



**PERRIS ELEMENTARY SCHOOL  
DISTRICT**

CONTINUING DISCLOSURE ANNUAL REPORT  
COMMUNITY FACILITIES DISTRICT NO. 2002-1  
FISCAL YEAR ENDING JUNE 30, 2021  
REFUNDING SPECIAL TAX BONDS, 2014 SERIES A

**MARCH 26, 2022**

**Prepared For:**

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ASSESS • PLAN • FUND • BUILD

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## ▶ TABLE OF CONTENTS

<b>SECTION</b>	<b>PAGE</b>
<b>I.</b> Issuer’s Statement.....	1
<b>II.</b> Financial Information.....	2
<b>III.</b> Bond Information.....	3
<b>a.</b> Principal Amount of Bonds Outstanding .....	3
<b>b.</b> Fund and Account Balances .....	3
<b>c.</b> Reserve Requirement.....	3
<b>IV.</b> Special Taxes.....	4
<b>a.</b> Major Taxpayers.....	4
<b>b.</b> Special Tax Delinquencies .....	4
<b>c.</b> Special Tax Foreclosures .....	5
<b>V.</b> Reports and Additional Information.....	6
<b>a.</b> Report to the California Debt and Investment Advisory Commission .....	6

**EXHIBITS**

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**EXHIBIT A:**

Annual Financial Statements for Year Ending June 30, 2021

**EXHIBIT B:**

Report to the California Debt and Investment Advisory Commission

# ISSUER'S STATEMENT

This Annual Report ("Report") has been prepared pursuant to Section 10.10 of the First Supplemental Fiscal Agent Agreement ("Disclosure Requirement") executed in connection with the issuance of the Refunding Special Tax Bonds, 2014 Series A ("Bonds") by Community Facilities District ("CFD") No. 2002-1 of the Perris Elementary School District ("School District").

The School District has agreed under the Disclosure Requirement to provide certain annual financial information, operating data, and notices of certain listed events to the Original Purchaser of the Bonds, City National Bank ("Purchaser"). This Report has been prepared by Cooperative Strategies at the direction of the School District for the benefit of the Purchaser.

Any information contained herein which involves estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. The information set forth herein has been furnished by the School District, or other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Report nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the School District or CFD No. 2002-1 since the date hereof. Capitalized terms used herein which are not otherwise defined shall have the meaning given them in the Disclosure Requirement.

For a detailed listing of information provided in this Report, please contact Cooperative Strategies at [taxinfo@coopstrategies.com](mailto:taxinfo@coopstrategies.com).

Perris Elementary School District

# FINANCIAL INFORMATION

The School District's annual audited financial statements for Fiscal Year 2020/2021 are attached as Exhibit A.

The School District's annual financial statements are provided solely to comply with the Disclosure Requirement. No funds or assets of the School District, are required to be used to pay debt service on the Bonds, and the School District is not obligated to advance available funds to cover any delinquencies. The Purchaser should not rely on the financial condition of the School District in evaluating whether to buy, hold, or sell the Bonds.

# BOND INFORMATION

Refunding Special Tax Bonds, 2014 Series A. The Bonds were issued in the amount of \$1,705,000 on February 11, 2014. The Bonds were issued to fund (i) the redemption of the outstanding Special Tax Bonds, 2002 Series A, (ii) a reserve fund for the Bonds, and (iii) the costs of issuing the Bonds.

The Bonds are limited obligations of CFD No. 2002-1 and are payable solely from revenues of the "Net Taxes" which are defined as Special Taxes levied within CFD No. 2002-1 less the Administrative Expense Requirement. The Bonds are not a debt of the School District, the State of California, or any of its political subdivisions.

The items below summarize information required by the Disclosure Requirement

**A. PRINCIPAL AMOUNT OF BONDS OUTSTANDING**

The outstanding principal amount of the Bonds, as of March 1, 2022, was \$1,110,000.

**B. FUND AND ACCOUNT BALANCES**

The balance in each fund and account of the Bonds, as of March 1, 2022, is listed in the table below.

**FUND AND ACCOUNT BALANCES**

<b>Funds and Accounts</b>	<b>Amount</b>
Administrative Expense Fund	\$11,754.34
Bond Fund	\$0.00
Interest Account	\$9,058.52
Principal Account	\$10.73
Reserve Fund	\$59,506.21
Special Tax Fund	\$110,370.63
<b>Total</b>	<b>\$190,700.43</b>

The balance of all other funds and accounts referenced in the Fiscal Agent Agreement and First Supplemental Fiscal Agent Agreement are \$0.00 and/or have been closed.

**C. RESERVE REQUIREMENT**

As of March 1, 2022 the Reserve Requirement for the Bonds was \$55,500.00; therefore, the Reserve Requirement was satisfied as of this date.



# SPECIAL TAXES

CFD No. 2002-1 has covenanted to annually levy the Special Tax in accordance with the Rate and Method of Apportionment ("RMA") so long as the Bonds are outstanding. The items below summarize information required by the Disclosure Requirement.

**A. MAJOR TAX PAYERS**

"Major Taxpayers" are those property owners responsible for more than ten percent (10.00%) of the Special Tax levy. There are no property owners responsible for more than ten percent (10.00%) of the Special Taxes levied in Fiscal Year 2021/2022.

**B. SPECIAL TAX DELINQUENCIES**

Historical Special Tax delinquencies within CFD No. 2002-1 are shown in the table below.

**HISTORICAL SPECIAL TAX DELINQUENCIES**

Fiscal Year	Subject Fiscal Year <sup>[1] [2]</sup>					June 30, 2021 <sup>[3]</sup>	
	Aggregate Special Tax	Parcels Delinquent	Fiscal Year Amount Collected	Fiscal Year Amount Delinquent	Fiscal Year Delinquency Rate	Remaining Amount Delinquent	Remaining Delinquency Rate
2014/2015	\$142,862.94	1	\$141,100.06	\$1,762.88	1.23%	\$0.00	0.00%
2015/2016	\$154,680.90	2	\$151,970.55	\$2,710.35	1.75%	\$0.00	0.00%
2016/2017	\$154,680.90	2	\$151,168.90	\$3,512.00	2.27%	\$0.00	0.00%
2017/2018	\$154,680.90	3	\$151,168.90	\$3,512.00	2.27%	\$0.00	0.00%
2018/2019	\$195,239.38	1	\$192,669.58	\$2,569.80	1.32%	\$2,569.80	1.32%
2019/2020	\$153,131.26	4	\$147,764.86	\$5,366.40	3.50%	\$5,366.40	3.50%
2020/2021	\$156,194.78	0	\$156,194.78	\$0.00	0.00%	\$0.00	0.00%

[1] Source for prior years through Fiscal Year 2013/2014 are previously filed Annual Reports by Willdan Financial Services.  
 [2] Delinquency information is as of June 30th of each subject Fiscal Year except for Fiscal Year 2018/2019 which was provided as of October 9, 2019 due to the availability of tax information from the County of Riverside for that Fiscal Year.  
 [3] Section D of the Disclosure Requirement requires delinquency information as of March 27<sup>th</sup>. However, due to the availability of tax information from the County of Riverside, delinquency information is as of June 30<sup>th</sup> of each Fiscal Year.

**C. SPECIAL TAX FORECLOSURES**

CFD No. 2002-1 has covenanted that it will commence judicial foreclosure proceedings against all delinquent homeowners by October 2nd following the close of each Fiscal Year in which it receives Special Taxes in an amount which is less than 95% of the total Special Taxes levied.

After reviewing the level of delinquencies within CFD No. 2002-1, as of September 2, 2021, it was determined that CFD No. 2002-1 was not required to initiate foreclosure proceedings for Fiscal Year 2020/2021. Since the Bonds were sold, CFD No. 2002-1 has never initiated foreclosure proceedings.

## REPORTS AND ADDITIONAL INFORMATION

Below is a summary of various other reports and information regarding the Bonds which are required by the Disclosure Requirement.

### **A. REPORT TO THE CALIFORNIA DEBT AND INVESTMENT ADVISORY COMMISSION**

A copy of the report prepared and filed with the California Debt and Investment Advisory Commission pursuant to Section 53359.5(b) of the Act for Fiscal Year 2020/2021 is provided solely as a courtesy to the purchaser, and is included as Exhibit B.

*S:\Clients\Perris Elementary SD\SADM\CFD\CFD No. 2002-1\FY2021\Reports\Continuing Disclosure\ContDisc\_2002-1\_2021\_Fn.pdf*

**EXHIBIT A**

ANNUAL FINANCIAL STATEMENTS FOR YEAR ENDING  
JUNE 30, 2021



Financial Statements  
June 30, 2021

# Perris Elementary School District



Independent Auditor’s Report .....	1
Management’s Discussion and Analysis .....	4
Government Wide Financial Statements	
Statement of Net Position .....	13
Statement of Activities .....	14
Government Fund Financial Statements	
Balance Sheet – Governmental Funds.....	15
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position .....	17
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	19
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	21
Fiduciary Fund Financial Statements	
Statement of Net Position – Fiduciary Funds.....	23
Statement of Changes in Net Position – Fiduciary Funds .....	24
Notes to Financial Statements .....	25
Required Supplementary Information	
Budgetary Comparison Schedule – General Fund.....	67
Budgetary Comparison Schedule – Charter School Fund .....	68
Schedule of Changes in the District’s Total OPEB Liability and Related Ratios.....	69
Schedule of the District’s Proportionate Share of the Net OPEB Liability – MPP Program.....	70
Schedule of the District’s Proportionate Share of the Net Pension Liability .....	71
Schedule of the District Contributions .....	73
Notes to Required Supplementary Information .....	75
Supplementary Information	
Schedule of Expenditures of Federal Awards .....	77
Local Education Agency Organization Structure .....	79
Schedule of Instructional Time.....	80
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements .....	81
Schedule of Financial Trends and Analysis.....	82
Schedule of Charter Schools .....	83
Combining Balance Sheet – Non-Major Governmental Funds .....	84
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds .....	86
Notes to Supplementary Information .....	88
Independent Auditor’s Reports	
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	90

Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance .....	92
Independent Auditor’s Report on State Compliance .....	94
Schedule of Findings and Questioned Costs	
Summary of Auditor’s Results .....	97
Financial Statement Findings .....	98
Federal Awards Findings and Questioned Costs .....	100
State Compliance Findings and Questioned Costs .....	101
Summary Schedule of Prior Audit Findings.....	102
Management Letter.....	104



## Independent Auditor's Report

To the Governing Board  
Perris Elementary School District  
Perris, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Perris Elementary School District (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Perris Elementary School District, as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter – Change in Accounting Principle**

As discussed in Notes 1 and 17 to the financial statements, Perris Elementary School District has adopted the provisions of GASB Statement No. 84, Fiduciary Activities, which has resulted in a restatement of the net position and fund balance as of July 1, 2020. Our opinions are not modified with respect to this matter.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 12, budgetary comparison information on pages 67 and 68, schedule of changes in the District's total OPEB liability and related ratios on page 69, schedule of the District's proportionate share of the net OPEB liability – MPP program on page 70, schedule of the District's proportionate share of the net pension liability on pages 71 and 72, and the schedule of District contributions on pages 73 and 74, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Perris Elementary School District's financial statements. The combining non-major governmental fund financial statements, 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.

The combining non-major governmental fund financial statements, the Schedule of Expenditures of Federal Awards, and the other supplementary information listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 combining non-major governmental fund financial statements, the Schedule of Expenditures of Federal Awards, and the 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 Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated January 14, 2022 on our consideration of Perris Elementary School District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Perris Elementary School District’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Perris Elementary School District’s internal control over financial reporting and compliance.



Rancho Cucamonga, California  
January 14, 2022



# PERRIS ELEMENTARY SCHOOL DISTRICT

Jean Marie Fréy, District Superintendent

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This section of Perris Elementary School District's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2021, with comparative information for the year ended June 30, 2020. Please read it in conjunction with the District's financial statements, which immediately follow this section.

## OVERVIEW OF THE FINANCIAL STATEMENTS

### The Financial Statements

The financial statements presented herein include all of the activities of the District and its component units using the integrated approach as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34.

The *Government-Wide Financial Statements* present the financial picture of the District from the economic resources measurement focus using the accrual basis of accounting. These statements include all assets of the District (including capital assets), deferred outflows of resources, as well as all liabilities (including long-term liabilities), and deferred inflows of resources. Additionally, certain eliminations have occurred as prescribed by the statement in regards to interfund activity, payables, and receivables.

The *Fund Financial Statements* include statements for each of the two categories of activities: governmental, and fiduciary.

- The *Governmental Funds* are prepared using the current financial resources measurement focus and modified accrual basis of accounting.
- The *Fiduciary Funds* are prepared using the economic resources measurement focus and the accrual basis of accounting.

*Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements* is provided to explain the differences created by the integrated approach.

The Primary unit of the government is the Perris Elementary School District.

## REPORTING THE DISTRICT AS A WHOLE

### The Statement of Net Position and the Statement of Activities

The *Statement of Net Position and the Statement of Activities* report information about the District as a whole and about its activities. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the District using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's Net Position and changes in them. Net Position is the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources, which is one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's Net Position will serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Other factors to consider are changes in the District's property tax base and the condition of the District's facilities.

The relationship between revenues and expenses is the District's *operating results*. Since the governing board's responsibility is to provide services to our students and not to generate profit as commercial entities do, one must consider other factors when evaluating the overall health of the District. The quality of the education and the safety of our schools will likely be an important component in this evaluation.

In the *Statement of Net Position and the Statement of Activities*, the District reports all of its services in the following category:

**Governmental Activities** - This includes the education of kindergarten through grade eighth students, the operation of child development activities, and the on-going effort to improve and maintain buildings and sites. Property taxes, State income taxes, user fees, interest income, Federal, State, and local grants, as well as general obligation bonds, finance these activities.

## REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

### Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the District as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money that it receives from the U.S. Department of Education.

**Governmental Funds** - Most of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following each governmental fund financial statement.

## **THE DISTRICT AS A TRUSTEE**

### **Reporting the Districts Fiduciary Responsibilities**

The District is the trustee, or fiduciary, for funds held on behalf of others, like our funds for the Community Facilities District. The District's fiduciary activities are reported in the Statements of Fiduciary Net Position and Statement of Fiduciary Changes in Fund Net Position. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

## **FINANCIAL HIGHLIGHTS**

- The District's overall financial status changed from last year, as the net position increased by 52.1% to \$58,093,389.
- Total governmental revenues were \$112,368,903, \$19,895,775 less than expenses.
- The District's combined fund balances decreased by \$23,139,464, or 59.2%.
- The total cost of instructional programs was \$63,364,726. Because a portion of these costs were paid for with charges, fees, and intergovernmental aid, the net cost that required taxpayer funding was only \$27,237,683.
- Average daily attendance (grades K-6) did not change.

**THE DISTRICT AS A WHOLE**

**Net Position**

The District's net position was \$58,093,389 for the fiscal year ended June 30, 2021. Of this amount, \$(50,001,699) was unrestricted (deficit). Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the governing board's ability to use that net position for day-to-day operations. Our analysis below, in summary form, focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

Table 1

	Governmental Activities	
	2021	2020
Assets		
Current and other assets	\$ 75,918,644	\$ 49,561,731
Capital assets	118,387,815	111,485,214
Total assets	194,306,459	161,046,945
Deferred outflows of resources	22,919,815	23,933,478
Liabilities		
Current liabilities	9,056,850	7,711,536
Long-term liabilities other than OPEB and pension	52,321,442	46,824,520
Net other postemployment benefit (OPEB) liability	15,454,529	13,212,477
Aggregate net pension liability	78,600,820	74,569,772
Total liabilities	155,433,641	142,318,305
Deferred inflows of resources	3,699,244	4,464,504
Net Position		
Net investment of capital assets	73,779,449	75,474,079
Restricted	34,315,639	9,316,814
Unrestricted (deficit)	(50,001,699)	(46,593,279)
Total net position	\$ 58,093,389	\$ 38,197,614

Unrestricted net position (deficit) increased to \$(50,001,699), compared to \$(46,593,279), in the previous period.

