PERRIS ELEMENTARY SCHOOL DISTRICT

CONTINUING DISCLOSURE ANNUAL REPORT
COMMUNITY FACILITIES DISTRICT NO. 2002-1
FISCAL YEAR ENDING JUNE 30, 2022
REFUNDING SPECIAL TAX BONDS, 2014 SERIES A

MARCH 27, 2023

Prepared For:
Perris Elementary
School District
143 East 1st Street
Perris, CA 92570
951.657.3118

Prepared By:
Cooperative Strategies
2855 Michelle Drive, Suite 230
Irvine, CA 92606
844.654.2421

COOPERATIVE STRATEGIES
ASSESS • PLAN • FUND • BUILD

List of Participants

Issuer
Community Facilities District No. 2002-1
Perris Elementary School District
143 East 1st Street
Perris, CA 92570
Phone: 951.657.3118
www.perris.k12.ca.us

Bond Counsel
Nixon Peabody, LLP
300 South Grand Avenue, Suite 4100
Los Angeles, CA 90071

Community Facilities District Administrator
Cooperative Strategies, LLC
2855 Michelle Drive, Suite 230
Irvine, CA 92606
Phone: 949.250.8300
Fax: 949.250.8301
www.coopstrategies.com

Fiscal Agent and Dissemination Agent
U.S. Bank and Trust Company, National Association
633 W. Fifth Street, 24th Floor
Los Angeles, CA 90071
Phone: 213.615.6063
Fax: 213.615.6199
www.usbank.com

▸ TABLE OF CONTENTS

EXHIBITS

EXHIBIT A:

Annual Financial Statements for Year Ending June 30, 2022

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.

Perris Elementary School District

FINANCIAL INFORMATION

The School District's annual audited financial statements for Fiscal Year 2021/2022 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, 2023, was $1,030,000.

B. FUND AND ACCOUNT BALANCES

The balance in each fund and account of the Bonds, as of March 1, 2023, is listed in the table below.

FUND AND ACCOUNT BALANCES

Funds and Accounts	Amount
Administrative Expense Fund	$12,695.69
Bond Fund	$0.00
Interest Account	$4,169.31
Principal Account	$10.94
Reserve Fund	$56,427.10
Special Tax Fund	$81,513.49
Total	**$154,816.53**

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, 2023 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 2022/2023.

B. SPECIAL TAX DELINQUENCIES

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

HISTORICAL SPECIAL TAX DELINQUENCIES

	Subject Fiscal Year [1] [2]					June 30, 2022 [3]	
Fiscal Year	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%	$0.00	0.00%
2019/2020	$153,131.26	4	$147,764.86	$5,366.40	3.50%	$0.00	0.00%
2020/2021	$156,194.78	0	$156,194.78	$0.00	0.00%	$0.00	0.00%
2021/2022	$156,194.78	3	$153,509.30	$2,685.48	1.72%	$2,685.48	1.72%

[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 27th. However, due to the availability of tax information from the County of Riverside, delinquency information is as of June 30th 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, 2022, it was determined that CFD No. 2002-1 was not required to initiate foreclosure proceedings for Fiscal Year 2021/2022. Since the Bonds were sold, CFD No. 2002-1 has never initiated foreclosure proceedings.

7

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 2021/2022 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\FY2122\Reports\Continuing Disclosure\ContDisc_2002-1_2122_D1.docx

EXHIBIT A

ANNUAL FINANCIAL STATEMENTS FOR YEAR ENDING JUNE 30, 2022

Financial Statements
June 30, 2022

Perris Elementary School District

CPAs & BUSINESS ADVISORS

Independent Auditor's Report

To the Governing Board
Perris Elementary School District
Perris, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Perris Elementary School District (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, , each major fund, and the aggregate remaining fund information of the District, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States *(Government Auditing Standards)*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of t the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Correction of Error

As discussed in Note 17 to the financial statements, certain errors in an overstatement of amounts previously reported for capital assets and accumulated depreciation as of June 30, 2022, were discovered my management during the current year. Accordingly, a restatement has been made to the governmental activities net position as of June 30, 2022, to correct the error. Our opinions are not modified with respect to this matter.

Adoption of New Accounting Standard

As discussed in Notes 1 and 18 to the financial statements, the District has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ended June 30, 2022. Accordingly, a restatement has been made to the governmental activities net position and the non-major governmental funds balance as of July 1, 2021, to restate beginning net position. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, combining non-major governmental fund financial statements, 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 basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards, combining non-major governmental fund financial statements, and other supplementary information listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Eide Bailly LLP

Rancho Cucamonga, California
December 7, 2022

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, 2022, with comparative information for the year ended June 30, **2021**. 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 and right-to-use leased 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 the governmental fund financial statements.

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 Fiduciary Fund Statement of Net Position and Fiduciary Fund Statement of Changes in 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 22.5% to $67,319,777.

- Total governmental revenues were $94,412,312, $12,352,268 less than expenses.

- The District's combined fund balances decreased by $3,771,235 or 5.6%.

- The total cost of instructional programs was $52,946,644. Because a portion of these costs were paid for with charges, fees, and intergovernmental aid, the net cost that required taxpayer funding was only $36,557,805.

- Average daily attendance (grades K-6) decreased by approximately 523 ADA.

THE DISTRICT AS A WHOLE

Net Position

The District's net position was $67,319,777 for the fiscal year ended June 30, 2022. Of this amount, $(45,019,493) 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	
	2022	(as restated) 2021
Assets		
Current and other assets	$ 73,359,803	$ 75,973,978
Capital assets and right-to-use leased assets	126,207,349	115,548,205
Total assets	199,567,152	191,522,183
Deferred outflows of resources	18,182,015	22,919,815
Liabilities		
Current liabilities	10,211,401	9,056,850
Long-term liabilities other than OPEB and pension	51,367,106	52,607,712
Net other postemployment benefit (OPEB) liability	15,661,052	15,454,529
Aggregate net pension liability	40,047,366	78,600,820
Total liabilities	117,286,925	155,719,911
Deferred inflows of resources	33,142,465	3,754,578
Net Position		
Net investment of capital assets	78,244,463	70,653,569
Restricted	34,094,807	34,315,639
Unrestricted (deficit)	(45,019,493)	(50,001,699)
Total net position	$ 67,319,777	$ 54,967,509

Unrestricted net position (deficit) decreased to $(45,019,493), compared to $(50,001,699), 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 16. 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

Table 2

	Governmental Activities	
	2022	2021 *
Revenues		
Program revenues		
Charges for services and sales	$ 604,542	$ 161,986
Operating grants and contributions	23,743,279	27,867,041
Capital grants and contributions	-	17,063,861
General revenues		
Federal and State aid not restricted	59,939,925	54,838,418
Property taxes	10,333,600	9,589,884
Other general revenues	(209,034)	2,847,713
Total revenues	94,412,312	112,368,903
Expenses		
Instruction-related	52,946,644	63,364,726
Pupil services	10,167,853	10,567,731
Administration	4,297,839	6,620,026
Plant services	8,753,479	6,334,379
All other services	5,894,229	5,586,266
Total expenses	82,060,044	92,473,128
Change in net position	$ 12,352,268	$ 19,895,775

* The revenues and expenses for fiscal year 2021 were not restated to show the effects of GASB 87 for comparative purposes.

Governmental Activities

As reported in the *Statement of Activities* on page 16, the cost of all of our governmental activities this year was $82,060,044. The amount that our taxpayers ultimately financed for these activities through local taxes was only $10,333,600. The District also collected $604,542 in charges for services from these that benefited from the programs. Other governmental agencies and organizations subsidized certain programs with grants and contributions of $23,743,279. We paid for the remaining "public benefit" portion of our governmental activities with $59,939,925 in unrestricted State and Federal aid, and $(209,034) in other local sources.

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	
	2022	2021 *	2022	2021 *
Instruction-related	$ 52,946,644	$ 63,364,726	$ (36,557,805)	$ (27,237,683)
Pupil services	10,167,853	10,567,731	(4,838,143)	(5,449,909)
Administration	4,297,839	6,620,026	(3,044,696)	(3,757,577)
Plant services	8,753,479	6,334,379	(7,343,186)	(5,742,787)
All other services	5,894,229	5,586,266	(5,928,225)	5,192,284
Total	$ 82,060,044	$ 92,473,128	$ (57,712,055)	$ (36,995,672)

* The total and net cost of services for fiscal year 2021 were not restated to show the effects of GASB 87 for comparative purposes.

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of $63,828,663, which is a decrease of $3,771,235 or 5.58% from last year (Table 4).

Table 4

	Balances and Activity			
	July 1, 2021 as restated	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2022
General Fund	$ 24,328,700	$ 76,796,213	$ 69,457,928	$ 31,666,985
Charter School Fund	7,280,547	11,160,677	10,179,963	8,261,261
Building Fund	4,346,556	(6,639)	4,350,211	(10,294)
County School Facilities Fund	16,944,239	(166,413)	8,734,285	8,043,541
Bond Interest and Redemption Fund	9,140,762	2,038,986	2,199,156	8,980,592
Child Development Fund	139,323	2,360,420	2,291,088	208,655
Cafeteria Fund	2,391,102	5,035,322	4,460,918	2,965,506
Deferred Maintenance Fund	408,786	293,878	-	702,664
Capital Facilities Fund	893,689	614,924	192,090	1,316,523
Special Reserve Fund for Capital Outlay Projects	1,714,795	(21,558)	11,420	1,681,817
Debt Service Fund for Blended Component Units	11,399	479,814	479,800	11,413
Total	$ 67,599,898	$ 98,585,624	$ 102,356,859	$ 63,828,663

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 $24,328,700 to $31,666,985. 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 16, 2022. (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 73).

While the District's final budget for the General Fund anticipated that revenues would exceed expenditures by 7.04 million, the actual results for the year show that revenues exceeded expenditures by roughly $7.33 million. Actual revenues were $0.29 million more than anticipated, and expenditures were $.40 million more than anticipated. This amount consists primarily of more state and local revenue and additional expenditures as of June 30, 2022

CAPITAL ASSETS, RIGHT-TO-USE LEASED ASSETS, AND DEBT ADMINISTRATION

Capital and Right-to-Use Leased Assets

At June 30, 2022, the District had $126,208,715 in a broad range of capital and right-to-use leased assets (net of depreciation and amortization), including land, buildings, furniture, and equipment. This amount represents a net increase (including additions, deductions, depreciation and amortization) of approximately $10,659,144, or 9.2%, from last year (Table 5).

