491 | 130,334 |
| Depreciation | 3,699,130 | 3,648,184 | 50,946 |
| **Total Expenses** | 74,706,967 | 65,407,409 | 9,299,558 |
| **Change in net position** | 25,137,504 | 24,456,021 | 681,483 |
| **Net Position - Beginning** | (14,244,791) | (38,700,812) | 24,456,021 |
| **Net Position - Ending** | $ 10,892,713 | $ (14,244,791) | $ 25,137,504 |

The cost of all our governmental activities this year was $74,706,967 (refer to the table above). The amount that our taxpayers ultimately financed for these activities through taxes was only $29,986,064 because a portion of the cost was paid by other governments and organizations who subsidized certain programs with grants and contributions.

## 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 | $ 16,305,477 | $ 10,737,245 |
| Instruction-related services | 3,906,435 | 3,458,493 |
| Pupil services | 2,358,320 | 1,834,534 |
| General administration | 4,578,624 | 4,588,924 |
| Plant services | 7,027,231 | 5,975,190 |
| Ancillary and community services | (1,794,169) | 452,297 |
| Debt service | 2,456,051 | 2,057,072 |
| Transfers to other agencies | (308,173) | 115,550 |
| Depreciation | 3,699,130 | 3,648,184 |
| **Total** | $ 38,228,926 | $ 32,867,489 |

## 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 $55,536,378, which is more than last year's ending fund balance of $47,907,543. The District's General Fund had $17,920,020 more in operating revenues than expenditures for the year ended June 30, 2023. The District's Building Fund had $11,808,801 less in operating revenues than expenditures for the year ended June 30, 2023. The District's Special Reserve Fund for Capital Outlay Projects had $488,105 more in operating revenues than expenditures for the year ended June 30, 2023.

## CURRENT YEAR BUDGET 2022-2023

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

## CAPITAL ASSETS AND LONG-TERM LIABILITIES

### Capital Assets

By the end of 2022-2023 the District had invested $62,543,444 in capital assets, net of accumulated depreciation.

| | Governmental Activities | | |
|---|---|---|---|
| | 2023 | 2022 | Net Change |
| **CAPITAL ASSETS** | | | |
| Land | $ 2,234,453 | $ 2,234,453 | $ - |
| Construction in progress | 18,352,785 | 7,179,147 | 11,173,638 |
| Land improvements | 2,560,521 | 2,560,521 | - |
| Buildings & improvements | 79,305,470 | 79,063,063 | 242,407 |
| Furniture & equipment | 10,282,186 | 9,726,710 | 555,476 |
| Less: Accumulated depreciation | (50,191,971) | (46,492,841) | (3,699,130) |
| **Total Capital Assets** | $ 62,543,444 | $ 54,271,053 | $ 8,272,391 |

### Long-Term Liabilities

At year-end, the District had $116,107,463 in long-term liabilities, an increase of 18.74% 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 | $ 57,336,108 | $ 59,078,818 | $ (1,742,710) |
| Early retirement incentive | 544,076 | 762,581 | (218,505) |
| Compensated absences | 386,783 | 557,267 | (170,484) |
| Total OPEB liability | 10,718,534 | 8,287,918 | 2,430,616 |
| Net pension liability | 48,728,223 | 30,758,347 | 17,969,876 |
| Less: current portion of long-term liabilities | (1,606,262) | (1,659,007) | 52,745 |
| **Total Long-term Liabilities** | $ 116,107,462 | $ 97,785,924 | $ 18,321,538 |

## 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.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (continued)

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

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

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

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

## CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Business Office at 6885 Orangethorpe Avenue; Buena Park, CA, 90620-1398.

**BUENA PARK SCHOOL DISTRICT**
**STATEMENT OF NET POSITION**
**JUNE 30, 2023**

| | Governmental Activities |
|---|---|
| **ASSETS** | |
| Cash and investments | $ 57,535,347 |
| Accounts receivable | 6,845,117 |
| Inventory | 135,167 |
| Prepaid expenses | 234,634 |
| Capital assets, not depreciated | 20,587,238 |
| Capital assets, net of accumulated depreciation | 41,956,206 |
| **Total Assets** | 127,293,709 |
| **DEFERRED OUTFLOWS OF RESOURCES** | |
| Deferred outflows related to pensions | 17,205,277 |
| Deferred outflows related to OPEB | 2,275,668 |
| Deferred amount on refunding | 1,236,161 |
| **Total Deferred Outflows of Resources** | 20,717,106 |
| **LIABILITIES** | |
| Accrued liabilities | 7,190,572 |
| Unearned revenue | 3,001,416 |
| Long-term liabilities, current portion | 1,606,262 |
| Long-term liabilities, non-current portion | 116,107,462 |
| **Total Liabilities** | 127,905,712 |
| **DEFERRED INFLOWS OF RESOURCES** | |
| Deferred inflows related to pensions | 7,044,846 |
| Deferred inflows related to OPEB | 2,167,544 |
| **Total Deferred Inflows of Resources** | 9,212,390 |
| **NET POSITION** | |
| Net investment in capital assets | 8,131,528 |
| Restricted: | |
| Capital projects | 7,590,427 |
| Debt service | 3,768,873 |
| Educational programs | 18,160,326 |
| Food service | 4,993,862 |
| Associated student body | 5,746 |
| Unrestricted | (31,758,049) |
| **Total Net Position** | $ 10,892,713 |

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

**BUENA PARK SCHOOL DISTRICT**
**STATEMENT OF ACTIVITIES**
**FOR THE YEAR ENDED JUNE 30, 2023**

| Function/Programs | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants and Contributions | Program Revenues: Capital Grants and Contributions | Net (Expenses) Revenues and Changes in Net Position: Governmental Activities |
|---|---|---|---|---|---|
| **GOVERNMENTAL ACTIVITIES** | | | | | |
| Instruction | $ 35,263,068 | $ 196,611 | $ 18,760,738 | $ 242 | $ (16,305,477) |
| Instruction-related services | | | | | |
| Instructional supervision and administration | 2,455,709 | 3,111 | 1,051,617 | - | (1,400,981) |
| Instructional library, media, and technology | 340,812 | - | - | - | (340,812) |
| School site administration | 2,317,249 | 29 | 152,578 | - | (2,164,642) |
| Pupil services | | | | | |
| Home-to-school transportation | 1,039,078 | - | 29,059 | - | (1,010,019) |
| Food services | 3,141,964 | 80,785 | 4,462,090 | - | 1,400,911 |
| All other pupil services | 3,764,964 | 9,014 | 1,006,738 | - | (2,749,212) |
| General administration | | | | | |
| Centralized data processing | 1,298,355 | - | 48,161 | - | (1,250,194) |
| All other general administration | 4,535,436 | 7,135 | 1,199,871 | - | (3,328,430) |
| Plant services | 8,965,521 | 76,491 | 1,861,799 | - | (7,027,231) |
| Ancillary services | 2,417,797 | - | 4,480,652 | - | 2,062,855 |
| Community services | 1,374,008 | - | 1,105,322 | - | (268,686) |
| Interest on long-term debt | 2,456,051 | - | - | - | (2,456,051) |
| Other outgo | 1,637,825 | 182,379 | 1,763,619 | - | 308,173 |
| Depreciation (unallocated) | 3,699,130 | - | - | - | (3,699,130) |
| **Total Governmental Activities** | $ 74,706,967 | $ 555,555 | $ 35,922,244 | $ 242 | (38,228,926) |
| General revenues | | | | | |
| Taxes and subventions | | | | | |
| Property taxes, levied for general purposes | | | | | 24,004,358 |
| Property taxes, levied for debt service | | | | | 3,947,758 |
| Property taxes, levied for other specific purposes | | | | | 2,033,948 |
| Federal and state aid not restricted for specific purposes | | | | | 31,398,725 |
| Interest and investment earnings | | | | | 1,151,965 |
| Miscellaneous | | | | | 829,676 |
| **Subtotal, General Revenue** | | | | | 63,366,430 |
| **CHANGE IN NET POSITION** | | | | | 25,137,504 |
| **Net Position - Beginning** | | | | | (14,244,791) |
| **Net Position - Ending** | | | | | $ 10,892,713 |

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

**BUENA PARK SCHOOL DISTRICT**
**GOVERNMENTAL FUNDS**
**BALANCE SHEET**
**JUNE 30, 2023**

| | General Fund | Building Fund | Special Reserve Fund for Capital Outlay Projects | Non-Major Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| Cash and investments | $ 37,928,239 | $ 2,444,803 | $ 7,231,000 | $ 9,931,305 | $ 57,535,347 |
| Accounts receivable | 5,517,700 | 9,280 | 22,253 | 1,295,884 | 6,845,117 |
| Due from other funds | 254,728 | - | - | 6,704 | 261,432 |
| Stores inventory | 27,161 | - | - | 108,006 | 135,167 |
| Prepaid expenditures | 234,634 | - | - | - | 234,634 |
| **Total Assets** | $ 43,962,462 | $ 2,454,083 | $ 7,253,253 | $ 11,341,899 | $ 65,011,697 |
| **LIABILITIES** | | | | | |
| Accrued liabilities | $ 4,682,775 | $ 1,152,731 | $ 129,890 | $ 247,075 | $ 6,212,471 |
| Due to other funds | 5,847 | - | - | 255,585 | 261,432 |
| Unearned revenue | 2,843,600 | - | - | 157,816 | 3,001,416 |
| **Total Liabilities** | 7,532,222 | 1,152,731 | 129,890 | 660,476 | 9,475,319 |
| **FUND BALANCES** | | | | | |
| Nonspendable | 316,795 | - | - | 108,006 | 424,801 |
| Restricted | 17,800,615 | 1,301,352 | 7,123,363 | 10,573,357 | 36,798,687 |
| Committed | 10,913,410 | - | - | 60 | 10,913,470 |
| Assigned | 5,175,809 | - | - | - | 5,175,809 |
| Unassigned | 2,223,611 | - | - | - | 2,223,611 |
| **Total Fund Balances** | 36,430,240 | 1,301,352 | 7,123,363 | 10,681,423 | 55,536,378 |
| **Total Liabilities and Fund Balances** | $ 43,962,462 | $ 2,454,083 | $ 7,253,253 | $ 11,341,899 | $ 65,011,697 |

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

**BUENA PARK SCHOOL DISTRICT**
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION**
**JUNE 30, 2023**

| | | |
|---|---|---|
| **Total Fund Balance - Governmental Funds** | | $ 55,536,378 |
| 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 | $ 112,735,415 | |
| Accumulated depreciation | (50,191,971) | 62,543,444 |
| Deferred amount on refunding: | | |
| In governmental funds, the net effect of refunding bonds is recognized when debt is issued, whereas this amount is deferred and amortized in the government-wide financial statements: | | 1,236,161 |
| 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 unmatured interest owing at the end of the period was: | | (978,101) |
| 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 | $ 57,336,108 | |
| Early retirement incentive | 544,076 | |
| Compensated absences | 386,783 | |
| Total OPEB liability | 10,718,534 | |
| Net pension liability | 48,728,223 | (117,713,724) |
| 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 | $ 17,205,277 | |
| Deferred inflows of resources related to pensions | (7,044,846) | 10,160,431 |
| 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 | $ 2,275,668 | |
| Deferred inflows of resources related to OPEB | (2,167,544) | 108,124 |
| **Total Net Position - Governmental Activities** | | $ 10,892,713 |

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

**BUENA PARK SCHOOL DISTRICT**
**GOVERNMENTAL FUNDS**
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**
**FOR THE YEAR ENDED JUNE 30, 2023**

| | General Fund | Building Fund | Special Reserve Fund for Capital Outlay Projects | Non-Major Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|
| **REVENUES** | | | | | |
| LCFF sources | $ 54,153,475 | $ - | $ - | $ - | $ 54,153,475 |
| Federal sources | 7,791,576 | - | - | 3,146,341 | 10,937,917 |
| Other state sources | 22,143,389 | - | - | 2,543,360 | 24,686,749 |
| Other local sources | 7,951,913 | 359,876 | 1,217,969 | 4,665,271 | 14,195,029 |
| **Total Revenues** | 92,040,353 | 359,876 | 1,217,969 | 10,354,972 | 103,973,170 |
| **EXPENDITURES** | | | | | |
| Current | | | | | |
| Instruction | 43,471,567 | - | - | 1,234,988 | 44,706,555 |
| Instruction-related services | | | | | |
| Instructional supervision and administration | 2,623,901 | - | - | 277,859 | 2,901,760 |
| Instructional library, media, and technology | 366,621 | - | - | - | 366,621 |
| School site administration | 2,881,001 | - | - | - | 2,881,001 |
| Pupil services | | | | | |
| Home-to-school transportation | 1,118,406 | - | - | - | 1,118,406 |
| Food services | 21,075 | - | - | 3,487,875 | 3,508,950 |
| All other pupil services | 4,532,697 | - | - | - | 4,532,697 |
| General administration | | | | | |
| Centralized data processing | 1,362,144 | - | - | - | 1,362,144 |
| All other general administration | 4,487,513 | - | - | 211,800 | 4,699,313 |
| Plant services | 7,778,124 | 918,771 | 689,072 | 35,321 | 9,421,288 |
| Facilities acquisition and construction | - | 11,249,906 | 36,708 | - | 11,286,614 |
| Ancillary services | 2,394,785 | - | - | 23,987 | 2,418,772 |
| Community services | 1,410,526 | - | - | - | 1,410,526 |
| Transfers to other agencies | 1,637,825 | - | - | - | 1,637,825 |
| Debt service | | | | | |
| Principal | 33,506 | - | - | 1,342,114 | 1,375,620 |
| Interest and other | 642 | - | 4,084 | 2,711,517 | 2,716,243 |
| **Total Expenditures** | 74,120,333 | 12,168,677 | 729,864 | 9,325,461 | 96,344,335 |
| **NET CHANGE IN FUND BALANCE** | 17,920,020 | (11,808,801) | 488,105 | 1,029,511 | 7,628,835 |
| **Fund Balance - Beginning** | 18,510,220 | 13,110,153 | 6,635,258 | 9,651,912 | 47,907,543 |
| **Fund Balance - Ending** | $ 36,430,240 | $ 1,301,352 | $ 7,123,363 | $ 10,681,423 | $ 55,536,378 |

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

**BUENA PARK 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** | | $ 7,628,835 |
| 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: | $ 11,971,521 | |
| Depreciation expense: | (3,699,130) | 8,272,391 |
| 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: | | 1,970,000 |
| Deferred amounts on refunding: | | |
| In governmental funds, deferred amounts on refunding are recognized in the period they are incurred. In the government-wide statements, the deferred amounts on refunding are amortized over the life of the debt. The net effect of the deferred amounts on refunding during the period was: | | (59,118) |
| 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: | | (47,780) |
| Accreted interest on long-term debt: | | |
| In governmental funds, accreted interest on capital appreciation bonds is not recorded as an expenditure from current sources. In the government-wide statement of activities, however, this is recorded as interest expense for the period. | | (386,679) |
| 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: | | 170,484 |

***(continued on next page)***

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

| | |
|---|---|
| Postemployment benefits other than pensions (OPEB): | |
| In governmental funds, OPEB expenses are recognized when employer OPEB contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis. This year, the difference between OPEB expenses and actual employer OPEB contributions was: | (367,375) |
| Pensions: | |
| In governmental funds, pension costs are recognized when employer contributions are made. In the government-wide statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and employer contributions was: | 7,578,852 |
| Other liabilities not normally liquidated with current financial resources: | |
| In the government-wide statements, expenses must be accrued in connection with any liabilities incurred during the period that are not expected to be liquidated with current financial resources. Examples include special termination benefits such as retirement incentives financed over time, and structured legal settlements. This year, expenses incurred for such obligations were: | 218,505 |
| 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: | 159,389 |
| **Change in Net Position of Governmental Activities** | $ 25,137,504 |

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

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### A. Financial Reporting Entity

The Buena Park 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-8 as mandated by the state. A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student-related activities.

### B. Component Units

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

### C. Basis of Presentation

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

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

## 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. Separate statements for each fund category 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.

#### Major Governmental Funds

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

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

**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).

#### 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).

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**C. Basis of Presentation (continued)**

**Non-Major Governmental Funds (continued)**

**Special Revenue Funds: (continued)**

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

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

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

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

**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.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### D. Basis of Accounting – Measurement Focus

**Government-Wide Financial Statements**
The government-wide financial statements are reported using the economic resources measurement focus. The government-wide 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.

**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 reimbursements 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.

**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.

## 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 $10,000. 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:

| Asset Class | Estimated Useful Life |
|---|---|
| Buildings and Improvements | 7 – 50 years |
| Site Improvements | 20 years |
| Furniture and Equipment | 5 – 20 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 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.

## 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 | July 1, 2022 |
| Measurement Date | June 30, 2023 |
| Measurement Period | July 1, 2022 – 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 financial statements, long-term obligations are reported as liabilities in the 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.

## 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.

**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. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented in the financial statements. Interfund transfers are eliminated in the governmental activities columns of the statement of activities.

**G. Estimates**

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

**H. Budgetary Data**

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

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

**I. Property Tax**

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

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### J. New Accounting Pronouncements

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

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

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

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

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

## NOTE 2 – CASH AND INVESTMENTS

### A. Summary of Cash and Investments

| | Governmental Activities |
|---|---|
| Investment in county treasury | $ 58,000,776 |
| Fair value adjustment | (541,255) |
| Cash on hand and in banks | 20,826 |
| Cash in revolving fund | 55,000 |
| **Total** | $ 57,535,347 |

### 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 Orange 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.

**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 $57,459,521. The average weighted maturity for this pool is 225 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. As of June 30, 2023, the pooled investments in the County Treasury were rated AAAm.

**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, the District's bank balance was not 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 Orange 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:

| | Uncategorized |
|---|---|
| Investment in county treasury | $ 57,459,521 |
| **Total** | $ 57,459,521 |

## NOTE 3 – ACCOUNTS RECEIVABLES

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

| | General Fund | Building Fund | Special Reserve Fund for Capital Outlay Projects | Non-Major Governmental Funds | Governmental Activities |
|---|---|---|---|---|---|
| Federal Government | | | | | |
| Categorical aid | $ 3,021,992 | $ - | $ - | $ 994,781 | $ 4,016,773 |
| State Government | | | | | |
| Apportionment | 299,502 | - | - | 249,772 | 549,274 |
| Categorical aid | 1,335,028 | - | - | 24 | 1,335,052 |
| Lottery | 241,474 | - | - | - | 241,474 |
| Local Government | | | | | |
| Other local sources | 619,704 | 9,280 | 22,253 | 51,307 | 702,544 |
| **Total** | $ 5,517,700 | $ 9,280 | $ 22,253 | $ 1,295,884 | $ 6,845,117 |

## NOTE 4 – CAPITAL ASSETS

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

| | Balance July 01, 2022 | Additions | Deletions | Balance June 30, 2023 |
|---|---|---|---|---|
| **Governmental Activities** | | | | |
| Capital assets not being depreciated | | | | |
| Land | $ 2,234,453 | $ - | $ - | $ 2,234,453 |
| Construction in progress | 7,179,147 | 11,336,654 | 163,016 | 18,352,785 |
| Total capital assets not being depreciated | 9,413,600 | 11,336,654 | 163,016 | 20,587,238 |
| Capital assets being depreciated | | | | |
| Land improvements | 2,560,521 | - | - | 2,560,521 |
| Buildings & improvements | 79,063,063 | 242,407 | - | 79,305,470 |
| Furniture & equipment | 9,726,710 | 555,476 | - | 10,282,186 |
| Total capital assets being depreciated | 91,350,294 | 797,883 | - | 92,148,177 |
| Less: Accumulated depreciation | | | | |
| Land improvements | 1,746,047 | 66,588 | - | 1,812,635 |
| Buildings & improvements | 38,161,672 | 2,872,737 | - | 41,034,409 |
| Furniture & equipment | 6,585,122 | 759,805 | - | 7,344,927 |
| Total accumulated depreciation | 46,492,841 | 3,699,130 | - | 50,191,971 |
| Total capital assets being depreciated, net | 44,857,453 | (2,901,247) | - | 41,956,206 |
| **Governmental Activities** | | | | |
| **Capital Assets, net** | $ 54,271,053 | $ 8,435,407 | $ 163,016 | $ 62,543,444 |

## NOTE 5 – INTERFUND TRANSACTIONS

**Interfund Receivables/Payables (Due From/Due To)**

Individual interfund receivable and payable balances at June 30, 2023 were as follows:

| | Due From Other Funds | | |
|---|---|---|---|
| Due To Other Funds | General Fund | Non-Major Governmental Funds | Total |
| General Fund | $ - | $ 5,847 | $ 5,847 |
| Non-Major Governmental Funds | 254,728 | 857 | 255,585 |
| **Total** | $ 254,728 | $ 6,704 | $ 261,432 |

| | |
|---|---|
| Due from the General Fund to the Child Development Fund for expenses. | $ 152 |
| Due from the General Fund to the Cafeteria Fund for expenses. | 5,695 |
| Due from the Child Development to the General Fund for expenses. | 153,442 |
| Due from the Child Development Fund to the Cafeteria Fund for expenses. | 857 |
| Due from the Cafeteria Fund to the General Fund for indirect costs. | 101,286 |
| **Total** | $ 261,432 |

## NOTE 6 – ACCRUED LIABILITIES

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

| | General Fund | Building Fund | Special Reserve Fund for Capital Outlay Projects | Non-Major Governmental Funds | District-Wide | Governmental Activities |
|---|---|---|---|---|---|---|
| Payroll | $ 1,420,257 | $ - | $ - | $ 162,668 | $ - | $ 1,582,925 |
| Vendors payable | 2,248,416 | 1,152,731 | 129,890 | 84,407 | - | 3,615,444 |
| Unmatured interest | - | - | - | - | 978,101 | 978,101 |
| Due to grantor government | 1,014,102 | - | - | - | - | 1,014,102 |
| **Total** | $ 4,682,775 | $ 1,152,731 | $ 129,890 | $ 247,075 | $ 978,101 | $ 7,190,572 |

## NOTE 7 – UNEARNED REVENUE

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

| | General Fund | Non-Major Governmental Funds | Governmental Activities |
|---|---|---|---|
| Federal sources | $ 2,394,014 | $ - | $ 2,394,014 |
| State categorical sources | 449,586 | 157,816 | 607,402 |
| **Total** | $ 2,843,600 | $ 157,816 | $ 3,001,416 |

## NOTE 8 – LONG-TERM LIABILITIES

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

| | Balance July 01, 2022 | Additions | Deductions | Balance June 30, 2023 | Balance Due In One Year |
|---|---|---|---|---|---|
| **Governmental Activities** | | | | | |
| General obligation bonds | $ 55,895,068 | $ 386,679 | $ 1,970,000 | $ 54,311,747 | $ 1,289,368 |
| Unamortized premium | 3,183,750 | - | 159,389 | 3,024,361 | 98,388 |
| Total general obligation bonds | 59,078,818 | 386,679 | 2,129,389 | 57,336,108 | 1,387,756 |
| Early retirement incentive | 762,581 | - | 218,505 | 544,076 | 218,506 |
| Compensated absences | 557,267 | - | 170,484 | 386,783 | - |
| Total OPEB liability | 8,287,918 | 2,430,616 | - | 10,718,534 | - |
| Net pension liability | 30,758,347 | 17,969,876 | - | 48,728,223 | - |
| **Total** | $ 99,444,931 | $ 20,787,171 | $ 2,518,378 | $ 117,713,724 | $ 1,606,262 |

- Payments for general obligation bonds are made in the Bond Interest and Redemption 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.

### A. General Obligation Bonds

In November 1998, the District's voters approved the issuance of bonds in the amount of $13,800,000, to be used for the repair, construction and modernization of existing school facilities. The District sold bonds in the amount of $6,932,978 on February 26, 1999, $3,909,923 on November 29, 2000, and $2,957,083 on October 11, 2001.

In June 2014, the District's voters approved the issuance of bonds in the amount of $71,300,000, to be used for the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities or the acquisition or lease of real property for school facilities. On September 25, 2014, the District issued 2014 Series A and B bonds in the amount of $19,240,000. The Series B bonds were paid in full on August 1, 2017. On June 1, 2017, the District issued Election 2014, Series 2017 general obligation bonds in the amount of $12,380,000. On May 9, 2018, the District issued Election 2014, Series 2018 general obligation bonds in the amount of $10,205,000.

On April 29, 2021, the District issued Election 2014, Series 2021 general obligation bonds of the amount of $10,000,000.

On April 29, 2021, the District issued 2021 Refunding, Series A and B of the amounts of $1,000,000 and $14,065,000, respectively.

## NOTE 8 – LONG-TERM LIABILITIES (continued)

### A. General Obligation Bonds (continued)

**Refunding Bonds, Series 2021A and 2021B**

The net proceeds received for the Refunding Bonds, Series 2021A and 2021B were used to refund a portion of the outstanding 2011 General Obligation Refunding Bonds and to refund a portion of the outstanding Election of 2014, Series 2014A General Obligation Bonds. As a result, the refunded bonds are considered to be defeased, and the related liability for the bonds has been removed from the District's financial statements. This refunding reduced total debt service payments by $1,091,499 and resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of $704,741.

The outstanding bonded debt of Buena Park School District at June 30, 2023 is:

| Series | Issue Date | Maturity Date | Interest Rate | Original Issue | Bonds Outstanding July 01, 2022 | Additions | Deductions | Bonds Outstanding June 30, 2023 |
|---|---|---|---|---|---|---|---|---|
| Election 1998, Series 1999A | February 26, 1999 | August 1, 2023 | 3.20% - 5.25% | $ 6,932,978 | $ 1,292,997 | $ 106,272 | $ 730,000 | $ 669,269 |
| Election 1998, Series 2000A | November 29, 2000 | August 1, 2025 | 4.75% - 5.85% | 3,909,923 | 3,208,042 | 171,054 | 450,000 | 2,929,096 |
| Election 1998, Series 2001A | October 11, 2001 | August 1, 2026 | 2.30% - 5.33% | 2,957,083 | 1,174,029 | 109,353 | - | 1,283,382 |
| Election 2014, Series 2014A | September 25, 2014 | August 1, 2044 | 3.00% - 5.00% | 19,240,000 | 5,020,000 | - | 390,000 | 4,630,000 |
| Election 2014, Series 2017 | June 1, 2017 | August 1, 2046 | 3.00% - 5.00% | 12,380,000 | 11,320,000 | - | 150,000 | 11,170,000 |
| Election 2014, Series 2018 | May 9, 2018 | August 1, 2047 | 2.625% - 5.00% | 10,205,000 | 9,990,000 | - | 130,000 | 9,860,000 |
| Election 2014, Series 2021 | April 29, 2021 | August 1, 2048 | 0.266% - 4.00% | 10,000,000 | 9,000,000 | - | - | 9,000,000 |
| 2021 Refunding, Series A | April 29, 2021 | August 1, 2025 | 4.00% | 1,000,000 | 1,000,000 | - | - | 1,000,000 |
| 2021 Refunding, Series B | April 29, 2021 | August 1, 2044 | 0.266% - 3.086% | 14,065,000 | 13,890,000 | - | 120,000 | 13,770,000 |
| | | | | | $ 55,895,068 | $ 386,679 | $ 1,970,000 | $ 54,311,747 |

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

| Year Ended June 30, | Principal | Interest | Total |
|---|---|---|---|
| 2024 | $ 1,289,368 | $ 3,273,247 | $ 4,562,615 |
| 2025 | 1,451,094 | 3,340,472 | 4,791,566 |
| 2026 | 1,129,284 | 3,359,883 | 4,489,167 |
| 2027 | 1,037,083 | 3,762,504 | 4,799,587 |
| 2028 | 725,000 | 2,180,478 | 2,905,478 |
| 2029 - 2033 | 4,740,000 | 10,438,812 | 15,178,812 |
| 2034 - 2038 | 8,060,000 | 8,328,682 | 16,388,682 |
| 2039 - 2043 | 12,830,000 | 5,026,041 | 17,856,041 |
| 2044 - 2048 | 15,845,000 | 2,316,383 | 18,161,383 |
| 2049 | 3,415,000 | 152,100 | 3,567,100 |
| Accretion | 3,789,918 | (3,789,918) | - |
| **Total** | $ 54,311,747 | $ 38,388,684 | $ 92,700,431 |

### B. Early Retirement Incentive

In May 2017, the District has entered into a PARS supplementary retirement plan, 11 participants will be paid through the Pacific Life Insurance Company. In April 2020, the District has entered into a PARS supplementary retirement plan, eight participants will be paid through the Pacific Life Insurance Company. In February 2021, the District entered into a PARS supplementary retirement plan, seven participants will be paid through Pacific Life Insurance Company.

## NOTE 8 – LONG-TERM LIABILITIES (continued)

### B. Early Retirement Incentive (continued)

The District annual contributions are as follows:

| Year Ended June 30, | Principal |
|---|---|
| 2024 | $ 218,506 |
| 2025 | 218,506 |
| 2026 | 107,064 |
| **Total** | $ 544,076 |

### C. Compensated Absences

Total unpaid employee compensated absences as of June 30, 2023 amounted to $386,783. This amount is included as part of long-term liabilities in the government-wide financial statements.

### D. Other Postemployment Benefits

The District's beginning total OPEB liability was $8,287,918 and increased by $2,430,616 during the year ended June 30, 2023. The ending total OPEB liability at June 30, 2023 was $10,718,534. See Note 10 for additional information regarding the total OPEB liability.

### E. Net Pension Liability

The District's beginning net pension liability was $30,758,347 and increased by $17,969,876 during the year ended June 30, 2023. The ending net pension liability at June 30, 2023 was $48,728,223. See Note 11 for additional information regarding the net pension liability.

## NOTE 9 – FUND BALANCES

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

| | General Fund | Building Fund | Special Reserve Fund for Capital Outlay Projects | Non-Major Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|
| Non-spendable | | | | | |
| Revolving cash | $ 55,000 | $ - | $ - | $ - | $ 55,000 |
| Stores inventory | 27,161 | - | - | 108,006 | 135,167 |
| Prepaid expenditures | 234,634 | - | - | - | 234,634 |
| Total non-spendable | 316,795 | - | - | 108,006 | 424,801 |
| Restricted | | | | | |
| Educational programs | 17,800,615 | - | - | 359,711 | 18,160,326 |
| Food service | - | - | - | 4,993,862 | 4,993,862 |
| Associated student body | - | - | - | 5,746 | 5,746 |
| Capital projects | - | 1,301,352 | 7,123,363 | 467,064 | 8,891,779 |
| Debt service | - | - | - | 4,746,974 | 4,746,974 |
| Total restricted | 17,800,615 | 1,301,352 | 7,123,363 | 10,573,357 | 36,798,687 |
| Committed | | | | | |
| Other commitments | 10,913,410 | - | - | 60 | 10,913,470 |
| Total committed | 10,913,410 | - | - | 60 | 10,913,470 |
| Assigned | | | | | |
| Kid Connection | 150,000 | - | - | - | 150,000 |
| State preschool | 150,000 | - | - | - | 150,000 |
| Encumbrances and carryover | 394,133 | - | - | - | 394,133 |
| Reserve capacity | 4,481,676 | - | - | - | 4,481,676 |
| Total assigned | 5,175,809 | - | - | - | 5,175,809 |
| Unassigned | 2,223,611 | - | - | - | 2,223,611 |
| **Total** | $ 36,430,240 | $ 1,301,352 | $ 7,123,363 | $ 10,681,423 | $ 55,536,378 |

**NOTE 9 – FUND BALANCES (continued)**

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, which may be increased from time to time in order to address specific anticipated revenue shortfalls.

**NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

**A. Plan Description**

The Buena Park School District's defined benefit OPEB plan, Buena Park 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 District provides postemployment health care benefits, in accordance with District employment contracts, to all employees who retire from the District on or after attaining 55 with at least 10 years of service. The District provides medical benefits to eligible retirees at the same level they are receiving at the time of retirement up to age 65. The District does not make a contribution towards the coverage of dependents. Dental coverage is entirely paid for by the retiree. Vision and employee assistance coverages are not offered to retirees.

**C. Contributions**

For the measurement period, the District contributed $527,558 to the Plan, all of which was used for current premiums.

**D. Plan Membership**

Membership of the Plan consisted of the following:

| | Number of participants |
|---|---|
| Inactive employees receiving benefits | 26 |
| Inactive employees entitled to but not receiving benefits* | - |
| Participating active employees | 416 |
| **Total number of participants**** | 442 |

*Information not provided
**As of the July 1, 2022 valuation date

**E. Total OPEB Liability**

The Buena Park School District's total OPEB liability of $10,718,534 was measured as of June 30, 2023 and was determined by an actuarial valuation as of July 1, 2022.

**NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)**

**F. Actuarial Assumptions and Other Inputs**

The total OPEB liability as of the July 1, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

**Economic assumptions:**

| | |
|---|---|
| Salary increases | 3.00% |
| Inflation Rate | 2.50% |
| Discount Rate | 3.86 |
| Healthcare cost trend rates | 6.00% for 2023, 5.50% for 2024 and 5.00% for years 2025-2029, 5.00% for 2030-2039, 4.75% for 20404-2049, 4.50% for 2050-2069, and 4.00 for 2070 and later years. |

**Non-economic assumptions:**

**Pre-retirement Mortality:**
Certificated: Mortality Rates for active employees from CalSTRS Experience Analysis (2015-2018).
Classified: Preretirement Mortality Rates from CalPERS Experience Study (1997-2015).

**Postretirement Mortality:**
Certificated: Mortality Rates for retired members and beneficiaries from CalSTRS Experience Analysis (2015-2018).
Classified: Post-retirement Mortality Rates for Healthy Recipients from CalPERS Experience Study (1997-2015).

Actuarial assumptions used in the July 1, 2020 valuation were based on a review of plan experience during the period July 1, 2020 to June 30, 2022.

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**

| | June 30, 2023 |
|---|---|
| **Total OPEB Liability** | |
| Service cost | $ 621,750 |
| Interest on total OPEB liability | 394,856 |
| Difference between expected and actual experience | 1,800,726 |
| Changes of assumptions | 140,842 |
| Benefits payments | (527,558) |
| Net change in total OPEB liability | 2,430,616 |
| Total OPEB liability - beginning | 8,287,918 |
| Total OPEB liability - ending | $ 10,718,534 |
| Covered-employee payroll | $ 32,941,995 |
| District's total OPEB liability as a percentage of covered-employee payroll | 32.54% |

**NOTE 10 – 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 Buena Park 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 (2.86 percent) or one percentage point higher (4.86 percent) than the current discount rate:

| | 1% Decrease (2.86%) | Valuation Discount Rate (3.86%) | 1% Increase (4.86%) |
|---|---|---|---|
| Total OPEB liability | $ 11,377,927 | $ 10,718,534 | $ 10,079,019 |

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

The following presents the total OPEB liability of the Buena Park 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 (4.00 percent) or one percentage point higher (6.00 percent) than the current healthcare cost trend rate:

| | 1% Decrease (5.00%) | Valuation Healthcare Cost Trend Rate (6.00%) | 1% Increase (7.00%) |
|---|---|---|---|
| Total OPEB liability | $ 9,652,376 | $ 10,718,534 | $ 11,947,191 |

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

For the year ended June 30, 2023, the Buena Park School District recognized OPEB expense of $894,933. At June 30, 2023, the Buena Park 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 | $ 1,588,876 | $ 1,416,528 |
| Changes in assumptions | 686,792 | 751,016 |
| **Total** | $ 2,275,668 | $ 2,167,544 |

## NOTE 10 – 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 | $ 434,029 | $ 555,702 |
| 2025 | 434,029 | 555,702 |
| 2026 | 343,027 | 451,590 |
| 2027 | 258,997 | 425,560 |
| 2028 | 234,538 | 178,990 |
| Thereafter | 571,048 | - |
| **Total** | $ 2,275,668 | $ 2,167,544 |

## NOTE 11 – 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 | $ 31,029,152 | $ 11,297,804 | $ 5,268,085 | $ (1,157,529) |
| PERS Pension | 17,699,071 | 5,907,473 | 1,776,761 | 1,371,604 |
| **Total** | $ 48,728,223 | $ 17,205,277 | $ 7,044,846 | $ 214,075 |

### 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.

**NOTE 11 – PENSION PLANS (continued)**

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

**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 $5,364,499 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 $2,966,469 to CalSTRS.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**
At June 30, 2023, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

| | | |
|---|---|---|
| District's proportionate share of the net pension liability | $ | 31,029,152 |
| State's proportionate share of the net pension liability associated with the District | | 15,539,490 |
| **Total** | $ | 46,568,642 |

**NOTE 11 – 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 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 0.045 percent, which was an increase of 0.001 percent from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized pension expense of $(1,157,529). In addition, the District recognized pension expense and revenue of $(1,162,230) 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 | $ - | $ 1,516,939 |
| Differences between expected and actual experience | 25,453 | 2,326,539 |
| Changes in assumptions | 1,538,820 | - |
| Changes in proportion and differences between District contributions and proportionate share of contributions | 4,369,032 | 1,424,607 |
| District contributions subsequent to the measurement date | 5,364,499 | - |
| **Total** | $ 11,297,804 | $ 5,268,085 |

The $5,364,499 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:

| Year Ended June 30, | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| 2024 | $ 2,403,313 | $ 2,061,462 |
| 2025 | 827,236 | 2,011,549 |
| 2026 | 827,236 | 2,590,032 |
| 2027 | 668,937 | (1,961,681) |
| 2028 | 603,293 | 459,996 |
| 2029 | 603,290 | 106,727 |
| **Total** | $ 5,933,305 | $ 5,268,085 |

**NOTE 11 – PENSION PLANS (continued)**

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

**Actuarial Assumptions**

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

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

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

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance–PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of expected 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class as of June 30, 2022, are summarized in the following table:

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

*20-year geometric average

**NOTE 11 – PENSION PLANS (continued)**

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

**Discount Rate**

The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increases per AB 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 percent) and assuming that contributions, benefit payments, and administrative expense occur midyear. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.10 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

| | 1% Decrease (6.10%) | Current Discount Rate (7.10%) | 1% Increase (8.10%) |
|---|---|---|---|
| District's proportionate share of the net pension liability | $ 52,699,009 | $ 31,029,152 | $ 13,036,656 |

**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.

**NOTE 11 – PENSION PLANS (continued)**

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

**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 $2,428,428 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 $17,699,0071 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 0.051 percent, which was a decrease of 0.001 percent from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized pension expense of $1,371,604. 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 | $ 2,089,779 | $ - |
| Differences between expected and actual experience | 79,989 | 440,376 |
| Changes in assumptions | 1,309,277 | - |
| Changes in proportion and differences between District contributions and proportionate share of contributions | - | 1,336,385 |
| District contributions subsequent to the measurement date | 2,428,428 | - |
| **Total** | $ 5,907,473 | $ 1,776,761 |

**NOTE 11 – 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)**

The $2,428,428 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:

| Year Ended June 30, | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| 2024 | $ 874,297 | $ 1,020,435 |
| 2025 | 766,254 | 589,505 |
| 2026 | 564,221 | 166,821 |
| 2027 | 1,274,273 | - |
| **Total** | $ 3,479,045 | $ 1,776,761 |

**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.

**NOTE 11 – 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)% |
| | 100.0% | |

*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 | $ 25,567,204 | $ 17,699,071 | $ 11,196,348 |

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

## NOTE 12 – 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 outstanding construction commitments of $696,589.

## NOTE 13 – PARTICIPATION IN JOINT POWERS AUTHORITIES

The District is a member of four joint powers authorities (JPAs). The first is the Northern Orange County Self-Funded Workers' Compensation Insurance Agency (NOCSFWCA) to provide workers' compensation insurance coverage, next is the Northern Orange County Liability and Property Self-Insurance Authority (NOCLPSIA) to provide liability and property insurance, next is the Orange County Fringe Benefits Joint Powers Authority (OCFBJPA) to provide dental insurance coverage and the last is the Self-Insured Schools of California (SISC III) to provide health and welfare insurance coverage. The relationship is such that the JPAs are not component units of the District for financial reporting purposes.

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

## NOTE 14 – DEFERRED OUTFLOWS OF RESOURCES

### A. Refunded Debt

Pursuant to GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities,* the District recognized deferred outflows or inflows of resources in the District-wide financial statements. The deferred outflow of resources pertains to the difference in the carrying value of the refunded debt and its reacquisition price (deferred amount on refunding). Previous financial reporting standards require this to be presented as part of the District's long-term debt. This deferred outflow of resources is recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the new debt, whichever is shorter. At June 30, 2023, the deferred amount on refunding was $1,236,161.

### B. Pension Plans

Pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions,* the District recognized deferred outflows of resources related to pensions and deferred inflows of resources related to pensions in the District-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 11. At June 30, 2023, total deferred outflows related to pensions was $17,205,277 and total deferred inflows related to pensions was $7,044,846.

### C. Other Postemployment Benefits

Pursuant to GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* the District recognized deferred outflows of resources related to other postemployment benefits and deferred inflows of resources related to other postemployment benefits in the District-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 10. At June 30, 2023, total deferred outflows related to other postemployment benefits was $2,275,668 and total deferred inflows related to other postemployment benefits was $2,167,544.

# REQUIRED SUPPLEMENTARY INFORMATION

**BUENA PARK 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 | $ 50,197,660 | $ 54,293,272 | $ 54,153,475 | $ (139,797) |
| Federal sources | 8,520,392 | 9,234,274 | 7,791,576 | (1,442,698) |
| Other state sources | 8,387,022 | 23,063,475 | 22,143,389 | (920,086) |
| Other local sources | 5,204,932 | 7,199,261 | 7,899,893 | 700,632 |
| **Total Revenues** | 72,310,006 | 93,790,282 | 91,988,333 | (1,801,949) |
| **EXPENDITURES** | | | | |
| Certificated salaries | 28,463,350 | 29,607,781 | 28,826,899 | 780,882 |
| Classified salaries | 8,195,029 | 9,700,210 | 9,097,836 | 602,374 |
| Employee benefits | 18,523,243 | 19,568,124 | 18,612,373 | 955,751 |
| Books and supplies | 2,896,617 | 3,937,050 | 3,307,558 | 629,492 |
| Services and other operating expenditures | 11,453,851 | 16,017,761 | 12,507,814 | 3,509,947 |
| Capital outlay | 118,534 | 449,745 | 307,680 | 142,065 |
| Other outgo | | | | |
| Excluding transfers of indirect costs | 1,828,828 | 1,751,135 | 1,671,973 | 79,162 |
| Transfers of indirect costs | (190,737) | (229,583) | (211,800) | (17,783) |
| **Total Expenditures** | 71,288,715 | 80,802,223 | 74,120,333 | 6,681,890 |
| **Excess (Deficiency) of Revenues Over Expenditures** | 1,021,291 | 12,988,059 | 17,868,000 | 4,879,941 |
| **Other Financing Sources (Uses)** | | | | |
| Other sources | - | - | 52,020 | 52,020 |
| **Net Financing Sources (Uses)** | - | - | 52,020 | 52,020 |
| **NET CHANGE IN FUND BALANCE** | 1,021,291 | 12,988,059 | 17,920,020 | 4,931,961 |
| **Fund Balance - Beginning** | 15,943,633 | 18,510,220 | 18,510,220 | - |
| **Fund Balance - Ending** | $ 16,964,924 | $ 31,498,279 | $ 36,430,240 | $ 4,931,961 |

* 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 the schedule above does not reflect audit reclassifications.

See accompanying note to required supplementary information.

**BUENA PARK SCHOOL DISTRICT**
**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS**
**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 |
|---|---|---|---|---|---|---|
| **Total OPEB Liability** | | | | | | |
| Service cost | $ 621,750 | $ 517,012 | $ 498,506 | $ 498,506 | $ 464,062 | $ 466,056 |
| Interest on total OPEB liability | 394,856 | 179,965 | 312,806 | 312,806 | 315,213 | 317,735 |
| Difference between expected and actual experience | 1,800,726 | - | (2,864,850) | - | (937,024) | - |
| Changes of assumptions | 140,842 | (569,236) | 376,719 | 483,207 | 756,017 | - |
| Benefits payments | (527,558) | (400,641) | (367,177) | (367,177) | (285,319) | (389,494) |
| Net change in total OPEB liability | 2,430,616 | (272,900) | (2,043,996) | 927,342 | 312,949 | 394,297 |
| Total OPEB liability - beginning | 8,287,918 | 8,560,818 | 10,604,814 | 9,677,472 | 9,364,523 | 8,970,226 |
| Total OPEB liability - ending | $ 10,718,534 | $ 8,287,918 | $ 8,560,818 | $ 10,604,814 | $ 9,677,472 | $ 9,364,523 |
| Covered-employee payroll | $ 32,941,995 | $ 30,799,351 | $ 11,174,180 | $ 33,178,354 | $ 33,840,165 | $ 34,690,305 |
| District's total OPEB liability as a percentage of covered-employee payroll | 32.54% | 26.91% | 76.61% | 31.96% | 28.60% | 26.99% |

See accompanying note to required supplementary information.

## BUENA PARK 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 | 0.045% | 0.044% | 0.045% | 0.047% | 0.045% | 0.046% | 0.047% | 0.044% | 0.048% |
| District's proportionate share of the net pension liability | $ 31,029,152 | $ 20,156,813 | $ 43,619,947 | $ 42,224,832 | $ 41,738,917 | $ 42,226,068 | $ 38,020,743 | $ 29,569,304 | $ 28,313,974 |
| State's proportionate share of the net pension liability associated with the District | 15,539,490 | 10,142,338 | 22,485,905 | 23,036,651 | 23,897,599 | 24,980,789 | 21,647,718 | 15,638,860 | 17,097,199 |
| **Total** | $ 46,568,642 | $ 30,299,151 | $ 66,105,852 | $ 65,261,483 | $ 65,636,516 | $ 67,206,857 | $ 59,668,461 | $ 45,208,164 | $ 45,411,173 |
| District's covered payroll | $ 26,618,974 | $ 23,962,954 | $ 24,673,485 | $ 25,180,201 | $ 24,498,456 | $ 24,363,808 | $ 23,554,230 | $ 21,990,962 | $ 21,580,715 |
| District's proportionate share of the net pension liability as a percentage of its covered payroll | 116.6% | 84.1% | 176.8% | 167.7% | 170.4% | 173.3% | 161.4% | 134.5% | 131.2% |
| 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.

See accompanying note to required supplementary information.

## BUENA PARK SCHOOL DISTRICT
## SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALPERS
## 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 | 0.051% | 0.052% | 0.058% | 0.065% | 0.068% | 0.070% | 0.071% | 6.900% | 0.066% |
| District's proportionate share of the net pension liability | $ 17,699,071 | $ 10,601,534 | $ 17,869,420 | $ 18,866,462 | $ 18,015,644 | $ 16,715,461 | $ 14,010,525 | $ 10,212,761 | $ 7,543,926 |
| District's covered payroll | $ 7,875,815 | $ 7,567,382 | $ 8,424,720 | $ 8,952,100 | $ 8,912,089 | $ 8,930,645 | $ 8,549,062 | $ 7,670,572 | $ 6,975,808 |
| District's proportionate share of the net pension liability as a percentage of its covered payroll | 224.7% | 140.1% | 212.1% | 210.7% | 202.1% | 187.2% | 163.9% | 133.1% | 108.1% |
| 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.

See accompanying note to required supplementary information.

## BUENA PARK SCHOOL DISTRICT
## SCHEDULE OF DISTRICT CONTRIBUTIONS - 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 |
|---|---|---|---|---|---|---|---|---|---|
| Contractually required contribution | $ 5,364,499 | $ 4,500,305 | $ 3,870,017 | $ 4,219,166 | $ 4,099,337 | $ 3,535,006 | $ 3,064,967 | $ 2,528,121 | $ 1,935,204 |
| Contributions in relation to the contractually required contribution* | (5,364,499) | (4,500,305) | (3,870,017) | (4,219,166) | (4,099,337) | (3,535,006) | (3,064,967) | (2,528,121) | (1,935,204) |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| District's covered payroll | $ 28,365,519 | $ 26,618,974 | $ 23,962,954 | $ 24,673,485 | $ 25,180,201 | $ 24,498,456 | $ 24,363,808 | $ 23,554,230 | $ 21,990,962 |
| Contributions as a percentage of covered payroll | 18.91% | 16.91% | 16.15% | 17.10% | 16.28% | 14.43% | 12.58% | 10.73% | 8.80% |

*Amounts do not include on-behalf contributions

See accompanying note to required supplementary information.

## BUENA PARK SCHOOL DISTRICT
## SCHEDULE OF DISTRICT CONTRIBUTIONS - CALPERS
## 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 |
|---|---|---|---|---|---|---|---|---|---|
| Contractually required contribution | $ 2,428,428 | $ 1,846,055 | $ 1,566,448 | $ 1,660,815 | $ 1,616,929 | $ 1,384,155 | $ 1,240,288 | $ 1,049,965 | $ 902,903 |
| Contributions in relation to the contractually required contribution* | (2,428,428) | (1,846,055) | (1,566,448) | (1,660,815) | (1,616,929) | (1,384,155) | (1,240,288) | (1,049,965) | (902,903) |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| District's covered payroll | $ 9,738,876 | $ 7,875,815 | $ 7,567,382 | $ 8,424,720 | $ 8,952,100 | $ 8,912,089 | $ 8,930,645 | $ 8,549,062 | $ 7,670,572 |
| Contributions as a percentage of covered payroll | 24.94% | 23.44% | 20.70% | 19.71% | 18.06% | 15.53% | 13.89% | 12.28% | 11.77% |

*Amounts do not include on-behalf contributions

See accompanying note to required supplementary information.

## 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 single 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, 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 for OPEB.

**Changes in Assumptions**

The discount rate changed from 3.69% to 3.86% since the previous measurement. The trend rate changed from 5.00% to 6.00% since the previous measurement.

**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.

**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 no excess of expenditures over appropriations in individual major funds presented in the Budgetary Comparison Schedule by major object code.

# SUPPLEMENTARY INFORMATION

# BUENA PARK 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: | | | |
| *Passed through California Department of Education:* | | | |
| Title I, Part A, Basic Grants Low-Income and Neglected | 84.010 | 14329 | $ 1,502,360 |
| Title II, Part A, Supporting Effective Instruction Local Grants | 84.367 | 14341 | 128,589 |
| Title III, English Learner Student Program | 84.365 | 14346 | 122,986 |
| Title IV, Part A, Student Support and Academic Enrichment Grants | 84.424 | 15396 | 144,014 |
| Special Education Cluster | | | |
| IDEA Basic Local Assistance Entitlement, Part B, Sec 611 | 84.027 | 13379 | 927,819 |
| IDEA Preschool Grants, Part B, Section 619 (Age 3-4-5) | 84.173 | 13430 | 25,407 |
| Subtotal Special Education Cluster | | | 953,226 |
| Education for Homeless Children and Youth, Subtitle VII-B McKinney-Vento Act | 84.196 | 14332 | 64,221 |
| COVID-19 Emergency Acts Funding/Education Stabilization Fund Discretionary Grants: | | | |
| Elementary and Secondary School Emergency Relief II (ESSER II) Fund | 84.425 | 15547 | 3,329,914 |
| Elementary and Secondary School Emergency Relief III (ESSER III) Fund | 84.425 | 15559 | 1,049,002 |
| Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss | 84.425U | 10155 | 151,499 |
| Expanded Learning Opportunities (ELO) Grant ESSER II State Reserve | 84.425D | 15618 | 174,843 |
| Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Emergency Needs | 84.425U | 15620 | 64,485 |
| Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Learning Loss | 84.425U | 15621 | 86,887 |
| American Rescue Plan-Homeless Children and Youth (ARP-HCY) Program | 84.425 | 15564 | 1,258 |
| American Rescue Plan - Homeless Children and Youth II (ARP HYC II) Program | 84.425 | 15566 | 18,292 |
| Subtotal Education Stabilization Fund Discretionary Grants | | | 4,876,180 |
| **Total U. S. Department of Education** | | | 7,791,576 |
| U. S. DEPARTMENT OF AGRICULTURE: | | | |
| *Passed through California Department of Education:* | | | |
| Child Nutrition Cluster | | | |
| School Breakfast Program - Needy | 10.553 | 13526 | 400,324 |
| National School Lunch Program | 10.555 | 13391 | 2,029,737 |
| USDA Commodities | 10.555 | * | 293,376 |
| Meal Supplements | 10.555 | 13755 | 124,277 |
| Supply Chain Assitance (SCA) Funds | 10.555 | 15655 | 132,873 |
| **Total U. S. Department of Agriculture** | | | 2,980,587 |
| U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES: | | | |
| *Passed through California Department of Education:* | | | |
| ARP California State Preschool Program - Rate Supplements | 93.575 | 15641 | 165,754 |
| **Total U. S. Department of Health & Human Services** | | | 165,754 |
| **Total Federal Expenditures** | | | $ 10,937,917 |

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

See accompanying notes to supplementary information.

**BUENA PARK 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 | 1,569.63 | 1,583.46 |
| Extended Year Special Education | 2.19 | 5.18 |
| Special Education - Nonpublic Schools | 1.14 | 1.06 |
| Extended Year Special Education - Nonpublic Schools | 0.38 | 0.38 |
| Total TK/K through Third | 1,573.34 | 1,590.08 |
| Fourth through Sixth | | |
| Regular ADA | 1,188.63 | 1,187.80 |
| Extended Year Special Education | 0.53 | 1.08 |
| Special Education - Nonpublic Schools | 3.88 | 3.82 |
| Extended Year Special Education - Nonpublic Schools | 0.51 | 0.51 |
| Total Fourth through Sixth | 1,193.55 | 1,193.21 |
| Seventh through Eighth | | |
| Regular ADA | 838.55 | 837.16 |
| Extended Year Special Education | 0.19 | 0.34 |
| Special Education - Nonpublic Schools | 2.54 | 2.55 |
| Total Seventh through Eighth | 841.28 | 840.05 |
| TOTAL SCHOOL DISTRICT | 3,608.17 | 3,623.34 |

See accompanying notes to supplementary information.

**BUENA PARK 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 | 55,450 | 180 | Complied |
| Grade 1 | 50,400 | 55,450 | 180 | Complied |
| Grade 2 | 50,400 | 55,450 | 180 | Complied |
| Grade 3 | 50,400 | 59,050 | 180 | Complied |
| Grade 4 | 54,000 | 59,050 | 180 | Complied |
| Grade 5 | 54,000 | 59,050 | 180 | Complied |
| Grade 6 | 54,000 | 61,760 | 180 | Complied |
| Grade 7 | 54,000 | 61,760 | 180 | Complied |
| Grade 8 | 54,000 | 61,760 | 180 | Complied |

See accompanying notes to supplementary information.

**BUENA PARK 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 | $ 84,995,466 | $ 92,040,353 | $ 71,545,766 | $ 63,514,092 |
| Expenditures And Other Financing Uses | 82,023,544 | 74,120,333 | 64,961,405 | 60,160,764 |
| Net change in Fund Balance | $ 2,971,922 | $ 17,920,020 | $ 6,584,361 | $ 3,353,328 |
| Ending Fund Balance | $ 39,402,161 | $ 36,430,240 | $ 18,510,220 | $ 11,746,260 |
| Available Reserves* | $ 2,460,707 | $ 2,223,611 | $ 1,948,842 | $ 2,083,051 |
| Available Reserves As A Percentage Of Outgo | 3.00% | 3.00% | 3.00% | 3.46% |
| Long-term Liabilities | $ 116,107,462 | $ 117,713,724 | $ 99,444,931 | $ 132,745,940 |
| Average Daily Attendance At P-2** | 3,532 | 3,608 | 3,696 | 4,236 |

The General Fund balance has increased by $24,683,980 over the past two years. The fiscal year 2023-24 budget projects a further increase of $2,971,922. 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 and anticipates incurring an operating surplus during the 2023-24 fiscal year. Total long-term obligations have decreased by $15,032,216 over the past two years.

Average daily attendance has decreased by 628 ADA over the past two years. A further decrease of 76 ADA is anticipated during the 2023-24 fiscal year.

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

**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.

See accompanying notes to supplementary information.

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

There were no adjustments to reconcile the annual financial and budget report with audited financial statements.

See accompanying notes to supplementary information.

**BUENA PARK SCHOOL DISTRICT**
**COMBINING BALANCE SHEET**
**JUNE 30, 2023**

| | Student Activity Fund | Child Development Fund | Cafeteria Fund | Deferred Maintenance Fund | Capital Facilities Fund | County School Facilities Fund | Bond Interest and Redemption Fund | Non-Major Governmental Funds |
|---|---|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | | | |
| Cash and investments | $ 7,219 | $ 520,248 | $ 4,241,071 | $ 56 | $ 431,708 | $ 7,761 | $ 4,723,242 | $ 9,931,305 |
| Accounts receivable | - | 249,772 | 994,781 | 4 | 27,571 | 24 | 23,732 | 1,295,884 |
| Due from other funds | - | 152 | 6,552 | - | - | - | - | 6,704 |
| Stores inventory | - | - | 108,006 | - | - | - | - | 108,006 |
| **Total Assets** | $ 7,219 | $ 770,172 | $ 5,350,410 | $ 60 | $ 459,279 | $ 7,785 | $ 4,746,974 | $ 11,341,899 |
| **LIABILITIES** | | | | | | | | |
| Accrued liabilities | $ 1,473 | $ 98,346 | $ 147,256 | $ - | $ - | $ - | $ - | $ 247,075 |
| Due to other funds | - | 154,299 | 101,286 | - | - | - | - | 255,585 |
| Unearned revenue | - | 157,816 | - | - | - | - | - | 157,816 |
| **Total Liabilities** | 1,473 | 410,461 | 248,542 | - | - | - | - | 660,476 |
| **FUND BALANCES** | | | | | | | | |
| Non-spendable | - | - | 108,006 | - | - | - | - | 108,006 |
| Restricted | 5,746 | 359,711 | 4,993,862 | - | 459,279 | 7,785 | 4,746,974 | 10,573,357 |
| Committed | - | - | - | 60 | - | - | - | 60 |
| **Total Fund Balances** | 5,746 | 359,711 | 5,101,868 | 60 | 459,279 | 7,785 | 4,746,974 | 10,681,423 |
| **Total Liabilities and Fund Balances** | $ 7,219 | $ 770,172 | $ 5,350,410 | $ 60 | $ 459,279 | $ 7,785 | $ 4,746,974 | $ 11,341,899 |

See accompanying notes to supplementary information.

## BUENA PARK 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 | Deferred Maintenance Fund | Capital Facilities Fund | County School Facilities Fund | Bond Interest and Redemption Fund | Non-Major Governmental Funds |
|---|---|---|---|---|---|---|---|---|
| **REVENUES** | | | | | | | | |
| Federal sources | $ - | $ 165,754 | $ 2,980,587 | $ - | $ - | $ - | $ - | $ 3,146,341 |
| Other state sources | - | 1,513,076 | 1,020,950 | - | - | - | 9,334 | 2,543,360 |
| Other local sources | 23,970 | 91,416 | 212,502 | 5 | 323,365 | 241 | 4,013,772 | 4,665,271 |
| **Total Revenues** | 23,970 | 1,770,246 | 4,214,039 | 5 | 323,365 | 241 | 4,023,106 | 10,354,972 |
| **EXPENDITURES** | | | | | | | | |
| Current | | | | | | | | |
| Instruction | - | 1,234,988 | - | - | - | - | - | 1,234,988 |
| Instruction-related services | | | | | | | | |
| Instructional supervision and administration | - | 277,859 | - | - | - | - | - | 277,859 |
| Pupil services | | | | | | | | |
| Food services | - | - | 3,487,875 | - | - | - | - | 3,487,875 |
| General administration | | | | | | | | |
| All other general administration | - | 116,652 | 95,148 | - | - | - | - | 211,800 |
| Plant services | - | - | 35,172 | - | 146 | 3 | - | 35,321 |
| Ancillary services | 23,987 | - | - | - | - | - | - | 23,987 |
| Debt service | | | | | | | | |
| Principal | - | - | - | - | - | - | 1,342,114 | 1,342,114 |
| Interest and other | - | - | - | - | - | - | 2,711,517 | 2,711,517 |
| **Total Expenditures** | 23,987 | 1,629,499 | 3,618,195 | - | 146 | 3 | 4,053,631 | 9,325,461 |
| **NET CHANGE IN FUND BALANCE** | (17) | 140,747 | 595,844 | 5 | 323,219 | 238 | (30,525) | 1,029,511 |
| **Fund Balance - Beginning** | 5,763 | 218,964 | 4,506,024 | 55 | 136,060 | 7,547 | 4,777,499 | 9,651,912 |
| **Fund Balance - Ending** | $ 5,746 | $ 359,711 | $ 5,101,868 | $ 60 | $ 459,279 | $ 7,785 | $ 4,746,974 | $ 10,681,423 |

See accompanying notes to supplementary information.

**BUENA PARK SCHOOL DISTRICT**
**LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE**
**JUNE 30, 2023**

Buena Park School District was formed in 1893 and is located in the eastern portion of Orange County. The District encompasses approximately 6.5 square miles including the City of Buena Park. There were no changes in the boundaries of the District during the current year. The District currently operates five elementary schools and two middle schools.

**GOVERNING BOARD**

| Member | Office | Term Expires |
|---|---|---|
| Rhodia Shead | President | December 2026 |
| Tharwa Ahmad | Clerk/President Pro Term | December 2024 |
| Jason Chong | Member | December 2026 |
| Jerry Frutos | Member | December 2026 |
| Brenda Estrada | Member | December 2024 |

**DISTRICT ADMINISTRATORS**

Dr. Yvette Cantu
*Interim Superintendent of Schools*

Sandra Poteet
*Chief Financial Officer*

## NOTE 1 – PURPOSE OF SCHEDULES

**Schedule of Expenditures of Federal Awards**

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

The District did not elect 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 article 8 (commencing with section 46200) of chapter 2 of part 26 of the *Education Code*.

**Schedule of Financial Trends and Analysis**

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

**Reconciliation of Annual Financial and Budget Report with Audited Financial Statements**

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

**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
Buena Park School District
Buena Park, 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 Buena Park School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Buena Park School District's basic financial statements, and have issued our report thereon dated December 14, 2023.

## Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Buena Park 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 Buena Park School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Buena Park School District's internal control.

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

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

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Buena Park 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*.

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**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.

San Diego, California
December 14, 2023

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

Independent Auditors' Report

Governing Board
Buena Park School District
Buena Park, California

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

***Opinion on Each Major Federal Program***

We have audited Buena Park 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 Buena Park School District's major federal programs for the year ended June 30, 2023. Buena Park 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, Buena Park 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 Buena Park 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 Buena Park 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 Buena Park 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 Buena Park 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 Buena Park 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 Buena Park 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 Buena Park 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 Buena Park 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.

***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as Finding #2023-001. Our opinion on each major federal program is not modified with respect to these matters.

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

**Report on Internal Control Over Compliance**

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

**Report on Internal Control Over Compliance *(continued)***

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 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.

*Government Auditing Standards* requires the auditor to perform limited procedures on the Buena Park School District's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Buena Park School District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

San Diego, California
December 14, 2023

**REPORT ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE FOR STATE PROGRAMS**

Independent Auditors' Report

Governing Board
Buena Park School District
Buena Park, California

**Report on State Compliance**

***Opinion on State Compliance***

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

In our opinion, Buena Park School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the applicable state programs for the year ended June 30, 2023.

***Basis for Opinion on State Compliance***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed by Title 5, *California Code of Regulations*, section 19810 as regulations (the K-12 Audit Guide). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of State Compliance section of our report.

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

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

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Buena Park 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 Buena Park 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 Buena Park School District's internal control over compliance. Accordingly, no such opinion is expressed.
- Select and test transactions and records to determine Buena Park School District's compliance with the state laws and regulations related to the following items:

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

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

| PROGRAM NAME | PROCEDURES PERFORMED |
|---|---|
| **School Districts, County Offices of Education, and Charter Schools** | |
| California Clean Energy Jobs Act | Yes |
| After/Before School Education and Safety Program | 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 | Not Applicable |
| 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 was not material.

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

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

***Report on Internal Control Over Compliance***

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

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

***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 K-12 Audit Guide. Accordingly, this report is not suitable for any other purpose.

Christy White, Inc.

San Diego, California
December 14, 2023

# SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**BUENA PARK SCHOOL DISTRICTBUENA PARK SCHOOL DISTRICT**
**SUMMARY OF AUDITORS' RESULTS**
**FOR THE YEAR ENDED JUNE 30, 2023**

**FINANCIAL STATEMENTS**

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

**FEDERAL AWARDS**

| | |
|---|---|
| Internal control over major program: | |
| Material weakness(es) identified? | No |
| Significant deficiency(ies) identified? | Yes |
| Type of auditors' report issued: | Unmodified |
| Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)? | Yes |
| Identification of major programs: | |

| AL Number(s) | Name of Federal Program or Cluster |
|---|---|
| 84.425, 84.425D, 84.425U | Education Stabilization Fund |
| 10.553, 10.555 | Child Nutrition Cluster |

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

**STATE AWARDS**

| | |
|---|---|
| Internal control over state programs: | |
| Material weaknesses identified? | No |
| Significant deficiency(ies) identified? | None Reported |
| 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*? | No |
| Type of auditors' report issued on compliance for state programs: | Unmodified |

**BUENA PARK SCHOOL DISTRICTBUENA PARK SCHOOL DISTRICT**
**FINANCIAL STATEMENT FINDINGS**
**FOR THE YEAR ENDED JUNE 30, 2023**

| FIVE DIGIT CODE | AB 3627 FINDING TYPE |
|---|---|
| 20000 | Inventory of Equipment |
| 30000 | Internal Control |

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

| FIVE DIGIT CODE | AB 3627 FINDING TYPE |
|---|---|
| 50000 | Federal Compliance |

**FINDING #2023-001: EDUCATION STABILIZATION FUNDS – INDIRECT COSTS (50000)**

**Federal Programs Affected**:

Program Name: Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss
Assistance Listing Number: 84.425U
Pass-Through Agency: California Department of Education (CDE)
Federal Agency: U.S. Department of Education

Program Name: Expanded Learning Opportunities (ELO) Grant: ESSER II State Reserve
Assistance Listing Number: 84.425D
Pass-Through Agency: California Department of Education (CDE)
Federal Agency: U.S. Department of Education

Program Name: Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve Emergency Needs
Assistance Listing Number: 84.425U
Pass-Through Agency: California Department of Education (CDE)
Federal Agency: U.S. Department of Education

Program Name: Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve Learning Loss
Assistance Listing Number: 84.425U
Pass-Through Agency: California Department of Education (CDE)
Federal Agency: U.S. Department of Education

**Criteria:** The United States Department of Education has approved a delegation agreement with the California Department of Education (CDE) that authorizes the CDE to establish indirect cost rates for California local education agencies (LEA). The CDE has been delegated authority to calculate and approve indirect cost rates annually for LEAs. For the Education Stabilization Fund (ESF) Program, *Education Code* Section 38101(c) limits school district indirect costs to the lesser of the District's individual CDE approval indirect cost rate or the statewide average indirect cost rate. For ESF programs included under the Expanded Learning Opportunities (ELO) Grant, indirect costs are not allowable.

**Condition:** During our compliance procedures related to activities allowed or unallowed, we noted that the District charged unallowable indirect costs totaling $35,509.

**Context**: The condition was identified through recalculation of the indirect costs charged to the federal programs.

**Cause:** The condition identified appears to be due to the District not being familiar with the indirect costs requirements for each of the affected federal programs.

**Effect:** The District charged unallowable expenditures to the programs.

*(continued on next page)*

**FINDING #2023-001: EDUCATION STABILIZATION FUNDS – INDIRECT COSTS (50000) (continued)**

**Questioned Costs:** $35,509, the total indirect costs charged to these programs.

**Repeat Finding:** This is not a repeat finding.

**Recommendation:** It is recommended that the District implements a review process for indirect costs, which should include review of relevant grant agreements and relevant federal guidance.

**Views of Responsible Officials:** See Corrective Action Plan on following page.

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**Governing Board**

**Tharwa Ahmad**
President
Trustee Area 3

**Jason Chong**
Clerk/President Pro Tem
Trustee Area 2

**Brenda Estrada**
Member
Trustee Area 4

**Jerry Frutos**
Member
Trustee Area 5

**Rhodia Shead**
Member
Trustee Area 1

**Dr. Julienne Lee**
Superintendent

Audit Finding 2023-01: Education Stabilization Funds – Indirect Costs

**Action Plan**: In addition to the procedure of verifying Indirect cost eligibility during budget development for a new grant, the District will implement an additional review process to verify the validity of charging Indirect Cost at the end of each fiscal year.

The Director Fiscal Services will review relevant grant agreements and relevant federal guidance as a part of the year-end closing process to determine if indirect costs may be charged and what rate may be used.

This plan is approved and submitted by the Chief Financial Officer, Sandra Poteet.

Sandra K. Poteet

**BUENA PARK SCHOOL DISTRICT**
**STATE AWARD FINDINGS AND QUESTIONED COSTS**
**FOR THE YEAR ENDED JUNE 30, 2023**

| FIVE DIGIT CODE | AB 3627 FINDING TYPE |
|---|---|
| 10000 | Attendance |
| 40000 | State Compliance |
| 42000 | Charter School Facilities Programs |
| 43000 | Apprenticeship: Related and Supplemental Instruction |
| 60000 | Miscellaneous |
| 61000 | Classroom Teacher Salaries |
| 62000 | Local Control Accountability Plan |
| 70000 | Instructional Materials |
| 71000 | Teacher Misassignments |
| 72000 | School Accountability Report Card |

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

**BUENA PARK SCHOOL DISTRICT**
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**
**FOR THE YEAR ENDED JUNE 30, 2023**

***There were no findings or questioned costs for the year ended June 30, 2022.***