**Changes in Net Position**

The results of this year's operations for the District as a whole are reported in the *Statement of Activities* on page 14. Table 2 takes the information from the Statement, rounds off the numbers, and rearranges them slightly so you can see our total revenues for the year.

Table 2

	Governmental Activities	
	2021	2020
Revenues		
Program revenues		
Charges for services and sales	\$ 161,986	\$ 291,039
Operating grants and contributions	27,867,041	14,244,406
Capital grants and contributions	17,063,861	-
General revenues		
Federal and State aid not restricted	54,838,418	58,360,594
Property taxes	9,589,884	8,921,934
Other general revenues	2,847,713	2,627,867
Total revenues	112,368,903	84,445,840
Expenses		
Instruction-related	63,364,726	58,872,569
Pupil services	10,567,731	10,289,597
Administration	6,620,026	5,686,536
Plant services	6,334,379	5,785,722
All other services	5,586,266	5,512,494
Total expenses	92,473,128	86,146,918
Change in net position	\$ 19,895,775	\$ (1,701,078)

**Governmental Activities**

As reported in the *Statement of Activities* on page 14, the cost of all of our governmental activities this year was \$92,473,128. The amount that our taxpayers ultimately financed for these activities through local taxes was only \$9,589,884. The District also collected \$161,986 in charges for services from these that benefited from the programs. Other governmental agencies and organizations subsidized certain programs with grants and contributions of \$44,930,902. We paid for the remaining "public benefit" portion of our governmental activities with \$54,838,418 in unrestricted State and Federal aid, and \$2,847,713 in interest and general entitlements.

In Table 3, we have presented the cost and net cost of each of the District's largest functions: instruction-related, pupil services, administration, plant services, and all other services. As discussed above, net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

Table 3

	Total Cost of Services		Net Cost of Services	
	2021	2020	2021	2020
Instruction-related	\$ 63,364,726	\$ 58,872,569	\$ 27,237,683	\$ 48,848,445
Pupil services	10,567,731	10,289,597	5,449,909	6,784,980
Administration	6,620,026	5,686,536	3,757,577	4,996,486
Plant services	6,334,379	5,785,722	5,742,787	5,464,062
All other services	5,586,266	5,512,494	5,192,284	5,517,500
<b>Total</b>	<b>\$ 92,473,128</b>	<b>\$ 86,146,918</b>	<b>\$ 47,380,240</b>	<b>\$ 71,611,473</b>



**THE DISTRICT'S FUNDS**

As the District completed this year, our governmental funds reported a combined fund balance of \$67,599,898, which is an increase of \$25,139,464 or 59.2% from last year (Table 4).

Table 4

	Balances and Activity			June 30, 2021
	June 30, 2020	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	
General Fund	\$ 19,034,664	\$ 72,656,519	\$ 67,362,483	\$ 24,328,700
Charter School Fund	5,065,392	11,294,546	9,079,391	7,280,547
Building Fund	7,461,054	34,020	3,148,518	4,346,556
County School Facilities Fund	-	17,067,263	123,024	16,944,239
Bond Interest and Redemption Fund	2,859,472	8,436,520	2,155,230	9,140,762
Child Development Fund	31,783	2,099,069	1,991,529	139,323
Cafeteria Fund	1,464,919	4,737,917	3,811,734	2,391,102
Deferred Maintenance Fund	1,395,373	303,458	1,290,045	408,786
Capital Facilities Fund	2,109,478	655,029	1,870,818	893,689
Special Reserve Fund for Capital Outlay Projects	3,026,912	946,337	2,258,454	1,714,795
Debt Service Fund for Blended Component Units	11,387	480,212	480,200	11,399
Total	<u>\$ 42,460,434</u>	<u>\$ 118,710,890</u>	<u>\$ 93,571,426</u>	<u>\$ 67,599,898</u>

The primary reasons for these increases are:

1. Our General Fund is our principal operating fund. The fund balance in the General Fund increased from \$19,034,664 to \$24,328,700. This increase is due to:
  - a. Increase in Federal, State and Local Revenues
  - b. Decrease to expected expenditures

**General Fund Budgetary Highlights**

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget was adopted on June 17, 2021. (A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report on page 67).

- Revenues - increased by \$.68 million primarily due to changes in state and local funding.
- Salaries and benefits costs - decreased \$.22 million due to decrease in expected expenditures.

While the District's final budget for the General Fund anticipated that revenues would exceed expenditures by 4.33 million, the actual results for the year show that revenues exceeded expenditures by roughly \$5.29 million. Actual revenues were \$0.68 million more than anticipated, and expenditures were \$.22 million less than budgeted. This amount consists primarily of more state and local revenue and less expected expenditures as of June 30, 2021

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At June 30, 2021, the District had \$11,387,815 in a broad range of capital assets (net of depreciation), including land, buildings, furniture, and equipment. This amount represents a net increase (including additions, deductions, and depreciation) of approximately \$6,902,601, or 6.2%, from last year (Table 5).

Table 5

	Governmental Activities	
	2021	2020
Land and construction in progress	\$ 40,846,136	\$ 31,429,379
Buildings and improvements	74,855,568	77,071,239
Equipment	2,686,111	2,984,596
Total	\$ 118,387,815	\$ 111,485,214

Additional information on the District's capital assets can be found in Note 5 of the financial statements.

**Long-Term Liabilities other than OPEB and Pensions**

At the end of this year, the District had \$52,321,442 in long-term liabilities other than OPEB and pension outstanding versus \$46,824,520 last year, an increase of \$5,496,622 or 11.7%. Those liabilities consisted of:

Table 6

	Governmental Activities	
	2021	2020
General obligation bonds (net)	\$ 45,603,816	\$ 39,557,171
Certificates of participation	5,791,274	6,109,409
Supplemental early retirement plan (SERP)	926,352	1,157,940
Total	\$ 52,321,442	\$ 46,824,520

Additional information on the District's long-term liabilities can be found in Note 9 of the financial statements.

### **OPEB and Pension Liabilities**

At year-end, the District had a net other postemployment benefit (OPEB) liability of \$15,454,529 versus \$13,212,477 last year, an increase of \$2,242,052, or 17.0%.

In addition, at year-end, the District had an aggregate net pension liability of \$78,600,820 versus \$74,569,772 last year, an increase of \$4,031,048, or 5.4%.

Additional information on the District's OPEB and pension liabilities can be found in Note 10 and Note 14 of the financial statements.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

In considering the District Budget for the 2021-2022 year, the governing board and management used the following criteria:

The key assumptions in our forecast are the following:

- LCFF COLA of 5.07%.
- Projected declining enrollment (-100) in 2021-2022.
- Elementary and Secondary School Emergency Relief II & III (ESSER).
- Unduplicated pupil count projected at 91.09%
- Employer fixed cost increase for STRS and PERS.
- Step and Column included.

The COVID-19 pandemic continues to impact school funding and the school environment. All these factors were considered in preparing the Perris Elementary School District budget for the 2021-2022 fiscal year.

### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Chief Business Official at Perris Elementary School District, 143 E First St Perris, California, or e-mail at [francine.story@perrisesd.org](mailto:francine.story@perrisesd.org).

Perris Elementary School District  
Statement of Net Position  
June 30, 2021

	Governmental Activities
<b>Assets</b>	
Deposits and investments	\$ 66,103,720
Receivables	9,775,261
Stores inventories	39,663
Capital assets not depreciated	40,846,136
Capital assets, net of accumulated depreciation	77,541,679
Total assets	194,306,459
<b>Deferred Outflows of Resources</b>	
Deferred charge on refunding	657,630
Deferred outflows of resources related to OPEB	3,496,319
Deferred outflows of resources related to pensions	18,765,866
Total deferred outflows of resources	22,919,815
<b>Liabilities</b>	
Accounts payable	6,902,346
Accrued interest payable	738,104
Unearned revenue	1,416,400
Long-term liabilities	
Long-term liabilities other than OPEB and pensions due within one year	1,276,588
Long-term liabilities other than OPEB and pensions due in more than one year	51,044,854
Net other postemployment benefits (OPEB) liability	15,454,529
Aggregate net pension liability	78,600,820
Total liabilities	155,433,641
<b>Deferred Inflows of Resources</b>	
Deferred charge on refunding	67,224
Deferred inflows of resources related to OPEB	348,243
Deferred inflows of resources related to pensions	3,283,777
Total deferred inflows of resources	3,699,244
<b>Net Position</b>	
Net investment of capital assets	73,779,449
Restricted for	
Debt service	8,414,057
Capital projects	17,834,355
Educational programs	5,231,839
Other activities	2,835,388
Unrestricted (deficit)	(50,001,699)
Total net position	\$ 58,093,389

Perris Elementary School District  
Statement of Activities  
Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities					
Instruction	\$ 55,701,728	\$ -	\$ 17,815,358	\$ 17,063,861	\$ (20,822,509)
Instruction-related activities					
Supervision of instruction	2,792,039	15	714,871	-	(2,077,153)
Instructional library, media, and technology	388,411		17,902	-	(370,509)
School site administration	4,482,548	343	514,693	-	(3,967,512)
Pupil services					
Home-to-school transportation	1,176,589	-	-	-	(1,176,589)
Food services	3,796,293	(696)	4,515,218	-	718,229
All other pupil services	5,594,849	-	603,300	-	(4,991,549)
Administration					
Data processing	79,012	-	-	-	(79,012)
All other administration	6,541,014	3,252	2,859,197	-	(3,678,565)
Plant services	6,334,379	4,334	587,258	-	(5,742,787)
Interest on long-term obligations	2,090,375	-	-	-	(2,090,375)
Other outgo	981,735	154,738	239,244	-	(587,753)
Depreciation (unallocated)	2,514,156	-	-	-	(2,514,156)
Total governmental activities	<u>\$ 92,473,128</u>	<u>\$ 161,986</u>	<u>\$ 27,867,041</u>	<u>\$ 17,063,861</u>	<u>(47,380,240)</u>
General revenues and subventions					
Property taxes, levied for general purposes					7,193,740
Property taxes, levied for debt service					1,973,626
Taxes levied for other specific purposes					422,518
Federal and State aid not restricted to specific purposes					54,838,418
Interest and investment earnings					146,498
Miscellaneous					2,701,215
Subtotal, general revenues and subventions					<u>67,276,015</u>
Change in Net Position					19,895,775
Net Position - Beginning					<u>38,197,614</u>
Net Position - Ending					<u>\$ 58,093,389</u>

Perris Elementary School District  
Balance Sheet – Governmental Funds  
June 30, 2021

	General Fund	Charter School Fund	Building Fund	County School Facilities Fund
<b>Assets</b>				
Deposits and investments	\$ 21,912,971	\$ 7,622,966	\$ 5,713,076	\$ 17,013,908
Receivables	6,611,579	1,816,015	5,141	-
Due from other funds	3,268,635	1,549,905	-	-
Stores inventories	-	-	-	-
<b>Total assets</b>	<b><u>\$ 31,793,185</u></b>	<b><u>\$ 10,988,886</u></b>	<b><u>\$ 5,718,217</u></b>	<b><u>\$ 17,013,908</u></b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 4,194,156	\$ 1,163,887	\$ 1,371,661	\$ 69,669
Due to other funds	1,869,558	2,544,452	-	-
Unearned revenue	1,400,771	-	-	-
<b>Total liabilities</b>	<b><u>7,464,485</u></b>	<b><u>3,708,339</u></b>	<b><u>1,371,661</u></b>	<b><u>69,669</u></b>
<b>Fund Balances</b>				
Nonspendable	5,000	-	-	-
Restricted	5,231,839	376,150	4,345,414	16,940,837
Committed	-	-	-	-
Assigned	1,713,593	6,904,397	1,142	3,402
Unassigned	17,378,268	-	-	-
<b>Total fund balances</b>	<b><u>24,328,700</u></b>	<b><u>7,280,547</u></b>	<b><u>4,346,556</u></b>	<b><u>16,944,239</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 31,793,185</u></b>	<b><u>\$ 10,988,886</u></b>	<b><u>\$ 5,718,217</u></b>	<b><u>\$ 17,013,908</u></b>

Perris Elementary School District  
Balance Sheet – Governmental Funds  
June 30, 2021

	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Assets</b>			
Deposits and investments	\$ 9,140,762	\$ 4,700,037	\$ 66,103,720
Receivables	-	1,342,526	9,775,261
Due from other funds	-	319,653	5,138,193
Stores inventories	-	39,663	39,663
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total assets	<u><u>\$ 9,140,762</u></u>	<u><u>\$ 6,401,879</u></u>	<u><u>\$ 81,056,837</u></u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ -	\$ 102,973	\$ 6,902,346
Due to other funds	-	724,183	5,138,193
Unearned revenue	-	15,629	1,416,400
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities	<u>                    </u>	<u>842,785</u>	<u>13,456,939</u>
<b>Fund Balances</b>			
Nonspendable	-	39,663	44,663
Restricted	9,140,762	3,364,155	39,399,157
Committed	-	408,704	408,704
Assigned	-	1,746,572	10,369,106
Unassigned	-	-	17,378,268
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total fund balances	<u>9,140,762</u>	<u>5,559,094</u>	<u>67,599,898</u>
Total liabilities and fund balances	<u><u>\$ 9,140,762</u></u>	<u><u>\$ 6,401,879</u></u>	<u><u>\$ 81,056,837</u></u>

Perris Elementary School District  
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position  
 June 30, 2021

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Total Fund Balance - Governmental Funds \$ 67,599,898

Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.

The cost of capital assets is	\$ 157,452,320
Accumulated depreciation is	<u>(39,064,505)</u>

Net capital assets	118,387,815
--------------------	-------------

In governmental funds, unmatured interest on long-term obligations is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term obligations is recognized when it is incurred. (738,104)

Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the governmental funds. Deferred outflows of resources amounted to and related to

Debt refundings (deferred charge on refunding)	657,630
Net other postemployment benefits (OPEB) liability	3,496,319
Aggregate net pension liability	<u>18,765,866</u>

Total deferred outflows of resources	22,919,815
--------------------------------------	------------

Deferred inflows of resources represent an acquisition of net position that applies to a future period and is not reported in the governmental funds. Deferred inflows of resources amount to and related to

Debt refundings (deferred charge on refunding)	(67,224)
Net other postemployment benefits (OPEB) liability	(348,243)
Aggregate net pension liability	<u>(3,283,777)</u>

Total deferred inflows of resources	(3,699,244)
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Aggregate net pension liability is not due and payable in the current period, and is not reported as a liability in the funds. (78,600,820)



Perris Elementary School District  
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position  
 June 30, 2021

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The District's net OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds. \$ (15,454,529)

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of

General obligation bonds	\$ 42,146,307
Premium on issuance	1,614,508
Discount on issuance	(7,903)
Certificates of participation	4,960,000
Premium on issuance	831,274
Supplemental early retirement plan (SERP)	926,352
In addition, the District issued 'capital appreciation' bonds. The accretion of interest on the general obligation bonds to date is	<u>1,850,904</u>

Total long-term liabilities	<u>\$ (52,321,442)</u>
Total net position - governmental activities	<u><u>\$ 58,093,389</u></u>

Perris Elementary School District  
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds  
Year Ended June 30, 2021

	General Fund	Charter School Fund	Building Fund	County School Facilities Fund
<b>Revenues</b>				
Local Control Funding Formula	\$ 51,186,911	\$ 9,591,132	\$ -	\$ -
Federal sources	12,013,603	857,779	-	-
Other State sources	8,379,927	798,808	-	17,063,861
Other local sources	1,076,078	32,652	34,020	3,402
Total revenues	<u>72,656,519</u>	<u>11,280,371</u>	<u>34,020</u>	<u>17,067,263</u>
<b>Expenditures</b>				
<b>Current</b>				
Instruction	43,861,140	5,360,434	-	-
Instruction-related activities				
Supervision of instruction	2,288,500	101,315	-	-
Instructional library, media, and technology	292,246	66,924	-	-
School site administration	3,314,727	574,507	-	-
Pupil services				
Home-to-school transportation	1,176,589	-	-	-
Food services	82,521	34	-	-
All other pupil services	4,842,050	134,821	-	-
Administration				
Data processing	79,012	-	-	-
All other administration	4,682,966	1,377,863	-	-
Plant services	5,061,475	309,842	-	-
Other outgo	981,735	-	-	-
Facility acquisition and construction	54,276	1,153,651	3,148,518	123,024
Debt service				
Principal	-	-	-	-
Interest and other	-	-	-	-
Total expenditures	<u>66,717,237</u>	<u>9,079,391</u>	<u>3,148,518</u>	<u>123,024</u>
Excess (Deficiency) of Revenues				
Over expenditures	<u>5,939,282</u>	<u>2,200,980</u>	<u>(3,114,498)</u>	<u>16,944,239</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	14,175	-	-
Other sources - proceeds from issuance of general obligation bonds	-	-	-	-
Transfers out	<u>(645,246)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Financing Sources (Uses)	<u>(645,246)</u>	<u>14,175</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	5,294,036	2,215,155	(3,114,498)	16,944,239
Fund Balance - Beginning	<u>19,034,664</u>	<u>5,065,392</u>	<u>7,461,054</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 24,328,700</u>	<u>\$ 7,280,547</u>	<u>\$ 4,346,556</u>	<u>\$ 16,944,239</u>

Perris Elementary School District  
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds  
Year Ended June 30, 2021

	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>Revenues</b>			
Local Control Funding Formula	\$ -	\$ 300,000	\$ 61,078,043
Federal sources	-	4,502,978	17,374,360
Other State sources	14,712	2,114,046	28,371,354
Other local sources	1,971,808	1,645,243	4,763,203
Total revenues	<u>1,986,520</u>	<u>8,562,267</u>	<u>111,586,960</u>
<b>Expenditures</b>			
<b>Current</b>			
Instruction	-	1,243,671	50,465,245
Instruction-related activities			
Supervision of instruction	-	170,204	2,560,019
Instructional library, media, and technology	-	-	359,170
School site administration	-	146,622	4,035,856
Pupil services			
Home-to-school transportation	-	-	1,176,589
Food services	-	3,559,692	3,642,247
All other pupil services	-	51,103	5,027,974
Administration			
Data processing	-	-	79,012
All other administration	-	377,715	6,438,544
Plant services	-	329,841	5,701,158
Other outgo	-	-	981,735
Facility acquisition and construction	-	5,309,350	9,788,819
Debt service			
Principal	590,000	255,000	845,000
Interest and other	1,565,230	230,898	1,796,128
Total expenditures	<u>2,155,230</u>	<u>11,674,096</u>	<u>92,897,496</u>
Excess (Deficiency) of Revenues Over expenditures	<u>(168,710)</u>	<u>(3,111,829)</u>	<u>18,689,464</u>
<b>Other Financing Sources (Uses)</b>			
Transfers in	-	659,755	673,930
Other sources - proceeds from issuance of general obligation bonds	6,450,000	-	6,450,000
Transfers out	-	(28,684)	(673,930)
Net Financing Sources (Uses)	<u>6,450,000</u>	<u>631,071</u>	<u>6,450,000</u>
Net Change in Fund Balances	6,281,290	(2,480,758)	25,139,464
Fund Balance - Beginning	<u>2,859,472</u>	<u>8,039,852</u>	<u>42,460,434</u>
Fund Balance - Ending	<u>\$ 9,140,762</u>	<u>\$ 5,559,094</u>	<u>\$ 67,599,898</u>

Perris Elementary School District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities  
Year Ended June 30, 2021

Total Net Change in Fund Balances - Governmental Funds \$ 25,139,464

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities. This is the amount by which capital outlay exceeds depreciation expense in the period.

Capital outlay	\$ 9,416,757	
Depreciation expense	<u>(2,514,156)</u>	
Net expense adjustment		6,902,601

In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and net pension liability during the year. (5,439,663)

In the Statement of Activities, compensated absences (vacations) and special termination benefits (supplemental early retirement plan) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). Special termination benefits added was less than the amount paid by \$231,588. 231,588

In the governmental funds, OPEB costs are based on employer contributions made to OPEB plans during the year. However, in the Statement of Activities, OPEB expenses is the net effect of all changes in the deferred outflows, deferred inflows and net OPEB liability during the year. (1,038,968)

Proceeds received from General obligations bonds is a revenue in the governmental funds, but it increases long-term liabilities in the Statement of Net Position and does not affect the statement of Activities. The following is the net effect of these related items

General obligation bonds	<u>(6,450,000)</u>	(6,450,000)
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Perris Elementary School District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities  
Year Ended June 30, 2021

Repayment of debt principal is an expenditure in the governmental funds, but it reduces long-term obligations in the Statement of Net Position and does not affect the Statement of Activities

General obligation bonds	\$ 590,000	
Certificates of participation	<u>255,000</u>	
Combined adjustment		\$ 845,000

Under the modified basis of accounting used in the governmental funds, expenditure are not recognized for transactions that are normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. This adjustment combines the net change for the following balance

Amortization of debt premium	166,591	
Amortization of deferred charges on refunding	(42,872)	
Amortization of debt discount	<u>(310)</u>	
Combined adjustment		123,409

Interest on long-term obligations in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditures in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The interest on the general obligation bonds and certificates of participation increased by \$127,865. Additionally, \$289,791 of accumulated interest was accreted on the District's capital appreciation' general obligation bonds.

		<u>(417,656)</u>
Change in net position of governmental activities		<u>\$ 19,895,775</u>

Perris Elementary School District  
Statement of Net Position – Fiduciary Funds  
June 30, 2021

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	<u>Custodial Funds</u>
Assets	
Deposits and investments	<u>\$ 208,036</u>
Net Position	
Restricted for individuals, organizations and other governments	<u>\$ 208,036</u>

Perris Elementary School District  
Statement of Changes in Net Position – Fiduciary Funds  
Year Ended June 30, 2021

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	Custodial Funds
Additions	
Special assessment	\$ 153,669
Interest	54
Total additions	153,723
Deductions	
Principal payments to bond holders	75,000
Interest payments to bond holders	51,555
Other expenses	32,295
Total deductions	158,850
Change In Net Position	(5,127)
Net Position - Beginning, as restated	213,163
Net Position - Ending	\$ 208,036

**Note 1 - Summary of Significant Accounting Policies****Financial Reporting Entity**

The Perris Elementary School District was established as a school district in 1893 under the laws of the State of California. The District operates under a locally elected five-member Board form of government and provides educational services to grades K-12 as mandated by the State and/or Federal agencies. The District operates seven elementary schools and a charter school.

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, boards, and agencies that are not legally separate from the District. For Perris Elementary School District, this includes general operations, food service, and student related activities of the District.

**Component Units**

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District, in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units may be 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. For financial reporting purposes, the component units described below have a financial and operational relationship which meets the reporting entity definition criteria of the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB Statement No. 80, *Blending Requirements For Certain Component Units* and thus are included in the financial statements of the District. The component units, although legally separate entities, are reported in the financial statements using the blended presentation method as if they were part of the District's operations because the governing board of the component units is essentially the same as the governing board of the District.

The Perris School District School Facilities Corporation (the Corporation) is a nonprofit, public benefit corporation incorporated under the laws of the State of California and recorded by the Secretary of State. The Corporation was formed for the sole purpose of providing financial assistance to the District by acquiring, constructing, financing, selling, and leasing public facilities, land, personal property, and equipment for the use and benefit of the District. The District leases certain facilities from the corporation under various lease-purchase agreements recorded in long-term liabilities.

The Corporation's financial activity is presented in the financial statements as the Debt Service Fund for Blended Component Units. Certificates of participation bonds issued by the Corporation are included as long-term liabilities in the government-wide financial statements. Individually-prepared financial statements are not prepared for the Corporation.



The Community Facilities District (the CFD) of the Perris Elementary School District's financial activity is presented in the financial statements as a Custodial Fund. Long-term liabilities of the CFDs do not represent obligations of the District and thus are not included in the government-wide financial statements. Individually-prepared financial statements are not available for the CFD.

### **Other Related Entities**

**Charter School** The District has approved a Charter for Innovative Horizons Charter Schools pursuant to *Education Code Section 47605*. Innovative Horizons Charter School is operated by the District, and its financial activities are presented in the Charter School Fund.

### **Basis of Presentation - Fund Accounting**

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The District's funds are grouped into two broad fund categories: governmental, and fiduciary.

**Governmental Funds** Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major and non-major governmental funds:

#### **Major Governmental Funds**

**General Fund** The General Fund is the chief operating fund for all districts. 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.

**Charter School Fund** The Charter School Fund may be used by authorizing districts to account separately for the operating activities of district-operated charter schools that would otherwise be reported in the authorizing District's General Fund.

**Building Fund** The Building 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.

**County School Facilities Fund** The County School Facilities Fund is established pursuant to Education Code Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), the 2004 State School Facilities Fund (Proposition 55), the 2006 State School Facilities Fund (Proposition 1D), or the 2016 State School Facilities Fund (Proposition 51) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (Education Code Section 17070 et seq.).

**Bond Interest and Redemption Fund** The Bond Interest and Redemption Fund is used for the repayment of bonds issued for a district (Education Code Sections 15125-15262).

### **Non-Major Governmental Funds**

**Special Revenue Funds** The Special Revenue Funds are used 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.

- **Child Development Fund** The Child Development Fund is used to account separately for Federal, State, and local revenues to operate child development programs and is to be used only for expenditures for the operation of child development programs.
- **Cafeteria Fund** The Cafeteria Fund is used to account separately for Federal, State, and local resources to operate the food service program (*Education Code* Sections 38090-38093) and is used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code* Sections 38091 and 38100).
- **Deferred Maintenance Fund** The Deferred Maintenance Fund is used to account separately for revenues that are restricted or committed for deferred maintenance purposes (*Education Code* Section 17582).

**Capital Project Funds** The Capital Project Funds are used 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).

- **Capital Facilities Fund** The Capital Facilities Fund is used primarily to account separately for monies received from fees levied on developers or other agencies as a condition of approval (*Education Code* Sections 17620-17626 and *Government Code* Section 65995 et seq.). Expenditures are restricted to the purposes specified in *Government Code* Sections 65970-65981 or to the items specified in agreements with the developer (*Government Code* Section 66006).
- **Special Reserve Fund for Capital Outlay Projects** The Special Reserve Fund for Capital Outlay Projects exists primarily to provide for the accumulation of General Fund monies for capital outlay purposes (*Education Code* Section 42840).

**Debt Service Funds** The Debt Service funds are used to account for the accumulation of resources for and the payment of principal and interest on general long-term liabilities.

- **Debt Service Fund for Blended Component Units** The Debt Service Fund for Blended Component Units is used to account for the accumulation of resources for the payment of principal and interest on bonds issued by Perris School District School Facilities Corporation and similar entities that are considered blended component units of the District under generally accepted accounting principles (GAAP).

**Fiduciary Funds** Fiduciary funds are used to account for resources held for the benefit of parties outside the District and are not available to support the District's own programs. Fiduciary funds are split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and custodial funds. The three types of trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangement that has certain characteristics.

Trust funds are used to account for resources held by the District under a trust agreement for individuals, private organizations, or other governments. The District does not have any trust funds. Custodial funds are used to account for resources, not in a trust, that are held by the District for other parties outside the District's reporting entity. The District's custodial funds are related to funds held for the Community Facilities District.

#### **Basis of Accounting - Measurement Focus**

**Government-Wide Financial Statements** The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared.

The government-wide statement of activities presents a comparison between expenses, both direct and indirect, of the District and for each governmental function, and exclude fiduciary activity. Direct expenses are those that are specifically associated with a service, program, or department and are therefore, clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the Statement of Activities, except for depreciation. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District. Eliminations have been made to minimize the double counting of internal activities.

Net Position should be reported as restricted when constraints placed on Net Position are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The Net Position restricted for other activities result from special revenue funds, and the restrictions on their use.

**Fund Financial Statements** Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major governmental funds are aggregated and presented in a single column.

- **Governmental Funds** All governmental funds are accounted for using the flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting, and the governmental fund financial statements, prepared using the flow of current financial resources measurement focus and the modified accrual basis of accounting.
- **Fiduciary Funds** Fiduciary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are excluded from the government-wide financial statements because they do not represent resources of the District.

**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 or are expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. The District considers revenues to be available if they are collected within one year after year-end, except for property taxes, which are considered available if collected within 60 days. 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 restrictions. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

**Unearned Revenue** Unearned revenues arise when resources are received by the District before it has a legal claim to them, such as when certain grants are received prior to the occurrence of qualifying expenditures. In the subsequent periods, when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and the revenue is recognized.

**Expenses/Expenditures** On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred. Principal and interest on long-term liabilities, which has not matured, are recognized when paid in the governmental funds as expenditures. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds but are recognized in the entity-wide statements.

### **Investments**

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

### **Stores Inventories**

Inventories consist of expendable food and supplies held for consumption. Inventories are stated at cost, on the weighted average basis. The costs of inventory items are recorded as expenditures in the governmental funds when consumed rather than when purchased.

### **Capital Assets and Depreciation**

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets are long-lived assets of the District. The District maintains a capitalization threshold of \$5,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized but are expensed as incurred.

When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in the government-wide Statement of Net Position. The valuation basis for capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Donated capital assets are capitalized at acquisition value on the date donated.

Depreciation is computed using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 50 years; improvements/infrastructure, five to 50 years; equipment, two to 15 years.

### **Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental activities columns of the Statement of Net Position.

**Accrued Liabilities and Long-Term Liabilities**

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

However, claims and judgments, special termination benefits, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the governmental fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases, and other long-term liabilities are recognized as liabilities in the governmental fund financial statements when due.

**Debt Issuance Costs, Premiums, and Discounts**

In the government-wide financial statements long-term liabilities are reported as liabilities in the applicable governmental activities Statement of Net Position. Debt premiums and discounts, as well as issuance costs related to prepaid insurance costs are amortized over the life of the bonds using the straight-line method, which approximates the effective

In governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs are recognized in the period the bonds are issued. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures in the period the bonds are issued.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District reports deferred outflows of resources for deferred charges on refunding of debt, for pension related items, and for OPEB related items. The deferred charge on refunding resulted from the difference between the carrying value of the refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflow of resources for pension and OPEB relate to pension and OPEB contributions subsequent to measurement date, change in proportion and differences between contributions made and District's proportionate share of contributions, differences between projected and actual earnings on pension plan investments, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions for both pensions and OPEB.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District reports deferred inflows of resources for deferred charges on refunding of debt, for pension related items, and for OPEB related items. The deferred charge on refunding resulted from the difference between the carrying value of the refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or

refunding debt. The deferred inflow of resources for pension and OPEB relate to differences between expected and actual experience, change in proportion and differences between contributions made and District's proportionate share of contributions, differences between projected and actual earnings on pension plan investments, differences between expected and actual experience in the measurement of the total pension and OPEB liability, and changes of assumptions for OPEB.

### **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 California State Teachers Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) plan for schools (Plans) and additions 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. Member contributions are recognized in the period in which they are earned. Investments are reported at fair value. The net pension liability attributable to the governmental activities will be paid by the fund in which the employee worked.

### **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, and the CalSTRS Medicare Premium Payment (MPP) Program and additions to/deductions from the District Plan and the MPP's fiduciary net position have been determined on the same basis as they are reported by the District Plan and the MPP. For this purpose, the District Plan and the MPP recognizes 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. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund.

### **Fund Balances - Governmental Funds**

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

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

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

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

**Assigned** - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the governing board or chief business officer/assistant superintendent of business services may assign amounts for specific purposes.

**Unassigned** - all other spendable amounts.

### **Spending Order Policy**

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.

### **Minimum Fund Balance Policy**

The governing board adopted a minimum fund balance policy for the General Fund in order to protect the district against revenue shortfalls or unpredicted on-time expenditures. The policy requires a Reserve for Economic Uncertainties consisting of unassigned amounts equal to no less than three percent of General Fund expenditures and other financing uses.

### **Net Position**

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net Position net of investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net Position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted Net Position is available. The government-wide financial statements report \$34,315,639 of restricted Net Position restricted by enabling legislation.

### **Interfund Activity**

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

### **Estimates**

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



**Property Tax**

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

**Change in Accounting Principles**

**Implementation of GASB Statement No. 84**

As of July 1, 2020, the District adopted GASB Statement No. 84, Fiduciary Activities. The objective of this Statement is to improve the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. Greater consistency and comparability enhance the value provided by the information reported in financial statements for assessing government accountability and stewardship. The impact to the District resulted from a reclassification of agency funds to custodial funds. The effect of the implementation of this standard on beginning position is disclosed in Note 17.

**Note 2 - Deposits and Investments**

**Summary of Deposits and Investments**

Deposits and investments as of June 30, 2021, are classified in the accompanying financial statements as follows:

Governmental activities	\$ 66,103,720
Fiduciary funds	<u>208,036</u>
Total deposits and investments	<u><u>\$ 66,311,756</u></u>

Deposits and investments as of June 30, 2021, consist of the following:

Cash on hand and in banks	\$ 469
Cash collection awaiting deposit	262,268
Cash in revolving	5,000
Investments	<u>66,044,019</u>
Total deposits and investments	<u><u>\$ 66,311,756</u></u>

## Policies and Practices

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

Investment in County Treasury - The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (*Education Code* Section 41001). The fair value of the District's investment in the pool is reported in the accounting 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 cost basis.

## General Authorizations

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

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

**Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the Riverside County Treasury Investment Pool and money market funds and having the Pool purchase a combination of shorter term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

**Specific Identification**

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

Investment Type	Reported Amount	Maturity Date/ Weighted Average Maturity in Days
Riverside County Treasury Investment Pool	\$ 59,580,604	409
First American Treasury Obligations, Class D	6,463,415	43
Total	<u>\$ 66,044,019</u>	

**Credit Risk**

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in the Riverside County Treasury Investment Pool is rated Aaa by Moody's Investor Service, and the First American Treasury Obligations, Class D money market funds are rated Aaa-mf by Moody's Investor Service. .

**Custodial Credit Risk - Deposits**

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California *Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2021, the District's bank balance of \$905,390 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

**Note 3 - 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 data 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.

The District's fair value measurements are as follows at June 30, 2021:

Investment Type	Reported Amount	Level 2 Inputs
First American Treasury Obligations, Class D	\$ 6,463,415	\$ 6,463,415
Investments not measured at fair value or subject to the fair value hierarchy Riverside County Treasury Investment Pool	59,580,604	
Total investments	\$ 66,044,019	

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

#### Note 4 - Receivables

Receivables at June 30, 2021, consisted of intergovernmental grants, entitlements, interest, and other local sources. All receivables are considered collectible in full.

	General Fund	Charter School Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Activities
Federal Government					
Categorical aid	\$ 1,837,430	\$ 21,621	\$ -	\$ 1,212,405	\$ 3,071,456
State Government					
LCFF apportionment	3,667,692	1,685,705	-	-	5,353,397
Categorical aid	321,582	42,803	-	108,540	472,925
Lottery	308,360	61,367	-	-	369,727
Special education	339,122	-	-	-	339,122
Local Government					
Interest	13,041	4,519	5,141	15,403	38,104
Other Local Sources	124,352	-	-	6,178	130,530
Total	\$ 6,611,579	\$ 1,816,015	\$ 5,141	\$ 1,342,526	\$ 9,775,261

**Note 5 - Capital Assets**

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

	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 7,894,151	\$ -	\$ -	\$ 7,894,151
Construction in progress	23,535,228	9,416,757	-	32,951,985
Total capital assets not being depreciated	31,429,379	9,416,757	-	40,846,136
Capital assets being depreciated				
Land improvements	6,379,768	-	-	6,379,768
Buildings and improvements	103,876,696	-	-	103,876,696
Furniture and equipment	6,349,720	-	-	6,349,720
Total capital assets being depreciated	116,606,184	-	-	116,606,184
Total capital assets	148,035,563	9,416,757	-	157,452,320
Less accumulated depreciation				
Land improvements	(2,341,464)	(138,158)	-	(2,479,622)
Buildings and improvements	(30,843,761)	(2,077,513)	-	(32,921,274)
Furniture and equipment	(3,365,124)	(298,485)	-	(3,663,609)
Total accumulated depreciation	(36,550,349)	(2,514,156)	-	(39,064,505)
Governmental activities capital assets, net	\$ 111,485,214	\$ 6,902,601	\$ -	\$ 118,387,815
<b>Governmental Activities</b>				
Unallocated			\$ 2,514,156	

**Note 6 - Interfund Transactions**

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivable and payable balances at June 30, 2021, between major and non-major governmental funds are as follows:

Due To	Due From			Total
	General Fund	Charter School Fund	Non-Major Governmental Fund	
General Fund	\$ -	\$ 2,544,452	\$ 724,183	\$ 3,268,635
Charter School Fund	1,549,905	-	-	1,549,905
Non-Major Governmental Funds	319,653	-	-	319,653
Total	<u>\$ 1,869,558</u>	<u>\$ 2,544,452</u>	<u>\$ 724,183</u>	<u>\$ 5,138,193</u>

A balance of \$300,000 is due from the Child Development Non-Major Governmental Fund to the General Fund for a temporary loan.

A balance of \$261,086 is due from the Child Development Non-Major Governmental Fund to the General Fund for indirect costs and for a return of contribution.

The balance of \$2,544,452 is due from the Charter School Fund to the General Fund for indirect costs, oversight charges, contribution and other operating expenditures.

A balance of \$158,882 is due from the Cafeteria Non-Major Governmental Fund to the General Fund for indirect costs, payroll and benefit expenditures.

A balance of \$41,562 is due from the General Fund to the Charter School Fund for district in-lieu property taxes.

A balance of \$1,508,343 is due from the General Fund to the Charter School Fund for payroll, benefits, and other operating expenditures.

A balance of \$179,555 is due from the General Fund to the Child Development Non-Major Governmental Fund for an annual contribution.

A balance of \$95,624 is due from the General Fund to the Child Development Non-Major Governmental Fund for the reimbursement of expenditures.

A balance of \$12,977 is due from the General Fund to the Cafeteria Non-Major Governmental Fund for the reimbursement of summer pay.

A balance of \$31,497 is due from the General Fund to the Special Reserve Fund for Capital Outlay Projects Non-Major Governmental Fund for reimbursement of expenditures.

A balance of \$4,215 is due from the General Fund to the Capital Facilities Non-Major governmental fund for payroll and benefits.

### Operating Transfers

Interfund transfers for the year ended June 30, 2021, consisted of the following:

Transfer To	General Fund	Transfer From Non Major Governmental Funds	Total
Charter School Fund	\$ 14,175	\$ -	\$ 14,175
Non-Major Governmental Funds	631,071	28,684	659,755
Total	<u>\$ 645,246</u>	<u>\$ 28,684</u>	<u>\$ 673,930</u>

The General Fund transferred \$14,175 to the Charter School Fund for reimbursement of operating expenditures. \$ 14,175

The General Fund transferred \$179,555 to the Child Development Non-Major Governmental Fund to cover preschool programs. 179,555

The General Fund transferred \$196,516 to the Debt Service Non-Major Governmental Fund for Blended Component Units for certificates of participation interest payment. 196,516

The General Fund transferred \$255,000 to the Debt Service Non-Major Governmental Fund for Blended Component Units for certificates of participation principal payment. 255,000

The Special Reserve Non-Major Governmental fund for Capital Outlay Projects transferred \$28,684 to the Debt Service Non-Major Governmental Fund for Blended Component Units for certificates of participation interest payment. 28,684

Total \$ 673,930

### Note 7 - Accounts Payable

Accounts payable at June 30, 2021, consisted of the following:

	General Fund	Charter School Fund	Building Fund	County School Facilities Fund	Non-Major Governmental Funds	Total Governmental Activities
Salaries and benefits	\$ 767,670	\$ 73,310	\$ -	\$ -	\$ 14,645	\$ 855,625
LCFF apportionment	1,568,961	1,057,055	-	-	-	2,626,016
Supplies	199,814	7,087	-	-	41,339	248,240
Services	1,062,459	9,133	-	-	46,989	1,118,581
Construction	61,527	17,302	1,371,661	69,669	-	1,520,159
Other payables	533,725	-	-	-	-	533,725
Total	<u>\$ 4,194,156</u>	<u>\$ 1,163,887</u>	<u>\$ 1,371,661</u>	<u>\$ 69,669</u>	<u>\$ 102,973</u>	<u>\$ 6,902,346</u>



**Note 8 - Unearned Revenue**

Unearned revenue at June 30, 2021, consists of the following:

	General Fund	Non-Major Governmental Fund	Total
Federal financial assistance	\$ 1,399,587	\$ -	\$ 1,399,587
State categorical aid	1,184	15,629	16,813
Total	\$ 1,400,771	\$ 15,629	\$ 1,416,400

**Note 9 - Long-Term Liabilities Other than OPEB and Pensions**

**Summary**

The changes in the District's long-term liabilities other than OPEB and pensions during the year consisted of the following:

	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021	Due in One Year
General obligation bonds	\$ 37,847,420	\$ 6,739,791	\$ 590,000	\$ 43,997,211	\$ 780,000
Premium on issuance	1,717,964	-	103,456	1,614,508	-
Discount on issuance	(8,213)	-	(310)	(7,903)	-
Certificates of participation	5,215,000	-	255,000	4,960,000	265,000
Premium on issuance	894,409	-	63,135	831,274	-
Supplemental early retirement plan (SERP)	1,157,940	-	231,588	926,352	231,588
	\$ 46,824,520	\$ 6,739,791	\$ 1,242,869	\$ 52,321,442	\$ 1,276,588

Payments on the general obligation bonds are made by the Bond Interest and Redemption Fund. Payments on the certificates of participation are made by the Debt Service Fund for Blended Component Units. The supplemental early retirement plan will be paid by the General Fund.

### General Obligation Bonds

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2020	Issued	Accreted	Redeemed	Bonds Outstanding June 30, 2021
8/22/2007	8/1/2033	4.00-5.25%	\$ 7,999,571	\$ 503,006	\$ -	\$ 51,504	\$ -	\$ 554,510
9/11/2013	8/1/2040	3.25-5.00%	4,336,671	5,359,414	-	238,287	80,000	5,517,701
9/10/2014	8/1/2044	2.50-6.00%	12,340,000	11,855,000	-	-	85,000	11,770,000
4/4/2017	8/1/2046	4.00-5.00%	2,500,000	2,430,000	-	-	50,000	2,380,000
4/4/2017	8/1/2046	3.125-5.00%	4,500,000	4,340,000	-	-	100,000	4,240,000
4/4/2017	8/1/2030	3.125-5.00%	5,640,000	5,130,000	-	-	275,000	4,855,000
4/6/2020	8/1/2046	3.00-5.00%	2,230,000	2,230,000	-	-	-	2,230,000
4/6/2020	8/1/2049	3.00-5.00%	6,000,000	6,000,000	-	-	-	6,000,000
1/21/2021	8/1/2040	2.28-2.78%	6,450,000	-	6,450,000	-	-	6,450,000
				<u>\$ 37,847,420</u>	<u>\$ 6,450,000</u>	<u>\$ 289,791</u>	<u>\$ 590,000</u>	<u>\$ 43,997,211</u>

#### 2006 General Obligation Bond, Series 2007

In August 2007, the District issued \$7,999,571 of the 2006 General Obligation Bonds, Series 2007. The Series 2007 bonds were issued as both current interest bonds and capital appreciation bonds, with the value of the capital appreciation bonds accreting to \$1,470,429, and an aggregate principal debt service balance of \$9,470,000. The bonds have a final maturity of August 1, 2033, with interest rates ranging from 4.00 to 5.25%. Proceeds from the sale of the bonds were used to finance new construction, reconstruction, or modernization at each of the District's schools. At June 30, 2021, the principal balance outstanding of the 2006 General Obligation Bonds, Series 2007 was \$554,510, and unamortized premium on issuance was \$11,792.

#### 2007 General Obligation Bond, Series B

In September 2013, the District issued \$4,336,671 of the 2007 General Obligation Bonds, Series B. The Series B bonds were issued as both current interest bonds and capital appreciation bonds, with the value of the capital appreciation bonds accreting to \$8,068,329, and an aggregate principal debt service balance of \$12,405,000. The bonds have a final maturity of August 1, 2040, with interest rates ranging from 3.25 to 5.00%. Proceeds from the sale of the bonds were used to finance new construction, reconstruction, or modernization at each of the District's schools. At June 30, 2021, the principal balance outstanding of the 2007 General Obligation Bonds, Series B was \$5,517,701, and unamortized premium on issuance was \$18,538.

#### 2014 General Obligation Bond, Series 2014A

In September 2014, the District issued \$12,340,000 of the 2014 General Obligation Bonds, Series 2014A. The Series 2014A bonds were issued as both current interest bonds and capital appreciation bonds. The bonds have a final maturity of August 1, 2044, with interest rates ranging from 2.50 to 6.00%. Proceeds from the sale of the bonds were used to finance the construction, acquisition, furnishing and equipping of District facilities, to pay capitalized interest, and to pay certain costs of issuing bonds. At June 30, 2021, the principal balance outstanding of the 2014 General Obligation Bonds, Series 2014A was \$11,770,000, and unamortized premium on issuance was \$123,193.

**2006 General Obligation Bond, Series 2017**

In April 2017, the District issued \$2,500,000 of the 2006 General Obligation Bonds, Series 2017. The Series 2017 bonds were issued as both current interest bonds and capital appreciation bonds. The bonds have a final maturity of August 1, 2046, with interest rates ranging from 4.00 to 5.00%. Proceeds from the sale of the bonds were used to finance the construction, acquisition, furnishing and equipping of District facilities, to pay capitalized interest, and to pay certain costs of issuing bonds. At June 30, 2021, the principal balance outstanding of the 2006 General Obligation Bonds, Series 2017 was \$2,380,000, and unamortized discount on issuance was \$7,903.

**2014 General Obligation Bond, Series 2017**

In April 2017, the District issued \$4,500,000 of the 2014 General Obligation Bonds, Series 2017. The Series 2017 bonds were issued as current interest bonds. The bonds have a final maturity of August 1, 2046, with interest rates ranging from 3.125 to 5.00%. Proceeds from the sale of the bonds were used to finance the construction, acquisition, furnishing and equipping of District facilities, to pay capitalized interest, and to pay certain costs of issuing bonds. At June 30, 2021, the principal balance outstanding of the 2014 General Obligation Bonds, Series 2017 was \$4,240,000, and unamortized premium on issuance was \$8,497.

**2017 General Obligation Refunding Bonds**

In April 2017, the District issued \$5,640,000 of the 2017 General Obligation Refunding Bonds. The 2017 Obligation Refunding Bonds were issued as current interest bonds. The bonds have a final maturity of August 1, 2030, with interest rates ranging from 3.125 to 5.00%. Proceeds from the sale of bonds were used to provide refunding of \$6,145,000 in current interest bonds associated with 2006 General Obligation Bond, Series 2007 Bonds maturing from August 1, 2019 through August 1, 2030, inclusive, in order to provide savings to the taxpayers of the District. At June 30, 2021, the principal balance outstanding of the 2017 General Obligation Refunding Bonds was \$4,855,000 and unamortized premium on issuance and deferred charge on refunding were \$522,908 and \$67,224, respectively.

**2006 General Obligation Bond, Series 2020**

In April 2020, the District issued \$2,230,000 of the 2006 General Obligation Bonds, Series 2020. The Series 2020 bonds were issued as current interest bonds. The bonds have a final maturity of August 1, 2046, with interest rates ranging from 3.00 to 5.00%. Proceeds from the sale of the bonds will be used to finance the construction, acquisition, furnishing and equipping of District facilities, to pay capitalized interest, and to pay certain costs of issuing bonds. At June 30, 2021, the principal balance outstanding of the 2006 General Obligation Bonds, Series 2020 was \$2,230,000, and unamortized premium on issuance was \$253,604.

**2014 General Obligation Bond, Series 2020**

In April 2020, the District issued \$6,000,000 of the 2014 General Obligation Bonds, Series 2020. The Series 2020 bonds were issued as current interest bonds. The bonds have a final maturity of August 1, 2049, with interest rates ranging from 3.00 to 5.00%. Proceeds from the sale of the bonds will be used to finance the construction, acquisition, furnishing and equipping of District facilities, to pay capitalized interest, and to pay certain costs of issuing bonds. At June 30, 2021, the principal balance outstanding of the 2014 General Obligation Bonds, Series 2020 was \$6,000,000, and unamortized premium on issuance was \$675,976.

**General Obligation Refunding Bonds Series 2021 (Federally Taxable Crossover)**

In January 2021, the District issued the \$6,450,000 General Obligation Refunding Bonds, Series 2021 (Crossover Refunding). The Series 2021 bonds were issued as current interest bonds. The bonds have a final maturity of August 1, 2040, with interest rates ranging from 2.28 to 2.78%. Proceeds from the sale of the bonds will be used to provide advance refunding, on the crossover date of August 1, 2023, of the District's 2006 General Obligation Bonds, Series B. At June 30, 2021, the principal balance outstanding of the General Obligation Refunding Bonds, Series 2021 (Crossover Refunding) was \$6,450,000. At June 30, 2021, the District had \$6,244,449 in assets held in a trust. These assets are used to make the debt service payments on the General Obligation Refunding Bonds, Series 2021 until the crossover date of August 1, 2023.

**Debt Service Requirements to Maturity**

The bonds mature through 2050  
as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Accreted Interest</u>	<u>Interest to Maturity</u>	<u>Total</u>
2022	\$ 780,000	\$ -	\$ 1,581,057	\$ 2,361,057
2023	860,000	-	1,549,106	2,409,106
2024	670,000	-	1,515,781	2,185,781
2025	655,000	-	1,484,494	2,139,494
2026	745,000	-	1,450,944	2,195,944
2027-2031	5,343,975	116,025	6,534,402	11,994,402
2032-2036	6,769,028	3,225,972	5,633,660	15,628,660
2037-2041	11,209,208	4,345,792	4,536,622	20,091,622
2042-2046	10,680,000	-	2,670,431	13,350,431
2047-2050	6,285,000	-	549,550	6,834,550
	<u>\$ 43,997,211</u>	<u>\$ 7,687,789</u>	<u>\$ 27,506,047</u>	<u>\$ 79,191,047</u>

**2019 Refunding Certificates of Participation**

On September 5, 2019, Perris School District School Facilities Corporation of the Perris Elementary School District issued the 2019 Refunding Certificates of Participation in the amount of \$5,215,000 with interest rate yields ranging from 4.00 to 5.00%. The certificates have a final maturity to occur on September 1, 2034. The certificates were issued to refund the 2011 Certificates of Participation. At June 30, 2021, the principal balance outstanding was \$4,960,000. Unamortized premium on issuance and deferred charges on refunding were \$831,274 and \$657,630, respectively.

The certificates mature through 2035 as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 265,000	\$ 214,800	\$ 479,800
2023	275,000	204,000	479,000
2024	285,000	192,800	477,800
2025	295,000	181,200	476,200
2026	310,000	167,550	477,550
2027-2031	1,790,000	586,475	2,376,475
2032-2035	1,740,000	159,075	1,899,075
	<u>\$ 4,960,000</u>	<u>\$ 1,705,900</u>	<u>\$ 6,665,900</u>

**Supplemental Early Retirement Plan (SERP)**

During the 2019-2020 fiscal year, the District adopted the supplemental early retirement plan whereby certain eligible certificated and classified employees were provided an annuity to supplement the retirement benefits they are entitled to through the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS). The criteria for qualification are as follows: have 50% full-time employment with the District with five years of service with the District, certificated employees have to be at least 55 years of age by the date of retirement with five years of CalSTRS service or be at least 50 years of age by the date of retirement with 30 years of CalSTRS service, and classified employees have to be at least 50 years of age by the date of retirement with five years of CalPERS service.

Future annuity payments are as follows:

Year Ending June 30,	Payment
2022	\$ 231,588
2023	231,588
2024	231,588
2025	231,588
	<u>\$ 926,352</u>

**Note 10 - Net Other Postemployment Benefit (OPEB) Liability**

For the fiscal year ended June 30, 2021, the District reported net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

OPEB Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	\$ 15,025,166	\$ 3,496,319	\$ 348,243	\$ 997,374
Medicare Premium Payment (MPP) Program	<u>429,363</u>	<u>-</u>	<u>-</u>	<u>41,594</u>
Total	<u>\$ 15,454,529</u>	<u>\$ 3,496,319</u>	<u>\$ 348,243</u>	<u>\$ 1,038,968</u>

The details of each plan are as follows:

**District Plan**

**Plan Administration**

The District's governing board administers the Postemployment Benefits Plan (the Plan). The Plan is a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible retirees and their spouses. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

**Plan Membership**

At June 30, 2019 the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	35
Active employees	<u>393</u>
	<u>428</u>

**Benefits Provided**

The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the Plan. The District's governing board has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

The benefit payment requirements of the Plan members and the District are established and may be amended by the District, the Perris Elementary Teachers' Association (PETA), the local California Service Employees Association (CSEA), and unrepresented groups. The benefit payment is based on projected pay-as-you-go financing requirements as determined annually through the agreements with the District, PETA, CSEA, and the unrepresented groups. For the measurement period of June 30, 2020, the District paid \$524,574 in benefits.

### **Total OPEB Liability of the District**

The District's total OPEB liability of \$15,025,166 was measured as of June 30, 2020, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of June 30, 2019.

### **Actuarial Assumptions**

The total OPEB liability as of June 30, 2021 was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2019 and rolling forward the total OPEB liability to June 30, 2021. The following assumptions were applied to all periods included in the measurements, unless otherwise specified:

Inflation	2.75	%
Salary increases	2.75	%, average, including inflation
Discount rate	2.20	%
Healthcare cost trend rates	4.00	% for 2020

The discount rate was based on the Bond Buyer 20-bond General Obligation Index.

Mortality rates were based on the 2009 CalSTRS Mortality Table for certificated employees and the 2014 CalPERS Active Mortality for Miscellaneous Employees Table for classified employees. Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actual experience study for the period July 1, 2018 to June 30, 2019.

**Changes in the Total OPEB Liability**

	Total OPEB Liability
Balance at June 30, 2019	\$ 12,824,708
Service cost	852,209
Interest	454,598
Changes of assumptions or other inputs	1,418,225
Benefit payments	(524,574)
Net change in total OPEB liability	2,200,458
Balance at June 30, 2020	\$ 15,025,166

Changes of assumptions and other inputs reflect a change in the discount rate from 3.50% in 2020 to 2.20% in 2021.

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate**

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

Discount Rate	Total OPEB Liability
1% decrease (1.20%)	\$ 15,941,673
Current discount rate (2.20%)	15,025,166
1% increase (3.20%)	13,893,384

**Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates**

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percent lower or higher than the current healthcare costs trend rates:

Healthcare Cost Trend Rates	Total OPEB Liability
1% decrease (3.00%)	\$ 14,174,263
Current healthcare cost trend rate (4.00%)	15,025,166
1% increase (5.00%)	15,817,484



**OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources related to OPEB**

For the year ended June 30, 2021, the District recognized OPEB expense of \$997,374. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 518,700	\$ -
Differences between expected and actual experience	-	143,584
Changes of assumptions	2,977,619	204,659
Total	\$ 3,496,319	\$ 348,243

The deferred outflows of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year.

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	\$ 209,267
2023	209,267
2024	209,267
2025	209,267
2026	209,267
Thereafter	1,583,041
	\$ 2,629,376

**Medicare Premium Payment (MPP) Program**

**Plan Description**

The Medicare Premium Payment (MPP) Program is administered by the California State Teachers' Retirement System (CalSTRS). The MPP Program is a cost-sharing multiple-employer other postemployment benefit plan (OPEB) established pursuant to Chapter 1032, Statutes 2000 (SB 1435). CalSTRS administers the MPP Program through the Teachers' Health Benefits Fund (THBF).

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, 2019 annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

### **Benefits Provided**

The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the State Teachers Retirement Plan (STRP) Defined Benefit (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. The payments are made directly to the Centers for Medicare and Medicaid Services (CMS) on a monthly basis.

The MPP Program is closed to new entrants as members who retire after July 1, 2012, are not eligible for coverage under the MPP Program.

The MPP Program is funded on a pay-as-you go basis from a portion of monthly District benefit payments. In accordance with California *Education Code* Section 25930, 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.

### **Net OPEB Liability and OPEB Expense**

At June 30, 2021, the District reported a liability of \$429,363 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019. 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, actuarially determined. The District's proportionate share for the measurement period June 30, 2020 and June 30, 2019, respectively, was 0.1013%, and 0.1041%, resulting in a net decrease in the proportionate share of 0.0028%.

For the year ended June 30, 2021, the District recognized OPEB expense of \$41,594

### Actuarial Methods and Assumptions

The June 30, 2020 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2019, and rolling forward the total OPEB liability to June 30, 2020, using the assumptions listed in the following table:

Measurement Date	June 30, 2020	June 30, 2019
Valuation Date	June 30, 2019	June 30, 2018
Experience Study	June 30, 2014 through June 30, 2018	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	2.21%	3.50%
Medicare Part A Premium Cost Trend Rate	4.50%	3.70%
Medicare Part B Premium Cost Trend Rate	5.40%	4.10%

For the valuation as of June 30, 2019, CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among our members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

Assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 294 or an average of 0.18% of the potentially eligible population (159,339).

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, 2020, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

### Discount Rate

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

**Sensitivity of the District's 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 calculated using the current discount rate, as well as what the net OPEB 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 OPEB Liability
1% decrease (1.21%)	\$ 474,780
Current discount rate (2.21%)	429,363
1% increase (3.21%)	390,716

**Sensitivity of the District's 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 calculated using the Medicare costs trend rate, as well as what the net OPEB liability would be if it were calculated using Medicare costs trend rates that are one percent lower or higher than the current rates:

Medicare Costs Trend Rate	Net OPEB Liability
1% decrease (3.50% Part A and 4.40% Part B)	\$ 389,318
Current Medicare costs trend rate (4.50% Part A and 5.40% Part B)	429,363
1% increase (5.50% Part A and 6.40% Part B)	475,462

**Note 11 - Non-Obligatory Debt**

Non-obligatory debt relates to debt issuances by the Community Facilities Districts as authorized by the Mello-Roos Community Facilities Act of 1982 as amended, and the Mark-Roos Local Bond Pooling Act of 1985, and are payable from special taxes levied on property within the Community Facilities Districts according to a methodology approved by the voters within the District. Neither the faith and credit nor taxing power of the District is pledged to the payment of the bonds. Reserves have been established from the bond proceeds to meet delinquencies should they occur. If delinquencies occur beyond the amounts held in those reserves, the District has no duty to pay the delinquency out of any available funds of the District. The District acts solely as an agent for those paying taxes levied and the bondholders and may initiate foreclosure proceedings. Special assessment debt of \$1,190,000 as of June 30, 2021, does not represent debt of the District and, as such, does not appear in the accompanying basic financial statements.

**Note 12 - Fund Balances**

Fund balances are composed of the following elements:

	General Fund	Charter School Fund	Building Fund	County School Facilities Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total
<b>Nonspendable</b>							
Revolving cash	\$ 5,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,000
Stores inventories	-	-	-	-	-	39,663	39,663
<b>Total nonspendable</b>	<b>5,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>39,663</b>	<b>44,663</b>
<b>Restricted</b>							
Legally restricted programs	5,231,839	376,150	-	-	-	-	5,607,989
Special revenue programs	-	-	-	-	-	2,459,238	2,459,238
Capital projects	-	-	4,345,414	16,940,837	-	893,518	22,179,769
Debt service	-	-	-	-	9,140,762	11,399	9,152,161
<b>Total restricted</b>	<b>5,231,839</b>	<b>376,150</b>	<b>4,345,414</b>	<b>16,940,837</b>	<b>9,140,762</b>	<b>3,364,155</b>	<b>39,399,157</b>
<b>Committed</b>							
Deferred maintenance program	-	-	-	-	-	408,704	408,704
<b>Assigned</b>							
Charter school program	-	6,902,873	-	-	-	-	6,902,873
One-time mandate dollars	834,867	-	-	-	-	-	834,867
MAA	695,653	-	-	-	-	-	695,653
FMV adjustment	4,372	1,524	1,142	3,402	-	31,606	42,046
Site donations	178,701	-	-	-	-	-	178,701
Capital projects	-	-	-	-	-	1,714,966	1,714,966
<b>Total assigned</b>	<b>1,713,593</b>	<b>6,904,397</b>	<b>1,142</b>	<b>3,402</b>	<b>-</b>	<b>1,746,572</b>	<b>10,369,106</b>
<b>Unassigned</b>							
Reserve for economic uncertainties	3,386,580	-	-	-	-	-	3,386,580
Remaining unassigned	13,991,688	-	-	-	-	-	13,991,688
<b>Total unassigned</b>	<b>17,378,268</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17,378,268</b>
<b>Total</b>	<b>\$ 24,328,700</b>	<b>\$ 7,280,547</b>	<b>\$ 4,346,556</b>	<b>\$ 16,944,239</b>	<b>\$ 9,140,762</b>	<b>\$ 5,559,094</b>	<b>\$ 67,599,898</b>

**Note 13 - Risk Management****Property and Liability**

The District is exposed to various risks of loss related to torts; theft, damage, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During the fiscal year ending June 30, 2021, the District contracted with Riverside Schools Insurance Agency (RSIA) risk management pool for property and liability insurance coverage. The District's member retention limit was \$50,000 and \$5,000, respective for liability and property claims.

**Workers' Compensation**

For fiscal year 2019, the District participated in the Riverside Schools Risk Management Authority (the Agency), a joint powers authority. The intent of the Agency is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Agency. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in the Agency. Each participant pays its workers' compensation premium based on its individual rate. Participation in the Agency is limited to districts that can meet the Agency's selection criteria.

**Employee Medical Benefits**

The District has contracted with Riverside County Employer/Employee Partnership for Benefits (REEP) to provide employee health benefits. Medical benefits are provided by Anthem Blue Cross, and Kaiser. Dental benefits are provided by Delta Dental and MetLife Dental. Vision benefits are provided by Medical Eye Service and term life insurance is provided by Prudential Life and Mutual of Omaha Life.

**Note 14 - Employee Retirement Systems**

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic 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, 2021, the District reported its proportionate share of net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

<u>Pension Plan</u>	<u>Net Pension Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Pension Expense</u>
CalSTRS	\$ 56,348,323	\$ 15,009,106	\$ 2,603,948	\$ 8,154,554
CalPERS	22,252,497	3,756,760	679,829	4,545,173
Total	<u>\$ 78,600,820</u>	<u>\$ 18,765,866</u>	<u>\$ 3,283,777</u>	<u>\$ 12,699,727</u>

The details of each plan are as follows:

### **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, 2019, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

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

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

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

	STRP Defined Benefit Program	
	On or before December 31, 2012	On or after January 1, 2013
Hire date	2% at 60	2% at 62
Benefit formula	5 Years of Service	5 Years of Service
Benefit vesting schedule	Monthly for Life	Monthly for Life
Benefit payments	60	62
Retirement age	2.0% - 2.4%	2.0% - 2.4%
Monthly benefits as a percentage of eligible compensation	10.25%	10.205%
Required employee contribution rate	16.15%	16.15%
Required employer contribution rate	10.328%	10.328%
Required State contribution rate		

**Contributions**

Required member, District, and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2021, are presented above and the District's total contributions were \$5,230,622.

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

At June 30, 2021, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the District were as follows:

Total Net Pension Liability, Including State Share:

District's proportionate share of net pension liability	\$ 56,348,323
State's proportionate share of the net pension liability associated with the District	<u>29,047,567</u>
Total	<u><u>\$ 85,395,890</u></u>

The net pension liability was measured as of June 30, 2020. 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 proportionate share for the measurement period June 30, 2020 and June 30, 2019, respectively, was 0.0581% and 0.0589%, resulting in a net decrease in the proportionate share of 0.0008%.



Perris Elementary School District

Notes to Financial Statements

June 30, 2021

For the year ended June 30, 2021, the District recognized pension expense of \$8,154,554. In addition, the District recognized pension expense and revenue of \$4,069,279 for support provided by the State. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 5,230,622	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	2,845,784	1,014,828
Differences between projected and actual earnings on pension plan investments	1,338,512	-
Differences between expected and actual experience in the measurement of the total pension liability	99,429	1,589,120
Changes of assumptions	<u>5,494,759</u>	<u>-</u>
Total	<u>\$ 15,009,106</u>	<u>\$ 2,603,948</u>

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 and will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2022	\$ (816,752)
2023	456,056
2024	909,883
2025	<u>789,325</u>
	<u>\$ 1,338,512</u>

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and District’s proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions 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 seven years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	\$ 2,028,149
2023	1,769,838
2024	1,984,295
2025	275,402
2026	(96,191)
Thereafter	(125,469)
	<u>\$ 5,836,024</u>

**Actuarial Methods and Assumptions**

Total pension liability for STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2019 and rolling forward the total pension liability to June 30, 2020. The financial reporting actuarial valuation as of June 30, 2019, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2019
Measurement date	June 30, 2020
Experience study	July 1, 2015 through June 30, 2018
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

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

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

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Public equity	42%	4.8%
Real estate	15%	3.6%
Private equity	13%	6.3%
Fixed income	12%	1.3%
Risk mitigating strategies	10%	1.8%
Inflation sensitive	6%	3.3%
Cash/liquidity	2%	-0.4%

**Discount Rate**

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10%) and assuming that contributions, benefit payments and administrative expense occurred midyear. Based on these 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 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%)	\$ 85,134,468
Current discount rate (7.10%)	56,348,323
1% increase (8.10%)	32,581,308

## California Public Employees Retirement System (CalPERS)

### Plan Description

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

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

### Benefits Provided

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

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

	School Employer 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
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	20.700%	20.700%

## Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2021, are presented above and the total District contributions were \$2,029,442.

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

As of June 30, 2021, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$22,252,497. The net pension liability was measured as of June 30, 2020. 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 proportionate share for the measurement period June 30, 2020 and June 30, 2019, respectively, was 0.0725% and 0.0735%, resulting in a net decrease in the proportionate share of 0.0010%.

For the year ended June 30, 2021, the District recognized pension expense of \$4,545,173. At June 30, 2021, 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	\$ 2,029,442	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	78,835	679,829
Differences between projected and actual earnings on pension plan investments	463,226	-
Differences between expected and actual experience in the measurement of the total pension liability	1,103,656	-
Changes of assumptions	81,601	-
	<u>\$ 3,756,760</u>	<u>\$ 679,829</u>
Total	<u>\$ 3,756,760</u>	<u>\$ 679,829</u>

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 and will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2022	\$ (173,349)
2023	154,621
2024	268,756
2025	213,198
	<u>\$ 463,226</u>

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and District's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions 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 4.1 years and will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2022	\$ 573,185
2023	136,676
2024	(111,671)
2025	(13,927)
	<u>\$ 584,263</u>

**Actuarial Methods and Assumptions**

Total pension liability for the SEP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2019 and rolling forward the total pension liability to June 30, 2019. The financial reporting actuarial valuation as of June 30, 2020, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2019
Measurement date	June 30, 2020
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and service

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries 90% of scale MP-2016.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first ten years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global equity	50%	5.98%
Fixed income	28%	2.62%
Inflation assets	0%	1.81%
Private equity	8%	7.23%
Real assets	13%	4.93%
Liquidity	1%	-0.92%

### Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool 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 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:

<u>Discount rate</u>	<u>Net Pension Liability</u>
1% decrease (6.15%)	\$ 31,992,023
Current discount rate (7.15%)	22,252,497
1% increase (8.15%)	14,169,180

**Social Security**

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 the Social Security as its alternative plan.

**On Behalf Payments**

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of \$3,287,336 (10.328% of annual payroll). Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements. On behalf payments have been included in the calculation of available reserves but have not been included in the budgeted amounts reported in the *General Fund - Budgetary Comparison Schedule*.

**Note 15 - Commitments and Contingencies**

**Grants**

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2021.

**Litigation**

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

**Construction Commitments**

As of June 30, 2021, the District had the following commitments with respect to the unfinished capital projects:

Capital Project	Remaining Construction Commitment	Expected Date of Completion
IHCS Modernization/New Construction, Phase II	\$ 24,176,102	August 1, 2022



**Note 16 - Participation in Public Entity Risk Pools, Joint Powers Authorities and Other Related Party Transactions**

The District is a member of the Riverside Schools' Insurance Agency (RSIA), Riverside Schools Risk Management Authority (RSRMA), Riverside County Employer/Employee Partnership for Benefits (REEP) public entity risk pools. The District pays an annual premium to RSIA for property and liability coverage. Payments workers' compensation coverage are paid to RSRMA, and payments for health benefits are paid to REEP. The relationship between the District and the pools is such that it is not a component unit of the District for financial reporting purposes.

During the year ended June 30, 2021, the District made payments of \$534,535, \$1,375,698, and \$4,890,801 to RSIA, RSRMA, and REEP for the services and coverage noted.

**Note 17 - Restatement of Prior Year Net Position**

As of July 1, 2020, the Perris Elementary School District adopted GASB Statement No. 84, Fiduciary Activities (GASB 84). As a result of the implementation of GASB 84, the District has restated its custodial funds beginning net position that were previously reported as liabilities. The following table describes the effects of the implementation on beginning net position.

Custodial Funds	
Beginning Net Position previously reported at June 30, 2020	\$ -
Inclusion of beginning net position from the adoption of GASB Statement No. 84	213,163
	213,163
Net Position - Beginning as restated at July 1, 2020	\$ 213,163
	213,163



Required Supplementary Information  
June 30, 2021

# Perris Elementary School District

Perris Elementary School District  
 Budgetary Comparison Schedule – General Fund  
 Year Ended June 30, 2021

	Budgeted Amounts		Actual (GAAP Basis)	Variances - Positive (Negative)
	Original	Final		Final to Actual
<b>Revenues</b>				
Local Control Funding Formula	\$ 47,072,621	\$ 51,162,732	\$ 51,186,911	\$ 24,179
Federal sources	10,458,821	12,046,699	12,013,603	(33,096)
Other State sources	6,255,059	8,040,982	8,379,927	338,945
Other local sources	(170,675)	724,490	1,076,078	351,588
Total revenues <sup>1</sup>	<u>63,615,826</u>	<u>71,974,903</u>	<u>72,656,519</u>	<u>681,616</u>
<b>Expenditures</b>				
Current				
Certificated salaries	31,103,582	31,639,913	32,096,063	(456,150)
Classified salaries	7,481,206	7,589,414	7,271,331	318,083
Employee benefits	17,132,092	16,803,610	16,441,049	362,561
Books and supplies	4,282,301	5,422,451	5,539,284	(116,833)
Services and operating expenditures	6,087,170	5,480,090	5,203,624	276,466
Other outgo	462,502	455,407	78,185	377,222
Capital outlay	109,000	73,662	87,701	(14,039)
Total expenditures <sup>1</sup>	<u>66,657,853</u>	<u>67,464,547</u>	<u>66,717,237</u>	<u>747,310</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(3,042,027)</u>	<u>4,510,356</u>	<u>5,939,282</u>	<u>1,428,926</u>
Other Financing Uses				
Transfers out	<u>(407,284)</u>	<u>(174,310)</u>	<u>(645,246)</u>	<u>(470,936)</u>
Net Change in Fund Balances	(3,449,311)	4,336,046	5,294,036	957,990
Fund Balance - Beginning	<u>19,034,664</u>	<u>19,034,664</u>	<u>19,034,664</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 15,585,353</u>	<u>\$ 23,370,710</u>	<u>\$ 24,328,700</u>	<u>\$ 957,990</u>

<sup>1</sup> On behalf payments of \$3,287,336, relating to Senate Bill 90, are included in the actual revenues and expenditures, but have not been included in the budgeted amounts.

Perris Elementary School District  
 Budgetary Comparison Schedule – Charter School Fund  
 Year Ended June 30, 2021

	Budgeted Amounts		Actual (GAAP Basis)	Variances - Positive (Negative)
	Original	Final		Final to Actual
<b>Revenues</b>				
Local Control Funding Formula	\$ 8,862,812	\$ 9,650,895	\$ 9,591,132	\$ (59,763)
Federal sources	-	857,779	857,779	-
Other State sources	303,817	708,894	798,808	89,914
Other local sources	50,000	37,502	32,652	(4,850)
Total revenues	<u>9,216,629</u>	<u>11,255,070</u>	<u>11,280,371</u>	<u>25,301</u>
<b>Expenditures</b>				
<b>Current</b>				
Certificated salaries	860,216	934,881	993,971	(59,090)
Classified salaries	707,717	676,714	557,222	119,492
Employee benefits	656,509	650,389	614,384	36,005
Books and supplies	619,559	905,182	776,346	128,836
Services and operating expenditures	4,802,792	4,432,128	4,498,557	(66,429)
Other outgo	602,925	585,975	579,390	6,585
Capital outlay	3,304,504	1,147,868	1,059,521	88,347
Total expenditures	<u>11,554,222</u>	<u>9,333,137</u>	<u>9,079,391</u>	<u>253,746</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(2,337,593)</u>	<u>1,921,933</u>	<u>2,200,980</u>	<u>279,047</u>
<b>Other Financing Sources</b>				
Transfers in	<u>15,000</u>	<u>14,174</u>	<u>14,175</u>	<u>1</u>
Net Change in Fund Balances	(2,322,593)	1,936,107	2,215,155	279,048
Fund Balance - Beginning	<u>5,065,392</u>	<u>5,065,392</u>	<u>5,065,392</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 2,742,799</u>	<u>\$ 7,001,499</u>	<u>\$ 7,280,547</u>	<u>\$ 279,048</u>

Perris Elementary School District  
Schedule of Changes in the District's Total OPEB Liability and Related Ratios  
Year Ended June 30, 2021

	2021	2020	2019	2018
Total OPEB Liability				
Service cost	\$ 852,209	\$ 746,066	\$ 726,098	\$ 706,665
Interest	454,598	398,299	379,460	324,405
Difference between expected and actual experience	-	(167,318)	-	-
Changes of assumptions	1,418,225	1,934,356	(254,576)	-
Benefit payments	(524,574)	(390,422)	(339,982)	(326,906)
Net change in total OPEB liability	2,200,458	2,520,981	511,000	704,164
Total OPEB liability - beginning	12,824,708	10,303,727	9,792,727	9,088,563
Total OPEB liability - ending	<u>\$ 15,025,166</u>	<u>\$ 12,824,708</u>	<u>\$ 10,303,727</u>	<u>\$ 9,792,727</u>
Covered payroll	<u>N/A<sup>1</sup></u>	<u>N/A<sup>1</sup></u>	<u>N/A<sup>1</sup></u>	<u>N/A<sup>1</sup></u>
Total OPEB liability as a percentage of covered payroll	<u>N/A<sup>1</sup></u>	<u>N/A<sup>1</sup></u>	<u>N/A<sup>1</sup></u>	<u>N/A<sup>1</sup></u>
Measurement Date	June 30, 2020	June 30, 2020	June 30, 2019	June 30, 2018

<sup>1</sup> The District's OPEB plan is not administered through a trust and contributions are not made based on a measure of pay. Therefore, no measure of payroll is presented.

Note: In the future, as data becomes available, ten years of information will be presented.

Perris Elementary School District  
Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program  
Year Ended June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Year ended June 30,				
Proportion of the net OPEB liability	0.1013%	0.1041%	0.1029%	0.0977%
Proportionate share of the net OPEB liability	\$ 429,363	\$ 387,769	\$ 393,849	\$ 361,356
Covered payroll	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>
Plan fiduciary net position as a percentage of the total OPEB liability	-0.71%	-0.81%	-0.40%	0.01%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

<sup>1</sup>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.

Note: In the future, as data becomes available, ten years of information will be presented.

Perris Elementary School District  
Schedule of the District's Proportionate Share of the Net Pension Liability  
Year Ended June 30, 2021

	<u>2020</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>CalSTRS</b>				
Proportion of the net pension liability	0.0581%	0.0589%	0.0573%	0.0540%
Proportionate share of the net pension liability	\$ 56,348,323	\$ 53,161,982	\$ 52,686,896	\$ 49,908,033
State's proportionate share of the net pension liability (asset)	29,047,567	29,003,410	30,165,712	29,525,171
Total	<u>\$ 85,395,890</u>	<u>\$ 82,165,392</u>	<u>\$ 82,852,608</u>	<u>\$ 79,433,204</u>
Covered payroll	<u>\$ 31,473,532</u>	<u>\$ 31,736,229</u>	<u>\$ 30,749,404</u>	<u>\$ 29,036,041</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>179.03%</u>	<u>167.51%</u>	<u>171.34%</u>	<u>171.88%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>72%</u>	<u>73%</u>	<u>71%</u>	<u>69%</u>
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
<b>CalPERS</b>				
Proportion of the net pension liability	0.0725%	0.0735%	0.0730%	0.0726%
Proportionate share of the net pension liability	<u>\$ 22,252,497</u>	<u>\$ 21,407,790</u>	<u>\$ 19,456,525</u>	<u>\$ 17,324,883</u>
Covered payroll	<u>\$ 10,434,983</u>	<u>\$ 10,232,195</u>	<u>\$ 9,644,273</u>	<u>\$ 9,226,685</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>213.25%</u>	<u>209.22%</u>	<u>201.74%</u>	<u>187.77%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>70%</u>	<u>70%</u>	<u>71%</u>	<u>72%</u>
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

Note: In the future, as data become available, ten years of information will be presented.

Perris Elementary School District  
Schedule of the District's Proportionate Share of the Net Pension Liability  
Year Ended June 30, 2021

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>CalSTRS</b>			
Proportion of the net pension liability	<u>0.0540%</u>	<u>0.0550%</u>	<u>0.0510%</u>
Proportionate share of the net pension liability	<u>\$ 43,536,608</u>	<u>\$ 36,968,613</u>	<u>\$ 30,017,193</u>
State's proportionate share of the net pension liability (asset)	<u>24,784,614</u>	<u>19,552,321</u>	<u>18,125,677</u>
Total	<u><u>\$ 68,321,222</u></u>	<u><u>\$ 56,520,934</u></u>	<u><u>\$ 48,142,870</u></u>
Covered payroll	<u>\$ 25,985,294</u>	<u>\$ 25,658,131</u>	<u>\$ 24,325,503</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>167.54%</u>	<u>144.08%</u>	<u>123.40%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>70%</u>	<u>74%</u>	<u>77%</u>
Measurement Date	June 30, 2016	June 30, 2015	June 30, 2014
<b>CalPERS</b>			
Proportion of the net pension liability	<u>0.0680%</u>	<u>0.0672%</u>	<u>0.0664%</u>
Proportionate share of the net pension liability	<u>\$ 13,420,367</u>	<u>\$ 9,912,091</u>	<u>\$ 7,534,087</u>
Covered payroll	<u>\$ 8,495,037</u>	<u>\$ 10,906,575</u>	<u>\$ 10,756,109</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>157.98%</u>	<u>90.88%</u>	<u>70.04%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>74%</u>	<u>79%</u>	<u>83%</u>
Measurement Date	June 30, 2016	June 30, 2015	June 30, 2014

Note: In the future, as data become available, ten years of information will be presented.



Perris Elementary School District  
Schedule of the District Contributions  
Year Ended June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>CalSTRS</b>				
Contractually required contribution	\$ 5,230,622	\$ 5,381,974	\$ 5,166,658	\$ 4,437,139
Less contributions in relation to the contractually required contribution	<u>(5,230,622)</u>	<u>(5,381,974)</u>	<u>(5,166,658)</u>	<u>(4,437,139)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 32,387,752</u>	<u>\$ 31,473,532</u>	<u>\$ 31,736,229</u>	<u>\$ 30,749,404</u>
Contributions as a percentage of covered payroll	<u>16.15%</u>	<u>17.10%</u>	<u>16.28%</u>	<u>14.43%</u>
<b>CalPERS</b>				
Contractually required contribution	\$ 2,029,442	\$ 2,057,883	\$ 1,848,139	\$ 1,497,852
Less contributions in relation to the contractually required contribution	<u>(2,029,442)</u>	<u>(2,057,883)</u>	<u>(1,848,139)</u>	<u>(1,497,852)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 9,804,068</u>	<u>\$ 10,434,983</u>	<u>\$ 10,232,195</u>	<u>\$ 9,644,273</u>
Contributions as a percentage of covered payroll	<u>20.700%</u>	<u>19.721%</u>	<u>18.062%</u>	<u>15.531%</u>

Note: In the future, as data become available, ten years of information will be presented.

Perris Elementary School District  
Schedule of the District Contributions  
Year Ended June 30, 2021

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>CaISTRS</b>			
Contractually required contribution	\$ 3,652,734	\$ 2,788,222	\$ 2,278,442
Less contributions in relation to the contractually required contribution	<u>(3,652,734)</u>	<u>(2,788,222)</u>	<u>(2,278,442)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 29,036,041</u>	<u>\$ 25,985,294</u>	<u>\$ 25,658,131</u>
Contributions as a percentage of covered payroll	<u>12.58%</u>	<u>10.73%</u>	<u>8.88%</u>
<b>CaIPERS</b>			
Contractually required contribution	\$ 1,281,402	\$ 1,006,407	\$ 1,283,813
Less contributions in relation to the contractually required contribution	<u>(1,281,402)</u>	<u>(1,006,407)</u>	<u>(1,283,813)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 9,226,685</u>	<u>\$ 8,495,037</u>	<u>\$ 10,906,575</u>
Contributions as a percentage of covered payroll	<u>13.888%</u>	<u>11.847%</u>	<u>11.771%</u>

Note: In the future, as data become available, ten years of information will be presented.

## **Note 1 - Purpose of Schedules**

### **Budgetary Comparison Schedules**

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 adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for.

These schedules present 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 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. In the future, as data becomes available, ten years of information will be presented.

- *Changes in Benefit Terms* – There were no changes in benefit terms.
- *Changes of Assumptions* – The discount rate changed from 3.50% to 2.20% since the previous measurement.

### **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.

- *Changes in Benefit Terms* – There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* – The plan rate of investment return assumption was changed from 3.50% to 2.21% since the previous valuation.

### **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. In the future, as data becomes available, ten years of information will be presented.

- *Changes in Benefit Terms* – There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.
- *Changes of Assumptions* – There were no changes in economic assumptions for either the CalSTRS or CalPERS plans from the previous valuations.

### **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. In the future, as data becomes available, ten years of information will be presented.



Supplementary Information  
June 30, 2021

# Perris Elementary School District

Perris Elementary School District  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Treasury			
Passed through California Department of Education (CDE)			
COVID-19 Coronavirus Relief Fund (CRF):			
Learning Loss Mitigation	21.019	25516	\$ 6,095,307
Passed through Riverside County Office of Education Foundation			
COVID-19 Coronavirus Relief Fund (CRF):			
Learning Loss Mitigation	21.019	[1]	<u>280,000</u>
Subtotal			<u>6,375,307</u>
Total U.S. Department of Treasury			<u>6,375,307</u>
U.S. Department of Education			
Passed through CDE			
COVID-19 Elementary and Secondary School Emergency Relief (ESSER) Fund			
	84.425D	15536	558,769
COVID-19 Child Nutrition: CARES Act Supplemental Meal Reimbursement			
	84.425D	15535	141,766
COVID-19 Governor's Emergency Education Relief Fund: Learning Loss Mitigation			
	84.425C	15517	<u>248,867</u>
Subtotal			<u>949,402</u>
Title I Grants to Local Educational Agencies - Low Income and Neglected			
	84.010	14329	3,908,275
Title I Grants to Local Educational Agencies - School Improvement Funding to LEAs			
	84.010	15438	<u>19,453</u>
Subtotal			<u>3,927,728</u>
	84.367	14341	304,756
	84.424	15396	281,557
	84.365	14346	370,316
Passed through Riverside County SELPA			
Special Education (IDEA) Cluster			
Special Education Grants to States - Basic Local Assistance	84.027	13379	776,448
Special Education Preschool Grants	84.173	13430	<u>27,634</u>
Subtotal Special Education (IDEA) Cluster			<u>804,082</u>
Total U.S. Department of Education			<u>6,637,841</u>

[1] Pass-Through Entity Number not available.

Perris Elementary School District  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture			
Passed through CDE:			
Child Nutrition Cluster			
National School Lunch Program	10.555	13524	\$ 2,367,835
School Breakfast Program - Especialy Needy	10.553	13526	1,504,493
National School Lunch Program - Commodities	10.555	13524	<u>380,839</u>
Subtotal Child Nutrition Cluster			<u>4,253,167</u>
Total U.S. Department of Agriculture			<u>4,253,167</u>
Total Federal Financial Assistance			<u>\$ 17,266,315</u>

[1] Pass-Through Entity Number not available.

## Organization

The Perris Elementary School District was established in 1893 under the laws of the State of California. The District operates under a locally elected five-member Board form of government and provides educational services to grades K-6 as mandated by the State and/or Federal agencies. The District operates seven elementary schools and a charter school. There were no boundary changes during the year.

## Governing Board

<u>Member</u>	<u>Office</u>	<u>Term Expires</u>
Jose "Pepe" Garcia	President	2022
Michelle Maisel	Clerk	2022
Erika Guzman Medina	Member	2024
Maribel Nava	Member	2022
Douglas Corona	Member	2024

## Administration

<u>Name</u>	<u>Title</u>
Jean Marie Fréy	Superintendent
Dr. Jason Angle	Assistant Superintendent, Educational Services
Dr. Josie Jackson	Assistant Superintendent, Human Resources
Francine M. Story	Chief Business Official



Perris Elementary School District

Schedule of Instructional Time

Year Ended June 30, 2021

Grade Level	Number of Actual Days		Number of Days Credited Form J-13A	Total Days Offered	Status
	Traditional Calendar	Multitrack Calendar			
Kindergarten	180	-	-	180	Complied
Grades 1 - 3					
Grade 1	180	-	-	180	Complied
Grade 2	180	-	-	180	Complied
Grade 3	180	-	-	180	Complied
Grades 4 - 6					
Grade 4	180	-	-	180	Complied
Grade 5	180	-	-	180	Complied
Grade 6	180	-	-	180	Complied

**Innovative Horizons Charter School**

Grade Level	Number of Actual Days		Number of Days Credited Form J-13A	Total Days Offered	Status
	Traditional Calendar	Multitrack Calendar			
Kindergarten	180	-	-	176	Complied
Grades 1 - 3					
Grade 1	180	-	-	176	Complied
Grade 2	180	-	-	176	Complied
Grade 3	180	-	-	176	Complied
Grades 4 - 6					
Grade 4	180	-	-	176	Complied
Grade 5	180	-	-	176	Complied
Grade 6	180	-	-	176	Complied
Grades 7 - 8					
Grade 7	180	-	-	176	Complied
Grade 8	180	-	-	176	Complied

Perris Elementary School District  
 Reconciliation of Annual Financial and Budget Report with Audited Financial Statements  
 Year Ended June 30, 2021

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Summarized below are the fund balance reconciliations between the Unaudited Actual Financial Report and the audited financial statements.

	General Fund	Charter School Fund
Net Position		
Balance, June 30, 2021, Unaudited Actuals	\$ 23,595,726	\$ 7,182,118
Decrease in Accounts payable	732,974	98,429
Balance, June 30, 2021, Audited Financial Statements	\$ 24,328,700	\$ 7,280,547

Perris Elementary School District  
Schedule of Financial Trends and Analysis  
Year Ended June 30, 2021

	(Budget) 2022 <sup>1</sup>	2021	2020	2019
General Fund Revenues	\$ 105,039,398	\$ 72,656,519	\$ 65,484,710	\$ 69,270,102
Expenditures	87,311,087	66,717,237	61,738,359	67,113,130
Other uses	394,865	645,246	889,220	520,294
Total expenditures and other uses	87,705,952	67,362,483	62,627,579	67,633,424
Increase in Fund Balance	\$ 17,333,446	\$ 5,294,036	\$ 2,857,131	\$ 1,636,678
Ending Fund Balance	\$ 41,662,146	\$ 24,328,700	\$ 19,034,664	\$ 16,177,533
Available Reserves	\$ 12,642,611	\$ 17,378,268	\$ 13,776,016	\$ 13,151,167
Available Reserves as a Percentage of Total Outgo	14.41%	25.80%	22.00%	20.17%
Long-Term Liabilities including then OPEB and Pensions	N/A	\$ 146,376,791	\$ 134,606,769	\$ 120,162,417
K-12 Average Daily Attendance at P-2 <sup>2</sup>	4,305	4,460	4,460	4,633

The General Fund balance has increased by \$8,151,167 over the past two years. The fiscal year 2021-2022 budget projects an increase of \$17,333,446 (71.3%). For a district this size, the State recommends available reserves of at least three percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in all of the past three years, and anticipate incurring an operating surplus during the 2021-2022 fiscal year. Total long-term liabilities have increased by \$26,214,374 over the past two years.

Average daily attendance has decreased by 173 over the past two years. An additional decline of 155 ADA is anticipated during fiscal year 2021-2022.

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

<sup>2</sup> Average daily attendance (ADA) totals do not include ADA for the charter school.

Perris Elementary School District  
Schedule of Charter Schools  
Year Ended June 30, 2021

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<u>Name of Charter School</u>	<u>Charter Number</u>	<u>Included in Audit report</u>
Innovative Horizons Charter	1294	Yes

Perris Elementary School District  
Combining Balance Sheet – Non-Major Governmental Funds  
June 30, 2021

	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund
<b>Assets</b>				
Deposits and investments	\$ 469,487	\$ 1,230,961	\$ 408,703	\$ 896,846
Receivables	376	1,321,906	83	19,504
Due from other funds	275,179	12,977	-	-
Stores inventories	-	39,663	-	-
	<u>745,042</u>	<u>2,605,507</u>	<u>408,786</u>	<u>916,350</u>
<b>Total assets</b>	<b>\$ 745,042</b>	<b>\$ 2,605,507</b>	<b>\$ 408,786</b>	<b>\$ 916,350</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 29,004	\$ 55,523	\$ -	\$ 18,446
Due to other funds	561,086	158,882	-	4,215
Unearned revenue	15,629	-	-	-
	<u>605,719</u>	<u>214,405</u>	<u>-</u>	<u>22,661</u>
<b>Total liabilities</b>	<b>605,719</b>	<b>214,405</b>	<b>-</b>	<b>22,661</b>
<b>Fund Balances</b>				
Nonspendable	-	39,663	-	-
Restricted	108,045	2,351,193	-	893,518
Committed	-	-	408,704	-
Assigned	31,278	246	82	171
	<u>139,323</u>	<u>2,391,102</u>	<u>408,786</u>	<u>893,689</u>
<b>Total fund balances</b>	<b>139,323</b>	<b>2,391,102</b>	<b>408,786</b>	<b>893,689</b>
<b>Total liabilities and fund balances</b>	<b>\$ 745,042</b>	<b>\$ 2,605,507</b>	<b>\$ 408,786</b>	<b>\$ 916,350</b>

Perris Elementary School District  
Combining Balance Sheet – Non-Major Governmental Funds  
June 30, 2021

	Special Reserve Fund for Capital Outlay Projects	Debt Service Fund for Blended Component Units	Total Non-Major Governmental Funds
<b>Assets</b>			
Deposits and investments	\$ 1,682,641	\$ 11,399	\$ 4,700,037
Receivables	657	-	1,342,526
Due from other funds	31,497	-	319,653
Stores inventories	-	-	39,663
	<u>\$ 1,714,795</u>	<u>\$ 11,399</u>	<u>\$ 6,401,879</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ -	\$ -	\$ 102,973
Due to other funds	-	-	724,183
Unearned revenue	-	-	15,629
	<u>-</u>	<u>-</u>	<u>842,785</u>
<b>Fund Balances</b>			
Nonspendable	-	-	39,663
Restricted	-	11,399	3,364,155
Committed	-	-	408,704
Assigned	1,714,795	-	1,746,572
	<u>1,714,795</u>	<u>11,399</u>	<u>5,559,094</u>
<b>Total fund balances</b>	<u>1,714,795</u>	<u>11,399</u>	<u>5,559,094</u>
<b>Total liabilities and fund balances</b>	<u>\$ 1,714,795</u>	<u>\$ 11,399</u>	<u>\$ 6,401,879</u>

Perris Elementary School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds  
Year Ended June 30, 2021

	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund
<b>Revenues</b>				
Local Control Funding Formula	\$ -	\$ -	\$ 300,000	\$ -
Federal sources	108,045	4,394,933	-	-
Other State sources	1,776,290	337,756	-	-
Other local sources	35,179	5,228	3,458	655,029
Total revenues	<u>1,919,514</u>	<u>4,737,917</u>	<u>303,458</u>	<u>655,029</u>
<b>Expenditures</b>				
<b>Current</b>				
Instruction	1,243,671	-	-	-
Instruction-related activities				
Supervision of instruction	170,204	-	-	-
School site administration	146,622	-	-	-
Pupil services				
Food services	-	3,559,692	-	-
All other pupil services	51,103	-	-	-
Administration				
All other administration	165,448	158,712	-	53,555
Plant services	214,481	93,330	-	17,405
Facility acquisition and construction	-	-	1,290,045	1,799,858
Debt service				
Principal	-	-	-	-
Interest and other	-	-	-	-
Total expenditures	<u>1,991,529</u>	<u>3,811,734</u>	<u>1,290,045</u>	<u>1,870,818</u>
Excess (Deficiency) of				
Revenues Over Expenditures	<u>(72,015)</u>	<u>926,183</u>	<u>(986,587)</u>	<u>(1,215,789)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	179,555	-	-	-
Transfers out	-	-	-	-
Net Financing Sources (Uses)	<u>179,555</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	107,540	926,183	(986,587)	(1,215,789)
Fund Balance - Beginning	<u>31,783</u>	<u>1,464,919</u>	<u>1,395,373</u>	<u>2,109,478</u>
Fund Balance - Ending	<u>\$ 139,323</u>	<u>\$ 2,391,102</u>	<u>\$ 408,786</u>	<u>\$ 893,689</u>

Perris Elementary School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds  
Year Ended June 30, 2021

	Special Reserve Fund for Capital Outlay Projects	Debt Service Fund for Blended Component Units	Total Non-Major Governmental Funds
<b>Revenues</b>			
Local Control Funding Formula	\$ -	\$ -	\$ 300,000
Federal sources	-	-	4,502,978
Other State sources	-	-	2,114,046
Other local sources	946,337	12	1,645,243
	<u>946,337</u>	<u>12</u>	<u>1,645,243</u>
Total revenues	<u>946,337</u>	<u>12</u>	<u>8,562,267</u>
<b>Expenditures</b>			
<b>Current</b>			
Instruction	-	-	1,243,671
Instruction-related activities			
Supervision of instruction	-	-	170,204
School site administration	-	-	146,622
Pupil services			
Food services	-	-	3,559,692
All other pupil services	-	-	51,103
Administration			
All other administration	-	-	377,715
Plant services	4,625	-	329,841
Facility acquisition and construction	2,219,447	-	5,309,350
Debt service			
Principal	-	255,000	255,000
Interest and other	5,698	225,200	230,898
	<u>2,229,770</u>	<u>480,200</u>	<u>11,674,096</u>
Total expenditures	<u>2,229,770</u>	<u>480,200</u>	<u>11,674,096</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,283,433)</u>	<u>(480,188)</u>	<u>(3,111,829)</u>
<b>Other Financing Sources</b>			
Transfers in	-	480,200	659,755
Transfers out	(28,684)	-	(28,684)
	<u>(28,684)</u>	<u>480,200</u>	<u>631,071</u>
Net Financing Sources	<u>(28,684)</u>	<u>480,200</u>	<u>631,071</u>
Net Change in Fund Balances	(1,312,117)	12	(2,480,758)
Fund Balance - Beginning, as restated	3,026,912	11,387	8,039,852
Fund Balance - Ending	<u>\$ 1,714,795</u>	<u>\$ 11,399</u>	<u>\$ 5,559,094</u>



**Note 1 - Purpose of Schedules**

**Schedule of Expenditures of Federal Awards (SEFA)**

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the Perris Elementary School District (the District) under programs of the federal government for the year ended June 30, 2021. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Perris Elementary School District, it is not intended to and does not present the financial position of Perris Elementary School District.

Summary of Significant Accounting Policies

Expenditures reported in the schedule are reported on the *modified accrual* basis of accounting. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

Indirect Cost Rate

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

Food Donation

Nonmonetary assistance is reported in this schedule at the fair market value of the commodities received and disbursed. At June 30, 2021, the District reported no food commodities within ending inventory.

SEFA Reconciliation

The following schedule provides 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. The reconciling amounts consist primarily of Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act funds that have been recorded in the current period as revenues that have not been expended as of June 30, 2021. These unspent balances are reported as legally restricted ending balances within the Child Development Fund.

	Federal Financial Assistance Listing/Federal CFDA Number	Amount
Total Federal Revenues From the Statement of Revenues, Expenditures and Changes in Fund Balances		\$ 17,374,360
COVID-19: Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act - One-time Stipend	93.575	(108,045)
Total Federal Financial Assistance		\$ 17,266,315

### **Local Education Agency Organization Structure**

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

### **Schedule of Instructional Time**

This schedule presents information on the number of instructional days offered by the District and whether the District complied with the provisions of *Education Code* Section 43504.

### **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 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.

### **Schedule of Charter Schools**

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

### **Non-Major Governmental Funds - Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances**

The Non-Major Governmental Funds Combining Balance Sheet and Combining Statement of Revenues, Expenditures and Changes in Fund Balances is included to provide information regarding the individual funds that have been included in the Non-Major Governmental Funds column on the Governmental Funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances.



Independent Auditor's Reports  
June 30, 2021

# Perris Elementary School District



**Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

To the Governing Board  
Perris Elementary School District  
Perris, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Perris Elementary School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Perris Elementary School District’s basic financial statements and have issued our report thereon dated January 14, 2022.

**Emphasis of Matter – Change in Accounting Principle**

As discussed in Notes 1 and 17 to the financial statements, Perris Elementary School District has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, which has resulted in a restatement of the net position and fund balance as of July 1, 2020. Our opinions are not modified with respect to this matter.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Perris Elementary School District’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Perris Elementary School District’s internal control. Accordingly, we do not express an opinion on the effectiveness of Perris Elementary School District’s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying *schedule of findings and questioned costs* as item 2021-001 that we consider to be a material weakness.

### **Compliance and Other Matters**

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

We noted certain matters that we reported to management of Perris Elementary School District in a separate letter dated January 14, 2022.

### **Perris Elementary School Districts Response to Findings**

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

### **Purpose of this Report**

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



Rancho Cucamonga, California  
January 14, 2022



## **Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance**

To the Governing Board  
Perris Elementary School District  
Perris, California

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

We have audited Perris Elementary School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Perris Elementary School District's major federal programs for the year ended June 30, 2021. Perris Elementary 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.

### **Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Perris Elementary School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Perris Elementary School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Perris Elementary School District's compliance.

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

In our opinion, Perris Elementary School District's 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, 2021.

### **Report on Internal Control over Compliance**

Management of Perris Elementary School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Perris Elementary School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Perris Elementary School District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



Rancho Cucamonga, California  
January 14, 2022



## Independent Auditor's Report on State Compliance

To the Governing Board  
Perris Elementary School District  
Perris, California

### Report on State Compliance

We have audited Perris Elementary School District's (the District) compliance with the types of compliance requirements described in the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, applicable to the state laws and regulations listed in the table below for the year ended June 30, 2021.

### Management's Responsibility

Management is responsible for compliance with the state laws and regulations as identified in the table below.

### Auditor's Responsibility

Our responsibility is to express an opinion on the District's compliance with state laws and regulations based on our audit of the types of compliance requirements referred to below. We conducted our audit 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 the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements listed below has occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on state compliance. However, our audit does not provide a legal determination of the District's compliance.



**Compliance Requirements Tested**

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

	Procedures Performed
<b>LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS</b>	
Attendance and Distance Learning	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No, see below
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
K-3 Grade Span Adjustment	Yes
Apprenticeship: Related and Supplemental Instruction	No, see below
Comprehensive School Safety Plan	Yes
District of Choice	No, see below
<b>SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS</b>	
California Clean Energy Jobs Act	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Independent Study - Course Based	No, see below
<b>CHARTER SCHOOLS</b>	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study	No, see below
Determination of Funding for Nonclassroom-Based Instruction	No, see below
Charter School Facility Grant Program	No, see below

The District did not offer an Early Retirement Incentive Program during the current year; therefore, we did not perform procedures related to the Early Retirement Incentive Program.

We did not perform Apprenticeship: Related and Supplemental Instruction procedures because the program is not offered by the District.

We did not perform District of Choice procedures because the program is not offered by the District.

We did not perform California Clean Energy Jobs Act procedures because the related procedures were performed in a previous year.

The District does not offer an Independent Study - Course Based program; therefore, we did not perform any procedures related to the Independent Study - Course Based Program.

We did not perform procedures for the Nonclassroom-Based Instruction/Independent Study because the District's charter school is entirely classroom-based.

We did not perform procedures for the Nonclassroom-Based Instruction/Independent Study nor for Determination of Funding for Nonclassroom-Based Instruction because the Charter School is classroom-based.

Additionally, we did not perform procedures for the Charter School Facility Grant Program because the District did not receive funding for this program.

***Unmodified Opinion***

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

The purpose of this report on state compliance is solely to describe the results of our testing based on the requirements of the *2020-2021 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 cursive script that reads "Eide Sully LLP".

Rancho Cucamonga, California  
January 14, 2022



Schedule of Findings and Questioned Costs  
June 30, 2021

# Perris Elementary School District

**Financial Statements**

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weakness identified	Yes
Significant deficiencies identified not considered to be material weaknesses	None reported
Noncompliance material to financial statements noted?	No

**Federal Awards**

Internal control over major programs	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)	No

**Identification of major programs**

Name of Federal Program or Cluster	Federal Financial Assistance Listing/ Federal CFDA Number
Title I Grants to Local Educational Agencies - Low Income and Neglected	84.010
Title I Grants to Local Educational Agencies - School Improvement Funding to LEAs	84.010
COVID-19 Coronavirus Relief Fund: Learning Loss Mitigation COVID-19 Elementary and Secondary School Emergency Relief (ESSER) Fund	21.019
COVID CARES Act Supplemental Meal Reimbursement	84.425D
COVID-19 Governor's Emergency Education Relief Fund: Learning Loss Mitigation	84.425D
COVID-19 Governor's Emergency Education Relief Fund: Learning Loss Mitigation	84.425C
Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee?	No

**State Compliance**

Type of auditor's report issued on compliance for programs	Unmodified
------------------------------------------------------------	------------

The following findings represents a material weakness related to the financial statements that is required to be reported in accordance with Government Auditing Standards. The finding has been coded as follows:

Five Digit Code	AB 3627 Finding Type
30000	Internal Control

2021-001      Code

Criteria or Specific Requirements

Management is responsible for the design, implementation, and maintenance of internal controls to ensure that the financial statements are free from material misstatement, whether due to error or fraud. Such internal controls should include a review of all adjusting journal entries reclassifying journal entries, and conversion entries used in the preparation of the District’s financial statements. Additionally, the District should ensure that all applicable accounting principles are adhered to when preparing the financial statements.

Condition

During the course of our engagement, we identified a material misstatement of balances presented within the District’s General Fund and Charter School Fund, as reported on the 2020-2021 unaudited financial statements. The description of the misstatements is as follows:

The District over-reported a payable of \$732,974 related to the local control funding formula. This resulted in an understatement of revenue in the General Fund by \$732,974.

The District over-reported a payable of \$98,429 related to the local control funding formula . This resulted in an understatement of revenue in the Charter School Fund by \$98,429.

Questioned costs

There were no questioned costs associated with the condition identified.

Context

The condition was identified through inquiry with District personnel and through review of available District records related to balances reported in the District’s 2020-2021 unaudited financial statements.

Effect

The effect of this error resulted in a misstatement that was not detected or prevented by the District’s internal control. As reported on the 2020-2021 unaudited financial statements, the District’s General fund and Charter School Fund ending fund balances were understated by \$732,974 and \$98,429, respectively as of June 30, 2021.

Cause

The cause of the condition identified appears to be attributed to the change in personnel that are responsible for closing the District's fiscal year-end. In conjunction, the condition identified appears to be due to the inadequate review process related to the preparation of the District's year-end financial statements, which includes the review of expenditures and accounts payables to determine their proper reporting period.

Repeat Finding

Yes – see prior year finding 2020-001.

Recommendation

In light of condition identified, the District should exercise care during its annual year-end closing process. The District should implement a process to review all balances during its year-end closing process to determine the proper cut-off period for revenues.

Corrective Action Plan and Views of Responsible Officials

Internal controls will be updated to improve the accuracy of accruals, including added training and monitoring of accruals during the year-end closing period.

None reported.

None reported.



Except as specified in previous sections of this report, summarized below is the current status of all audit findings reported in the prior year's Schedule of Findings and Questioned Costs.

### Financial Statement Findings

2020-001      30000

#### Criteria or Specific Requirements

Under the modified basis of accounting used for governmental funds, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures if the fiscal period. In addition, the application of completeness assertion in financial statements generally requires management to record all assets and liabilities that should have been included as ending balances on the financial statements.

#### Condition

The District under-reported year-end accounts receivable in the amount of \$100,256. Specifically, the amount in question was associated with the State's Local Control Funding Formula (LCFF) revenue recorded in the District's Charter Schools Special Revenue Fund.

#### Questioned costs

There were no questioned costs associated with the condition identified.

#### Context

The condition was identified during the course of performing our audit procedures designed to identify Local Control Funding Formula Revenues for the District.

#### Effect

The effect of the item identified above on the ending fund balance of the District's Charter School Special Revenue Fund resulted in increase to the ending fund balance of \$100,256 in comparison to the reported balances on the District's Unaudited Actuals as of June 30, 2020

#### Cause

The cause appears to be the deficiency in the District's internal control and review system as it was not able to prevent the misstatement to the financial statement.

Repeat Finding

No

Recommendation

In light of condition identified, the District should exercise care during its annual year-end closing process. The District should implement a process to review all balances during its year-end closing process to determine the proper cut-off period.

Current Status

Not implemented. See current year finding 2021-001



Management  
Perris Elementary School District  
Perris, California

In planning and performing our audit of the financial statements of Perris Elementary School District (the District), for the year ended June 30, 2021, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we noted matters that are opportunities 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 14, 2022, on the government-wide financial statements of the District.

### **Capital Assets**

#### *Observation*

- The District does not have an adequate method of tracking and monitoring its capital asset activities.

#### *Recommendation*

- The District should utilize the capital assets listing provided by the third-party vendor and have the District personnel ensure the completeness and accuracy of the capital assets before input in the county's capital assets module. The District should review the historical records related to the District's building and site improvements projects as well as equipment purchases to ensure the accuracy of reported information on the capital asset listing. In addition, if necessary, the District should utilize a third-party party to perform inventory and valuation on the District's capital assets.

We will review the status of the current year comments during our next audit engagement.

A handwritten signature in black ink that reads "Eide Bailly LLP".

Rancho Cucamonga, California  
January 14, 2022

**EXHIBIT B**

REPORT TO THE CALIFORNIA DEBT AND INVESTMENT  
ADVISORY COMMISSION

**STATE OF CALIFORNIA**

**MELLO-ROOS COMMUNITY FACILITIES DISTRICT (CFD)  
YEARLY FISCAL STATUS REPORT**

Submitted:  
Wednesday, October 27, 2021  
10:29:44AM  
CDIAC #: 2014-0037

California Debt and Investment Advisory Commission  
915 Capitol Mall, Room 400, Sacramento, CA 95814  
P.O. Box 942809, Sacramento, CA 94209-0001  
(916) 653-3269 Fax (916) 654-7440

For Office Use Only
Fiscal Year _____

**I. GENERAL INFORMATION**

A. Issuer Perris Elementary School District CFD No 2002-1

B. Project Name Series A

C. Name/ Title/ Series of Bond Issue 2014 Ref Special Tax Bonds

D. Date of Bond Issue 2/10/2014

E. Original Principal Amount of Bonds \$1,705,000.00

F. Reserve Fund Minimum Balance Required Yes  Amount \$59,500.00 No

**II. FUND BALANCE FISCAL STATUS**

Balances Reported as of: 6/30/2021

A. Principal Amount of Bonds Outstanding \$1,190,000.00

B. Bond Reserve Fund \$59,505.54

C. Capitalized Interest Fund \$0.00

D. Construction Fund(s) \$0.00

**III. ASSESSED VALUE OF ALL PARCELS IN CFD SUBJECT TO SPECIAL TAX**

A. Assessed or Appraised Value Reported as of: 7/1/2021

From Equalized Tax Roll

From Appraisal of Property  
*(Use only in first year or before annual tax roll billing commences)*

B. Total Assessed Value of All Parcels \$57,182,171.00

**IV. TAX COLLECTION INFORMATION**

A. Total Amount of Special Taxes Due Annually \$156,194.78

B. Total Amount of Unpaid Special Taxes Annually \$0.00

C. Does this agency participate in the County's Teeter Plan? N

**V. DELINQUENT REPORTING INFORMATION**

Delinquent Parcel Information Reported as of Equalized Tax Roll of: 6/30/2021

A. Total Number of Delinquent Parcels: 0

B. Total Amount of Taxes Due on Delinquent Parcels: \$0.00  
(Do not include penalties, penalty interest, etc.)

**VI. FORECLOSURE INFORMATION FOR FISCAL YEAR**

*(Aggregate totals, if foreclosure commenced on same date)* *(Attach additional sheets if necessary.)*

Date Foreclosure Commenced	Total Number of Foreclosure Parcels	Total Amount of Tax Due on Foreclosure Parcels
		\$0.00
		\$0.00
		\$0.00
		\$0.00
		\$0.00

STATE OF CALIFORNIA

MELLO-ROOS COMMUNITY FACILITIES DISTRICT (CFD)  
YEARLY FISCAL STATUS REPORT

For Office Use Only  
Fiscal Year \_\_\_\_\_

Submitted:  
Wednesday, October 27, 2021  
10:29:44AM  
CDIAC #: 2014-0037

California Debt and Investment Advisory Commission  
915 Capitol Mall, Room 400, Sacramento, CA 95814  
P.O. Box 942809, Sacramento, CA 94209-0001  
(916) 653-3269 Fax (916) 654-7440

VII. ISSUE RETIRED

This issue is retired and no longer subject to the Yearly Fiscal Status report filing requirements.  
(Indicate reason for retirement)

Matured  Redeemed Entirely  Other

If Matured, indicate final maturity date:

If Redeemed Entirely, state refunding bond title & CDIAC #:

and redemption date:

If Other:

and date:

VIII. NAME OF PARTY COMPLETING THIS FORM

Name	David Lopez	
Title	Director	
Firm/ Agency	Cooperative Strategies	
Address	2855 Michelle Drive Suite 230	
City/ State/ Zip	Irvine, CA 92606	
Phone Number	(949) 250-8300	Date of Report 10/27/2021
E-Mail	taxinfo@coopstrategies.com	

IX. ADDITIONAL COMMENTS: