

**BELLFLOWER UNIFIED SCHOOL DISTRICT
LOS ANGELES COUNTY
AUDIT REPORT
For the Fiscal Year Ended
June 30, 2025**

BELLFLOWER UNIFIED SCHOOL DISTRICT

For the Fiscal Year Ended June 30, 2025

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Financial Section

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INDEPENDENT AUDITORS' REPORT

Board of Education
Bellflower Unified School District
Bellflower, 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 Bellflower Unified School District, as of and for the fiscal year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 Bellflower Unified School District, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. 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 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 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.

Changes in Accounting Principle

As discussed in Note 1 to the financial statements, the District has implemented the provisions of GASB Statement No. 101, *Compensated Absences*. Accordingly, prior year liabilities on the Statement of Net Position were restated to adopt this standard. Our opinion is not modified with respect to this matter.

Auditors' 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 GAAS 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 judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment 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 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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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 management's discussion and analysis, budgetary comparison information, schedule of proportionate share of the net pension liability, schedule of OPEB contributions, schedule of pension contributions, schedule of changes in the District's total OPEB liability and related ratios, schedule of the District's proportionate share of the net OPEB liability-MPP Program, and the notes to the required supplementary information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Expenditures of Federal Awards as required by 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), and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the 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 Schedule of Expenditures of Federal Awards and other supplementary information listed in the table of contents, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

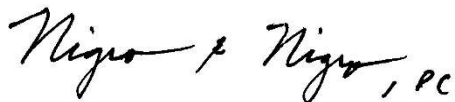
Other Information

Management is responsible for the other information included in the annual report. The other information comprises the LEA Organization Structure but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2026, on our consideration of the 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 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 the District's internal control over financial reporting and compliance.



Murrieta, California
January 23, 2026

BELFLOWER UNIFIED SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2025

This discussion and analysis of Bellflower Unified School District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2025. Please read it in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

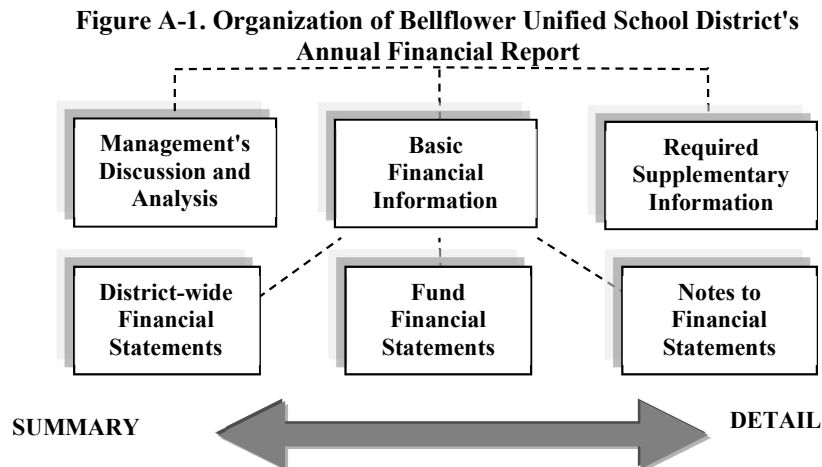
- The District's financial status decreased overall as a result of this year's operations. Net position of governmental activities decreased by \$1.0 million, or 0.8%.
- Governmental expenses were about \$240.5 million. Revenues were about \$239.5 million.
- The District acquired over \$13.5 million in new capital assets during the year.
- Governmental funds decreased by \$14.3 million, or 9.0%.
- Reserves for the General Fund increased by \$11.0 million. Revenues were \$204.0 million, and expenditures were \$220.4 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *District-wide financial* statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are *fund financial* statements that focus on individual parts of the District, reporting the District's operations in more detail than the District-wide statements.
 - The *governmental funds* statements tell how basic services like regular and special education were financed in the short term as well as what remains for future spending.
 - Short and long-term financial information about the activities of the District that operate like businesses (self-insurance funds) are provided in the *proprietary funds* statements.
 - *Fiduciary funds* statement provides information about the financial relationships in which the District acts solely as a trustee or custodian for the benefit of others to whom the resources belong.

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.



BELLFLOWER UNIFIED SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2025

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

District-Wide Statements

The District-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 District'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 District-wide statements report the District's net position and how it has changed. Net position – the difference between the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources – is one way to measure the District's financial health, or *position*.

- Over time, increases and decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's demographics and the condition of school buildings and other facilities.
- In the District-wide financial statements, the District's activities are categorized as *Governmental Activities*. Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state aid finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (like repaying its long-term debt) or to show that it is properly using certain revenues.

The District has three kinds of funds:

- ***Governmental funds*** – Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements 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. Because this information does not encompass the additional long-term focus of the District-wide statements, we provide additional information on a separate reconciliation page that explains the relationship (or differences) between them.
- ***Proprietary funds*** – When the District charges other District funds for the services it provides, these services are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and Statement of Activities. In fact, the District's internal service fund is included within the governmental activities reported in the District-wide statements but provides more detail and additional information, such as cash flows. The District uses the internal service fund to report activities that relate to the District's self-insured program for worker's compensation claims, and health and welfare benefits.

BELLFLOWER UNIFIED SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2025

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Fund Financial Statements (continued)

- **Fiduciary funds** – Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District’s own programs. The District’s fiduciary fund is for an OPEB Trust Fund. The accounting used for fiduciary funds is much like that used for proprietary funds.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position. The District's combined net position was lower on June 30, 2025, than it was the year before – decreasing 0.8% to \$135.9 million (See Table A-1).

Table A-1: Statement of Net Position

	Governmental Activities		
	2025	2024*	Net Change
Assets			
Current assets	\$ 210,173,794	\$ 217,707,369	\$ (7,533,575)
Capital assets	140,515,424	133,947,011	6,568,413
Total Assets	350,689,218	351,654,380	(965,162)
Total Deferred Outflows of Resources	52,656,940	55,855,661	(3,198,721)
Liabilities			
Current liabilities	40,547,353	38,489,945	2,057,408
Long-term liabilities	209,599,706	212,716,062	(3,116,356)
Total Liabilities	250,147,059	251,206,007	(1,058,948)
Total Deferred Inflows of Resources	17,282,349	19,343,710	(2,061,361)
Net Position			
Net investment in capital assets	66,639,926	58,465,545	8,174,381
Restricted	79,808,664	77,627,793	2,180,871
Unrestricted	(10,531,840)	866,986	(11,398,826)
Total Net Position	\$ 135,916,750	\$ 136,960,324	\$ (1,043,574)

* As restated

Changes in net position, governmental activities. The District's total revenues decreased 8.1% to \$239.5 million (See Table A-2). The decrease is due primarily to reduced federal and state operating grants.

The total cost of all programs and services decreased 0.6% to \$240.5 million. The District's expenses are predominantly related to educating and caring for students, 69.9%. The purely administrative activities of the District accounted for just 6.7% of total costs. A significant contributor to the decrease in costs was reduced spending from federal and state operating grants.

BELLFLOWER UNIFIED SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2025

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (continued)

Table A-2: Statement of Activities

	Governmental Activities		
	2025	2024	Net Change
Revenues			
Program Revenues:			
Charges for services	\$ 124,601	\$ 103,331	\$ 21,270
Operating grants and contributions	80,968,715	93,308,441	(12,339,726)
Capital grants and contributions	566	409	157
General Revenues:			
Property taxes	35,322,747	34,714,662	608,085
Federal and state aid not restricted	117,328,150	125,331,845	(8,003,695)
Other general revenues	5,755,702	7,077,958	(1,322,256)
Total Revenues	239,500,481	260,536,646	(21,036,165)
Expenses			
Instruction-related	145,775,669	152,056,638	(6,280,969)
Pupil services	22,282,926	24,044,005	(1,761,079)
Administration	16,025,868	8,288,811	7,737,057
Plant services	22,650,973	22,259,635	391,338
All other activities	33,808,619	35,405,487	(1,596,868)
Total Expenses	240,544,055	242,054,576	(1,510,521)
Increase (decrease) in net position	\$ (1,043,574)	\$ 18,482,070	\$ (19,525,644)
Total Net Position	\$ 135,916,750	\$ 136,960,324	

FINANCIAL ANALYSIS OF THE DISTRICT'S 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 \$144.4 million, which is below last year's ending fund balance of \$158.7 million. The primary cause of the decreased fund balance is deficit spending in the General Fund.

Table A-3: The District's Fund Balances

Fund	Fund Balances				
	July 1, 2024*	Revenues	Expenditures	Other Sources and (Uses)	June 30, 2025
General Fund	\$ 137,381,943	\$ 203,978,301	\$ 220,371,769	\$ -	\$ 120,988,475
Student Activity Fund	920,280	1,909,656	1,961,746	-	868,190
Special Education Pass-Through Fund	155,335	27,926,194	27,899,180	-	182,349
Adult Education Fund	86	36,068	35,294	-	860
Child Development Fund	586,972	2,561,396	2,310,542	-	837,826
Cafeteria Fund	7,606,558	7,467,613	6,739,905	-	8,334,266
Building Fund	72,204	2,122	-	-	74,326
Capital Facilities Fund	3,994,319	599,802	-	-	4,594,121
County School Facilities Fund	4,953,692	271,156	-	-	5,224,848
Bond Interest and Redemption Fund	3,007,560	4,585,204	4,303,188	-	3,289,576
Totals	\$ 158,678,949	\$ 249,337,512	\$ 263,621,624	\$ -	\$ 144,394,837

* As restated

BELLFLOWER UNIFIED SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2025

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (continued)

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget several times. The major budget amendments fall into these categories:

- Revenues – increased by \$18.0 million primarily to reflect federal and state budget actions.
- Salaries and benefits costs – increased \$4.1 million to reflect revised cost estimates.
- Other non-personnel expenses – increased \$16.5 million to revise operational cost estimates.

While the District's final budget for the General Fund anticipated that revenues would fall short of expenditures by about \$29.8 million, the actual results for the year show that expenditures exceeded revenues by roughly \$16.4 million. Actual revenues were \$0.4 million more than anticipated, and expenditures were \$13.1 million less than budgeted.

That amount consists primarily of capital outlay and restricted program dollars that were not spent as of June 30, 2025, that will be carried over into the 2025-26 budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2024-25 the District had acquired \$13.5 million in new capital assets, related to land, construction in progress, site improvements, and equipment purchases. (More detailed information about capital assets can be found in Note 6 to the financial statements). Total depreciation expense for the year was \$6.9 million.

Table A-4: Capital Assets at Year-End, Net of Depreciation

	Governmental Activities		
	2025	2024*	Net Change
Land	\$ 4,380,593	\$ 4,380,593	\$ -
Improvement of sites	56,553,885	57,395,706	(841,821)
Buildings	46,964,119	50,839,457	(3,875,338)
Equipment	14,079,980	12,824,061	1,255,919
Construction in progress	18,536,847	8,507,194	10,029,653
Total	\$ 140,515,424	\$ 133,947,011	\$ 6,568,413

* *As restated*

BELLFLOWER UNIFIED SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2025

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

Long-Term Debt

At year-end the District had \$209.6 million in long-term liabilities – a decrease of 1.5% from last year – as shown in Table A-5. (More detailed information about the District's long-term liabilities is presented in Note 7-9 to the financial statements).

Table A-5: Outstanding Long-Term Debt at Year-End

	Governmental Activities		
	2025	2024*	Net Change
General obligation bonds	\$ 73,200,396	\$ 74,746,961	\$ (1,546,565)
Supplemental early retirement	3,502,670	-	3,502,670
Compensated absences	12,062,884	10,311,535	1,751,349
Net pension liability	120,833,756	127,657,566	(6,823,810)
Total	\$ 209,599,706	\$ 212,716,062	\$ (3,116,356)

* *As restated*

FACTORS BEARING ON THE DISTRICT'S FUTURE

California State Budget

The Budget aims to solve a \$11.8 billion General Fund deficit for 2025-26 through reductions, borrowing and fund shifts. The 2025-26 Enacted Budget relies on reserves and deferrals to meet its Proposition 98 obligations for the fiscal year, including the scheduled \$7.1 billion Budget Stabilization Act (BSA) withdrawal in 2025-26. This will leave a combined reserve balance of \$15.7 billion in 2025-26, including \$11.2 billion in the BSA and an additional \$4.5 billion in the state's discretionary reserve account (the Special Fund for Economic Uncertainties).

TK-12 Education

The Budget includes total funding of \$137.6 billion (\$80.5 billion General Fund and \$57.1 billion other funds) for all TK-12 education programs.

Proposition 98

The Budget revised estimates of General Fund revenues resulting in notable adjustments to the Proposition 98 Guarantee. The revised Guarantee for TK-14 schools is calculated to be \$98.5 billion in 2023-24, \$119.9 billion in 2024-25, and \$114.6 billion in 2025-26. These revised Proposition 98 levels represent an increase of approximately \$3.9 billion over the three-year period relative to the 2024 Budget Act. The Budget appropriates the 2024-25 Guarantee at \$118 billion, instead of the currently calculated level of \$119.9 billion. The difference between the appropriated and the calculated levels is \$1.9 billion, which is referred to as "settle-up." The 2024-25 Guarantee level will not be finalized until that fiscal year is certified—a process that will occur throughout 2026.

The Budget shifts the full TK expansion funding to the TK-12 education side of the Proposition 98 budget, beginning in the 2025-26 fiscal year. This shifts \$232.9 million in ongoing resources from community colleges to TK-12 schools. The purpose of re-benching Proposition 98 for the cost of TK expansion is to ensure that the implementation of universal TK does not create a fiscal burden on existing TK-12 programs.

BELLFLOWER UNIFIED SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2025

FACTORS BEARING ON THE DISTRICT'S FUTURE (continued)

Proposition 98 (continued)

The Budget includes a LCFF cost-of-living adjustment of 2.3 percent. When combined with population growth adjustments, these baseline adjustments will increase discretionary funds for local educational agencies (LEAs) by \$2.1 billion compared to the 2024 Budget Act. To fully fund the LCFF, the Budget uses \$405.3 million from the Proposition 98 Rainy Day Fund to support LCFF costs in 2025-26.

Budgetary deferrals of \$246.6 million for TK-12 education from 2024-25 will be fully repaid in 2025-26. However, to fully fund the LCFF and maintain the level of 2025-26 principal apportionments, the Budget defers \$1.9 billion in LCFF funding from June 2026 to July 2026.

Funding Results for Education Programs

In the 2025-26 school year, the Budget provides a total of \$2.1 billion ongoing Proposition 98 General Fund (inclusive of all prior years' investments) to support the full implementation of universal TK. The Budget also provides an additional \$1.2 billion ongoing Proposition 98 General Fund to support further lowering the average student-to-adult ratio from 12:1 to 10:1 in every TK classroom.

The Budget provides \$515.1 million ongoing for the full implementation of the Expanded Learning Opportunities Program by increasing the number of elementary schools that offer universal access to students. Additionally, the Budget includes \$10.4 million to increase the minimum grant amount from \$50,000 to \$100,000 per LEA.

The Budget provides \$480 million to support literacy instruction aligned with the ELA/ELD Framework and includes multiple investments intended to support teachers and improve access to the educator pipeline. In addition, the Budget allocates \$1.7 billion one-time Proposition 98 General Fund for the Student Support and Professional Development Discretionary Block Grant, as well as numerous one-time grants for various new and ongoing program support.

Federal Implications

Because the State Budget was approved in late June, it does not reflect the impact of the cuts in federal spending included in the federal omnibus tax and spending bill signed in early July. The bill does not make any statutory or direct funding adjustments to TK-12 federal education programs, including Title I and the Individuals with Disabilities Education Act. However, the bill allocates \$100 million to the OMB to conduct reviews across the executive branch aimed at identifying "budget and accounting efficiencies."

All of these factors were considered in preparing the Bellflower Unified School District budget for the 2025-26 fiscal year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact the District's Business Office at (562) 866-9011.

BELLFLOWER UNIFIED SCHOOL DISTRICT
Statement of Net Position
June 30, 2025

	Governmental Activities
ASSETS	
Deposits and investments	\$ 174,694,252
Accounts receivable	21,408,779
Prepaid expenses	4,049,303
Inventories	446,219
Other current assets	4,272
Net OPEB asset	9,570,969
Capital assets:	
Non-depreciable capital assets	22,917,440
Depreciable capital assets	224,603,116
Less accumulated depreciation	<u>(107,005,132)</u>
Total Assets	<u>350,689,218</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to OPEB	5,853,833
Deferred outflows related to pensions	<u>46,803,107</u>
Total Deferred Outflows of Resources	<u>52,656,940</u>
LIABILITIES	
Accounts payable	37,155,129
Accrued interest payable	1,289,037
Unearned revenue	2,103,187
Noncurrent liabilities:	
Due or payable within one year	2,497,098
Due in more than one year:	
Other than pensions	86,268,852
Net pension liability	<u>120,833,756</u>
Total Liabilities	<u>250,147,059</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to refunding	749,428
Deferred inflows related to OPEB	2,227,089
Deferred inflows related to pensions	<u>14,305,832</u>
Total Deferred Inflows of Resources	<u>17,282,349</u>
NET POSITION	
Net investment in capital assets	66,639,926
Restricted for:	
Capital projects	9,818,969
Debt service	3,289,576
Student activities	868,190
Self-insurance programs	16,949,672
Categorical programs	48,882,257
Unrestricted	<u>(10,531,840)</u>
Total Net Position	<u>\$ 135,916,750</u>

BELFLOWER UNIFIED SCHOOL DISTRICT*Balance Sheet – Governmental Funds**June 30, 2025*

	General Fund	Special Education Pass-Through Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Deposits and investments	\$ 135,490,882	\$ 1,192,797	\$ 23,770,412	\$ 160,454,091
Accounts receivable	10,168,927	8,622,674	1,186,378	19,977,979
Stores inventories	273,813	-	172,406	446,219
Prepaid expenditures	4,049,303	-	-	4,049,303
Other current assets	4,272	-	-	4,272
Total Assets	<u>\$ 149,987,197</u>	<u>\$ 9,815,471</u>	<u>\$ 25,129,196</u>	<u>\$ 184,931,864</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 26,944,016	\$ 9,633,122	\$ 556,892	\$ 37,134,030
Due to other funds	1,299,810	-	-	1,299,810
Unearned revenue	754,896	-	1,348,291	2,103,187
Total Liabilities	<u>28,998,722</u>	<u>9,633,122</u>	<u>1,905,183</u>	<u>40,537,027</u>
Fund Balances				
Nonspendable	4,373,116	-	172,906	4,546,022
Restricted	39,533,767	182,349	23,044,296	62,760,412
Committed	59,000,000	-	6,811	59,006,811
Unassigned	18,081,592	-	-	18,081,592
Total Fund Balances	<u>120,988,475</u>	<u>182,349</u>	<u>23,224,013</u>	<u>144,394,837</u>
Total Liabilities and Fund Balances	<u>\$ 149,987,197</u>	<u>\$ 9,815,471</u>	<u>\$ 25,129,196</u>	<u>\$ 184,931,864</u>

BELLFLOWER UNIFIED SCHOOL DISTRICT

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position June 30, 2025

Total Fund Balances - Governmental Funds \$ 144,394,837

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

Capital assets at historical cost:	247,520,556	
Accumulated depreciation:	<u>(107,005,132)</u>	
Net:		140,515,424

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:

(1,289,037)

Deferred amounts on refunding represent amounts paid to an escrow agent in excess of the outstanding debt at the time of the payment for refunded bonds which have been defeased. In the government-wide statements it is recognized as a deferred outflow or inflow. The remaining deferred inflows on refunding at the end of the period were:

(749,428)

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

General obligation bonds payable	73,200,396	
Compensated absences payable	12,062,884	
Supplemental early retirement plan	3,502,670	
Net pension liability	<u>120,833,756</u>	
Total		(209,599,706)

In governmental funds, postemployment benefits costs are recognized as expenditures in the period they are paid. In the government wide statements, postemployment benefits costs are recognized in the period they are incurred. The other postemployment benefit net asset is a result of accumulated plan assets that are an irrevocable contribution and dedicated to providing benefits to retirees, in excess of the total OBEB liability.

9,570,969

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 and inflows relating to OPEB for the period were:

Deferred outflows of resources	5,853,833	
Deferred inflows of resources	<u>(2,227,089)</u>	
Total		3,626,744

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 inflows and outflows relating to pensions for the period were:

Deferred outflows of resources	46,803,107	
Deferred inflows of resources	<u>(14,305,832)</u>	
Total		32,497,275

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

16,949,672

Total Net Position - Governmental Activities \$ 135,916,750

BELFLOWER UNIFIED SCHOOL DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds For the Fiscal Year Ended June 30, 2025

	General Fund	Special Education Pass-Through Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES				
LCFF sources	\$ 142,368,706	\$ 1,599,485	\$ -	\$ 143,968,191
Federal sources	16,889,883	6,107,609	4,483,338	27,480,830
Other state sources	37,332,725	20,036,752	5,047,958	62,417,435
Other local sources	7,386,987	182,348	7,901,721	15,471,056
Total Revenues	203,978,301	27,926,194	17,433,017	249,337,512
EXPENDITURES				
Current:				
Instruction	135,153,147	-	1,676,465	136,829,612
Instruction-Related Services:				
Supervision of instruction	10,688,082	-	477,841	11,165,923
Instructional library, media and technology	1,049,119	-	-	1,049,119
School site administration	13,091,564	-	3,249	13,094,813
Pupil Support Services:				
Home-to-school transportation	3,839,551	-	-	3,839,551
Food services	-	-	6,268,567	6,268,567
All other pupil services	14,492,993	-	28,676	14,521,669
Ancillary services	1,534,936	-	1,961,746	3,496,682
General Administration Services:				
Data processing services	8,757,910	-	-	8,757,910
Other general administration	7,621,096	-	-	7,621,096
Transfers of indirect costs	(314,853)	-	314,853	-
Plant services	19,862,323	-	236,990	20,099,313
Capital outlay	4,466,300	-	79,100	4,545,400
Intergovernmental transfers	129,601	27,899,180	-	28,028,781
Debt service:				
Principal	-	-	1,180,000	1,180,000
Interest	-	-	3,123,188	3,123,188
Total Expenditures	220,371,769	27,899,180	15,350,675	263,621,624
Excess (Deficiency) of Revenues Over (Under) Expenditures	(16,393,468)	27,014	2,082,342	(14,284,112)
Fund Balances, July 1, 2024, as originally reported	138,699,049	155,335	21,141,671	159,996,055
Adjustments for restatements (Note 13)	(1,317,106)	-	-	(1,317,106)
Fund Balances, July 1, 2024, as restated	137,381,943	155,335	21,141,671	158,678,949
Fund Balances, June 30, 2025	\$ 120,988,475	\$ 182,349	\$ 23,224,013	\$ 144,394,837

BELLFLOWER UNIFIED SCHOOL DISTRICT

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities For the Fiscal Year Ended June 30, 2025

Total Net Change in Fund Balances - Governmental Funds \$ (14,284,112)

Amounts reported for governmental *activities* in the statement of activities are different because:

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

Expenditures for capital outlay	13,503,524	
Depreciation expense	<u>(6,919,728)</u>	
Net:		6,583,796

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

1,180,000

Deferred amounts on refunding represent amounts paid to an escrow agent in excess of the outstanding debt at the time of the payment for refunded bonds which have been deceased. In governmental funds these charges are recognized as an expenditure. However, in the statement of activities these amounts are amortized over the shorter of the life of the refunded bonds or the refunding bonds. The difference between current year amounts and the current year amortization was:

57,281

If a planned capital project is canceled and will not be completed, costs previously capitalized as Work In Progress must be written off to expenses. Costs written off for capital projects were:

(15,383)

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 premiums or discount for the period was:

366,565

In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period that it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period, was:

9,583

In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amounts earned. The difference between compensated absences paid and compensated absences earned was:

(1,751,349)

In the government-wide statements, expenses must be accrued in connection with any liabilities incurred during the period that are not expected to be liquidated with current financial resources, in addition to compensated absences and long-term debt. Examples include special termination benefits such as retirement incentives financed over time, and structured legal settlements. This year, expenses incurred for such obligations were:

(3,502,670)

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

7,430,711

In government funds, OPEB costs are recognized when employer contributions are made. In the statement of activities, OPEB costs are recognized on the accrual basis. This year, the difference between accrual-basis OPEB costs and actual employer contributions was:

1,028,387

The internal service fund is used by management to charge the cost of self-insurance activities. The net revenue (expense) of the internal service fund is reported with governmental activities.

1,853,617

Change in Net Position of Governmental Activities \$ (1,043,574)

BELLFLOWER UNIFIED SCHOOL DISTRICT
Statement of Net Position – Proprietary Fund
For the Fiscal Year Ended June 30, 2025

	Governmental Activities
	Internal Service Funds
ASSETS	
Current Assets	
Deposits and investments	\$ 14,240,161
Accounts receivable	1,430,800
Due from other funds	1,299,810
	<hr/>
Total Assets	16,970,771
	<hr/>
LIABILITIES	
Current Liabilities	
Accrued liabilities	21,099
	<hr/>
NET POSITION	
Restricted for self-insurance	\$ 16,949,672
	<hr/> <hr/>

BELLFLOWER UNIFIED SCHOOL DISTRICT*Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Fund
For the Fiscal Year Ended June 30, 2025*

	Governmental Activities
	Internal Service Funds
OPERATING REVENUES	
Charges to other funds	\$ 15,622,827
Other local revenues	<u>3,618,306</u>
Total operating revenues	<u>19,241,133</u>
OPERATING EXPENSES	
Salaries and benefits	20,030
Services and other operating expenses	<u>18,106,052</u>
Total operating expenses	<u>18,126,082</u>
Operating Income (Loss)	1,115,051
NON-OPERATING REVENUES	
Interest income	<u>738,566</u>
Change in net position	1,853,617
Net position, July 1, 2024	<u>15,096,055</u>
Net position, June 30, 2025	<u>\$ 16,949,672</u>

BELLFLOWER UNIFIED SCHOOL DISTRICT*Statement of Cash Flows – Proprietary Fund**For the Fiscal Year Ended June 30, 2025*

	Governmental Activities
	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from assessments made to other funds	\$ 17,433,822
Cash payments for payroll, insurance and operating costs	<u>(18,158,843)</u>
Net cash provided (used) by operating activities	(725,021)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	<u>745,749</u>
Net increase (decrease) in cash and cash equivalents	20,728
Cash, July 1, 2024	<u>14,219,433</u>
Cash, June 30, 2025	<u>\$ 14,240,161</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ 1,115,051
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(507,501)
(Increase) decrease in due from other funds	(1,299,810)
Increase (decrease) in accounts payable	<u>(32,761)</u>
Net cash provided (used) by operating activities	<u>\$ (725,021)</u>

BELLFLOWER UNIFIED SCHOOL DISTRICT
Statement of Net Position – Fiduciary Fund
For the Fiscal Year Ended June 30, 2025

	<u>OPEB Trust Fund</u>
ASSETS	
Deposits and investments	<u>\$ 29,593,550</u>
 NET POSITION	
Restricted for:	
Other postemployment benefits	<u>\$ 29,593,550</u>

BELLFLOWER UNIFIED SCHOOL DISTRICT
Statement of Changes in Net Position – Fiduciary Fund
For the Fiscal Year Ended June 30, 2025

	OPEB Trust Fund
ADDITIONS	
Employer contributions	\$ 2,817,026
Net increase in fair value of investments	<u>3,085,666</u>
Total Additions	<u>5,902,692</u>
DEDUCTIONS	
Investment expenses	114,872
Employer distributions	2,220,979
Other disbursements	<u>811,530</u>
Total Deductions	<u>3,147,381</u>
Change in fiduciary net position	2,755,311
Net position - July 1, 2024	<u>26,838,239</u>
Net position - June 30, 2025	<u><u>\$ 29,593,550</u></u>

BELLFLOWER UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Bellflower Unified School District (the "District") accounts for its financial transactions in accordance with the policies and procedures of the California Department of Education's *California School Accounting Manual*. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The following is a summary of the more significant policies:

A. Reporting Entity

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 of the District.

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 identified no organizations that are required to be reported as component units.

B. Basis of Presentation, Basis of Accounting

1. Basis of Presentation

District-Wide Financial 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 revenues, and other nonexchange transactions.

The Statement of Activities presents a comparison between direct expenses and program revenues 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. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The fund financial statements provide information about the District's funds. Separate statements for each fund category – *governmental, proprietary and fiduciary* - 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 nonmajor funds.

BELLFLOWER UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation, Basis of Accounting (continued)

1. Basis of Presentation (continued)

Major Governmental Funds

The District maintains the following major governmental funds:

General Fund: This is the chief operating fund for the District. It is used to account for the ordinary operations of the District. All transactions except those accounted for in another fund are accounted for in this fund.

Special Education Pass-Through Fund: This fund is used by the Administrative Unit (AU) of a multi-LEA Special Education Local Plan Area (SELPA) to account for Special Education revenue passed through to other member LEAs.

Non-Major Governmental Funds

The District maintains the following non-major governmental funds:

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

Student Activity Fund: The District maintains a separate fund for each school that operates an ASB fund, whether it is organized or not.

Adult Education Fund: This fund is used to account separately for federal, state, and local revenues that are restricted or committed for adult education programs.

Child Development Fund: This fund is used to account separately for federal, state, and local revenues to operate child development programs.

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 and 38093).

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

Building Fund: This fund exists primarily to account separately for proceeds from the sale of bonds (*Education Code* Section 15146) and may not be used for any purposes other than those for which the bonds were issued.

Capital Facilities Fund: This fund is used to primarily account separately for moneys received from fees levied on development projects as a condition of approval (*Education Code* Sections 17620-17626 and *Government Code* Section 65995 et seq.).

BELLFLOWER UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation, Basis of Accounting (continued)

1. Basis of Presentation (continued)

Non-Major Governmental Funds (continued)

Capital Projects Funds (continued)

County School Facilities Fund: This fund is used primarily to account 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 17070.10 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).

Proprietary Funds: Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. Proprietary funds are classified as enterprise or internal service. The District has the following proprietary fund:

Internal Service Funds: These funds are used to account for services rendered on a cost – reimbursement basis within the District. The District operates workers' compensation insurance programs that are accounted for in the Internal Service Fund. In addition, the District's health and welfare benefit programs are accounted for in the Internal Service Fund.

Fiduciary Funds

Fiduciary funds are used to account for assets held in a trustee or custodial capacity for others that cannot be used to support the District's own programs. The key distinction between trust and custodial funds is that trust funds are subject to a trust agreement that affects the degree of management involvement and the length of time that the resources are held. The District maintains the following fiduciary fund:

OPEB Trust Fund: The District maintains a Retiree Benefits Trust Fund. The fund is used to accumulate resources for the payment of future retiree health and welfare benefits.

2. Measurement Focus, Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resource or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

BELLFLOWER UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation, Basis of Accounting (continued)

2. Measurement Focus, Basis of Accounting (continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities for the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

As a general rule the effect of interfund activity has been eliminated from the District-wide financial statements. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

3. Revenues - Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on 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 that the resources will be collected within the current fiscal year. Generally, available is defined as collectible within 60 days. However, to achieve comparability of reporting among California districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to state-aid apportionments, the California Department of Education has defined available for districts as collectible within one year. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose requirements. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

C. Encumbrances

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

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

1. Cash and Cash Equivalents

The District considers cash and cash equivalents to be cash on hand and demand deposits. In addition, because the Treasury Pool is sufficiently liquid to permit withdrawal of cash at any time without prior notice or penalty, equity in the pool is also deemed to be a cash equivalent.

2. Inventories

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

BELLFLOWER UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

3. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Description	Estimated Lives
Buildings	20-50 years
Improvements/Infrastructure	5-50 years
Equipment	5-20 years

4. 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 combined 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.

5. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position 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 Statement of Net Position 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 will not be recognized as an inflow of resources (revenue) until that time.

6. Compensated Absences

The District has implemented GASB Statement No. 101, *Compensated Absences*. A liability is reported for unused vacation leave. Although sick leave is not paid out upon separation, a liability is recorded for the portion of sick leave that is more likely than not to be used for paid time off. The liability is measured using current pay rates and includes applicable salary-related costs.

BELLFLOWER UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

7. Leases

Lessee:

The District recognizes a lease liability and an intangible right-to-use leased asset in the government-wide financial statements. At the commencement of the lease term, the District measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The leased asset is initially measured as the initial amount of the lease liability, plus certain initial direct costs. Subsequently, the leased asset is amortized on a straight-line basis over the lease term or useful life of the underlying assets.

Lessor:

The District recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements. At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

8. Subscription-Based Information Technology Arrangements

The District recognizes a subscription liability and an intangible right-to-use subscriptions IT asset (subscription IT asset) in the government-wide financial statements. At the commencement of the lease liability, the District measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription IT asset is initially measured as the initial amount of the subscription liability, plus certain initial direct costs. Subsequently, the subscription IT asset is amortized on a straight-line basis over the subscription term or useful life of the underlying asset. The amortization period varies from 2 to 4 years.

9. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District Plan and CalSTRS Medicare Premium Payment (MPP) Program 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, the Plans recognize benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

10. Pensions

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

BELLFLOWER UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

11. Fund Balances

The fund balance for Governmental Funds is reported in classifications based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Nonspendable: Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories and prepaid assets.

Restricted: Fund balance is reported as restricted when the constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provision or by enabling legislation.

Committed: The District's highest decision-making level of authority rests with the District's Board. Fund balance is reported as committed when the Board passes a resolution that places specified constraints on how resources may be used. The Board can modify or rescind a commitment of resources through passage of a new resolution.

Assigned: Resources that are constrained by the District's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent may be expressed by either the Board, committees (such as budget or finance), or officials to which the Board has delegated authority.

Unassigned: Unassigned fund balance represents fund balance that has not been restricted, committed, or assigned and may be utilized by the District for any purpose. When expenditures are incurred, and both restricted and unrestricted resources are available, it is the District's policy to use restricted resources first, then unrestricted resources in the order of committed, assigned, and then unassigned, as they are needed.

12. Net Position

Net position is classified into three components: net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

- **Net investment in capital assets** - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- **Restricted** - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

BELFLOWER UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

12. Net Position (continued)

- **Unrestricted net position** - This component of net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted".

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. Minimum Fund Balance Policy

During the 2010-11 fiscal year, pursuant to GASB Statement No. 54, the District adopted a minimum fund balance policy for the General Fund in order to protect the District against revenue shortfalls or unpredicted expenditures. The policy requires a Reserve for Economic Uncertainties consisting of equal to no less than three percent of total General Fund expenditures and other financing uses.

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

F. Property Tax Calendar

The County is responsible for the assessment, collection, and apportionment of property taxes for all jurisdictions including the schools and special districts within the County. The Board of Supervisors levies property taxes as of September 1 on property values assessed on July 1. Secured property tax payments are due in two equal installments. The first is generally due November 1 and is delinquent with penalties on December 10, and the second is generally due on February 1 and is delinquent with penalties on April 10. Secured property taxes become a lien on the property on January 1.

G. Use of Estimates

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

H. Change in Accounting Principle

During the year ended June 30, 2025, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. This standard requires the recognition of accrued compensated absences as a liability in the financial statements. The implementation resulted in a cumulative effect adjustment to beginning net position to reflect the recognition of accumulated leave liabilities previously unrecorded. The impact on the District's beginning net position was a decrease of \$7,288,755.

BELLFLOWER UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 2 – DEPOSITS AND INVESTMENTS

Deposits and investments as of June 30, 2025, are classified in the accompanying financial statements as follows:

Governmental funds	\$ 160,454,091
Proprietary funds	14,240,161
Governmental Activities	<u>174,694,252</u>
Fiduciary funds	<u>29,593,550</u>
Total Deposits and Investments	<u>\$ 204,287,802</u>

Deposits and investments as of June 30, 2025, consist of the following:

Cash on hand and in banks	\$ 2,181,240
Cash in revolving fund	50,500
Investments	<u>202,056,062</u>
Total Deposits and Investments	<u>\$ 204,287,802</u>

Investment security ratings reported as of June 30, 2025, are defined by Standard and Poors.

Pooled Funds

In accordance with *Education Code* Section 41001, the District maintains substantially all of its cash in the interest-bearing Los Angeles County Treasurer's Pooled Investment Fund. The District is considered to be an involuntary participant in an external investment pool. The fair value of the District's investment in the pool is reported in the financial statements at amounts 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 basis.

Custodial Credit Risk – Deposits

Custodial credit risk 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. Cash balances held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC) and are collateralized by the respective financial institutions. In addition, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The 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, 2025, \$2,198,520 of the District's bank balance was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agency, but not in the name of the District.

BELLFLOWER UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

Investments - Interest Rate Risk

The District's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District's investment policy limits investment purchases to investments with a term not to exceed three years. Investments purchased with maturity terms greater than three years require approval by the Board of Education. Investments purchased with maturities greater than one year require written approval by the Superintendent prior to commitment. Maturities of investments held at June 30, 2025, consist of the following:

	Rating	Reported Amount	Maturity		Fair Value Measurement
			Less Than One Year	One Year Through Five Years	
Investment maturities:					
PARS Investment Trust	AA	\$ 29,593,550	\$ 29,593,550	\$ -	Level 2
Los Angeles County Investment Pool	N/A	172,462,512	172,462,512	-	Uncategorized
Total Investments		<u>\$ 202,056,062</u>	<u>\$ 202,056,062</u>	<u>\$ -</u>	

Investments - Credit Risk

The District's investment policy limits investment choices to obligations of local, state and federal agencies, commercial paper, certificates of deposit, repurchase agreements, corporate notes, banker acceptances, and other securities allowed by State Government Code Section 53600. At June 30, 2025, all investments represented governmental securities which were issued, registered and held by the District's agent in the District's name.

Investments - Concentration of Credit Risk

The District does not place limits on the amount it may invest in any one issuer. At June 30, 2025, the District had no investments outside the county treasury and the PARS Investment Trust.

Fair Value Measurements

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, 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 in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

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, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

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 date if reasonably available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

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

All assets have been valued using a market approach, with quoted market prices.

BELLFLOWER UNIFIED SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2025, consisted of the following:

	Governmental Activities				
	General Fund	Special Education Pass-Through Fund	Non-Major Governmental Funds	Total Governmental Funds	Self-Insurance Funds
Federal Government:					
Categorical aid programs	\$ 3,605,007	\$ 5,968,454	\$ 584,496	\$ 10,157,957	\$ -
State Government:					
LCFF sources	656,360	1,566,871	-	2,223,231	-
Special education	1,247,762	1,086,827	-	2,334,589	-
Lottery	716,038	-	-	716,038	-
Categorical aid programs	1,843,606	-	344,476	2,188,082	-
Local:					
Interest	1,335,915	-	-	1,335,915	-
Other local	764,239	522	257,406	1,022,167	1,430,800
Total	\$ 10,168,927	\$ 8,622,674	\$ 1,186,378	\$ 19,977,979	\$ 1,430,800

NOTE 4 – INTERFUND TRANSACTIONS

A. Balances Due to/From Other Funds

Balances due to/from other funds at June 30, 2025, consisted of the following:

General Fund due to Self Insurance Fund for premiums and contributions	<u>\$ 1,299,810</u>
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BELLFLOWER UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 5 – FUND BALANCES

At June 30, 2025, fund balances of the District's governmental funds are classified as follows:

	General Fund	Special Education Pass-Through Fund	Non-Major Governmental Funds	Total
Nonspendable:				
Revolving cash	\$ 50,000	\$ -	\$ 500	\$ 50,500
Stores inventories	273,813	-	172,406	446,219
Prepaid expenditures	4,049,303	-	-	4,049,303
Total Nonspendable	4,373,116	-	172,906	4,546,022
Restricted:				
Categorical programs	39,533,767	182,349	831,875	40,547,991
Student body funds	-	-	868,190	868,190
Child nutrition program	-	-	8,161,360	8,161,360
Capital projects	-	-	9,893,295	9,893,295
Debt service	-	-	3,289,576	3,289,576
Total Restricted	39,533,767	182,349	23,044,296	62,760,412
Committed:				
Other commitments	59,000,000	-	6,811	59,006,811
Total Committed	59,000,000	-	6,811	59,006,811
Unassigned:				
Reserve for economic uncertainties	6,612,118	-	-	6,612,118
Remaining unassigned balances	11,469,474	-	-	11,469,474
Total Unassigned	18,081,592	-	-	18,081,592
Total	\$ 120,988,475	\$ 182,349	\$ 23,224,013	\$ 144,394,837

NOTE 6 – CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2025, was as follows:

	Balance, July 1, 2024	Restatements	Additions	Deletions	Balance, June 30, 2025
Governmental Activities:					
Capital assets not being depreciated					
Land	\$ 4,380,593	\$ -	\$ -	\$ -	\$ 4,380,593
Construction in progress	3,947,865	4,559,329	10,099,030	69,377	18,536,847
Total capital assets not being depreciated	8,328,458	4,559,329	10,099,030	69,377	22,917,440
Capital assets being depreciated					
Site improvements	61,732,696	23,942	-	-	61,756,638
Buildings	128,930,760	(282,926)	-	-	128,647,834
Furniture and equipment	30,641,832	98,324	3,458,488	-	34,198,644
Total capital assets being depreciated	221,305,288	(160,660)	3,458,488	-	224,603,116
Less accumulated depreciation:					
Site improvements	(4,361,257)	325	(841,821)	-	(5,202,753)
Buildings	(78,873,335)	1,064,958	(3,875,338)	-	(81,683,715)
Furniture and equipment	(18,010,935)	94,840	(2,202,569)	-	(20,118,664)
Total accumulated depreciation	(101,245,527)	1,160,123	(6,919,728)	-	(107,005,132)
Total capital assets being depreciated, net	120,059,761	999,463	(3,461,240)	-	117,597,984
Governmental Activities Capital Assets, net	\$ 128,388,219	\$ 5,558,792	\$ 6,637,790	\$ 69,377	\$ 140,515,424

BELLFLOWER UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 6 – CAPITAL ASSETS AND DEPRECIATION (continued)

Depreciation expense was charged to governmental activities as follows:

Governmental Activities:

Instruction	\$ 1,932,730
Supervision of instruction	5,144
Instructional library, media and technology	1,967
School site administration	38,700
Home-to-school transportation	131,766
Food services	82,638
All other pupil services	10,972
Other general administration	35,869
Data processing services	947,197
Plant services	<u>3,732,745</u>
Total	<u>\$ 6,919,728</u>

NOTE 7 - LONG-TERM LIABILITIES OTHER THAN OPEB OR PENSIONS

Changes in long-term debt for the year ended June 30, 2025, were as follows:

	Balance, July 1, 2024	Additions	Deductions	Balance, June 30, 2025	Amount Due Within One Year
General Obligation Bonds:					
Principal Payments	\$ 69,400,000	\$ -	\$ 1,180,000	\$ 68,220,000	\$ 1,430,000
Unamortized Premium	5,346,961	-	366,565	4,980,396	366,564
Total G.O. Bonds	74,746,961	-	1,546,565	73,200,396	1,796,564
Supplemental Early Retirement	-	3,502,670	-	3,502,670	700,534
Compensated Absences:					
Vacation Leave	3,022,780	115,350	-	3,138,130	-
Sick Leave*	7,288,755	1,635,999	-	8,924,754	-
Totals	<u>\$ 85,058,496</u>	<u>\$ 5,254,019</u>	<u>\$ 1,546,565</u>	<u>\$ 88,765,950</u>	<u>\$ 2,497,098</u>

*Beginning balance of sick leave has been restated due to the implementation of GASB Statement No. 101.

Payments for general obligation bonds are made by the Bond Interest and Redemption Fund. Additions and deductions for compensated absences are reported net of their cumulative change in the current year. Supplemental early retirement payments will be paid from the General Fund.

BELLFLOWER UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 7 - LONG-TERM LIABILITIES OTHER THAN OPEB OR PENSIONS (continued)

A. General Obligation Bonds

Election of 2012 (Measure BB)

On November 6, 2012, the voters of the District approved, by more than a 55% majority, Measure “BB”, authorizing the District to issue up to \$79 million in bonds with revenue going to finance new construction and additions to and modernization of school facilities for the District.

The Bonds are general obligations of the District, payable solely from ad valorem property taxes. The County of Los Angeles is empowered and obligated to annually levy such ad valorem property taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates), for the payment of the principal of and interest on the Bonds when due.

2023 Refunding Bonds

On August 31, 2023, the District issued 2023 Refunding General Obligation Bonds in the amount of \$29,490,000. The Refunding Bonds were issued as serial bonds with interest rates of 5.0% and maturities between August 1, 2024, and August 1, 2038. The Refunding Bonds were issued by the District to refund \$33,710,000 of the District’s outstanding General Obligation Bonds, Election of 2012, Series A, issued on April 10, 2013, in the original principal amount of \$37,000,000.

Defeasance of Debt

The District has defeased certain general obligation bonds by placing the proceeds of new refunding bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District’s financial statements. At June 30, 2025, there is no principal balance outstanding on the defeased debt.

The difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter. At June 30, 2025, deferred inflows on refunding were \$749,428.

BELLFLOWER UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 7 - LONG-TERM LIABILITIES OTHER THAN OPEB OR PENSIONS (continued)

A. General Obligation Bonds (continued)

A summary of all bonds issued and outstanding at June 30, 2025, follows:

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Balance, July 1, 2024	Issuances	Redemptions	Balance, June 30, 2025
Election of 2012 (Measure BB)								
Series B	8/12/2015	8/1/2041	3.6% - 5.0%	\$ 42,000,000	\$ 39,910,000	\$ -	\$ 720,000	\$ 39,190,000
Refunding Bonds								
2023 Refunding	8/31/2023	8/1/2038	5.00%	29,490,000	29,490,000	-	460,000	29,030,000
					<u>\$ 69,400,000</u>	<u>\$ -</u>	<u>\$ 1,180,000</u>	<u>\$ 68,220,000</u>

The annual requirements to amortize general obligation bonds outstanding as of June 30, 2025, were as follows:

Fiscal Year	Principal	Interest	Total
2025-2026	\$ 1,430,000	\$ 3,057,938	\$ 4,487,938
2026-2027	1,780,000	2,977,688	4,757,688
2027-2028	2,155,000	2,879,313	5,034,313
2028-2029	2,565,000	2,761,313	5,326,313
2029-2030	3,015,000	2,621,813	5,636,813
2030-2035	21,270,000	10,418,688	31,688,688
2035-2040	27,880,000	4,500,104	32,380,104
2040-2042	8,125,000	335,075	8,460,075
Total	<u>\$ 68,220,000</u>	<u>\$ 29,551,932</u>	<u>\$ 97,771,929</u>

B. Supplemental Early Retirement

During the year, the District entered into an agreement with Public Agency Retirement Services (PARS) for a 403(b) Supplementary Retirement Plan (SRP). Under the agreement, thirty-seven (37) certificated non-management employees opted to retire effective August 1, 2025. In exchange, the District is obligated to make an annual payment of \$700,534.01 each July 10 for five years, beginning on July 10, 2025, and ending on July 10, 2029. Future payments under this obligation as of June 30, 2025, are as follows:

Fiscal Year	Principal
2025-2026	\$ 700,534
2026-2027	700,534
2027-2028	700,534
2028-2029	700,534
2029-2030	700,534
Total	<u>\$ 3,502,670</u>

BELLFLOWER UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB)

For the fiscal year ended June 30, 2025, the District reported net OPEB assets, deferred outflows of resources, deferred inflows of resources, and OPEB expenses for the following plans:

	Net OPEB Liability (Asset)	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	\$ (10,032,267)	\$ 5,853,833	\$ 2,227,089	\$ 1,024,169
MPP Program	461,298	-	-	(47,060)
Totals	<u>\$ (9,570,969)</u>	<u>\$ 5,853,833</u>	<u>\$ 2,227,089</u>	<u>\$ 977,109</u>

The details of each plan are as follows:

District Plan

Plan Administration

The District sponsors defined benefit, single-employer healthcare coverage under the California Public Employees Medical and Hospital Care Act ("PEMHCA"), commonly referred to as PERS Health. PEMHCA provides health insurance through a variety of Health Maintenance Organization (HMO) and Preferred Provider Organization (PPO) options. Participation in PEMHCA is financed in part by the District through an optional benefits plan, with contributions made to the plan.

Benefits Provided

The District currently provides retiree health benefits to eligible certificated, classified and management employees. Eligibility requirements vary by employee classification. The same plans are provided for the District's retirees as for its active employees, with the general exception that District-paid supplemental benefits end at age 65. There is a grandfathered Kaiser HMO option not available to new entrants, and an out-of-state Blue Cross PPO option. The District also provides two dental options, Delta Care and Delta Preferred, and a self-funded vision plan. ChiroMetrics is also offered to employees. The District does not contribute towards the cost of dental and vision benefits for retirees.

The District contributes \$70.65 per month for calendar 2024 (\$79.00 per month for calendar 2025) to PEMHCA on behalf of each retiree eligible for PEMHCA. This contribution is increased each year pursuant to the "unequal contribution method" under PEMHCA, whereby the District contribution for retirees equals 5% of the District's minimum employer contribution for active employees multiplied by the number of years the District has participated in PEMHCA. The District also pays the PEMHCA percent-of-premiums administrative fee for all retirees participating in PEMHCA. Furthermore, the District will make additional contributions towards certain eligible retirees' premiums until age 65 according to provisions of the District's MOUs with its various employee associations, as described below.

All full-time employees hired before July 1, 2006, become eligible to retire with District-paid medical/Rx benefits upon the later of age 55 and completion of at least 10 years of District service. Benefits are paid until age 65.

Employees hired on or after July 1, 2006, must have at least 15 years of District service rather than 10, and will receive a percentage of the District contribution for their tier and based on their years of service at retirement: 50% for at least 15 years but fewer than 19 years of service, and 75% for at least 20 years but fewer than 25 years of service. Retirees have the option to enroll their dependents under the plan.

Individuals retiring on or after October 1, 2010, must contribute an amount towards their coverage that is the monthly equivalent of the tenthly deductions paid by active employees and is frozen in the year of retirement.

BELLFLOWER UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

District Plan (continued)

Benefits Provided (continued)

Classified employees working four hours or more, as of October 1, 2014, earn the full cap toward medical benefits. Employees hired on or after October 1, 2014, and working four to six hours, will earn prorated health benefits. Classified employees working at least six hours will earn the full cap.

Employees Covered by Benefit Terms

At the valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	72
Active employees	971
Total	<u>1,043</u>

Contributions

The contribution requirements of Plan members and the District are established and amended by the District. The District currently finances benefits on a pay-as-you-go basis. The District has a PARS OPEB Trust with a balance that exceeds the current total OPEB liability of the plan.

Net OPEB Liability (Asset)

The District's Net OPEB Liability (Asset) was measured as of June 30, 2025, and the Total OPEB Liability used to calculate the Net OPEB Liability (Asset) was determined by an actuarial valuation as of July 1, 2023. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

Actuarial Assumptions and Other Inputs

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

Valuation Date	July 1, 2023
Investment rate of return	6.50%, net of OPEB plan investment expense
Salary increases	3.00%
Healthcare cost trend rates	5.25% for 2025-2029, 5.00% for 2030-2039, 4.75% for 2040-2049, 4.50% for 2050-2069, and 4.00% for 2070 and later years; Medicare ages: 4.50% for 2025-2029 and 4.00% for 2030 and later years.
Inflation	2.50%

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

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. The calculated investment rate of return was set equal to the expected ten-year compound (geometric) real return plus inflation (rounded to the nearest 25 basis points, where appropriate).

BELLFLOWER UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

District Plan (continued)

Actuarial Assumptions and Other Inputs (continued)

The table below provides the long-term expected real rates of return by asset class (based on published capital market assumptions).

Asset Class	Assumed Asset Allocation	Real Rate of Return
Broad U.S. Equity	60%	4.4%
U.S. Fixed	40%	1.8%

Mortality Rates

Mortality rates were based on the CalSTRS Experience Analysis (2015-2018) for certificated participants and on the CalPERS Experience Study (2000-2019) for classified participants.

Discount Rate

GASB 75 requires a discount rate that reflects the following:

- The long-term expected rate of return on OPEB plan investments – to the extent that the OPEB plan’s fiduciary net position (if any) is projected to be enough to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return.
- A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher – to the extent that the conditions in (a) are not met.

To determine a resulting single (blended) rate, the amount of the plan’s projected fiduciary net position (if any) and the amount of projected benefit payments is compared in each period of projected benefit payments. The discount rate used to measure the District’s Total OPEB liability is based on these requirements and the following information:

Reporting Date	Measurement Date	Long-Term Expected Return on Investments	Municipal Bond Index	Bond Rate	Discount Rate
June 30, 2024	June 30, 2024	6.50%	Fidelity GO AA 20 Years	3.97%	6.50%
June 30, 2025	June 30, 2025	6.50%	Bond Buyer 20-Bond GO	5.20%	6.50%

Changes in the Net OPEB Liability (Asset)

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability (Asset)
Balance at July 1, 2024	\$ 19,588,841	\$ 26,838,239	\$ (7,249,398)
Changes for the year:			
Service cost	930,697	-	930,697
Interest	1,262,724	-	1,262,724
Employer contributions	-	2,817,026	(2,817,026)
Net investment income	-	3,085,666	(3,085,666)
Benefit payments	(2,220,979)	(2,220,979)	-
Administrative expenses	-	(114,872)	114,872
Other disbursements - reimbursement to employer	-	(811,530)	811,530
Net changes	(27,558)	2,755,311	(2,782,869)
Balance at June 30, 2025	\$ 19,561,283	\$ 29,593,550	\$ (10,032,267)

BELLFLOWER UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

District Plan (continued)

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

The following presents the net OPEB assets of the District, as well as what the District’s net OPEB asset would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

Discount Rate	OPEB (Asset)
1% decrease	\$ (8,507,334)
Current discount rate	\$ (10,032,267)
1% increase	\$ (11,441,795)

Sensitivity of the Net OPEB Asset to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB assets of the District, as well as what the District’s net OPEB asset would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

Healthcare Cost Trend Rate	OPEB (Asset)
1% decrease	\$ (12,266,049)
Current trend rate	\$ (10,032,267)
1% increase	\$ (7,432,803)

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

For the year ended June 30, 2025, the District recognized OPEB expense of \$1,024,169. In addition, at June 30, 2025, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,566,897	\$ 25,170
Changes in assumptions or other inputs	1,178,337	-
Net difference between projected and actual return on OPEB investments	1,108,599	2,201,919
Totals	<u>\$ 5,853,833</u>	<u>\$ 2,227,089</u>

BELLFLOWER UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

District Plan (continued)

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

Year Ended June 30:	Deferred Outflows of Resources	Deferred Inflows of Resources
2026	\$ 1,809,075	\$ 696,649
2027	700,476	696,649
2028	673,916	561,226
2029	634,067	272,565
2030	576,109	-
Thereafter	1,460,190	-
Totals	<u>\$ 5,853,833</u>	<u>\$ 2,227,089</u>

Investment Policy

The District's policy regarding the allocation of the plan's invested assets is established and may be amended by District management. The primary objective is to maximize total Plan return, subject to the risk and quality constraints set forth in the investment guidelines. The District has selected a balanced objective, which has a dual goal of growth of principal and income. While dividend and interest income are an important component of the objective's total return, it is expected that capital will comprise a larger portion of the total return.

Rate of Return

For the year ending on the measurement date, the annual money-weighted rate of return on investments, net of investment expense, was 11.64 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested.

Medicare Premium Payment (MPP) Program

Plan Description

The MPP Program is a cost-sharing multiple-employer other postemployment benefit (OPEB) plan established pursuant to Chapter 1032, Statutes of 2000 (SB 1435). CalSTRS administers the MPP Program through the Teachers' Health Benefit Fund (THBF).

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2023, annual actuarial valuation report, Medicare Premium Payment Program. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <https://www.calstrs.com/general-information/gasb-6768>.

Benefits Provided

The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the DB Program who were retired or began receiving a disability allowance prior to July 1, 2012, and were not eligible for premium-free Medicare Part A. Members who retire on or after July 1, 2012, are not eligible for coverage under the MPP Program.

BELLFLOWER UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

Medicare Premium Payment (MPP) Program (continued)

Benefits Provided

As of June 30, 2024, 4,121 retirees participated in the MPP Program; however, the number of retired members who will participate in the program in the future is unknown as eligibility cannot be predetermined.

The MPP Program is funded on a pay-as-you-go basis from a portion of monthly employer contributions. In accordance with *Education Code* Section 22950, contributions that would otherwise be credited to the DB Program each month are instead credited to the MPP Program to fund monthly program and administrative costs. Total redirections to the MPP Program are monitored to ensure that total incurred costs do not exceed the amount initially identified as the cost of the program.

Total OPEB Liability

At June 30, 2025, the District reported a liability of \$461,298 for its proportionate share of the net OPEB liability for the MPP Program. The total OPEB liability for the MPP Program as of June 30, 2024, was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2023, and rolling forward the total OPEB liability to June 30, 2024. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportions of the net OPEB liability for the two most recent measurement periods were:

	<u>Percentage Share of MPP Program</u>		<u>Change Increase/ (Decrease)</u>
	<u>Fiscal Year Ending June 30, 2025</u>	<u>Fiscal Year Ending June 30, 2024</u>	
Measurement Date	<u>June 30, 2024</u>	<u>June 30, 2023</u>	
Proportion of the Net OPEB Liability	0.173064%	0.167533%	0.005530%

For the year ended June 30, 2025, the District reported OPEB expense of \$(47,060).

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Measurement Date	June 30, 2024
Valuation Date	June 30, 2023
Experience Study	July 1, 2007, through June 30, 2022
Actuarial Cost Method	Entry age actuarial cost method
Investment Rate of Return	3.93%
Healthcare Cost Trend Rates	5.0% for Medicare Part A, and 6.5% for Medicare Part B

BELLFLOWER UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

Medicare Premium Payment (MPP) Program (continued)

Actuarial Assumptions and Other Inputs (continued)

Assumptions were made about future participation (enrollment) into the MPP Program as CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' ages increase. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility but are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 154 or an average of 0.12% of the potentially eligible population of 132,333.

CalSTRS uses a generational mortality assumption, which is based off generational mortality tables that reflect expected future improvements in mortality and includes a base table and projection table. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among our members. The projection table reflects the expected annual reduction in mortality rates at each age. The current mortality assumption uses a base year of 2023, and projected improvement is based on the MP–2021 Ultimate Projection Scale.

Discount Rate

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2024, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund (SMIF), which is a pooled investment program administered by the California State Treasurer.

As the MPP Program is funded on a pay-as-you-go basis, the OPEB plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, the MPP Program used the Bond Buyer's 20-Bond GO Index from Bondbuyer.com as of June 30, 2024, as the discount rate, which was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate as of June 30, 2024, was 3.93%, which is an increase of 0.28% from 3.65% as of June 30, 2023.

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

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

Discount Rate	MPP OPEB	
		Liability
1% decrease	\$	497,729
Current discount rate	\$	461,298
1% increase	\$	429,264

BELLFLOWER UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

Medicare Premium Payment (MPP) Program (continued)

Sensitivity of the Proportionate Share of the Net OPEB Liability to Changes in the Medicare Costs Trend Rates

The following presents the District’s proportionate share of the net OPEB liability, as well as what the District’s proportionate share of the net OPEB liability would be if it were calculated using Medicare costs trend rates that are one percentage-point lower or one percentage-point higher than the current rates:

Medicare Cost Trend Rates	MPP OPEB Liability
1% decrease	\$ 427,343
Current trend rate	\$ 461,298
1% increase	\$ 499,207

NOTE 9 – PENSION PLANS

Qualified employees are covered under multiple-employer defined benefit pension 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).

For the fiscal year ended June 30, 2025, the District reported net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expenses for each of the above plans as follows:

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	\$ 79,678,136	\$ 28,882,512	\$ 9,488,592	\$ 5,897,739
CalPERS	41,155,620	17,920,595	4,817,240	4,657,812
Totals	\$ 120,833,756	\$ 46,803,107	\$ 14,305,832	\$ 10,555,551

The details of each plan are as follows:

A. California State Teachers’ Retirement System (CalSTRS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2023, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <https://www.calstrs.com/general-information/gasb-6768>.

BELLFLOWER UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 9 – PENSION PLANS (continued)

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

Benefits Provided

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

The STRP is a multiple-employer, cost-sharing defined benefit plan composed of four programs: Defined Benefit (DB) Program, Defined Benefit Supplement (DBS) Program, Cash Balance Benefit (CBB) Program and Replacement Benefits (RB) Program. A Supplemental Benefit Maintenance Account (SBMA) exists within the STRP and provides purchasing power protection for DB Program benefits. The STRP holds assets for the exclusive purpose of providing benefits to members of these programs and their beneficiaries. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor and obligor of the trust. In addition, the state is both an employer and non-employer contributing entity to the STRP.

The STRP provisions and benefits in effect at June 30, 2025, are summarized as follows:

	STRP Defined Benefit Program	
	On or before December 31, 2012	On or after January 1, 2013
Hire Date	December 31, 2012	January 1, 2013
Benefit Formula	2% at 60	2% at 62
Benefit Vesting Schedule	5 years of service	5 years of service
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	60	62
Monthly Benefits as a Percentage of Eligible Compensation	2.0%-2.4%	2.0%-2.4%
Required Member Contribution Rate	10.25%	10.205%
Required Employer Contribution Rate	19.10%	19.10%
Required State Contribution Rate	10.828%	10.828%

Contributions

The parameters for member, employer and state contribution rates are set by the California Legislature and the Governor and detailed in the Teachers' Retirement Law. Current contribution rates were established by California Assembly Bill 1469 (CalSTRS Funding Plan), which was passed into law in June 2014 and established a schedule of contribution rate increases shared among members, employers and the state to bring CalSTRS toward full funding by 2046.

The contribution rates for each program for the year ended June 30, 2025, are presented above, and the District's total contributions were \$14,483,229.

BELLFLOWER UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 9 – PENSION PLANS (continued)

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

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

At June 30, 2025, 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 net pension liability	\$ 79,678,136
State's proportionate share of the net pension liability associated with the District	<u>36,556,603</u>
Total	<u>\$ 116,234,739</u>

The net pension liability was measured as of June 30, 2024. 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 and the State, actuarially determined. The District's proportions of the net pension liability for the two most recent measurement periods were:

	<u>Percentage Share of Risk Pool</u>		Change Increase/ (Decrease)
	Fiscal Year Ending June 30, 2025	Fiscal Year Ending June 30, 2024	
Measurement Date	<u>June 30, 2024</u>	<u>June 30, 2023</u>	
Proportion of the Net Pension Liability	0.118634%	0.113265%	0.005369%

For the year ended June 30, 2025, the District recognized pension expense of \$5,897,739. In addition, the District recognized pension expense and revenue of \$(3,492,789) for support provided by the State. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 14,483,229	\$ -
Net change in proportionate share of net pension liability	5,037,876	241,074
Difference between projected and actual earnings on pension plan investments	-	321,498
Changes of assumptions	348,784	5,441,740
Differences between expected and actual experience	<u>9,012,623</u>	<u>3,484,280</u>
Totals	<u>\$ 28,882,512</u>	<u>\$ 9,488,592</u>

BELLFLOWER UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 9 – 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 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 subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 7 years.

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
2026	\$ 769,528	\$ 5,722,195
2027	7,488,476	378,920
2028	1,194,410	1,077,674
2029	1,767,412	1,360,336
2030	1,969,548	472,954
Thereafter	1,209,909	476,513
Totals	\$ 14,399,283	\$ 9,488,592

Actuarial Methods and Assumptions

The total pension liability for the STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2023, and rolling forward the total pension liability to June 30, 2024. Significant actuarial methods and assumptions used in the financial reporting actuarial valuation to determine the total pension liability as of June 30, 2024, include:

Valuation Date	June 30, 2023
Experience Study	July 1, 2007, through June 30, 2022
Actuarial Cost Method	Individual Entry Age
Investment Rate of Return	7.00%
Inflation	2.75%
Payroll Growth	3.50%

CalSTRS uses a generational mortality assumption, which is based off generational mortality tables that reflect expected future improvements in mortality and includes a base table and a projection table. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality amongst our members. The projection table reflects the expected annual reduction in mortality rates at each age. The current mortality assumption uses a base year of 2023, and projected improvement is based on the MP-2021 Ultimate Projection Scale.

BELFLOWER UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 9 – PENSION PLANS (continued)

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

Actuarial Methods and Assumptions (continued)

The long-term investment rate of return assumption was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class/strategy. Expected real rates of return are net of the 2.75% inflation assumption and are derived from best-estimate ranges of 20- to 30-year geometrically linked expected returns. These best-estimate ranges were developed using capital market assumptions from CalSTRS investment staff and investment consultants as inputs to the process.

The actuarial investment rate of return assumption was adopted by the board in January 2024 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. The assumed asset allocation and best estimates of the expected rates of return for each major asset class/strategy as of June 30, 2024, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Rate of Return	Long-Term Expected Real Rate of Return
Public Equity	38.0%	8.00%	5.25%
Real Estate	15.0%	6.80%	4.05%
Private Equity	14.0%	9.50%	6.75%
Fixed Income	14.0%	5.20%	2.45%
Risk Mitigating Strategies	10.0%	5.00%	2.25%
Inflation Sensitive	7.0%	6.40%	3.65%
Cash/Liquidity	2.0%	2.80%	0.05%

Discount Rate

The discount rate used to measure the total pension liability was 7.10%, which was unchanged from the prior fiscal year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers are made at statutory contribution rates in accordance with the rate increases. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return of 7.10% and assume that contributions, benefit payments and administrative expenses occur midyear. Based on those assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net Pension Liability
1% decrease (6.10%)	\$ 141,721,331
Current discount rate (7.10%)	\$ 79,678,136
1% increase (8.10%)	\$ 27,869,493

BELLFLOWER UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 9 – PENSION PLANS (continued)

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

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS pursuant to Sections 22954, 22955, and 22955.1 of the *Education Code* and *Public Resources Code* Section 6217.5. Under accounting principles generally accepted in the United States of America, these contributions are reported as revenues and expenditures in the fund financial statements. The total amount recognized by the District for its proportionate share of the State's on-behalf contributions is \$7,381,547.

B. California Public Employees Retirement System (CalPERS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2023, annual actuarial valuation report, Schools Pool Accounting Report. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/employers/actuarial-resources/gasb>.

Benefits Provided

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

The CalPERS provisions and benefits in effect at June 30, 2025, are summarized as follows:

	Schools Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire Date		
Benefit Formula	2% at 55	2% at 62
Benefit Vesting Schedule	5 years of service	5 years of service
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	55	62
Required Employee Contribution Rate	7.00%	8.00%
Required Employer Contribution Rate	27.05%	27.05%

BELLFLOWER UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 9 – PENSION PLANS (continued)

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

Contributions

The benefits for the defined benefit pension plans are funded by contributions from members, employers, non-employers, and earnings from investments. Member and employer contributions are a percentage of applicable member compensation. Member contribution rates are defined by law and depend on the respective employer’s benefit formulas. In some circumstances, contributions are made by the employer to satisfy member contribution requirements. Member and employer contribution rates are determined by periodic actuarial valuations or by state statute. Actuarial valuations are based on the benefit formulas and employee groups of each employer. Non-employer contributions are not expected each year, but when provided they are accrued for. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2025, are presented above, and the total District contributions were \$6,443,321.

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

As of June 30, 2025, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$41,155,620. The net pension liability was measured as of June 30, 2024. 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. The District's proportions of the net pension liability for the two most recent measurement periods were:

	Percentage Share of Risk Pool		Change Increase/ (Decrease)
	Fiscal Year Ending	Fiscal Year Ending	
	June 30, 2025	June 30, 2024	
Measurement Date	June 30, 2024	June 30, 2023	
Proportion of the Net Pension Liability	0.115157%	0.114351%	0.000806%

For the year ended June 30, 2025, the District recognized pension expense of \$4,657,812. At June 30, 2025, 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
Pension contributions subsequent to measurement date	\$ 6,443,321	\$ -
Net change in proportionate share of net pension liability	995,950	-
Difference between projected and actual earnings on pension plan investments	6,121,349	4,522,691
Changes of assumptions	909,678	-
Differences between expected and actual experience	3,450,297	294,549
Totals	\$ 17,920,595	\$ 4,817,240

BELLFLOWER UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 9 – 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 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 subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 3.9 years.

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
2026	\$ 5,982,691	\$ 3,299,720
2027	4,426,753	505,840
2028	1,012,251	505,840
2029	55,579	505,840
2030	-	-
Thereafter	-	-
Totals	<u>\$ 11,477,274</u>	<u>\$ 4,817,240</u>

Actuarial Methods and Assumptions

Total pension liability for the Schools Pool was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2023, and rolling forward the total pension liability to June 30, 2024. The financial reporting actuarial valuation as of June 30, 2023, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2023
Experience Study	2000-2019
Actuarial Cost Method	Individual entry age normal
Discount Rate	6.9%
Inflation Rate	2.3%
Salary Increases	Varies by entry age and service

Post-retirement mortality rates are based on CalPERS' experience and include generational mortality improvement using 80 percent of Scale MP 2020 published by the Society of Actuaries. These tables are used to estimate the value of benefits expected to be paid for service and disability retirements. For disability retirements, impaired longevity is recognized by a separate table.

BELLFLOWER UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 9 – PENSION PLANS (continued)

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

Actuarial Methods and Assumptions (continued)

In determining the long-term expected rate of return, CalPERS took into account 20-year market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return.

The target asset allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Real Return
Global Equity Cap-weighted	30.00%	4.54%
Global Equity Non-Cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	(5.00%)	(0.59%)

Discount Rate

The discount rate used to measure the total pension liability was 6.9%. The discount rate is not adjusted for administrative expenses. The fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return for the pension plan's investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net Pension Liability
1% decrease (5.9%)	\$ 61,137,016
Current discount rate (6.9%)	\$ 41,155,620
1% increase (7.9%)	\$ 24,649,395

BELLFLOWER UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 9 – PENSION PLANS (continued)

C. Alternate Plans

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by social security or an alternative plan. The District has elected to use an alternate plan through National Benefit Services, LLC.

D. Payables to the Pension Plans

At June 30, 2025, the District reported payables of \$1,902,487 and \$465,611 for the outstanding amount of legally required contributions to the CalSTRS and CalPERS pension plans, respectively, for the fiscal year ended June 30, 2025.

NOTE 10 – RISK MANAGEMENT

Description

The District's risk management activities are recorded in the General and the Self-Insurance Fund. The District participates in one public entity risk pools (JPA) for insurance programs, and purchases workers compensation and property liability coverages through the JPA. Refer to Note 11 for additional information regarding the JPA. There have been no significant reductions in the insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years. The Health Insurance Program is fully insured, effective July 1, 2012.

Claims Liabilities

The District has not recorded an estimated liability for indemnity torts and other claims against the District as information from BLPC Schools Authority (BLPC) public entity risk pools is not available.

NOTE 11 – JOINT VENTURES

The District is a member of BLPC Schools Authority (BLPC) public entity risk pools. The District pays an annual premium to BLPC for its workers' compensation and property and liability programs.

California Advancing Pathways for Students (CalAPS)

The District is a member of California Advancing Pathways for Students (CalAPS) by a joint powers agreement. The purpose of the JPA is to provide the students and adults residing in the participating districts with economically useful employment skills. There were no contributions made by the District during the fiscal year.

BELLFLOWER UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 12 – COMMITMENTS AND CONTINGENCIES

A. State and Federal Allowances, Awards, and Grants

The District has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursement will not be material.

B. Construction Commitments

As of June 30, 2025, the District had commitments with respect to unfinished capital projects of approximately \$4.8 million.

C. Litigation

The District is involved in various legal matters. In the opinion of legal counsel, the District does not anticipate that the outcome of any of the matters will have a material impact on the financial statements.

NOTE 13 – ADJUSTMENTS FOR RESTATEMENTS

The District has made various restatements to its funds and government-wide financial statements as described in the following table:

	Statement of Activities	Statement of Revenues, Expenditures, and Changes in Fund Balances General Fund
Implementation of GASB Statement No.101	\$ (7,288,755)	\$ -
Reconciliation of prior year capital assets	5,558,792	-
Clear prior year accruals	(1,317,106)	(1,317,106)
Total adjustments for restatements	<u>\$ (3,047,069)</u>	<u>\$ (1,317,106)</u>

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Required Supplementary Information

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BELFLOWER UNIFIED SCHOOL DISTRICT
Budgetary Comparison Schedule – General Fund
For the Fiscal Year Ended June 30, 2025

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget - Pos (Neg)
	Original	Final		
Revenues				
LCFF Sources	\$ 141,268,952	\$ 143,043,968	\$ 142,368,706	\$ (675,262)
Federal	7,256,851	18,572,247	16,889,883	(1,682,364)
Other State	31,570,396	36,409,017	37,332,725	923,708
Other Local	5,469,122	5,583,885	7,386,987	1,803,102
Total Revenues	185,565,321	203,609,117	203,978,301	369,184
Expenditures				
Current:				
Certificated Salaries	79,105,901	80,615,616	78,654,257	1,961,359
Classified Salaries	26,925,792	27,187,594	23,701,499	3,486,095
Employee Benefits	56,458,962	58,797,877	52,335,323	6,462,554
Books and Supplies	10,993,521	10,056,076	8,102,620	1,953,456
Services and Other Operating Expenditures	34,853,147	46,212,507	45,282,222	930,285
Transfers of indirect costs	(326,896)	(326,896)	(314,853)	(12,043)
Capital Outlay	4,034,686	10,241,890	12,481,100	(2,239,210)
Other Outgo	750,000	661,834	129,601	532,233
Total Expenditures	212,795,113	233,446,498	220,371,769	13,074,729
Excess (Deficiency) of Revenues Over (Under) Expenditures	(27,229,792)	(29,837,381)	(16,393,468)	13,443,913
Fund Balance, July 1, 2024	138,699,049	138,699,049	137,381,943	(1,317,106)
Fund Balance, June 30, 2025	\$ 111,469,257	\$ 108,861,668	\$ 120,988,475	\$ 12,126,807

BELLFLOWER UNIFIED SCHOOL DISTRICT

*Budgetary Comparison Schedule – Special Education Pass-Through Fund
For the Fiscal Year Ended June 30, 2025*

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget - Pos (Neg)
	Original	Final		
Revenues				
LCFF Sources	\$ 1,472,433	\$ 1,472,433	\$ 1,599,485	\$ 127,052
Federal	6,255,868	6,640,252	6,107,609	(532,643)
Other State	19,891,866	19,892,866	20,036,752	143,886
Other Local	-	-	182,348	182,348
Total Revenues	<u>27,620,167</u>	<u>28,005,551</u>	<u>27,926,194</u>	<u>(79,357)</u>
Expenditures				
Other Outgo	<u>27,620,167</u>	<u>28,160,886</u>	<u>27,899,180</u>	<u>261,706</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(155,335)	27,014	182,349
Fund Balance, July 1, 2024	<u>155,335</u>	<u>155,335</u>	<u>155,335</u>	-
Fund Balance, June 30, 2025	<u>\$ 155,335</u>	<u>\$ -</u>	<u>\$ 182,349</u>	<u>\$ 182,349</u>

BELFLOWER UNIFIED SCHOOL DISTRICT
Schedule of Proportionate Share of the Net Pension Liability – CalSTRS
For the Fiscal Year Ended June 30, 2025

Last Ten Fiscal Years

Employer's Fiscal Year Measurement Period	2024-25	2023-24	2022-23	2021-22	2020-21
	2023-24	2022-23	2021-22	2020-21	2019-20
District's proportion of the net pension liability	0.1186%	0.1133%	0.1044%	0.1057%	0.1072%
District's proportionate share of the net pension liability	\$ 79,678,136	\$ 86,263,706	\$ 72,561,088	\$ 48,094,401	\$ 103,889,558
State's proportionate share of the net pension liability associated with the District	36,556,603	41,331,367	36,338,309	24,199,237	73,447,188
Totals	\$ 116,234,739	\$ 127,595,073	\$ 108,899,397	\$ 72,293,638	\$ 177,336,746
District's covered-employee payroll	\$ 72,881,955	\$ 71,465,796	\$ 61,962,411	\$ 57,458,188	\$ 58,546,528
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	109.32%	120.71%	117.11%	83.70%	177.45%
Plan fiduciary net position as a percentage of the total pension liability	84%	81%	81%	87%	72%

Employer's Fiscal Year Measurement Period	2019-20	2018-19	2017-18	2016-17	2015-16
	2018-19	2017-18	2016-17	2015-16	2014-15
District's proportion of the net pension liability	0.1079%	0.1066%	0.1096%	0.1174%	0.1275%
District's proportionate share of the net pension liability	\$ 97,491,685	\$ 97,945,289	\$ 101,313,781	\$ 94,917,121	\$ 85,804,438
State's proportionate share of the net pension liability associated with the District	92,275,665	58,319,946	69,747,358	55,889,035	44,703,567
Totals	\$ 189,767,350	\$ 156,265,235	\$ 171,061,139	\$ 150,806,156	\$ 130,508,005
District's covered-employee payroll	\$ 57,893,434	\$ 56,821,635	\$ 58,532,949	\$ 58,845,359	\$ 58,618,052
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	168.40%	172.37%	173.09%	161.30%	146.38%
Plan fiduciary net position as a percentage of the total pension liability	73%	71%	69%	70%	74%

BELLFLOWER UNIFIED SCHOOL DISTRICT

Schedule of Proportionate Share of the Net Pension Liability – CalPERS For the Fiscal Year Ended June 30, 2025

Last Ten Fiscal Years

Employer's Fiscal Year Measurement Period	2024-25	2023-24	2022-23	2021-22	2020-21
	2023-24	2022-23	2021-22	2020-21	2019-20
District's proportion of the net pension liability	0.1152%	0.1144%	0.1179%	0.1145%	0.1230%
District's proportionate share of the net pension liability	\$ 41,155,620	\$ 41,393,860	\$ 40,568,337	\$ 23,276,314	\$ 37,733,472
District's covered-employee payroll	\$ 22,611,882	\$ 20,783,851	\$ 18,128,826	\$ 16,325,626	\$ 17,676,419
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	182.01%	199.16%	223.78%	142.58%	213.47%
Plan fiduciary net position as a percentage of the total pension liability	72%	70%	70%	81%	70%

Employer's Fiscal Year Measurement Period	2019-20	2018-19	2017-18	2016-17	2015-16
	2018-19	2017-18	2016-17	2015-16	2014-15
District's proportion of the net pension liability	0.1254%	0.1241%	0.1309%	0.1354%	0.1376%
District's proportionate share of the net pension liability	\$ 36,556,494	\$ 33,092,883	\$ 31,257,522	\$ 26,737,724	\$ 20,283,850
District's covered-employee payroll	\$ 17,753,278	\$ 16,395,364	\$ 17,181,365	\$ 16,517,101	\$ 15,660,734
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	205.91%	201.84%	181.93%	161.88%	129.52%
Plan fiduciary net position as a percentage of the total pension liability	70%	71%	72%	74%	79%

BELLFLOWER UNIFIED SCHOOL DISTRICT
Schedule of Pension Contributions – CalSTRS
For the Fiscal Year Ended June 30, 2025

Last Ten Fiscal Years

Employer's Fiscal Year	2024-25	2023-24	2022-23	2021-22	2020-21
Contractually required contribution	\$ 14,483,229	\$ 13,920,453	\$ 13,649,967	\$ 10,484,040	\$ 9,279,497
Contributions in relation to the contractually required contribution	14,483,229	13,920,453	13,649,967	10,484,040	9,279,497
Contribution deficiency (excess):	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 75,828,422	\$ 72,881,955	\$ 71,465,796	\$ 61,962,411	\$ 57,458,188
Contributions as a percentage of covered-employee payroll	19.10%	19.10%	19.10%	16.92%	16.15%

Employer's Fiscal Year	2019-20	2018-19	2017-18	2016-17	2015-16
Contractually required contribution	\$ 10,011,456	\$ 9,425,051	\$ 8,199,362	\$ 7,363,445	\$ 6,314,107
Contributions in relation to the contractually required contribution	10,011,456	9,425,051	8,199,362	7,363,445	6,314,107
Contribution deficiency (excess):	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 58,546,528	\$ 57,893,434	\$ 56,821,635	\$ 58,532,949	\$ 58,845,359
Contributions as a percentage of covered-employee payroll	17.10%	16.28%	14.43%	12.58%	10.73%

BELLFLOWER UNIFIED SCHOOL DISTRICT
Schedule of Pension Contributions – CalPERS
For the Fiscal Year Ended June 30, 2025

*Last Ten Fiscal Years**

Employer's Fiscal Year	2024-25	2023-24	2022-23	2021-22	2020-21
Contractually required contribution	\$ 6,443,321	\$ 6,032,850	\$ 5,272,863	\$ 4,153,314	\$ 3,379,405
Contributions in relation to the contractually required contribution	6,443,321	6,032,850	5,272,863	4,153,314	3,379,405
Contribution deficiency (excess):	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 23,820,041	\$ 22,611,882	\$ 20,783,851	\$ 18,128,826	\$ 16,325,626
Contributions as a percentage of covered-employee payroll	27.050%	26.680%	25.370%	22.910%	20.700%

Employer's Fiscal Year	2019-20	2018-19	2017-18	2016-17	2015-16
Contractually required contribution	\$ 3,485,967	\$ 3,206,597	\$ 2,546,364	\$ 2,386,148	\$ 1,956,781
Contributions in relation to the contractually required contribution	3,485,967	3,206,597	2,546,364	2,386,148	1,956,781
Contribution deficiency (excess):	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 17,676,419	\$ 17,753,278	\$ 16,395,364	\$ 17,181,365	\$ 16,517,101
Contributions as a percentage of covered-employee payroll	19.721%	18.062%	15.531%	13.888%	11.847%

BELFLOWER UNIFIED SCHOOL DISTRICT

*Schedule of Changes in the District's Total OPEB Liability and Related Ratios
For the Fiscal Year Ended June 30, 2025*

*Last Ten Fiscal Years**

Employer's Fiscal Year Measurement Period	2024-25 2024-25	2023-24 2023-24	2022-23 2022-23	2021-22 2021-22	2020-21 2020-21	2019-20 2019-20	2018-19 2018-19	2017-18 2017-18
Total OPEB liability								
Service cost	\$ 930,697	\$ 903,589	\$ 549,666	\$ 533,656	\$ 606,759	\$ 589,086	\$ 545,491	\$ 524,511
Interest	1,262,724	1,235,876	931,805	927,310	867,708	835,887	785,525	842,895
Differences between expected and actual experience	-	4,174,873	-	511,110	-	(83,256)	-	-
Changes of assumptions or other inputs	-	1,216,601	-	83,027	-	571,121	-	-
Benefit payments	(2,220,979)	(1,300,558)	(1,740,269)	(1,096,149)	(1,190,336)	(792,510)	(2,554,693)	(1,831,492)
Net change in total OPEB liability	(27,558)	6,230,381	(258,798)	958,954	284,131	1,120,328	(1,223,677)	(464,086)
Total OPEB liability - beginning	19,588,841	13,358,460	13,617,258	12,658,304	12,374,173	11,253,845	12,477,522	12,941,608
Total OPEB liability - ending	\$ 19,561,283	\$ 19,588,841	\$ 13,358,460	\$ 13,617,258	\$ 12,658,304	\$ 12,374,173	\$ 11,253,845	\$ 12,477,522
Plan fiduciary net position								
Contributions - employer	\$ 2,817,026	\$ 3,224,483	\$ 3,628,036	\$ 2,714,475	\$ 2,099,268	\$ 1,652,121	\$ 3,312,074	\$ 2,661,549
Differences between expected and actual return on assets	-	-	-	-	3,368,523	-	(395,957)	-
Net investment income	3,085,666	2,938,974	2,108,835	(3,805,002)	1,354,902	582,653	1,084,770	(24,396)
Administrative expense	(114,872)	(103,893)	(93,832)	(99,209)	(91,682)	(78,519)	(74,197)	(29,898)
Benefit payments	(2,220,979)	(1,300,558)	(1,740,269)	(1,096,149)	(1,190,336)	(792,510)	(2,554,693)	(1,831,492)
Other disbursements - reimbursement to employer	(811,530)	(1,073,048)	(675,884)	(932,354)	-	-	-	-
Net change in plan fiduciary net position	2,755,311	3,685,958	3,226,886	(3,218,239)	5,540,675	1,363,745	1,371,997	775,763
Plan fiduciary net position - beginning	26,838,239	23,152,281	19,925,395	23,143,634	17,602,959	16,239,214	14,867,217	14,091,454
Plan fiduciary net position - ending	\$ 29,593,550	\$ 26,838,239	\$ 23,152,281	\$ 19,925,395	\$ 23,143,634	\$ 17,602,959	\$ 16,239,214	\$ 14,867,217
District's net OPEB liability (asset) - ending	\$ (10,032,267)	\$ (7,249,398)	\$ (9,793,821)	\$ (6,308,137)	\$ (10,485,330)	\$ (5,228,786)	\$ (4,985,369)	\$ (2,389,695)
Plan fiduciary net position as a percentage of the total OPEB liability	151.29%	137.01%	173.32%	146.32%	182.83%	142.26%	144.30%	119.15%
Covered payroll	\$ 105,459,408	\$ 102,543,002	\$ 94,181,873	\$ 81,546,749	\$ 76,408,415	\$ 80,497,176	\$ 78,935,580	\$ 77,275,297
Net OPEB liability as a percentage of covered payroll	(9.51%)	(7.07%)	(10.40%)	(7.74%)	(13.72%)	(6.50%)	(6.32%)	(3.09%)

* This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.

BELLFLOWER UNIFIED SCHOOL DISTRICT
Schedule of the District's OPEB Contributions
For the Fiscal Year Ended June 30, 2025

*Last Ten Fiscal Years**

Employer's Fiscal Year	2024-25	2023-24	2022-23	2021-22
Measurement Period	2024-25	2023-24	2022-23	2021-22
Actuarially determined contribution	\$ 570,369	\$ 553,756	\$ -	\$ -
Contributions in relation to the actuarially determined contribution	<u>2,817,026</u>	<u>3,224,483</u>	<u>3,628,036</u>	<u>2,714,475</u>
Contribution deficiency (excess)	<u>\$ (2,246,657)</u>	<u>\$ (2,670,727)</u>	<u>\$ (3,628,036)</u>	<u>\$ (2,714,475)</u>
Covered payroll	<u>\$ 105,459,408</u>	<u>\$ 102,543,002</u>	<u>\$ 94,181,873</u>	<u>\$ 81,546,749</u>
Contributions as a percentage of covered payroll	<u>2.67%</u>	<u>3.14%</u>	<u>3.85%</u>	<u>3.33%</u>

Employer's Fiscal Year	2020-21	2019-20	2018-19	2017-18
Measurement Period	2020-21	2019-20	2018-19	2017-18
Actuarially determined contribution	\$ 377,191	\$ 366,205	\$ -	\$ 483,606
Contributions in relation to the actuarially determined contribution	<u>2,099,268</u>	<u>1,652,121</u>	<u>3,312,074</u>	<u>2,661,549</u>
Contribution deficiency (excess)	<u>\$ (1,722,077)</u>	<u>\$ (1,285,916)</u>	<u>\$ (3,312,074)</u>	<u>\$ (2,177,943)</u>
Covered payroll	<u>\$ 76,408,415</u>	<u>\$ 80,497,176</u>	<u>\$ 78,935,580</u>	<u>\$ 77,275,297</u>
Contributions as a percentage of covered payroll	<u>2.75%</u>	<u>2.05%</u>	<u>4.20%</u>	<u>3.44%</u>

** This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.*

BELLFLOWER UNIFIED SCHOOL DISTRICT

*Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program
For the Fiscal Year Ended June 30, 2025*

*Last Ten Fiscal Years**

Employer's Fiscal Year Measurement Period	2024-25	2023-24	2022-23	2021-22
	2023-24	2022-23	2021-22	2020-21
District's proportion of net OPEB liability	0.1731%	0.1675%	0.1567%	0.1589%
District's proportionate share of net OPEB liability	\$ 461,298	\$ 508,358	\$ 516,257	\$ 633,632
Covered-employee payroll	N/A	N/A	N/A	N/A
District's net OPEB liability as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total OPEB liability	(1.02%)	(0.94%)	(0.94%)	(0.80%)

Employer's Fiscal Year Measurement Period	2020-21	2019-20	2018-19	2017-18
	2019-20	2018-19	2017-18	2016-17
District's proportion of net OPEB liability	0.1625%	0.1668%	0.1676%	0.1744%
District's proportionate share of net OPEB liability	\$ 688,493	\$ 621,280	\$ 641,456	\$ 733,555
Covered-employee payroll	N/A	N/A	N/A	N/A
District's net OPEB liability as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total OPEB liability	(0.71%)	(0.81%)	0.40%	0.01%

** This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.*

BELLFLOWER UNIFIED SCHOOL DISTRICT

Notes to the Required Supplementary Information For the Fiscal Year Ended June 30, 2025

NOTE 1 – PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the *Governmental Accounting Standards Board* and provisions of the *California Education Code*. The governing board is required to hold a public hearing and adopt an operating budget no later than July 1 of each year. 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 adoptions 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.

This schedule presents information for the original and final budgets and actual results of operations, as well as the variances from the final budget to actual results of operations.

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

This schedule presents information on the District's proportionate share of the net pension liability (NPL), the plans' fiduciary net position and, when applicable, the State's proportionate share of the NPL associated with the District.

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

Change of assumptions – There were no changes in economic assumptions since the previous valuations for either CalSTRS or CalPERS.

Schedule of District Contributions

This schedule presents information on the District's required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution.

Schedule of Changes in the District's Total OPEB Liability and Related Ratios

This schedule presents information on the District's changes in the total OPEB liability, including beginning and ending balances, and the total OPEB liability. In the future, as data becomes available, ten years of information will be presented.

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

Change of assumptions – Liability changes resulting from changes in economic and demographic assumptions are deferred based on the average working life. The discount rate remained unchanged at 6.5 percent during the year.

Schedule of OPEB Contributions

This schedule presents information on the District's required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution.

BELLFLOWER UNIFIED SCHOOL DISTRICT

*Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2025*

NOTE 1 – PURPOSE OF SCHEDULES (continued)

Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program

This schedule presents information on the District's proportionate share of the net OPEB liability – MPP Program and the plans' fiduciary net position. In the future, as data becomes available, ten years of information will be presented. As of June 30, 2012, active members are no longer eligible for future enrollment in the MPP program; therefore, the covered payroll disclosure is not applicable.

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

Change of assumptions – The discount rate was changed from 3.65 percent to 3.93 percent since the previous valuation.

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Supplementary Information

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BELLFLOWER UNIFIED SCHOOL DISTRICT

Schedule of Average Daily Attendance For the Fiscal Year Ended June 30, 2025

	As Reported to CDE		As Audited	
	Second Period Report	Annual Report	Second Period Report	Annual Report
Regular ADA & Extended Year:				
Grades TK-3	2,692.49	2,705.73	2,692.64	2,705.72
Grades 4-6	1,998.95	1,997.44	1,998.95	1,997.44
Grades 7-8	1,407.87	1,399.48	1,407.48	1,401.09
Grades 9-12	2,918.15	2,888.66	2,941.48	2,912.20
Total Regular ADA	9,017.46	8,991.31	9,040.55	9,016.45
Special Education, Nonpublic, Nonsectarian Schools:				
Grades TK-3	1.90	2.45	1.90	2.45
Grades 4-6	1.26	1.38	1.26	1.38
Grades 7-8	1.05	1.28	1.05	1.28
Grades 9-12	5.83	6.26	5.83	6.26
Total Special Education, Nonpublic, Nonsectarian Schools ADA	10.04	11.37	10.04	11.37
Community Day School ADA:				
Grades 4-6	0.81	0.99	0.81	0.99
Grades 7-8	2.20	2.52	2.20	2.52
Grades 9-12	14.34	15.21	14.34	15.21
Total Community Day School ADA	17.35	18.72	17.35	18.72
Total ADA	9,044.85	9,021.40	9,067.94	9,046.54

BELLFLOWER UNIFIED SCHOOL DISTRICT

Schedule of Instructional Time

For the Fiscal Year Ended June 30, 2025

<u>Grade Level</u>	<u>Instructional Minutes Requirement</u>	<u>Instructional Minutes Offered</u>	<u>Instructional Days Offered</u>	<u>Status</u>
Kindergarten	36,000	54,095	180	Complied
Grade 1	50,400	54,095	180	Complied
Grade 2	50,400	54,095	180	Complied
Grade 3	50,400	54,095	180	Complied
Grade 4	54,000	54,095	180	Complied
Grade 5	54,000	54,095	180	Complied
Grade 6	54,000	54,095	180	Complied
Grade 7	54,000	64,932	180	Complied
Grade 8	54,000	64,932	180	Complied
Grade 9	64,800	64,996	180	Complied
Grade 10	64,800	64,996	180	Complied
Grade 11	64,800	64,996	180	Complied
Grade 12	64,800	64,996	180	Complied

BELLFLOWER UNIFIED SCHOOL DISTRICT

Schedule of Financial Trends and Analysis

For the Fiscal Year Ended June 30, 2025

General Fund	(Budget)	2025	2024	2023
	2026 ²			
Revenues and other financing sources	\$ 193,443,916	\$ 203,978,301	\$ 220,877,426	\$ 215,905,423
Expenditures and other financing uses	245,214,958	220,371,769	216,093,355	195,377,839
Change in fund balance (deficit)	(51,771,042)	(16,393,468)	4,784,071	20,527,584
Adjustments for restatements	-	(1,317,106)	4,130,584	-
Ending fund balance	\$ 69,217,433	\$ 120,988,475	\$ 138,699,049	\$ 129,784,394
Available reserves ¹	\$ 8,675,718	\$ 18,081,592	\$ 6,383,853	\$ 5,883,351
Available reserves as a percentage of total outgo	3.5%	8.2%	3.0%	3.0%
Total long-term debt	\$ 207,102,608	\$ 209,599,706	\$ 212,716,062	\$ 192,843,886
Average daily attendance at P-2	8,877	9,068	9,199	9,302

The General Fund balance has decreased by \$8.8 million over the past two years. The fiscal year 2025-26 adopted budget projects a decrease of \$51.8 million. For a district of this size, the state recommends available reserves of at least 3% of total general fund expenditures, transfers out, and other uses (total outgo).

The District has experienced an operating surplus in two of the past three years, but anticipates incurring an operating deficit during the 2025-26 fiscal year. Long-term debt has increased by \$16.8 million over the past two years.

ADA decreased by 234 compared to 2022-23. Budgeted ADA projects a further decrease of 191 for 2025-26.

¹ Available reserves consist of all unassigned fund balances in the General Fund.

² Revised budget September, 2025.

BELLFLOWER UNIFIED SCHOOL DISTRICT*Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
For the Fiscal Year Ended June 30, 2025*

	<u>General Fund</u>	<u>Self-Insurance Fund</u>
June 30, 2025, annual financial and budget report (SACS) fund balance	\$ 125,872,788	\$ 15,649,862
Adjustments and reclassifications:		
Increasing (decreasing) the fund balance:		
Deposits and investments overstated	(4,147,394)	-
Accounts payable overstated	580,187	-
Prior year accounts receivable overstated	(2,638,120)	-
Prior year accounts payable overstated	1,321,014	-
Due from other funds understated	-	1,299,810
	<u>(4,884,313)</u>	<u>1,299,810</u>
Net adjustments and reclassifications		
	<u>(4,884,313)</u>	<u>1,299,810</u>
June 30, 2025, audited financial statement fund balance	<u>\$ 120,988,475</u>	<u>\$ 16,949,672</u>

BELFLOWER UNIFIED SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2025

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Entity Identifying Number	Sub-total Expenditures	Federal Expenditures
Federal Programs:				
U.S. Department of Agriculture:				
Passed through California Dept. of Education (CDE):				
Child Nutrition Cluster:				
School Breakfast Program - Especially Needy	10.553	13526	\$ 707,118	
National School Lunch Program	10.555	13523	2,509,087	
Supply Chain Assistance	10.555	15655	257,107	
USDA Donated Foods	10.555	N/A	<u>458,587</u>	
Total Child Nutrition Cluster				\$ 3,931,899
Passed through California Dept. of Social Services (CDSS):				
Child and Adult Care Food Program:				
Child and Adult Care Food Program	10.558	13393	440,628	
Cash in Lieu of Commodities	10.558	N/A	<u>41,880</u>	
Total Child and Adult Care Food Program				<u>482,508</u>
Total U.S. Department of Agriculture				<u>4,414,407</u>
U.S. Department of Education:				
Passed through California Dept. of Education (CDE):				
Every Student Succeeds Act (ESSA):				
Title I, Part A, Basic Grants, Low-Income and Neglected	84.010	14329		3,312,263
Title II, Part A, Supporting Effective Instruction	84.367	14341		220,804
Title III, Limited English Proficiency	84.365	14346		150,556
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396		340,810
Carl D. Perkins Career and Technical Education: Adult, Sec. 132	84.048	14893		126,740
Department of Rehabilitation: Workability II, Transition Partnership	84.126	10006		131,265
COVID-19 Education Stabilization Fund:				
Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U	15559	7,150,279	
Elementary and Secondary School Emergency Relief III (ESSER III) Fund - Learning Loss	84.425U	10155	581,022	
Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve Emergency Needs	84.425U	15620	33,672	
American Rescue Plan - Homeless Children and Youth II (ARP HYC II)	84.425U	15566	<u>37,478</u>	
Subtotal Education Stabilization Fund				7,802,451
Individuals with Disabilities Education Act (IDEA):				
Basic Local Assistance Entitlement	84.027	13379	10,005,588	
Local Assistance, Part B, Sec 611, Private School ISPs	84.027	10115	36,423	
Local Assistance, Part B, Sec 611, Early Intervening Services	84.027	10119	400,775	
Preschool Grants, Part B, Section 619 (Age 3-4-5)	84.173	13430	210,477	
IDEA Part B, Section 619, Preschool Grants Early Intervening Services	84.173	13430	10,678	
Mental Health Allocation Plan, Part B, Sec 611	84.027A	15197	13,422	
Preschool Staff Development, Part B, Sec 619	84.173A	13431	2,680	
Alternate Dispute Resolution, Part B, Sec 611	84.173A	13007	<u>16,827</u>	
Total Special Education (IDEA) Cluster				10,696,870
Early Intervention Grants	84.181	23761		<u>83,431</u>
Total U.S. Department of Education				<u>22,865,190</u>
U.S. Department of Health & Human Services:				
Passed through Los Angeles County Office of Education:				
Child Development: ARP California State Preschool Program	93.575	15641	11,109	
Child Development: ARP California State Preschool Program One-time Stipend	93.575	15640	<u>16,437</u>	
Total Child Development State Preschool Program Cluster				27,546
Now is the Time (NITT) Advancing Wellness & Resilience in Education	93.243	15289		<u>132,302</u>
Total U.S. Department of Health & Human Services				<u>159,848</u>
Total Expenditures of Federal Awards				<u>\$ 27,439,445</u>

Of the federal expenditures presented in the schedule, the District provided the following awards to sub-recipients.

Individuals with Disabilities Education Act (IDEA):				
Basic Local Assistance Entitlement	84.027	13379	\$ 5,487,119	
Local Assistance, Part B, Sec 611, Early Intervening Services	84.027	10119	400,775	
Preschool Grants, Part B, Section 619 (Age 3-4-5)	84.173	13430	124,480	
IDEA Part B, Section 619, Preschool Grants Early Intervening Services	84.027A	15197	10,678	
Preschool Staff Development, Part B, Sec 619	84.173A	13431	1,126	
Early Intervention Grants	84.181	23761	<u>83,431</u>	
Total federal awards provided to sub-recipients				<u>\$ 6,107,609</u>

BELLFLOWER UNIFIED SCHOOL DISTRICT

Note to the Supplementary Information

June 30, 2025

NOTE 1 – PURPOSE OF SCHEDULES

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 number of instructional days offered by the District and whether the District complied with Article 8 (commencing with Section 46200) of Chapter 2 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 Unaudited Actual financial report to the audited financial statements.

Schedule of Expenditures of Federal Awards

The 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 the Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. 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 ten percent de minimis indirect cost rate.

The following schedule provides a reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance and the related expenditures reported on the Schedule of Expenditures of Federal Awards.

	Assistance Listing Number	Amount
Total Federal Revenues from the Statement of Revenues, Expenditures, and Changes in Fund Balances		\$ 27,480,830
Differences between Federal Revenues and Expenditures:		
Child Development: ARP California State Preschool Program	93.575	11,109
Child Development: ARP California State Preschool Program One-time Stipend	93.575	16,437
Supply Chain Assistance	10.555	257,107
Child and Adult Care Food Program	10.558	(326,038)
Total Schedule of Expenditures of Federal Awards		<u>\$ 27,439,445</u>

Other Information

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BELLFLOWER UNIFIED SCHOOL DISTRICT

Local Educational Agency Organization Structure

June 30, 2025

The Bellflower Unified School District began operations as a unified school district on July 1, 1956, and is comprised of an area of approximately eight square miles located in Los Angeles County. The unification election brought together territories from Bellflower City School District and the Excelsior Union High School District. The school district boundaries include parts of the City of Bellflower, Lakewood, and Cerritos. During the fiscal year, the District operated two high schools (Grade 7-12), one continuation high school, ten elementary schools, one adult school, one home education school, and one child development center. There was no change in the boundaries of the District during the current fiscal year.

GOVERNING BOARD

Member	Office	Term Expires
Amie Stewart	President	December 2026
Mayra Garza	Vice President	December 2028
Brad Crihfield	Clerk	December 2026
Renita Armstrong	Member	December 2026
Maurina Cintron	Member	December 2028

ADMINISTRATION

Erin Simon, Ed.D.,
Superintendent

Ryan Smith, Ed.D.,
Deputy Superintendent, Human Resources

Bonnie Carter,
Assistant Superintendent of Educational Services

Alma Ulloa,
Assistant Superintendent, School Support Services

Renee Arkus,
Chief Business Officer

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Other Independent Auditors' Reports

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

Board of Education
Bellflower Unified School District
Bellflower, 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 Bellflower Unified School District as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 23, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) 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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

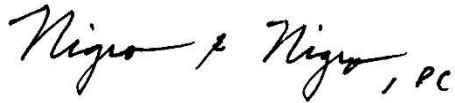
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Handwritten signature in cursive script that reads "Nigro & Nigro, PC".

Murrieta, California
January 23, 2026



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

Board of Education
Bellflower Unified School District
Bellflower, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Bellflower Unified School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Bellflower Unified School District's major federal programs for the year ended June 30, 2025. The Bellflower Unified School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Bellflower Unified School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

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

Responsibilities of Management for Compliance

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

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

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

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

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

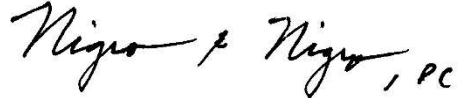
Report on Internal Control Over Compliance

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

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

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

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

A handwritten signature in black ink that reads "Nigro & Nigro, PC". The signature is written in a cursive, flowing style.

Murrieta, California
January 23, 2026



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE

Board of Education
Bellflower Unified School District
Bellflower, California

Report on Compliance

Opinion

We have audited the Bellflower Unified School District's (District) compliance with the requirements specified in the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* applicable to the District's state program requirements identified below for the year ended June 30, 2025.

In our opinion, Bellflower Unified School District complied in all material aspects, with the laws and regulations of the state programs noted in the table below for the year ended June 30, 2025.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the 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 opinion. Our audit does not provide a legal determination of the 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 laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Bellflower Unified School District's state programs.

Auditors' Responsibilities for the Audit of 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 the 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 GAAS, *Government Auditing Standards*, and the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances;
- Obtain an understanding of the 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 *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the District's internal controls over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine the District's compliance with the state laws and regulations applicable to the following items:

Description	Procedures Performed
Local Education Agencies Other Than Charter Schools:	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Independent Study	Yes
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Yes
K-3 Grade Span Adjustment	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable
Home to School Transportation Reimbursement	Yes

Description	Procedures Performed
School Districts, County Offices of Education, and Charter Schools:	
Proposition 28 Arts and Music in Schools	Yes
After/Before School Education and Safety Program	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study – Course Based	Not Applicable
Immunizations	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Yes
Expanded Learning Opportunities Program	Yes
Transitional Kindergarten	Yes
Kindergarten Continuance	Yes
Charter Schools:	
Attendance	Not Applicable
Mode of Instruction	Not Applicable
Nonclassroom-Based Instruction/Independent Study	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
Annual Instructional Minutes – Classroom-Based	Not Applicable
Charter School Facility Grant Program	Not Applicable

Areas marked as “Not Applicable” were not operated by the District.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are described in the accompanying schedule of findings and questioned costs as Findings 2025-001 to 2025-003. Our opinion on each state program is not modified with respect to these matters.

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

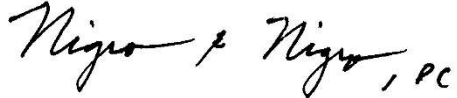
Report on Internal Control over Compliance

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

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

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 *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Nigro & Nigro, PC". The signature is written in a cursive, flowing style.

Murrieta, California
January 23, 2026

Schedule of Findings and Questioned Costs

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BELLFLOWER UNIFIED SCHOOL DISTRICT

Summary of Auditors' Results

For the Fiscal Year Ended June 30, 2025

Financial Statements

Type of auditors' report issued	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(s) identified not considered to be material weaknesses?	<u>None reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(s) identified not considered to be material weaknesses?	<u>None reported</u>
Type of auditors' report issued on compliance for major programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance Sec. 200.516 (a)?	<u>No</u>

Identification of major programs:

<u>Assistance Listing</u>	<u>Numbers</u>	<u>Name of Federal Program or Cluster</u>
	84.027, 84.173,	
	84.027A, 84.173A	Special Education (IDEA) Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 823,183</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

State Awards

Type of auditors' report issued on compliance for state programs:	<u>Unmodified</u>
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BELLFLOWER UNIFIED SCHOOL DISTRICT

Financial Statement Findings

For the Fiscal Year Ended June 30, 2025

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

<u>Five Digit Code</u>	<u>AB 3627 Finding Types</u>
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities Programs
43000	Apprenticeship: Related and Supplemental Instruction
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

There were no financial statement findings in 2024-25.

BELLFLOWER UNIFIED SCHOOL DISTRICT
Federal Award Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2025

This section identifies the audit findings required to be reported by the Uniform Guidance, Section 200.516 (e.g., significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs).

There were no federal award findings or questioned costs in 2024-25.

BELLFLOWER UNIFIED SCHOOL DISTRICT

State Award Findings and Questioned Costs For the Fiscal Year Ended June 30, 2025

This section identifies the audit findings pertaining to noncompliance with state program rules and regulations.

Finding 2025-001: Attendance Accounting (10000)

Repeat Finding? No

Criteria: California Education Code section 46000 states: Attendance in all schools and classes shall be recorded and kept according to regulations prescribed by the State Board of Education, subject to the provisions of this chapter. Good internal controls require the District & Charters to review its pupil attendance reporting processes and ensure that attendance policies and procedures are maintained and followed at all school sites.

Condition: During our review of ADA totals reported by the District to CDE, we noted that the District made errors in data entry when transferring data from attendance reports to the PADC system and included inappropriately reported ADA for Independent Study and Middle or Early College Programs. Below are the misstatements we noted:

- Based on our recalculation, the District misreported ADA on the P-2 Report of Attendance by the following amounts:
 - Line A-1
 - Understated by 0.15 ADA in grades TK/K-3
 - Overstated by 0.39 ADA in grades 7-8
 - Understated by 23.33 ADA in grades 9-12
 - Line B-2
 - Overstated by 1.29 ADA in grades 7-8
 - Overstated by 23.47 ADA in grades 9-12
 - Line B-6
 - Overstated by 0.38 ADA in grades 9-12
- Based on our recalculation, the District misreported ADA on the Annual Report of Attendance by the following amounts:
 - Line A-1
 - Overstated by 0.01 ADA in grades TK/K-3
 - Understated by 1.61 ADA in grades 7-8
 - Understated by 23.54 ADA in grades 9-12
 - Line B-2
 - Overstated by 1.65 ADA in grades 7-8
 - Overstated by 24.13 ADA in grades 9-12
 - Line B-6
 - Overstated by 0.28 ADA in grades 9-12

Effect: Based on the derived value of ADA provided by CDE, we have calculated that the District should receive \$382,137.91 in additional funding. This amount includes the ADA adjustments resulting from Findings 2025-002 and 2025-003. (TK-3 ADA: $0.15 \times \$14,672.24 = \$2,200.84$; Gr 7-8 ADA: $(0.39) \times \$13,890.11 = (\$5,417.14)$; Gr 9-12 ADA: $23.33 \times \$16,517.54 = \$385,354.21$)

Cause: The District was not able to submit a P-2 or Annual revision due to the revision window being closed.

BELLFLOWER UNIFIED SCHOOL DISTRICT

State Award Findings and Questioned Costs For the Fiscal Year Ended June 30, 2025

Finding 2025-001: Attendance Accounting (10000) (continued)

Recommendation: We recommend that the District revise the P-2 and Annual attendance reports once CDE opens the window for revisions.

Views of Responsible Officials: The District will revise the P-2 and Annual attendance reports when the California Department of Education (CDE) opens the revision window.

Finding 2025-002: Independent Study (40000)

Repeat Finding? No

Criteria: Pursuant to Education Code section 51747.5(b), A local educational agency may claim apportionment credit for independent study only to the extent of the time value of pupil work products, as personally judged in each instance by a certificated teacher employed by the local educational agency, or the combined time value of pupil work product and pupil participation in synchronous instruction pursuant to paragraph (2).

Additionally, pursuant to Education Code section 51747.5(c), A local educational agency shall document each pupil's participation in live interaction and synchronous instruction pursuant to Section 51747 on each school day, as applicable, in whole or in part, for which live interaction or synchronous instruction is provided as part of the independent study program.

Condition: During our testing of independent study attendance, we noted the time value of pupil work products was not tracked for each of the five contracts tested at Mayfair Middle/High School and one of five contracts tested at Somerset High School. Additionally, four of five contracts tested at Somerset High School lacked tracking for synchronous instruction offered.

The total ADA by grade span for non-compliance independent study is summarized below:

- Grades 7-8 – overstated by 0.05 ADA
- Grades 9-12 – overstated by 0.55 ADA

Effect: Based on the derived value of ADA provided by CDE, we have calculated a loss of funding of \$7,926.78, which is included in the adjustment described in Finding 2025-001.

Cause: The District noted this error during the audit process and attempted to make revisions but was unable to do so because of a closure in the reporting window.

Recommendation: We recommend that the District develop policies and procedures, and implement controls, to ensure that the time value of pupil work product and pupil participation in synchronous instruction is recorded and reported consistently and accurately.

Views of Responsible Officials: The District will develop policies and procedures and implement controls to ensure that the time value of pupil work product & pupil participation in synchronous instruction is recorded and reported consistently and accurately.

BELLFLOWER UNIFIED SCHOOL DISTRICT

State Award Findings and Questioned Costs

For the Fiscal Year Ended June 30, 2025

Finding 2025-003: Middle or Early College (40000)

Repeat Finding? No

Criteria: Pursuant to Education Code Section 46146.5(b), a day of attendance for a pupil enrolled in an early college high school or middle college high school, who is also a special part-time student enrolled in a community college under Article 1 (commencing with Section 48800) of Chapter 5 of Part 27, and who will receive academic credit upon satisfactory completion of enrolled courses, is 180 minutes of attendance.

Condition: During our review of student schedules, we noted a student that did not meet the required 180 minutes of attendance per school day.

Context: 1 out of the 10 students tested did not meet the required 180 minutes of attendance per school day.

Cause: The student was not enrolled in a 5th period class in the fall semester, causing them to fall out of compliance.

Effect: Based on the derived value of ADA provided by CDE, we have calculated a loss of funding of \$4,013.93, which is included in the adjustment described in Finding 2025-001.

Recommendation: The District should implement procedures to verify that all students are taking the required number of classes to meet the minimum instructional minutes requirements.

Views of Responsible Officials: The District will implement procedures to verify that all students are taking the required number of classes to meet the minimum instructional minutes requirements.

BELLFLOWER UNIFIED SCHOOL DISTRICT

Summary Schedule of Prior Audit Findings

For the Fiscal Year Ended June 30, 2025

<u>Original Finding No.</u>	<u>Finding</u>	<u>Code</u>	<u>Recommendation</u>	<u>Current Status</u>
2024-001: <i>Classroom Teacher Salaries</i>	<p>California Education Code, section 41372 (b) states, in part:</p> <p>There shall be expended during each fiscal year for payment of salaries of classroom teachers:</p> <p>(3) By a unified school district, 55% of the district's current expense of education.</p> <p>During our review of classroom teacher salaries, we noted that the District did not meet the required 55% minimum for expenditures of salaries for classroom teachers. The District was required to spend \$98,722,563 for current education expense during the 2023-24 fiscal year; however, it only spent \$95,396,133 resulting in a deficiency amount of \$3,326,430.</p>	61000	The District should seek a waiver from the Los Angeles County Office of Education, and plan accordingly for future years to bring the District back into compliance.	Implemented.



To the Board of Education
Bellflower Unified School District
Bellflower, California

In planning and performing our audit of the basic financial statements of Bellflower Unified School District for the year ending June 30, 2025, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control structure.

However, during our audit we noted matters that are an opportunity for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated January 23, 2026, on the financial statements of Bellflower Unified School District.

ATTENDANCE

Observation: In our testing of teacher certifications, we noted that teachers we selected did not consistently submit/certify their attendance weekly. When teachers are taking online attendance, the rosters are required to be printed out by attendance clerks and signed by the teacher on a weekly basis to indicate their review and agreement of the attendance reported. This had no effect on reported ADA. Exceptions were noted at the following schools:

- Baxter Elementary – 3 of 3 teachers sampled
- Ramona Elementary – 3 of 3 teachers sampled
- Somerset High – 4 of 4 teachers sampled

Recommendation: We recommend that the rosters be signed and dated on a weekly basis as required by CDE to create a valid contemporaneous record. Alternatively, the District may seek approval for digital signatures, but a digital system must first be approved by the CDE.

ASSOCIATED STUDENT BODY (ASB) FUNDS

Observation: During our testing of cash receipts at Bellflower Middle/High we noted eight deposits that were not made in a timely manner. Deposits were held for up to two months prior to deposit.

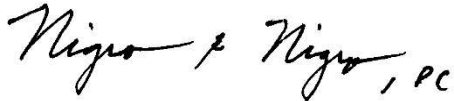
Recommendation: We recommend that the site emphasizes to the advisors and teachers that deposits should be made to the bookkeeper on a weekly basis or more often as needed. Money should never be left over the weekend or holidays because thefts are more likely to occur during these times.

Observation: At Mayfair Middle/High, the ASB Bookkeeper counts the daily cash collections for the student store and there is not a second count performed by a third party. Good internal controls include segregating duties according to employees' duties so that one person is not handling a transaction from beginning to end. This is a critical part of a system of checks and balances. Those who record the transaction should be separate from those who initiate, authorize, and execute the transaction.

Recommendation: We recommend that an additional person count and sign off on daily cash collections from the student store to verify accuracy.

Observation: Through inquiry and observation, we noted safeguards to protect cash against theft do not appear to be adequate. We noted that the key is tethered to the cash box at Mayfair Middle/High.

Recommendation: We recommend that the staff on site keep all cash locked in the safe until it is ready to be deposited, keep the safe locked at all times, and minimize who has access to the safe to ensure that cash is properly safeguarded.

Handwritten signature in cursive script that reads "Nigro & Nigro, PC".

Murrieta, California
January 23, 2026