Table 5

	Governmental Activities	
	2022	(as restated) 2021
Land and construction in progress	$ 28,679,795	$ 14,653,635
Buildings and improvements	96,629,158	99,760,119
Equipment	723,170	848,181
Right-to-use leased assets	175,226	286,270
Total	$ 126,207,349	$ 115,548,205

Additional information on the District's capital assets can be found in Note 4 of the financial statements.

Long-Term Liabilities other than OPEB and Pension

At the end of this year, the District had $51,367,106 in long-term liabilities other than OPEB and pension outstanding versus $52,607,712 last year, a decrease of $1,240,606 or 2.7%. Those liabilities consisted of:

Table 6

	Governmental Activities	
	2022	(as restated) 2021
General obligation bonds (net)	$ 45,031,623	$ 45,603,816
Certificates of participation	5,463,139	5,791,274
Leases	177,580	286,270
Supplemental early retirement plan (SERP)	694,764	926,352
Total	$ 51,367,106	$ 52,607,712

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 $15,661,052 versus $15,454,529 last year, an increase of $206,523, or 1.3%.

In addition, at year-end, the District had an aggregate net pension liability of $40,047,366 versus $78,600,820 last year, a decrease of $38,553,454, or 49.0%.

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 2022-2022 year, the governing board and management used the following criteria:

The key assumptions in our forecast are the following:

- LCFF COLA of 6.56%.
- LCFF COLA Augmentation of 3.00%
- LCFF revenue assumptions include 3-year rolling average for ADA.
- Projected declining enrollment (-75) in 2022-2023.
- Elementary and Secondary School Emergency Relief II & III (ESSER).
- Unduplicated pupil count projected at 93.30%
- 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 2022-2023 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.

	Governmental Activities
Assets	
Deposits and investments	$ 67,539,679
Receivables	5,637,636
Prepaid expense	94,010
Stores inventories	46,096
Lease receivable	42,382
Capital assets not depreciated	28,679,795
Capital assets, net of accumulated depreciation	97,352,328
Right-to-use leased assets, net of accumulated amortization	175,226
Total assets	199,567,152
Deferred Outflows of Resources	
Deferred charge on refunding	607,683
Deferred outflows of resources related to OPEB	3,310,473
Deferred outflows of resources related to pensions	14,263,859
Total deferred outflows of resources	18,182,015
Liabilities	
Accounts payable	5,181,589
Accrued interest payable	722,643
Unearned revenue	4,307,169
Long-term liabilities	
Long-term liabilities other than OPEB and pensions due within one year	1,488,715
Long-term liabilities other than OPEB and pensions due in more than one year	49,878,391
Net other postemployment benefits (OPEB) liability	15,661,052
Aggregate net pension liability	40,047,366
Total liabilities	117,286,925
Deferred Inflows of Resources	
Deferred charge on refunding	60,148
Deferred inflows of resources related to OPEB	994,675
Deferred inflows of resources related to pensions	32,045,260
Deferred inflows of resources related to leases	42,382
Total deferred inflows of resources	33,142,465
Net Position	
Net investment of capital assets	78,244,463
Restricted for	
Debt service	8,269,362
Capital projects	9,360,064
Educational programs	12,221,327
Other activities	4,244,054
Unrestricted (deficit)	(45,019,493)
Total net position	$ 67,319,777

Functions/Programs	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities
Governmental Activities				
Instruction	$ 45,464,305	$ -	$ 13,896,764	$ (31,567,541)
Instruction-related activities				
Supervision of instruction	2,475,984	-	1,766,958	(709,026)
Instructional library, media, and technology	444,791	-	(2)	(444,793)
School site administration	4,561,564	3,910	721,209	(3,836,445)
Pupil services				
Home-to-school transportation	1,375,860	-	-	(1,375,860)
Food services	4,197,239	20,463	5,069,406	892,630
All other pupil services	4,594,754	3,114	236,727	(4,354,913)
Administration				
Data processing	(306,322)	-	(59,226)	247,096
All other administration	4,604,161	49,031	1,263,338	(3,291,792)
Plant services	8,753,479	430,276	980,017	(7,343,186)
Ancillary services	168	-	-	(168)
Interest on long-term obligations	1,825,570	-	-	(1,825,570)
Other outgo	721,979	97,748	(131,912)	(756,143)
Depreciation (unallocated)	3,346,512	-	-	(3,346,512)
Total governmental activities	$ 82,060,044	$ 604,542	$ 23,743,279	(57,712,223)
General revenues and subventions				
Property taxes, levied for general purposes				7,768,161
Property taxes, levied for debt service				2,086,379
Taxes levied for other specific purposes				479,060
Federal and State aid not restricted to specific purposes				59,939,925
Interest, investment earnings and change in fair market valuations				(980,258)
Miscellaneous				771,224
Subtotal, general revenues and subventions				70,064,491
Change in Net Position				12,352,268
Net Position - Beginning, as restated				54,967,509
Net Position - Ending				$ 67,319,777

	General Fund	Charter School Fund	Building Fund	County School Facilities Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets							
Deposits and investments	$ 34,831,378	$ 8,411,252	$ 534,354	$ 8,461,886	$ 8,980,592	$ 6,320,217	$ 67,539,679
Receivables	4,772,750	119,252	1,135	-	-	744,499	5,637,636
Due from other funds	3,714,181	3,377,017	-	526,213	-	858,426	8,475,837
Prepaid expenditures	94,010	-	-	-	-	-	94,010
Stores inventories	-	-	-	-	-	46,096	46,096
Lease receivables	-	-	-	-	-	42,382	42,382
Total assets	$ 43,412,319	$ 11,907,521	$ 535,489	$ 8,988,099	$ 8,980,592	$ 8,011,620	$ 81,835,640
Liabilities, Deferred Inflows of Resources, and Fund Balances							
Liabilities							
Accounts payable	$ 3,516,434	$ 644,724	$ 20,170	$ 944,558	$ -	$ 55,703	$ 5,181,589
Due to other funds	4,235,443	2,933,426	525,613	-	-	781,355	8,475,837
Unearned revenue	3,993,457	68,110	-	-	-	245,602	4,307,169
Total liabilities	11,745,334	3,646,260	545,783	944,558	-	1,082,660	17,964,595
Deferred Inflows of Resources							
Deferred inflows of resources related to leases	-	-	-	-	-	42,382	42,382
Fund Balances							
Nonspendable	99,010	-	-	-	-	46,096	145,106
Restricted	12,221,327	1,126,777	-	8,043,541	8,980,592	4,445,213	34,817,450
Committed	-	-	-	-	-	702,664	702,664
Assigned	962,799	7,134,484	-	-	-	1,692,605	9,789,888
Unassigned	18,383,849	-	(10,294)	-	-	-	18,373,555
Total fund balances	31,666,985	8,261,261	(10,294)	8,043,541	8,980,592	6,886,578	63,828,663
Total liabilities, deferred inflows of resources, and fund balances	$ 43,412,319	$ 11,907,521	$ 535,489	$ 8,988,099	$ 8,980,592	$ 8,011,620	$ 81,835,640

Total Fund Balance - Governmental Funds		$ 63,828,663
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:		
Capital assets used in governmental activities are not financial resources resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	$ 168,275,589	
Accumulated depreciation is	(42,243,466)	
Net capital assets		126,032,123
Right-to-use leased assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of right-to-use leased assets is	362,952	
Accumulated amortization is	(187,726)	
Net right-to-use leased assets		175,226
In governmental funds, unmatured interest on long-term liabilities is recognized in the period when it is due. On the government-wide financial financial statements, unmatured interest on long-term liabilities is recognized when it is incurred.		(722,643)
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)	607,683	
Net other postemployment benefits (OPEB) liability	3,310,473	
Aggregate net pension liability	14,263,859	
Total deferred outflows of resources		18,182,015
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)	(60,148)	
Net other postemployment benefits (OPEB) liability	(994,675)	
Aggregate net pension liability	(32,045,260)	
Total deferred inflows of resources		(33,100,083)
Aggregate net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		(40,047,366)

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.		$ (15,661,052)
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	$ 41,366,243	
Premium on issuance	1,511,052	
Discount on issuance	(7,593)	
Certificates of participation	4,695,000	
Premium on issuance	768,139	
Leases	177,580	
Supplemental early retirement plan (SERP)	694,764	
In addition, the District issued 'capital appreciation' bonds. The accretion of interest on the general obligation bonds to date is	2,161,921	
Total long-term liabilities		(51,367,106)
Total net position - governmental activities		$ 67,319,777

	General Fund	Charter School Fund	Building Fund	County School Facilities Fund
Revenues				
Local Control Funding Formula	$ 55,985,776	$ 10,107,936	$ -	$ -
Federal sources	7,863,464	4,373	-	-
Other State sources	13,093,802	1,159,348	-	-
Other local sources	(223,511)	(110,980)	(6,639)	(166,413)
Total revenues	76,719,531	11,160,677	(6,639)	(166,413)
Expenditures				
Current				
Instruction	44,153,826	5,494,019	-	-
Instruction-related activities				
Supervision of instruction	2,418,542	86,774	-	-
Instructional library, media, and technology	387,106	77,652	-	-
School site administration	4,270,667	610,305	-	-
Pupil services				
Home-to-school transportation	1,375,860	-	-	-
Food services	24,280	-	-	-
All other pupil services	4,915,300	189,569	-	-
Administration				
All other administration	3,376,527	1,082,392	-	-
Plant services	6,641,283	372,805	-	-
Ancillary services	93	75	-	-
Other outgo	721,979	-	-	-
Facility acquisition and construction	204,725	2,266,372	4,350,211	8,734,285
Debt service				
Principal	184,976	-	-	-
Interest and other	10,548	-	-	-
Total expenditures	68,685,712	10,179,963	4,350,211	8,734,285
Excess (Deficiency) of Revenues Over expenditures	8,033,819	980,714	(4,356,850)	(8,900,698)
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Other sources - proceeds from leases	76,682	-	-	-
Transfers out	(772,216)	-	-	-
Net Financing Sources (Uses)	(695,534)	-	-	-
Net Change in Fund Balances	7,338,285	980,714	(4,356,850)	(8,900,698)
Fund Balance - Beginning, as restated	24,328,700	7,280,547	4,346,556	16,944,239
Fund Balance - Ending	$ 31,666,985	$ 8,261,261	$ (10,294)	$ 8,043,541

	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues			
Local Control Funding Formula	$ -	$ 300,000	$ 66,393,712
Federal sources	-	4,919,705	12,787,542
Other State sources	14,681	2,107,431	16,375,262
Other local sources	2,024,305	663,448	2,180,210
Total revenues	2,038,986	7,990,584	97,736,726
Expenditures			
Current			
Instruction	-	1,505,524	51,153,369
Instruction-related activities			
Supervision of instruction	-	187,781	2,693,097
Instructional library, media, and technology	-	-	464,758
School site administration	-	139,871	5,020,843
Pupil services			
Home-to-school transportation	-	-	1,375,860
Food services	-	4,269,560	4,293,840
All other pupil services	-	59,819	5,164,688
Administration			
All other administration	-	329,682	4,788,601
Plant services	-	317,197	7,331,285
Ancillary services	-	-	168
Other outgo	-	-	721,979
Facility acquisition and construction	-	136,702	15,692,295
Debt service			
Principal	780,000	265,396	1,230,372
Interest and other	1,419,156	223,784	1,653,488
Total expenditures	2,199,156	7,435,316	101,584,643
Excess (Deficiency) of Revenues Over expenditures	(160,170)	555,268	(3,847,917)
Other Financing Sources (Uses)			
Transfers in	-	772,216	772,216
Other sources - proceeds from leases	-	-	76,682
Transfers out	-	-	(772,216)
Net Financing Sources (Uses)	-	772,216	76,682
Net Change in Fund Balances	(160,170)	1,327,484	(3,771,235)
Fund Balance - Beginning, as restated	9,140,762	5,559,094	67,599,898
Fund Balance - Ending	$ 8,980,592	$ 6,886,578	$ 63,828,663

Total Net Change in Fund Balances - Governmental Funds		$ (3,771,235)
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 and amortization expenses in the Statement of Activities. This is the amount by which depreciation and amortization expense exceeds capital outlays in the period.		
Capital outlay	$ 14,193,382	
Depreciation and amortization expenses	(3,534,238)	
Net expense adjustment		10,659,144
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.		5,289,964
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.		(1,038,801)
Proceeds received from lease obligations 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		(76,682)

Repayment of debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities		
General obligation bonds	$ 780,000	
Certificates of participation	265,000	
Leases	185,372	
Combined adjustment		$ 1,230,372
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	(42,871)	
Amortization of debt discount	(310)	
Combined adjustment		123,410
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 decreased by $15,461. Additionally, $310,953 of accumulated interest was accreted on the District's capital appreciation' general obligation bonds.		(295,492)
Change in net position of governmental activities		$ 12,352,268

	Custodial Funds
Assets	
Deposits and investments	$ 163,957
Net Position	
Restricted for individuals, organizations and other governments	$ 163,957

	Custodial Funds
Additions	
Contributions	
Special assessment	$ 91,010
Interest	131
Total additions	91,141
Deductions	
Principal payments to bond holders	80,000
Interest payments to bond holders	48,300
Other expenses	6,920
Total deductions	135,220
Change In Net Position	(44,079)
Net Position - Beginning	208,036
Net Position - Ending	$ 163,957

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 and amortization of leased assets. 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.

Prepaid Expenditures (Expenses)

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

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.

The District records impairments of capital assets when it becomes probable that the carrying value of the assets will not be fully recovered over their estimated useful life. Impairments are recorded to reduce the carrying value of the assets to their net realizable value based on facts and circumstances in existence at the time of the determination. No impairments were recorded during the year ended June 30, 2022.

The District records the value of intangible right-to-use assets based on the underlying leased asset in accordance with GASB Statement No. 87, *Leases*. The right-to-use intangible asset is amortized each year for the term of the contract.

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, 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.

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, deferred inflows of resources related to leases, for pension related items, and for OPEB related items.

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 General Fund, the Charter School Fund, The Child Development Fund, and the Cafeteria Fund.

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.

Leases

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

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

Fund Balances - Governmental Funds

As of June 30, 2022, 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 $34,094,807 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. 87

As of July 1, 2021, the District adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use an underlying asset. The standard requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The effect of the implementation of this standard on beginning net position is disclosed in Note 1 and the additional disclosures required by this standard is included in Note 18.

Implementation of GASB Statement No. 92

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, Leases, and Implementation Guide No. 2019-3, Leases, for interim financial reporting.
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan.
- The applicability of Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, to reporting assets accumulated for postemployment benefits.
- The applicability of certain requirements of Statement No. 84, Fiduciary Activities, to postemployment benefit arrangements.
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition.
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers.
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature.
- Terminology used to refer to derivative instruments.

The requirements of this Statement are effective as follows:

- The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
- The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2021.
- The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021.
- The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

The provisions of this Statement have been implemented as of June 30, 2022.

Implementation of GASB Statement No. 93

In March 2020, the GASB issued Statement No. 93, Replacement of Interbank Offered Rates. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR (Interbank Offered Rate). This Statement achieves that objective by:

- Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment.
- Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate.
- Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable.
- Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap.
- Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap.
- Clarifying the definition of reference rate, as it is used in Statement 53, as amended.
- Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

The provisions of this Statement have been implemented as of June 30, 2022.

Note 2 - Deposits and Investments

Summary of Deposits and Investments

Deposits and investments as of June 30, 2022, are classified in the accompanying financial statements as follows:

Governmental activities	$ 67,539,679
Fiduciary funds	163,957
Total deposits and investments	$ 67,703,636

Deposits and investments as of June 30, 2022, consist of the following:

Cash collection awaiting deposit	$ 299,970
Cash in revolving	5,000
Investments	67,398,666
Total deposits and investments	$ 67,703,636

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	$ 61,142,804	434
First American Treasury Obligations, Class D	6,255,862	42
Total	$ 67,398,666	

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, 2022, the District's bank balance of $54,970 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 - Receivables

Receivables at June 30, 2022, 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	$ 3,492,192	$ 4,373	$ -	$ 670,751	$ 4,167,316
State Government					
Categorical aid	341,102	30,676	-	39,711	411,489
Lottery	265,007	52,672	-	-	317,679
Special education	341,748	-	-	-	341,748
Local Government					
Interest	60,704	16,161	1,135	31,169	109,169
Other Local Sources	271,997	15,370	-	2,868	290,235
Total	$ 4,772,750	$ 119,252	$ 1,135	$ 744,499	$ 5,637,636

Note 4 - Capital and Right-to-Use Leased Assets

Capital and right-to-use leased asset activity for the fiscal year ended June 30, 2022, was as follows:

	Balance July 1, 2021 as restated	Additions	Deductions	Balance June 30, 2022
Governmental Activities				
Capital assets not being depreciated				
Land	$ 8,991,339	$ -	$ -	$ 8,991,339
Construction in progress	5,662,296	14,026,160	-	19,688,456
Total capital assets not being depreciated	14,653,635	14,026,160	-	28,679,795
Capital assets being depreciated				
Land improvements	18,140,748	-	-	18,140,748
Buildings and improvements	119,552,045	90,540	-	119,642,585
Furniture and equipment	1,812,461	-	-	1,812,461
Total capital assets being depreciated	139,505,254	90,540	-	139,595,794
Total capital assets	154,158,889	14,116,700	-	168,275,589
Accumulated depreciation				
Land improvements	(9,052,681)	(848,673)	-	(9,901,354)
Buildings and improvements	(28,879,993)	(2,372,828)	-	(31,252,821)
Furniture and equipment	(964,280)	(125,011)	-	(1,089,291)
Total accumulated depreciation	(38,896,954)	(3,346,512)	-	(42,243,466)
Net depreciable capital assets	115,261,935	10,770,188	-	126,032,123
Right-to-use leased assets being amortized				
Furniture and equipment	286,270	76,682	-	362,952
Total right-to-use leased assets being amortized	286,270	76,682	-	362,952
Accumulated amortization				
Furniture and equipment	-	(187,726)	-	(187,726)
Total accumulated amortization	-	(187,726)	-	(187,726)
Net right-to-use leased assets	286,270	(111,044)	-	175,226
Governmental activities capital and right-to-use leased assets, net	$ 115,548,205	$ 10,659,144	$ -	$ 126,207,349

Depreciation expense of $3,346,512 excludes any amounts charged as a direct expense to governmental functions.

Amortization expense was charged as a direct expense to governmental functions as follows:

Governmental Activities	
Instruction	$ 178,759
Supervision of instruction	4,005
Home-to-school transportation	420
All other administration	4,542
Total amortization expense governmental activities	$ 187,726

Note 5 - Lease Receivable

The District has entered into a lease agreement for a building. The lease receivable is summarized below:

Lease Receivable	July 1, 2021 as restated	Addition	Deletion	June 30, 2022
RCOE/Rob Reiner	$ 55,334	$ -	$ (12,952)	$ 42,382

RCOE Rob Reiner Building Lease

The District licenses (leases) the Rob Reiner building to the Riverside County Office of Education (RCOE). This license is non-cancelable for a period of four years. The District believes the licensees will exercise the renewal option with reasonable certainty. The agreement does not have a provision for annual CPI increases to the payments. At termination, lessees must restore the site to its original state. During the fiscal year, the District recognized $12,952 in lease revenue and $2,348 in interest revenue related to these agreements. At June 30, 2022, the District recorded $42,382 in lease receivables and deferred inflows of resources for these arrangements. The District used an interest rate of 5.25% based on the rates available to finance real estate or machinery and equipment over the same time periods.

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, 2022, between major and non-major governmental funds are as follows:

	Due From				
Due To	General Fund	Charter School Fund	Building Fund	Non-Major Governmental Fund	Total
General Fund	$ -	$ 2,932,826	$ -	$ 781,355	$ 3,714,181
Charter School Fund	3,377,017	-	-	-	3,377,017
County School Facilities Fund	-	600	525,613	-	526,213
Non-Major Governmental Funds	858,426	-	-	-	858,426
Total	$ 4,235,443	$ 2,933,426	$ 525,613	$ 781,355	$ 8,475,837

The balance of $2,932,826 is due from the Charter School Fund to the General Fund for salaries, indirect costs, oversight charges, contribution and other operating expenditures.

The balance of $600 is due from the Charter School Fund to the County School Facilities Fund for capital expenditures.

The balance of $525,613 is due from the Building Fund to the County School Facilities Fund for capital expenditures.

The balance of $3,377,017 is due from the General Fund to the Charter School Fund for payroll, benefits, district in-lieu property taxes, and other operating expenditures.

A balance of $643,022 is due from the Child Development Non-Major Governmental Fund to the General Fund for indirect costs and other operating expenditures.

A balance of $138,333 is due from the Cafeteria Non-Major Governmental Fund to the General Fund for indirect costs and payroll and benefit expenditures.

A balance of $292,417 is due from the General Fund to the Child Development Non-Major Governmental Fund for an annual contribution and reimbursement of expenditures.

A balance of $300,000 is due from the General Fund to the Deferred Maintenance Non-Major Governmental Fund as an annual contribution for and other maintenance expenditures.

A balance of $11,949 is due from the General Fund to the Capital Facilities Fund for other operating expenditures.

A balance of $254,060 is due from the General Fund to the Special Reserve for Capital Outlay Projects Non-Major Governmental Fund for COP Debt Service Payments.

Operating Transfers

Interfund transfers for the year ended June 30, 2022, consisted of the following:

The General Fund transferred $292,416 to the Child Development Non-Major Governmental Fund to cover preschool programs.

The General Fund transferred $479,800 to the Debt Service Fund for Blended Component Units Non-Major Governmental Fund for debt service payments.

Note 7 - Accounts Payable

Accounts payable at June 30, 2022, 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	$ 160,788	$ 9,625	$ -	$ -	$ 3,100	$ 173,513
LCFF apportionment	964,976	578,724	-	-	-	1,543,700
Supplies	899,177	32,861	-	-	26,911	958,949
Services	1,010,226	7,674	-	-	25,600	1,043,500
Construction	173,321	15,840	20,170	944,558	-	1,153,889
Other payables	307,946	-	-	-	92	308,038
Total	$ 3,516,434	$ 644,724	$ 20,170	$ 944,558	$ 55,703	$ 5,181,589

Note 8 - Unearned Revenue

Unearned revenue at June 30, 2022, consists of the following:

	General Fund	Charter School Fund	Non-Major Governmental Funds	Total
Federal financial assistance	$ 3,993,307	$ -	$ -	$ 3,993,307
State categorical aid	150	68,110	245,602	313,862
Total	$ 3,993,457	$ 68,110	$ 245,602	$ 4,307,169

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, 2021 as restated	Additions	Deductions	Balance June 30, 2022	Due in One Year
General obligation bonds	$ 43,997,211	$ 310,953	$ 780,000	$ 43,528,164	$ 860,000
Premium on issuance	1,614,508	-	103,456	1,511,052	-
Discount on issuance	(7,903)	-	(310)	(7,593)	-
Certificates of participation	4,960,000	-	265,000	4,695,000	275,000
Premium on issuance	831,274	-	63,135	768,139	-
Supplemental early retirement plan (SERP)	926,352	-	231,588	694,764	231,588
Leases	286,270	76,682	185,372	177,580	122,127
	$ 52,607,712	$ 387,635	$ 1,628,241	$ 51,367,106	$ 1,488,715

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. Leases are paid by the General Fund and the Cafeteria 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, 2021	Issued	Accreted	Redeemed	Bonds Outstanding June 30, 2022
8/22/2007	8/1/2033	4.00-5.25%	$ 7,999,571	$ 554,510	$ -	$ 56,778	$ -	$ 611,288
9/11/2013	8/1/2040	3.25-5.00%	4,336,671	5,517,701	-	254,175	95,000	5,676,876
9/10/2014	8/1/2044	2.50-6.00%	12,340,000	11,770,000	-	-	-	11,770,000
4/4/2017	8/1/2046	4.00-5.00%	2,500,000	2,380,000	-	-	80,000	2,300,000
4/4/2017	8/1/2046	3.125-5.00%	4,500,000	4,240,000	-	-	-	4,240,000
4/4/2017	8/1/2030	3.125-5.00%	5,640,000	4,855,000	-	-	310,000	4,545,000
4/6/2020	8/1/2046	3.00-5.00%	2,230,000	2,230,000	-	-	100,000	2,130,000
4/6/2020	8/1/2049	3.00-5.00%	6,000,000	6,000,000	-	-	195,000	5,805,000
1/21/2021	8/1/2040	2.28-2.78%	6,450,000	6,450,000	-	-	-	6,450,000
				$ 43,997,211	$ -	$ 310,953	$ 780,000	$ 43,528,164

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, 2022, the principal balance outstanding of the 2006 General Obligation Bonds, Series 2007 was $611,287, and unamortized premium on issuance was $10,720.

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, 2022, the principal balance outstanding of the 2007 General Obligation Bonds, Series B was $5,676,876, and unamortized premium on issuance was $17,611.

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, 2022, the principal balance outstanding of the 2014 General Obligation Bonds, Series 2014A was $11,770,000, and unamortized premium on issuance was $118,060.

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, 2022, the principal balance outstanding of the 2006 General Obligation Bonds, Series 2017 was $2,300,000, and unamortized discount on issuance was $7,593.

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, 2022, the principal balance outstanding of the 2014 General Obligation Bonds, Series 2017 was $4,240,000, and unamortized premium on issuance was $8,151.

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, 2022, the principal balance outstanding of the 2017 General Obligation Refunding Bonds was $4,545,000 and unamortized premium on issuance and deferred charge on refunding were $461,536 and $60,148, 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 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, 2022, the principal balance outstanding of the 2006 General Obligation Bonds, Series 2020 was $2,130,000, and unamortized premium on issuance was $243,357.

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 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, 2022, the principal balance outstanding of the 2014 General Obligation Bonds, Series 2020 was $5,805,000, and unamortized premium on issuance was $651,617.

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, 2022, the District had $7,085,706 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:

Fiscal Year	Principal	Accreted Interest	Interest to Maturity	Total
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	855,000	-	1,411,444	2,266,444
2028-2032	5,372,386	712,614	6,294,940	12,379,940
2033-2037	7,984,963	3,155,037	5,482,457	16,622,457
2038-2042	11,245,815	3,509,185	4,220,869	18,975,869
2043-2047	11,270,000	-	2,212,455	13,482,455
2048-2050	3,870,000	-	302,500	4,172,500
	$ 43,528,164	$ 7,376,836	$ 25,924,990	$ 76,829,990

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, 2022, the principal balance outstanding was $4,695,000. Unamortized premium on issuance and deferred charges on refunding were $768,139 and $607,683, respectively.

The certificates mature through 2035 as follows:

Year Ending June 30,	Principal	Interest	Total
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	320,000	151,800	471,800
2028-2032	1,880,000	500,725	2,380,725
2033-2035	1,330,000	93,025	1,423,025
	$ 4,695,000	$ 1,491,100	$ 6,186,100

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
2023	$ 231,588
2024	231,588
2025	231,588
	$ 694,764

Leases

The District has entered into agreements to lease various facilities and equipment. The District's liability on lease agreements is summarized below:

Lease	July 1, 2021 as restated	Addition	Payments	June 30, 2022
Insight Investments LLC	$ 8,009	$ -	$ (4,107)	$ 3,902
Quadient Leasing USA Inc	14,202	-	(3,021)	11,181
Pitney Bowes Global Financial Services	1,366	-	(396)	970
Xerox C-1001364	261,748	-	(172,213)	89,535
Xerox C-1001405	2,309	-	(1,365)	944
Xerox C-1001583	-	76,682	(4,268)	72,414
Total	$ 287,634	$ 76,682	$ (185,370)	$ 178,946

Insight Investments LLC

The District entered an agreement to lease laptops and accessories for three years, beginning July 1, 2020. Under the terms of the lease, the District pays the annual lease payments of $4,107. The annual interest rate charged on the lease is 5.25%. At June 30, 2022, the District has recognized a right-to-use asset of $4,005 and a lease liability of $3,902 related to this agreement. During the fiscal year, the District recorded $4,107 in amortization expense and $0 in interest expense for the right-to-use of the laptops.

Quadient Leasing USA Inc

The District entered an agreement to a postage machine lease for five years, beginning November 1, 2020. Under the terms of the lease, the District pays quarterly lease payments of $880. The annual interest rate charged on the lease is 5.25%. At June 30, 2022, the District has recognized a right-to-use asset of $11,046 and a lease liability of $11,181 related to this agreement. During the fiscal year, the District recorded $3,021 in amortization expense and $497 in interest expense for the right-to-use of the postage machine.

Pitney Bowes Global Financial Services

The District entered an agreement to lease a postage machine lease for five years, beginning January 1, 2020. The one successive term is deemed reasonably certain not to be exercise, the total term is five years. Under the terms of the lease, the District pays quarterly lease payments of $115. The annual interest rate charged on the lease is 5.25%. At June 30, 2022, the District has recognized a right-to-use asset of $946 and a lease liability of $970 related to this agreement. During the fiscal year, the District recorded $396 in amortization expense and $64 in interest expense for the right-to-use of the postage machine.

Xerox C-1001364

The District entered an agreement to lease copiers for three years, beginning April 1, 2020, with the option to renew for two years. The option to renew is deemed reasonably certain to be exercised, making the total term five years. Under the terms of the lease, the District pays quarterly payments of $45,651. The annual interest rate charged on the lease is 5.25%. At June 30, 2022, the District has recognized a right-to-use asset of $87,249 and a lease liability of $89,535 related to this agreement. During the fiscal year, the District recorded $172,213 in amortization expense and $10,388 in interest expense for the right-to-use of the copiers.

Xerox C-1001405

The District entered an agreement to lease copiers for 30 months, beginning October 8, 2020. Under the terms of the lease, the District pays monthly lease payments of $120. The annual interest rate charged on the lease is 5.25%. At June 30, 2022, the District has recognized a right-to-use asset of $924 and a lease liability of $944 related to this agreement. During the fiscal year, the District recorded $1,365 in amortization expense and $78 in interest expense for the right-to-use of the copiers.

Xerox C-1001583

The District entered an agreement to lease copiers for three years, beginning May 1, 2022. Under the terms of the lease, the District pays monthly payments of $2,297. The annual interest rate charged on the lease is 5.25%. At June 30, 2022, the District has recognized a right-to-use asset of $72,422 and a lease liability of $72,414 related to this agreement. During the fiscal year, the District recorded $4,268 in amortization expense and $325 in interest expense for the right-to-use of the copiers.

The remaining principal and interest payment requirements for the lease obligation debt as of June 30, 2022 are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	$ 122,127	$ 5,783	$ 127,910
2024	29,238	2,302	31,540
2025	25,856	745	26,601
2026	1,725	34	1,759
Total	$ 178,946	$ 8,864	$ 187,810

Note 10 - Net Other Postemployment Benefit (OPEB) Liability

For the fiscal year ended June 30, 2022, 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	$ 15,316,280	$ 3,310,473	$ 994,675	$ 1,123,392
Medicare Premium Payment (MPP) Program	344,772	-	-	(84,591)
Total	$ 15,661,052	$ 3,310,473	$ 994,675	$ 1,038,801

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, 2021 the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	24
Active employees	418
	442

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, 2021, the District paid $518,691 in benefits.

Total OPEB Liability of the District

The District's total OPEB liability of $15,316,280 was measured as of June 30, 2021, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of June 30, 2021.

Actuarial Assumptions

The total OPEB liability as of June 30, 2022 was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2021 and rolling forward the total OPEB liability to June 30, 2022. The following assumptions were applied to all periods included in the measurements, unless otherwise specified:

Inflation	2.50%
Salary increases	2.75%, average, including inflation
Discount rate	2.16%
Healthcare cost trend rates	4.00% for 2022

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, 2021 valuation were based on the results of an actual experience study for the period July 1, 2020 to June 30, 2021.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2021	$ 15,025,166
Service cost	1,103,724
Interest	336,989
Differences between expected and actual experience	(721,486)
Changes of assumptions or other inputs	90,578
Benefit payments	(518,691)
Net change in total OPEB liability	291,114
Balance at June 30, 2022	$ 15,316,280

Changes of assumptions and other inputs reflect a change in the discount rate from 2.21% in 2021 to 2.16% in 2022.

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 (1.16%)	$ 16,582,955
Current discount rate (2.16%)	15,316,280
1% increase (3.16%)	14,122,941

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%)	$ 13,427,229
Current healthcare cost trend rate (4.00%)	15,316,280
1% increase (5.00%)	17,554,037

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

For the year ended June 30, 2022, the District recognized OPEB expense of $1,123,392. At June 30, 2022, 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	$ 485,893	$ -
Differences between expected and actual experience	-	806,655
Changes of assumptions	2,824,580	188,020
Total	$ 3,310,473	$ 994,675

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. The remaining 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
2023	$ 168,563
2024	168,563
2025	168,563
2026	168,563
2026	168,563
Thereafter	987,090
	$ 1,829,905

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, 2020 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, 2022, the District reported a liability of $344,772 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. 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, 2021 and June 30, 2020, respectively, was 0.0864%, and 0.01013%, resulting in a net decrease in the proportionate share of (0.0149)%.

For the year ended June 30, 2022, the District recognized OPEB expense of $(84,591).

Actuarial Methods and Assumptions

The June 30, 2021 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2020, and rolling forward the total OPEB liability to June 30, 2021, using the assumptions listed in the following table:

Measurement Date	June 30, 2021	June 30, 2020
Valuation Date	June 30, 2020	June 30, 2019
Experience Study	July 1, 2015 through June 30, 2018	June 30,-2014 through June 30, 2018
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	2.16%	2.21%
Medicare Part A Premium Cost Trend Rate	4.50%	4.50%
Medicare Part B Premium Cost Trend Rate	5.40%	5.40%

For the valuation as of June 30, 2020, 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 245 or an average of 0.16% of the potentially eligible population (152,062).

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, 2021, 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, 2021, is 2.16%. 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 2.16%, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2021, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate decreased 0.05% from 2.21% as of June 30, 2020.

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 (1.16%)	$ 380,033
Current discount rate (2.16%)	344,772
1% increase (3.16%)	314,644

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 rates, 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 Rates	Net OPEB Liability
1% decrease (3.50% Part A and 4.40% Part B)	$ 313,530
Current Medicare costs trend rate (4.50% Part A and 5.40% Part B)	344,772
1% increase (5.50% Part A and 6.40% Part B)	380,590

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 $1,110,000 as of June 30, 2022, 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
Nonspendable							
Revolving cash	$ 5,000	$ -	$ -	$ -	$ -	$ -	$ 5,000
Stores inventories	-	-	-	-	-	46,096	46,096
Prepaid expenditures	94,010	-	-	-		-	94,010
Total nonspendable	99,010	-	-	-	-	46,096	145,106
Restricted							
Legally restricted programs	12,221,327	1,126,777		-	-	3,117,277	16,465,381
Capital projects	-	-	-	8,043,541	-	1,316,523	9,360,064
Debt service	-	-	-	-	8,980,592	11,413	8,992,005
Total restricted	12,221,327	1,126,777	-	8,043,541	8,980,592	4,445,213	34,817,450
Committed							
Deferred maintenance program	-	-	-	-	-	702,664	702,664
Assigned							
Charter school program	-	7,134,484	-	-	-	-	7,134,484
MAA	781,424	-	-	-	-	-	781,424
Site donations	181,375	-	-	-	-	-	181,375
Other assignments	-	-	-	-	-	10,788	10,788
Capital projects	-	-	-	-	-	1,681,817	1,681,817
Total assigned	962,799	7,134,484	-	-	-	1,692,605	9,789,888
Unassigned							
Reserve for economic uncertainties	3,681,263	-	-	-	-	-	3,681,263
Remaining unassigned	14,702,586	-	(10,294)	-	-	-	14,692,292
Total unassigned	18,383,849	-	(10,294)	-	-	-	18,373,555
Total	$ 31,666,985	$ 8,261,261	$ (10,294)	$ 8,043,541	$ 8,980,592	$ 6,886,578	$ 63,828,663

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, 2022, 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 2022, the District participated in the Riverside Schools Risk Management Authority (RSRMA), 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, 2022, 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:

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	$ 26,169,110	$ 11,463,019	$ 25,309,869	$ 1,862,740
CalPERS	13,878,256	2,800,840	6,735,391	992,417
Total	$ 40,047,366	$ 14,263,859	$ 32,045,260	$ 2,855,157

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, 2020, 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, 2022, are summarized as follows:

	STRP Defined Benefit Program	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 Years of Service	5 Years of Service
Benefit payments	Monthly for Life	Monthly for Life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	16.92%	16.92%
Required State contribution rate	10.828%	10.828%

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, 2022, are presented above and the District's total contributions were $5,789,945.

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

At June 30, 2022, 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	$ 26,169,110
State's proportionate share of the net pension liability associated with the District	13,167,281
Total	$ 39,336,391

The net pension liability was measured as of June 30, 2021. 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, 2021 and June 30, 2020, respectively, was 0.0575% and 0.0581%, resulting in a net decrease in the proportionate share of 0.0006%.

For the year ended June 30, 2022, the District recognized pension expense of $1,862,740. In addition, the District recognized pension expense and revenue of $450,502 for support provided by the State. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inlows of Resources
Pension contributions subsequent to measurement date	$ 5,789,945	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	1,899,635	1,824,490
Differences between projected and actual earnings on pension plan investments	-	20,700,439
Differences between expected and actual experience in the measurement of the total pension liability	65,555	2,784,940
Changes of assumptions	3,707,884	-
Total	$ 11,463,019	$ 25,309,869

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:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	$ (5,256,670)
2024	(4,808,137)
2025	(4,927,457)
2026	(5,708,175)
	$ (20,700,439)

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
2023	$ 1,302,148
2024	1,514,924
2025	(175,576)
2026	(547,113)
2027	(578,103)
Thereafter	(452,636)
	$ 1,063,644

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, 2020 and rolling forward the total pension liability to June 30, 2021. 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, 2020
Measurement date	June 30, 2021
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 as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2021, 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 of 7.10% and assume 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%)	$ 53,270,941
Current discount rate (7.10%)	26,169,110
1% increase (8.10%)	3,675,107

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, **2020** 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, 2022, are summarized as follows:

	School Employer Pool (CalPERS)	
Hire date	On or before December 31, 2012	On or after January 1, 2013
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	22.910%	22.910%

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, 2022, are presented above and the total District contributions were $2,355,176.

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

As of June 30, 2022, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $13,878,256. The net pension liability was measured as of June 30, **2021**. 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, **2021** and June 30, 2020, respectively, was 0.0683% and 0.0725%, resulting in a net decrease in the proportionate share of 0.0042%.

For the year ended June 30, 2022, the District recognized pension expense of $992,417. At June 30, 2022, 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	$ 2,355,176	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	31,363	1,376,612
Differences between projected and actual earnings on pension plan investments	-	5,326,062
Differences between expected and actual experience in the measurement of the total pension liability	414,301	32,717
Total	$ 2,800,840	$ 6,735,391

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:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	$ (1,335,771)
2024	(1,228,362)
2025	(1,280,647)
2026	(1,481,282)
	$ (5,326,062)

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and District's proportionate share of contributions and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 4.1 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	$ (188,687)
2024	(423,911)
2025	(320,462)
2026	(30,605)
	$ (963,665)

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, 2020 and rolling forward the total pension liability to June 30, 2020. The financial reporting actuarial valuation as of June 30, **2021**, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2020
Measurement date	June 30, 2021
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:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
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:

Discount rate	Net Pension Liability
1% decrease (6.15%)	$ 23,400,688
Current discount rate (7.15%)	13,878,256
1% increase (8.15%)	5,972,594

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 $3,698,234 (10.828% 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, 2022.

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, 2022.

Construction Commitments

As of June 30, 2022, 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/III	$ 3,021,637	September 2022
Warehouse Expansion	297,706	February 2023
EH Portables replacement (Rm 19/20)	308,930	August 2023
Perris Elementary Modernization	13,776,710	November 2024
Various Roofing/Flooring/Playground/HVAC replacement	15,388,794	November 2024
Total	$ 32,793,776	

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, 2022, the District made payments of $467,539, $1,418,535, and $4,395,552 to RSIA, RSRMA, and REEP, respectively, for the services and coverage noted.

Note 17 - Correction of Error

The District's prior year governmental activities net position has been restated as of July 1, 2021 to correct an error reported in the prior year financial statements. The error was related to an overstatement of capital assets and of related accumulated depreciation.

As a result of the restatement described above, the effect on the current fiscal year is as follows:

Governmental Activities	
Net Position - Beginning, as previously reported June 30, 2021	$ 58,093,389
Decrease in capital assets	(3,293,431)
Decrease in accumulated depreciation	167,551
Net Position - Beginning as restated July 1, 2021 (before GASB 87 implementation)	$ 54,967,509

Note 18 - Adoption of New Accounting Standard - Restatement of Prior Year Net Position and Fund Balance

As of July 1, 2021, the District adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use an underlying asset. The Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Beginning net position was restated to retroactively adopt the provisions of GASB Statement No. 87 as follows:

	Non-Major Governmental Funds	Total Governmental Funds
Non-Major Governmental Funds		
Fund Balance - Beginning, as previously reported June 30, 2021	$ 139,323	$ 5,559,094
Lease receivable	55,334	55,334
Deferred inflows of resources related to leases	(55,334)	(55,334)
Fund Balance - Beginning as restated July 1, 2021	$ 139,323	$ 5,559,094

Governmental Activities	
Net Position - Beginning, as previously reported June 30, 2021	$ 54,967,509
Lease receivable	55,334
Right-to-use leased assets, net of accumulated amortization	286,270
Lease liability	(286,270)
Deferred inflows of resources related to leases	(55,334)
Net Position - Beginning as restated July 1, 2021	$ 54,967,509

Required Supplementary Information
June 30, 2022

Perris Elementary School District

	Budgeted Amounts		Actual	Variances - Positive (Negative)
	Original	Final	(GAAP Basis)	Final to Actual
Revenues				
Local Control Funding Formula	$ 53,616,806	$ 56,078,390	$ 55,985,776	$ (92,614)
Federal sources	43,352,004	46,272,096	7,863,464	(38,408,632)
Other State sources	7,534,877	12,274,779	13,093,802	819,023
Other local sources	535,711	(375,954)	(223,511)	152,443
Total revenues [1]	105,039,398	114,249,311	76,719,531	(37,529,780)
Expenditures				
Current				
Certificated salaries	33,837,553	38,671,611	34,142,161	4,529,450
Classified salaries	8,364,491	9,417,775	8,008,606	1,409,169
Employee benefits	18,573,464	19,556,070	17,861,285	1,694,785
Books and supplies	4,705,207	7,783,670	2,954,106	4,829,564
Services and operating expenditures	10,866,177	15,434,867	5,510,888	9,923,979
Other outgo	11,269,623	21,960,092	(39,482)	21,999,574
Capital outlay	(305,428)	364,562	248,148	116,414
Total expenditures [1]	87,311,087	113,188,647	68,685,712	44,502,935
Excess of Revenues Over Expenditures	17,728,311	1,060,664	8,033,819	6,973,155
Other Financing Sources (Uses)				
Other sources - capital leases	-	-	76,682	76,682
Transfers out	(394,865)	(884,656)	(772,216)	112,440
Net Financing Sources (Uses)	(394,865)	(884,656)	(695,534)	189,122
Net Change in Fund Balances	17,333,446	176,008	7,338,285	7,162,277
Fund Balance - Beginning	24,328,700	24,328,700	24,328,700	-
Fund Balance - Ending	$ 41,662,146	$ 24,504,708	$ 31,666,985	$ 7,162,277

	Budgeted Amounts		Actual	Variances - Positive (Negative)
	Original	Final	(GAAP Basis)	Final to Actual
Revenues				
Local Control Funding Formula	$ 9,870,428	$ 9,481,348	$ 10,107,936	$ 626,588
Federal sources	-	306,057	4,373	(301,684)
Other State sources	665,716	1,151,501	1,159,348	7,847
Other local sources	20,000	38,034	(110,980)	(149,014)
Total revenues	10,556,144	10,976,940	11,160,677	183,737
Expenditures				
Current				
Certificated salaries	1,501,091	1,076,997	1,046,054	30,943
Classified salaries	772,645	843,301	615,913	227,388
Employee benefits	878,863	827,972	691,317	136,655
Books and supplies	613,243	1,114,431	247,317	867,114
Services and operating expenditures	5,214,415	5,161,414	4,873,846	287,568
Other outgo	3,636,842	3,646,242	480,147	3,166,095
Capital outlay	533,516	543,804	2,225,369	(1,681,565)
Total expenditures	13,150,615	13,214,161	10,179,963	3,034,198
Net Change in Fund Balances	(2,594,471)	(2,237,221)	980,714	3,217,935
Fund Balance - Beginning	7,280,547	7,280,547	7,280,547	-
Fund Balance - Ending	$ 4,686,076	$ 5,043,326	$ 8,261,261	$ 3,217,935

	2022	2021	2020	2019	2018
Total OPEB Liability					
Service cost	$ 1,103,724	$ 852,209	$ 746,066	$ 726,098	$ 706,665
Interest	336,989	454,598	398,299	379,460	324,405
Difference between expected and actual experience	(721,486)	-	(167,318)	-	-
Changes of assumptions	90,578	1,418,225	1,934,356	(254,576)	-
Benefit payments	(518,691)	(524,574)	(390,422)	(339,982)	(326,906)
Net change in total OPEB liability	291,114	2,200,458	2,520,981	511,000	704,164
Total OPEB liability - beginning	15,025,166	12,824,708	10,303,727	9,792,727	9,088,563
Total OPEB liability - ending	$ 15,316,280	$ 15,025,166	$ 12,824,708	$ 10,303,727	$ 9,792,727
Covered payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Total OPEB liability as a percentage of covered payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2020	June 30, 2019	June 30, 2018

[1] 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.

Year ended June 30,	2022	2021	2020	2019	2018
Proportion of the net OPEB liability	0.0864%	0.1013%	0.1041%	0.1029%	0.0977%
Proportionate share of the net OPEB liability	$ 344,772	$ 429,363	$ 387,769	$ 393,849	$ 361,356
Covered payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Plan fiduciary net position as a percentage of the total OPEB liability	(0.80%)	(0.71%)	(0.81%)	(0.40%)	0.01%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

[1] 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.

	2022	2021	2020	2019	2018	2017	2016	2015
CalSTRS								
Proportion of the net pension liability	0.0575%	0.0581%	0.0589%	0.0573%	0.0540%	0.0540%	0.0550%	0.0510%
Proportionate share of the net pension liability	$ 26,169,110	$ 56,348,323	$ 53,161,982	$ 52,686,896	$ 49,908,033	$ 43,536,608	$ 36,968,613	$ 30,017,193
State's proportionate share of the net pension liability (asset)	13,167,281	29,047,567	29,003,410	30,165,712	29,525,171	24,784,614	19,552,321	18,125,677
Total	$ 39,336,391	$ 85,395,890	$ 82,165,392	$ 82,852,608	$ 79,433,204	$ 68,321,222	$ 56,520,934	$ 48,142,870
Covered payroll	$ 32,387,752	$ 31,473,532	$ 31,736,229	$ 30,749,404	$ 29,036,041	$ 25,985,294	$ 25,658,131	$ 24,325,503
Proportionate share of the net pension liability as a percentage of its covered payroll	80.80%	179.03%	167.51%	171.34%	171.88%	167.54%	144.08%	123.40%
Plan fiduciary net position as a percentage of the total pension liability	87%	72%	73%	71%	69%	70%	74%	77%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
CalPERS								
Proportion of the net pension liability	0.0683%	0.0725%	0.0735%	0.0730%	0.0726%	0.0680%	0.0672%	0.0664%
Proportionate share of the net pension liability	$ 13,878,256	$ 22,252,497	$ 21,407,790	$ 19,456,525	$ 17,324,883	$ 13,420,367	$ 9,912,091	$ 7,534,087
Covered payroll	$ 9,804,068	$ 10,434,983	$ 10,232,195	$ 9,644,273	$ 9,226,685	$ 8,495,037	$ 10,906,575	$ 10,756,109
Proportionate share of the net pension liability as a percentage of its covered payroll	141.56%	213.25%	209.22%	201.74%	187.77%	157.98%	90.88%	70.04%
Plan fiduciary net position as a percentage of the total pension liability	81%	70%	70%	71%	72%	74%	79%	83%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

	2022	2021	2020	2019	2018	2017	2016	2015
CalSTRS								
Contractually required contribution	$ 5,789,945	$ 5,230,622	$ 5,381,974	$ 5,166,658	$ 4,437,139	$ 3,652,734	$ 2,788,222	$ 2,278,442
Less contributions in relation to the contractually required contribution	(5,789,945)	(5,230,622)	(5,381,974)	(5,166,658)	(4,437,139)	(3,652,734)	(2,788,222)	(2,278,442)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 34,219,533	$ 32,387,752	$ 31,473,532	$ 31,736,229	$ 30,749,404	$ 29,036,041	$ 25,985,294	$ 25,658,131
Contributions as a percentage of covered payroll	16.92%	16.15%	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%
CalPERS								
Contractually required contribution	$ 2,355,176	$ 2,029,442	$ 2,057,883	$ 1,848,139	$ 1,497,852	$ 1,281,402	$ 1,006,407	$ 1,283,813
Less contributions in relation to the contractually required contribution	(2,355,176)	(2,029,442)	(2,057,883)	(1,848,139)	(1,497,852)	(1,281,402)	(1,006,407)	(1,283,813)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 10,280,122	$ 9,804,068	$ 10,434,983	$ 10,232,195	$ 9,644,273	$ 9,226,685	$ 8,495,037	$ 10,906,575
Contributions as a percentage of covered payroll	22.910%	20.700%	19.721%	18.062%	15.531%	13.888%	11.847%	11.771%

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 2.20% to 2.16% 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 2.21% to 2.16% 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* – The plan rate of investment return assumption was changed from 2.21% to 2.16% since the previous valuation.

Schedule of the District's 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, 2022

Perris Elementary School District

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Passed through CDE			
COVID-19 Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	15536	$ 2,250,975
COVID-19 Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D	15547	1,144
COVID-19 Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U	15559	877
COVID 19 Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U	10155	292,142
COVID 19 Expanded Learning Opportunities (ELO) Grant: ESSER II State Reserve	84.425D	15618	374,000
COVID 19 Expanded Learning Opportunities (ELO) Grant: GEER II	84.425C	15619	93,144
COVID 19 Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Emergency Needs	84.425U	15620	30,978
COVID 19 Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Learning Loss	84.425U	15621	1,870
Subtotal			3,045,130
Title I Grants to Local Educational Agencies - Low Income and Neglected	84.010	14329	3,108,465
Title I Grants to Local Educational Agencies - School Improvement Funding to LEAs	84.010	15438	45,443
Subtotal			3,153,908
Title II, Part A, Supportive Effective Instruction State Grants	84.367	14341	260,731
Title IV, Part A, Student Support and Academic Enrichment Program	84.424	15396	247,393
Title III, English Language Acquisition State Grants - English Learner Student Program	84.365	14346	305,488
Passed through Riverside County SELPA			
Special Education (IDEA) Cluster			
Special Education Grants to States - Basic Local Assistance	84.027	13379	701,175
IDEA Local Assistance, Part B, Sec 611, Early Intervening Services	84.027	10119	130,029
Special Education Preschool Grants	84.173	13430	19,908
IDEA Part B, Sec 619, Preschool Grants Early Intervening Services	84.173	10131	3,534
IDEA Preschool Staff Development, Part B, Sec 619	84.173A	13431	541
Subtotal Special Education (IDEA) Cluster			855,187
Total U.S. Department of Education			7,867,837

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services			
Passed through CDE			
COVID-19 Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act - One-time Stipend	96.575	15555	$ 57,478
Total U.S. Department of Health and Human Services			57,478
U.S. Department of Agriculture			
Passed through CDE			
Child Nutrition Cluster			
Basic School Breakfast Program	10.553	13390	3,027
School Breakfast Program - Especially Needy	10.553	13526	624,306
National School Lunch Program - Section 4	10.555	13391	308,151
National School Lunch Program - Section 11	10.555	13396	2,949,046
After School Meal Supplements	10.555	13392	75,886
National School Lunch Program - Commodities	10.555	13524	342,633
Subtotal Child Nutrition Cluster			4,303,049
COVID-19 Prop 98 (SNP) -Emergency Operational Costs Reimbursement (ECR)	10.558	13389	474,042
Pandemic EBT Local Administrative Grant	10.649	15644	5,814
Total U.S. Department of Agriculture			4,782,905
Total Federal Financial Assistance			$ 12,708,220

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

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

Administration

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

	Final Report	
	Second Period Report	Annual Report
Regular ADA		
Transitional kindergarten through third	2,243.33	2,256.30
Fourth through sixth	1,691.99	1,696.86
Total Regular ADA	3,935.32	3,953.16
Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	1.54	1.25
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	0.11	0.11
Total ADA	3,936.97	3,954.52
Charter School - Innovative Horizons Charter School		
Classroom based ADA		
Transitional kindergarten through third	308.50	308.96
Fourth through sixth	253.75	253.74
Seventh and eighth	223.06	223.66
Total Regular ADA	785.31	786.36

Grade Level	1986-1987 Minutes Requirement	2021-2022 Actual Minutes	Total Minutes Offered	Traditional Calendar Number of Actual Days	Number of Days Credited Form J-13A*	Total Days Offered	Status
Kindergarten	36,000	37,140	37,140	180	-	180	Complied
Grades 1 - 3	50,400						
Grade 1		55,140	55,140	180	-	180	Complied
Grade 2		55,140	55,140	180	-	180	Complied
Grade 3		55,140	55,140	180	-	180	Complied
Grades 4 - 8	54,000						
Grade 4		55,140	55,140	180	-	180	Complied
Grade 5		55,140	55,140	180	-	180	Complied
Grade 6		55,140	55,140	180	-	180	Complied

Innovative Horizons Charter School

Grade Level	1986-1987 Minutes Requirement	2021-2022 Actual Minutes	Total Minutes Offered	Traditional Calendar Number of Actual Days	Number of Days Credited Form J-13A*	Total Days Offered	Status
Kindergarten	36,000	64,015	64,015	176	-	176	Complied
Grades 1 - 3	50,400						
Grade 1		61,930	61,930	176	-	176	Complied
Grade 2		61,930	61,930	176	-	176	Complied
Grade 3		61,930	61,930	176	-	176	Complied
Grades 4 - 8	54,000						
Grade 4		61,930	61,930	176	-	176	Complied
Grade 5		61,930	61,930	176	-	176	Complied
Grade 6		62,625	62,625	176	-	176	Complied
Grade 7		62,625	62,625	176	-	176	Complied
Grade 8		62,625	62,625	176	-	176	Complied

There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2022.

	(Budget) 2023 [1]	2022	2021 [1]	2020 [1]
General Fund				
Revenues	$ 107,900,276	$ 76,719,531	$ 72,656,519	$ 65,484,710
Other sources	-	76,682	-	-
Total revenues and other sources	107,900,276	76,796,213	72,656,519	65,484,710
Expenditures	109,344,045	68,686,452	66,717,237	61,738,359
Other uses	-	771,476	645,246	889,220
Total expenditures and other uses	109,344,045	69,457,928	67,362,483	62,627,579
Increase (Decrease) in Fund Balance	$ (1,443,769)	$ 7,338,285	$ 5,294,036	$ 2,857,131
Ending Fund Balance	$ 30,223,216	$ 31,666,985	$ 24,328,700	$ 19,034,664
Available Reserves	$ 9,984,155	$ 18,383,849	$ 17,378,268	$ 13,776,016
Available Reserves as a Percentage of Total Outgo	9.13%	26.47%	25.80%	22.00%
Long-Term Liabilities including then OPEB and Pensions	N/A	$ 107,076,890	$ 146,663,061	$ 134,606,769
K-12 Average Daily Attendance at P-2 [2]	4,237	3,937	4,460	4,460

The General Fund balance has increased by $12,632,321 over the past two years. The fiscal year 2022-2023 budget projects a decrease of $1,443,769 (4.6%). For a district this size, the State recommends available reserves of at least three percent of total General Fund expenditures, and other uses (total outgo).

The District has incurred operating deficits in two of the past three years, and anticipate incurring an operating deficit during the 2022-2023 fiscal year. Total long-term liabilities have decreased by $27,529,879 over the past two years.

Average daily attendance has decreased by 523 over the past two years. An additional increase of 300 ADA is anticipated during fiscal year 2022-2023.

[1] Financial information for 2023, 2021, and 2020 are included for analytical purposes only and has not been subjected to audit.

[2] Average daily attendance (ADA) totals do not include ADA for the charter school.

Name of Charter School	Charter Number	Included in Audit report
Innovative Horizons Charter	1294	Yes

	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	Special Reseve Fund for Capital Outlay Projects	Debt Service Fund for Blended Compenent Units	Total Non-Major Governmental Funds
Assets							
Deposits and investments	$ 812,201	$ 2,371,688	$ 401,873	$ 1,298,095	$ 1,424,947	$ 11,413	$ 6,320,217
Receivables	1,451	717,347	791	22,100	2,810	-	744,499
Due from other funds	292,417	-	300,000	11,949	254,060	-	858,426
Stores inventories	-	46,096	-	-	-	-	46,096
Lease receivable(s)	42,382	-	-	-	-	-	42,382
Total assets	$ 1,148,451	$ 3,135,131	$ 702,664	$ 1,332,144	$ 1,681,817	$ 11,413	$ 8,011,620
Liabilities, Deferred Inflows of Resources, and Fund Balances							
Liabilities							
Accounts payable	$ 8,790	$ 31,292	$ -	$ 15,621	$ -	$ -	$ 55,703
Due to other funds	643,022	138,333	-	-	-	-	781,355
Unearned revenue	245,602	-	-	-	-	-	245,602
Total liabilities	897,414	169,625	-	15,621	-	-	1,082,660
Deferred Inflows of Resources							
Deferred inflows of resources related to leases	42,382	-	-	-	-	-	42,382
Fund Balances							
Nonspendable	-	46,096	-	-	-	-	46,096
Restricted	197,867	2,919,410	-	1,316,523	-	11,413	4,445,213
Committed	-	-	702,664	-	-	-	702,664
Assigned	10,788	-	-	-	1,681,817	-	1,692,605
Total fund balances	208,655	2,965,506	702,664	1,316,523	1,681,817	11,413	6,886,578
Total liabilities, deferred inflows of resources, and fund balances	$ 1,148,451	$ 3,135,131	$ 702,664	$ 1,332,144	$ 1,681,817	$ 11,413	$ 8,011,620

	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	Special Reseve Fund for Capital Outlay Projects	Debt Service Fund for Blended Compenent Units	Total Non-Major Governmental Funds
Revenues							
Local Control Funding Formula	$ -	$ -	$ 300,000	$ -	$ -	$ -	$ 300,000
Federal sources	136,800	4,782,905	-	-	-	-	4,919,705
Other State sources	1,863,547	243,884	-	-	-	-	2,107,431
Other local sources	67,657	8,533	(6,122)	614,924	(21,558)	14	663,448
Total revenues	2,068,004	5,035,322	293,878	614,924	(21,558)	14	7,990,584
Expenditures							
Current							
Instruction	1,505,524	-	-	-	-	-	1,505,524
Instruction-related activities							
Supervision of instruction	187,781	-	-	-	-	-	187,781
School site administration	139,871	-	-	-	-	-	139,871
Pupil services							
Food services	-	4,269,560	-	-	-	-	4,269,560
All other pupil services	59,819	-	-	-	-	-	59,819
Administration							
All other administration	143,006	138,308	-	48,368	-	-	329,682
Plant services	255,087	52,590	-	7,020	2,500	-	317,197
Facility acquisition and construction	-	-	-	136,702	-	-	136,702
Debt service							
Principal	-	396	-	-	-	265,000	265,396
Interest and other	-	64	-	-	8,920	214,800	223,784
Total expenditures	2,291,088	4,460,918	-	192,090	11,420	479,800	7,435,316
Excess (Deficiency) of Revenues Over Expenditures	(223,084)	574,404	293,878	422,834	(32,978)	(479,786)	555,268
Other Financing Sources							
Transfers in	292,416	-	-	-	-	479,800	772,216
Net Change in Fund Balances	69,332	574,404	293,878	422,834	(32,978)	14	1,327,484
Fund Balance - Beginning, as restated	139,323	2,391,102	408,786	893,689	1,714,795	11,399	5,559,094
Fund Balance - Ending	$ 208,655	$ 2,965,506	$ 702,664	$ 1,316,523	$ 1,681,817	$ 11,413	$ 6,886,578

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, 2022. 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, 2022, the District reported $95,608 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 COVID-19 Child Development: American Rescue Plan (ARP) California State Preschool funds that have been recorded in the current period as revenues that have not been expended as of June 30, 2022, as well as the COVID-19 Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act funds that were recorded as revenue in the prior year and were partially expended in 2022. These unspent balances are reported as legally restricted ending balances within the Child Development Fund.

	Federal Financial Assistance Listing	Amount
Total Federal Revenues From the Statement of Revenues, Expenditures and Changes in Fund Balances		$ 12,787,542
COVID-19: Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act - One-time Stipend	93.575	57,478
COIVID-19 Child Development: ARP California State Preschool One-time Stipend	93.575	(136,800)
Total federal financial assistance		$ 12,708,220

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 Average Daily Attendance (ADA)

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

Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. The District has met its target funding. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of *Education Code* Sections 46200 through 46207.

Districts must maintain their instructional minutes at the 1986-87 requirements, as required by *Education Code* Section 46201.

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

These schedules are 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, 2022

Perris Elementary School District

EideBailly

CPAs & BUSINESS ADVISORS

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, and the aggregate remaining fund information of Perris Elementary School District (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 7, 2022.

Correction of Error

As discussed in Note 17 to the financial statements, certain errors in an overstatement of amounts previously reported for capital assets and accumulated depreciation as of June 30, 2022, were discovered my management during the current year. Accordingly, a restatement has been made to the governmental activities net position as of June 30, 2022, to correct the error. Our opinions are not modified with respect to this matter.

Adoption of New Accounting Standard

As discussed in Notes 1 and 18 to the financial statements, the District has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ended June 30, 2022. Accordingly, a restatement has been made to the governmental activities net position and the non-major governmental funds balance as of July 1, 2021, to restate beginning net position. Our opinions are not modified with respect to this matter.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified a certain deficiency in internal control, described in the accompanying Schedule of Financial Statement Findings as item 2022-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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*.

Perris Elementary School District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying Schedule of Financial Statement Findings. The District's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

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

Eide Bailly LLP

Rancho Cucamonga, California
December 7, 2022

CPAs & BUSINESS ADVISORS

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

Opinion on Each Major Federal Program

We have audited Perris Elementary School District's (the District) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2022. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the 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, 2022.

Basis for Opinion on Each Major Federal Program

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

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

10681 Foothill Blvd., Ste. 300 | Rancho Cucamonga, CA 91730-3831 | T 909.466.4410 | F 909.466.4431 | EOE

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Eide Bailly LLP

Rancho Cucamonga, California
December 7, 2022

Independent Auditor's Report on State Compliance

To the Governing Board
Perris Elementary School District
Perris, California

Report on Compliance

Qualified and Unmodified Opinions on State Compliance

We have audited Perris Elementary School District's (the District) compliance with the requirements specified in the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, applicable to the District's state program requirements identified below for the year ended June 30, 2022.

Qualified Opinion on Comprehensive School Safety Plan

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the laws and regulations of the state programs noted in the table below for the year ended June 30, 2022.

Unmodified Opinion on Each of the Other Programs

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the laws and regulations of the state programs noted in the table below for the year ended June 30, 2022, except as described in the accompanying Schedule of Findings and Questioned Costs.

Basis for Qualified and Unmodified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Matter(s) Giving Rise to Qualified Opinion on Comprehensive School Safety Plan

As described in the accompanying Schedule of Findings and Questioned Costs as finding 2022-002, the District did not comply with requirements regarding Comprehensive School Safety Plans. Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances.

- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the District's internal controls over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine the District's compliance with the state laws and regulations applicable to the following items:

2021-2022 K-12 Audit Guide Procedures	Procedures Performed
Local Education Agencies Other Than Charter Schools	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	No, see below
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
Juvenile Court Schools	No, see below
Middle or Early College High Schools	No, see below
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	No, see below
Comprehensive School Safety Plan	Yes
District of Choice	No, see below
School Districts, County Offices of Education, and Charter Schools	
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study - Course Based	No, see below
Immunizations	Yes, see below
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	No, see below
In Person Instruction Grant	No, see below

2021-2022 K-12 Audit Guide Procedures	Procedures Performed
Charter Schools	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study	No, see below
Determination of Funding for Nonclassroom-Based Instruction	No, see below
Annual Instructional Minutes - Classroom Based	Yes
Charter School Facility Grant Program	No, see below

We did not perform Continuation Education procedures because the program is not offered by the District.

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.

The District does not have any Juvenile Court Schools; therefore we did not perform procedures related to Juvenile Court Schools.

The District does not have any Middle or Early College High Schools; therefore, we did not perform procedures related to Middle or Early College High Schools.

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.

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.

The District was not listed on the immunization assessment reports; therefore, we did not perform the related procedures.

We did not perform Career Technical Education Incentive Grant procedures because the District did not receive funding for this grant.

We did not perform In Person Instruction Grant procedures because the District did not receive funding for this grant.

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 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.

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

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

Report on Internal Control over Compliance

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

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with compliance requirement will not be prevented, or detected and corrected, on a timely basis.
A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of finding and questioned costs as item 2022-002 to be a significant deficiency.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Rancho Cucamonga, California
December 7, 2022

Schedule of Findings and Questioned Costs
June 30, 2022

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 Number
Title I Grants to Local Educational Agencies - Low Income and Neglected	84.010
Title I Grants to Local Educational Agencies - Schoo lImprovement Funding to LEAs	84.010
COVID 19 Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D
COVID 19 Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D
COVID 19 Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U
COVID 19 Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U
COVID 19 Expanded Learning Opportunities: ESSER II State Reserve	84.425D
COVID 19 Expanded Learning Opportunities: Governor's Emergency Education Relief II	84.425C
COVID 19 Expanded Learning Opportunities: ESSER III State Reserve Emergency Needs	84.425U
COVID 19 Expanded Learning Opportunities: ESSER III State Reserve Learning Loss	84.425U

Dollar threshold used to distinguish between Type A and Type B programs	$750,000
Auditee qualified as low-risk auditee?	No

State Compliance

Internal control over state compliance programs	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes
Type of auditor's report issued on compliance for programs	Qualified

*Unmodified for all programs except for the following program which was qualified:

Name of Program
Comprehensive School Safety Plan

The following finding 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

Capital Assets (Material Weakness)

2022-001 30000

Criteria or Specific Requirements

Education Code Section 35168 requires the District to establish and maintain an inventory of all capital assets. GASB Statement No. 34 also requires the accounting for capital assets in excess of the capitalization threshold. In order to ensure the accurate reporting of capital assets, the District must establish procedures to track and monitor capital asset activity on an annual basis, including acquisitions, dispositions, and construction in process activities.

Condition

The District's previous capital asset system was not fully functional. The following conditions were noted: for the past years, beginning balances for capital assets have been rolled forward based on historical balances, with additions, disposals, and depreciation being tracked each year as a valuation of beginning balances was completed. During the current fiscal year, a new valuation was completed and the District reviewed and changed asset categories and useful life to ensure assets were grouped in the appropriate categories with the correct useful life. Lastly, the District reconciled the equipment with the inventory count to ensure equipment that was previously disposed of is removed from the capital assets listing. As detailed in Note 18 the combined effect of the reconciliation resulted in a $3,125,880 restatement in the District's net position as of July 1, 2021.

Questioned Costs

There were no questioned costs associated with this condition.

Context

The condition was identified through inquiry with District personnel and also through review of available District records related to the capital asset activities.

Effect

The District's prior period ending net position was overstated by $3,125,880.

Cause

The condition identified above appears to be caused by a lack of a functioning capital asset system.

Repeat Finding

No.

Recommendation

The District should establish and enforce formalized procedures related to monitoring capital asset activities. Such procedures should include monthly review and reconciliation of capital asset additions and input into capital asset system for depreciation; procedures for disposal of assets including timelines for when the inventory counts will be performed along with a process for reconciling physical inventory count information with the perpetual capital asset listing.

Corrective Action Plan and Views of Responsible Officials

With the new valuation, the District will utilize the Galaxy Financial system to track and monitor capital assets. The District will also put into place a reconciliation process.

None reported.

The following finding represents a significant deficiency in internal control and an instance of noncompliance that is required to be reported by the 2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting. The finding has been coded as follows:

Five Digit Code	AB 3627 Finding Type
40000	State Compliance

2022-002 40000 – Comprehensive School Safety Plan

Criteria or Specific Requirements

As required by California *Education Code* Section 32286(a), each school site is required to annually review and update its comprehensive school safety plan by March 1.

Condition

The District's review process for determining school sites have updated and reviewed their comprehensive school safety plan by March 1 requires enhancement. Specifically, our testing of the comprehensive school safety plan for Clearwater Elementary noted the plan was updated subsequent to March 1.

Questioned Costs

There were no questioned costs associated with the condition identified.

Context

The condition was identified as a result of our inquiry with the District's Risk Management Personnel and through the review of supporting documents.

Effect

The District has not complied with requirements identified in California *Education Code* Section 32286(a) which states that each school site is required to annually review and update its comprehensive school safety plan by March 1.

Cause

The condition identified appears to have materialized due to the site being unable to obtain a quorum to approve the plan due to COVID.

Repeat Finding

No.

Recommendation

The District should become familiar with all the requirements identified in California *Education Code* Section 32286(a). The District must update and review the comprehensive school safety plan by March 1.

Corrective Action Plan and Views of Responsible Officials

The District is familiar with all the requirements identified in California *Education Code* Section 32286(a); however, due to COVID-19, the meeting to approve was pushed back beyond the deadline.

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

2021-001 30000 – Internal Control

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 prevents 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 the 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

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 for revenues.

Current Status

Implemented

EXHIBIT B

REPORT TO THE CALIFORNIA DEBT AND INVESTMENT ADVISORY COMMISSION

Information as of Reporting Year End: 06/30/2022

Issuance

Issuer Name:	Perris Elementary School District CFD No 2002-1
Issue Name:	2014 Ref Special Tax Bonds
Project Name:	Series A
Actual Sale Date:	02/10/2014
Settlement Date:	02/11/2014
Original Principal Amount:	$1,705,000.00
Date of Filing:	10/27/2022
Reserve Fund Minimum Balance:	Yes
Reserve Fund Minimum Balance Amount:	$55,500.00

Credit Rating from Report of Final Sale

Credit Rating:	Not Rated
Standard & Poor:	
Fitch:	
Moody's:	
Other:	

Credit Rating from Mello-Roos Last Yearly Fiscal Status Report

Credit Rating:	Not Rated
Standard & Poor:	
Fitch:	
Moody's:	
Other:	

Credit Rating for This Reporting Period

Credit Rating:	Not Rated
Standard & Poor:	

Fitch:

Moody's:

Other:

Fund Balance

Principal Amount of Bonds Outstanding:	$1,110,000.00
Bond Reserve Fund:	$59,547.14
Capitalized Interest Fund:	$0.00
Construction Fund(s):	$0.00

Assessed Value

Assessed or Appraised Value Reported as of:	07/01/2022
Use Appraised Value only in first year or before annual tax roll billing commences:	From Equalized Tax Roll
Total Assessed Value of All Parcels:	$60,327,095.00

Tax Collection

Total Amount of Special Taxes Due Annually:	$156,194.78
Total Amount of Unpaid Special Taxes Annually:	$2,685.48
Does this agency participate in the County's Teeter Plan?	No

Delinquent Reporting

Delinquent Parcel Information Reported as of Equalized Tax Roll of:	06/30/2022
Total Number of Delinquent Parcels:	3
Total Amount of Special Taxes Due on Delinquent Parcels:	$2,685.48

Foreclosure

Date Foreclosure Commenced	Total Number of Foreclosure Parcels	Total Amount of Tax on Foreclosure Parcels

Retired Issues

Indicate Reason for Retirement:	Not Retired

Filing Contact

Filing Contact Name:	Christopher Rashidian
Agency/Organization Name:	Cooperative Strategies LLC
Address:	2855 Michelle Drive Suite 230
City:	Irvine
State:	CA
Zip Code:	92606
Telephone:	949-2508300
Fax Number:	
E-mail:	taxinfo@coopstrategies.com

Comments

Issuer Comments: