



► **PERRIS ELEMENTARY
SCHOOL DISTRICT**

CONTINUING DISCLOSURE ANNUAL REPORT
COMMUNITY FACILITIES DISTRICT NO. 2002-1
FISCAL YEAR ENDING JUNE 30, 2023
REFUNDING SPECIAL TAX BONDS, 2014 SERIES A

MARCH 27, 2024

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EXHIBITS

EXHIBIT A:

Annual Financial Statements for Year Ending June 30, 2023

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 Woolpert 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 Woolpert at taxinfo@coopstrategies.com.

Perris Elementary School District

FINANCIAL INFORMATION

The School District's annual audited financial statements for Fiscal Year 2022/2023 are attached as Exhibit A.

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, 2024, was \$945,000.

B. FUND AND ACCOUNT BALANCES

The balance in each fund and account of the Bonds, as of March 1, 2024, is listed in the table below.

FUND AND ACCOUNT BALANCES

| Funds and Accounts | Amount |
|-----------------------------|---------------------|
| Administrative Expense Fund | \$12,309.17 |
| Bond Fund | \$0.00 |
| Interest Account | \$0.09 |
| Principal Account | \$0.05 |
| Reserve Fund | \$59,293.85 |
| Special Tax Fund | \$86,647.10 |
| Total | \$158,250.26 |

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, 2024 the Reserve Requirement for the Bonds was \$47,250.00; 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 2023/2024.

B. SPECIAL TAX DELINQUENCIES

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

HISTORICAL SPECIAL TAX DELINQUENCIES

| Fiscal Year | Subject Fiscal Year ^[1] ^[2] | | | | | June 30, 2023 ^[3] | |
|-------------|---|--------------------|------------------------------|-------------------------------|------------------------------|------------------------------|----------------------------|
| | 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% |
| 2022/2023 | \$156,194.78 | 4 | \$150,284.14 | \$5,910.64 | 3.78% | \$5,910.64 | 3.78% |

[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, 2023, it was determined that CFD No. 2002-1 was not required to initiate foreclosure proceedings for Fiscal Year 2022/2023. Since the Bonds were sold, CFD No. 2002-1 has never initiated foreclosure proceedings.

REPORTS AND ADDITIONAL INFORMATION

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

A. REPORT TO THE CALIFORNIA DEBT AND INVESTMENT ADVISORY COMMISSION

A copy of the report prepared and filed with the California Debt and Investment Advisory Commission pursuant to Section 53359.5(b) of the Act for Fiscal Year 2022/2023 is provided solely as a courtesy to the purchaser, and is included as Exhibit B.

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EXHIBIT A

ANNUAL FINANCIAL STATEMENTS FOR YEAR ENDING
JUNE 30, 2023



Financial Statements
June 30, 2023

Perris Elementary School District



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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, 2023, 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 Perris Elementary School District, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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 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.

Adoption of New Accounting Standard

As discussed in Notes 1 and 18 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, for the year ended June 30, 2023. Accordingly, a restatement has been made to the governmental activities net position as of July 1, 2022, 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 - CalSTRS, schedule of the District's proportionate share of the net pension liability – CalPERS, schedule of the District's contributions - CalSTRS, and the schedule of the District's contributions - CalPERS, 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 GAAS, 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 GAAS. 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, 2023 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.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California
December 7, 2023



PERRIS ELEMENTARY SCHOOL DISTRICT

Bruce Bivins, Superintendent

143 E. 1st Street • Perris, California 92570
951.657.3118 • 951.940.5115 Fax

FRANCINE M. STORY
CHIEF BUSINESS OFFICIAL

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, 2023, with comparative information for the year ended June 30, 2022. 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, right-to-use leased assets, and right-to-use subscription IT 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 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 - 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 Change 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 39.1% to \$93,652,720.
- Total governmental revenues were \$125,823,129, \$26,332,943 more than expenses.
- The District's combined fund balances increased by \$28,718,396 or 44.5%.
- The total cost of instructional programs was \$66,806,564. Because a portion of these costs were paid for with charges, fees, and intergovernmental aid, the net cost that required taxpayer funding was only \$34,404,355.
- Average daily attendance (grades K-6) increased by approximately 245 ADA.

THE DISTRICT AS A WHOLE

Net Position

The District's net position was \$93,652,720 for the fiscal year ended June 30, 2023. Of this amount, \$(41,823,254) 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 | |
|--|-------------------------|---------------------|
| | 2023 | 2022 as restated |
| Assets | | |
| Current and other assets | \$ 104,771,562 | \$ 73,359,803 |
| Capital assets, right-to-use leased assets, and right-to-use subscription IT assets | 131,782,290 | 126,355,319 |
| Total assets | 236,553,852 | 199,715,122 |
| Deferred outflows of resources | 22,267,186 | 18,182,015 |
| Liabilities | | |
| Current liabilities | 13,086,200 | 10,211,401 |
| Long-term liabilities other than OPEB and pension | 62,488,097 | 51,515,076 |
| Net other postemployment benefit (OPEB) liability | 14,662,453 | 15,661,052 |
| Aggregate net pension liability | 64,048,565 | 40,047,366 |
| Total liabilities | 154,285,315 | 117,434,895 |
| Deferred inflows of resources | 10,883,003 | 33,142,465 |
| Net Position | | |
| Net investment of capital assets | 83,677,801 | 78,244,463 |
| Restricted | 51,798,173 | 34,094,807 |
| Unrestricted (deficit) | (41,823,254) | (45,019,493) |
| Total net position | \$ 93,652,720 | \$ 67,319,777 |

Unrestricted net position (deficit) decreased by \$3,196,239, or 7.1%, compared to 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

| | Governmental Activities | |
|--------------------------------------|-------------------------|---------------|
| | 2023 | 2022 * |
| Revenues | | |
| Program revenues | | |
| Charges for services and sales | \$ 627,004 | \$ 604,542 |
| Operating grants and contributions | 45,220,715 | 23,743,279 |
| General revenues | | |
| Federal and State aid not restricted | 67,174,248 | 59,939,925 |
| Property taxes | 11,919,751 | 10,333,600 |
| Other general revenues | 881,411 | (209,034) |
| | 125,823,129 | 94,412,312 |
| Total revenues | | |
| Expenses | | |
| Instruction-related | 66,806,564 | 52,946,644 |
| Pupil services | 12,327,658 | 10,167,853 |
| Administration | 5,868,119 | 4,297,839 |
| Plant services | 7,594,547 | 8,753,479 |
| All other services | 6,893,298 | 5,894,229 |
| | 99,490,186 | 82,060,044 |
| Total expenses | | |
| Change in net position | \$ 26,332,943 | \$ 12,352,268 |

* The revenues and expenses for fiscal year 2022 were not restated to show the effects of GASB Statement No. 96 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 \$99,490,186. The amount that our taxpayers ultimately financed for these activities through local taxes was only \$11,919,751. The District also collected \$627,004 in charges for services from these that benefited from the programs. Other governmental agencies and organizations subsidized certain programs with grants and contributions of \$45,220,715. We paid for the remaining "public benefit" portion of our governmental activities with \$67,174,248 in unrestricted State and Federal aid, and \$881,411 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 | |
|---------------------|------------------------|----------------------|------------------------|------------------------|
| | 2023 | 2022 * | 2023 | 2022 * |
| Instruction-related | \$ 66,806,564 | \$ 52,946,644 | \$ (34,404,355) | \$ (36,557,805) |
| Pupil services | 12,327,658 | 10,167,853 | (5,746,827) | (4,838,143) |
| Administration | 5,868,119 | 4,297,839 | (4,842,850) | (3,044,696) |
| Plant services | 7,594,547 | 8,753,479 | (2,253,337) | (7,343,186) |
| All other services | 6,893,298 | 5,894,229 | (6,395,098) | (5,928,225) |
| Total | \$ 99,490,186 | \$ 82,060,044 | \$ (53,642,467) | \$ (57,712,055) |

* The total and net cost of services for fiscal year 2022 were not restated to show the effects of GASB Statement No. 96 for comparative purposes.

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of \$92,547,059, which is an increase of \$28,718,396 or 44.5% from last year (Table 4).

Table 4

| | Balances and Activity | | | |
|---|-----------------------|--|---|----------------------|
| | July 1, 2022 | Revenues and Other Financing Sources | Expenditures and Other Financing Uses | June 30, 2023 |
| General Fund | \$ 31,666,985 | \$ 100,808,840 | \$ 84,123,385 | \$ 48,352,440 |
| Charter School Fund | 8,261,261 | 15,143,276 | 13,558,295 | 9,846,242 |
| Building Fund | (10,294) | 10,928,157 | 840,292 | 10,077,571 |
| Child Development Fund | 208,655 | 2,693,196 | 2,741,406 | 160,445 |
| Cafeteria Fund | 2,965,506 | 5,694,125 | 5,458,031 | 3,201,600 |
| Deferred Maintenance Fund | 702,664 | 297,124 | - | 999,788 |
| Capital Facilities Fund | 1,316,523 | 743,263 | 838,655 | 1,221,131 |
| County School Facilities Fund | 8,043,541 | (138,982) | 514,678 | 7,389,881 |
| Special Reserve Fund for Capital Outlay Projects | 1,681,817 | 8,863 | 105,831 | 1,584,849 |
| Bond Interest and Redemption Fund | 8,980,592 | 2,968,212 | 2,248,093 | 9,700,711 |
| Debt Service Fund for Blended Component Units | 11,413 | 479,988 | 479,000 | 12,401 |
| Total | <u>\$ 63,828,663</u> | <u>\$ 139,626,062</u> | <u>\$ 110,907,666</u> | <u>\$ 92,547,059</u> |

The primary reasons for these increases are:

1. Our General Fund is our principal operating fund. The fund balance in the General Fund increased from \$31,666,985 to \$48,352,440. This increase is due to:
 - a. Increase in State and local revenues
 - b. Increase 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 15, 2023. (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 70).

While the District's final budget for the General Fund anticipated that revenues would exceed expenditures by \$13.80 million, the actual results for the year show that revenues exceeded expenditures by roughly \$16.68 million. Actual revenues were \$3.27 million more than anticipated, and expenditures were \$.39 million more than anticipated. This amount consists primarily of more state and local revenue and additional expenditures as of June 30, 2023.

CAPITAL ASSETS, RIGHT-TO-USE LEASED ASSETS, RIGHT-TO-USE SUBSCRIPTION IT ASSETS, AND LONG-TERM LIABILITIES

Capital Assets, Right-to-Use Leased Assets, and Right-to-Use Subscription IT Assets

At June 30, 2023, the District had \$131,782,290 in a broad range of capital assets, right-to-use leased assets, and right-to-use subscription IT assets (net of depreciation and amortization), including land and construction in progress, land improvements, buildings and improvements, furniture and equipment, right-to-use leased assets, and right-to-use subscription IT assets. This amount represents a net increase (including additions, deductions, depreciation and amortization) of approximately \$5,426,971, or 4.3%, from last year (Table 5).

Table 5

| | Governmental Activities | |
|-------------------------------------|-------------------------|---------------------|
| | 2023 | 2022 as restated |
| Land and construction in progress | \$ 13,711,487 | \$ 28,679,795 |
| Land improvements | 9,359,177 | 8,239,394 |
| Buildings and improvements | 107,368,724 | 88,389,764 |
| Furniture and equipment | 1,191,416 | 723,170 |
| Right-to-use leased assets | 55,277 | 175,226 |
| Right-to-use subscription IT assets | 96,209 | 147,970 |
| Total | \$ 131,782,290 | \$ 126,355,319 |

Additional information on the District's capital assets, right-to-use leased assets, and right-to-use subscription IT assets can be found in Note 5 of the financial statements.

Long-Term Liabilities other than OPEB and Pension

At the end of this year, the District had \$62,488,097 in long-term liabilities other than OPEB and pension outstanding versus \$51,515,076 last year, an increase of \$10,973,021 or 21.3%. Those liabilities consisted of:

Table 6

| | Governmental Activities | |
|---|-------------------------|---------------------|
| | 2023 | 2022 as restated |
| General obligation bonds (net) | \$ 55,903,395 | \$ 45,031,623 |
| Certificates of participation (net) | 5,125,004 | 5,463,139 |
| Leases | 56,819 | 177,580 |
| Subscription-based IT arrangements | 97,143 | 147,970 |
| Supplemental early retirement plan (SERP) | 1,305,736 | 694,764 |
| Total | \$ 62,488,097 | \$ 51,515,076 |

Additional information on the District's long-term liabilities can be found in Note 10 of the financial statements.

OPEB and Pension Liabilities

At year-end, the District had a net other postemployment benefit (OPEB) liability of \$14,662,453 versus \$15,661,052 last year, a decrease of \$998,599, or 6.4%.

In addition, at year-end, the District had an aggregate net pension liability of \$64,048,565 versus \$40,047,366 last year, an increase of \$24,001,199, or 59.9%.

Additional information on the District's OPEB and pension liabilities can be found in Note 11 and Note 15 of the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the District Budget for the 2023-2024 year, the governing board and management used the following criteria:

The key assumptions in our forecast are the following:

- LCFF COLA of 8.22%.
- LCFF revenue assumptions include 3-year rolling average for ADA.
- Flat enrollment in 2023-2024.
- Elementary and Secondary School Emergency Relief II & III (ESSER).
- Single Year Unduplicated pupil percentage projected at 91.88%
- Employer fixed cost increase for PERS.
- Step and Column included.

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@perrisd.org.

Perris Elementary School District
Statement of Net Position
June 30, 2023

| | Governmental Activities |
|--|----------------------------|
| Assets | |
| Deposits and investments | \$ 96,204,746 |
| Receivables | 8,499,502 |
| Stores inventories | 38,326 |
| Lease receivable | 28,988 |
| Capital assets not depreciated | 13,711,487 |
| Capital assets, net of accumulated depreciation | 117,919,317 |
| Right-to-use leased assets, net of accumulated amortization | 55,277 |
| Right-to-use subscription IT assets, net of accumulated amortization | 96,209 |
| Total assets | 236,553,852 |
| Deferred Outflows of Resources | |
| Deferred charge on refunding | 557,736 |
| Deferred outflows of resources related to OPEB | 3,178,721 |
| Deferred outflows of resources related to pensions | 18,530,729 |
| Total deferred outflows of resources | 22,267,186 |
| Liabilities | |
| Accounts payable | 9,019,191 |
| Accrued interest payable | 890,685 |
| Unearned revenue | 3,176,324 |
| Long-term liabilities | |
| Long-term liabilities other than OPEB and pensions due within one year | 1,446,946 |
| Long-term liabilities other than OPEB and pensions due in more than one year | 61,041,151 |
| Net other postemployment benefits (OPEB) liability | 14,662,453 |
| Aggregate net pension liability | 64,048,565 |
| Total liabilities | 154,285,315 |
| Deferred Inflows of Resources | |
| Deferred charge on refunding | 53,072 |
| Deferred inflows of resources related to OPEB | 2,619,174 |
| Deferred inflows of resources related to pensions | 8,181,769 |
| Deferred inflows of resources related to leases | 28,988 |
| Total deferred inflows of resources | 10,883,003 |
| Net Position | |
| Net investment of capital assets | 83,677,801 |
| Restricted for | |
| Debt service | 8,503,154 |
| Capital projects | 10,411,612 |
| Educational programs | 25,845,018 |
| Other activities | 7,038,389 |
| Unrestricted (deficit) | (41,823,254) |
| Total net position | \$ 93,652,720 |

Perris Elementary School District
Statement of Activities
Year Ended June 30, 2023

| Functions/Programs | Expenses | Program Revenues | | Net (Expenses) |
|--|----------------------|--------------------------------------|--|--|
| | | Charges for Services and Sales | Operating Grants and Contributions | Revenues and Changes in Net Position |
| | | | | Governmental Activities |
| Governmental Activities | | | | |
| Instruction | \$ 57,909,284 | \$ 334 | \$ 30,728,964 | \$ (27,179,986) |
| Instruction-related activities | | | | |
| Supervision of instruction | 3,203,954 | 71 | 965,218 | (2,238,665) |
| Instructional library, media, and technology | 528,553 | - | - | (528,553) |
| School site administration | 5,164,773 | 264 | 707,358 | (4,457,151) |
| Pupil services | | | | |
| Home-to-school transportation | 1,563,239 | - | - | (1,563,239) |
| Food services | 5,203,581 | 93,056 | 5,974,233 | 863,708 |
| All other pupil services | 5,560,838 | 12,216 | 501,326 | (5,047,296) |
| Administration | | | | |
| All other administration | 5,868,119 | 11,093 | 1,014,176 | (4,842,850) |
| Plant services | 7,594,547 | 206,461 | 5,134,749 | (2,253,337) |
| Ancillary services | 75 | - | - | (75) |
| Interest on long-term obligations | 2,337,944 | - | - | (2,337,944) |
| Other outgo | 923,310 | 303,509 | 194,691 | (425,110) |
| Depreciation (unallocated) | 3,631,969 | - | - | (3,631,969) |
| Total governmental activities | <u>\$ 99,490,186</u> | <u>\$ 627,004</u> | <u>\$ 45,220,715</u> | <u>(53,642,467)</u> |
| General revenues and subventions | | | | |
| Property taxes, levied for general purposes | | | | 8,848,602 |
| Property taxes, levied for debt service | | | | 2,446,940 |
| Taxes levied for other specific purposes | | | | 624,209 |
| Federal and State aid not restricted to specific purposes | | | | 67,174,248 |
| Interest, investment earnings and change in fair market valuations | | | | (208,461) |
| Miscellaneous | | | | 1,089,872 |
| Subtotal, general revenues and subventions | | | | <u>79,975,410</u> |
| Change in Net Position | | | | 26,332,943 |
| Net Position - Beginning, as restated | | | | <u>67,319,777</u> |
| Net Position - Ending | | | | <u>\$ 93,652,720</u> |

Perris Elementary School District
Balance Sheet – Governmental Funds
June 30, 2023

| | General Fund | Charter School Fund | Building Fund | Non-Major Governmental Funds | Total Governmental Funds |
|--|----------------------|---------------------------|----------------------|------------------------------------|--------------------------------|
| Assets | | | | | |
| Deposits and investments | \$ 50,297,813 | \$ 12,652,627 | \$ 10,422,674 | \$ 22,831,632 | \$ 96,204,746 |
| Receivables | 6,367,124 | 510,457 | 141,562 | 1,480,359 | 8,499,502 |
| Due from other funds | 3,228,646 | 993,670 | - | 1,923,780 | 6,146,096 |
| Stores inventories | - | - | - | 38,326 | 38,326 |
| Lease receivables | - | - | - | 28,988 | 28,988 |
| Total assets | \$ 59,893,583 | \$ 14,156,754 | \$ 10,564,236 | \$ 26,303,085 | \$ 110,917,658 |
| Liabilities, Deferred Inflows of Resources, and Fund Balances | | | | | |
| Liabilities | | | | | |
| Accounts payable | \$ 7,264,351 | \$ 665,286 | \$ 486,665 | \$ 602,889 | \$ 9,019,191 |
| Due to other funds | 1,723,975 | 3,590,654 | - | 831,467 | 6,146,096 |
| Unearned revenue | 2,552,817 | 54,572 | - | 568,935 | 3,176,324 |
| Total liabilities | 11,541,143 | 4,310,512 | 486,665 | 2,003,291 | 18,341,611 |
| Deferred Inflows of Resources | | | | | |
| Deferred inflows of resources related to leases | - | - | - | 28,988 | 28,988 |
| Fund Balances | | | | | |
| Nonspendable | 5,000 | - | - | 38,326 | 43,326 |
| Restricted | 25,845,018 | 3,661,087 | 10,077,571 | 23,229,923 | 62,813,599 |
| Committed | - | - | - | 999,788 | 999,788 |
| Assigned | 18,278,014 | 6,185,155 | - | 2,769 | 24,465,938 |
| Unassigned | 4,224,408 | - | - | - | 4,224,408 |
| Total fund balances | 48,352,440 | 9,846,242 | 10,077,571 | 24,270,806 | 92,547,059 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 59,893,583 | \$ 14,156,754 | \$ 10,564,236 | \$ 26,303,085 | \$ 110,917,658 |

Perris Elementary School District
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
 June 30, 2023

| | | |
|---|---------------------|---------------|
| Total Fund Balance - Governmental Funds | | \$ 92,547,059 |
| <p>Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:</p> | | |
| <p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.</p> | | |
| The cost of capital assets is | \$ 177,506,239 | |
| Accumulated depreciation is | <u>(45,875,435)</u> | |
| Net capital assets | | 131,630,804 |
| <p>Right-to-use leased assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.</p> | | |
| The cost of right-to-use leased assets is | 100,261 | |
| Accumulated amortization is | <u>(44,984)</u> | |
| Net right-to-use leased assets | | 55,277 |
| <p>Right-to-use subscription IT assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.</p> | | |
| The cost of right-to-use subscription IT assets is | 161,041 | |
| Accumulated amortization is | <u>(64,832)</u> | |
| Net right-to-use subscription IT assets | | 96,209 |
| <p>In governmental funds, unmatured interest on long-term liabilities is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term liabilities is recognized when it is incurred.</p> | | |
| | | (890,685) |
| <p>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</p> | | |
| Debt refundings (deferred charge on refunding) | 557,736 | |
| Net other postemployment benefits (OPEB) liability | 3,178,721 | |
| Aggregate net pension liability | <u>18,530,729</u> | |
| Total deferred outflows of resources | | 22,267,186 |
| <p>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</p> | | |
| Debt refundings (deferred charge on refunding) | (53,072) | |
| Net other postemployment benefits (OPEB) liability | (2,619,174) | |
| Aggregate net pension liability | <u>(8,181,769)</u> | |
| Total deferred inflows of resources | | (10,854,015) |
| <p>Aggregate net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.</p> | | |
| | | (64,048,565) |

Perris Elementary School District
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
 June 30, 2023

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. \$ (14,662,453)

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 | \$ 51,506,243 |
| Premium on issuance | 1,908,798 |
| Discount on issuance | (7,283) |
| Certificates of participation | 4,420,000 |
| Premium on issuance | 705,004 |
| Leases | 56,819 |
| Subscription-based IT arrangements | 97,143 |
| Supplemental early retirement plan (SERP) | 1,305,736 |
| In addition, the District issued 'capital appreciation' bonds. The accretion of interest on the general obligation bonds to date is | 2,495,637 |

Total long-term liabilities (62,488,097)

Total net position - governmental activities \$ 93,652,720

Perris Elementary School District
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2023

| | General Fund | Charter School Fund | Building Fund | Non-Major Governmental Funds | Total Governmental Funds |
|---|----------------------|---------------------------|----------------------|------------------------------------|--------------------------------|
| Revenues | | | | | |
| Local Control Funding Formula | \$ 62,910,357 | \$ 11,003,048 | \$ - | \$ 300,000 | \$ 74,213,405 |
| Federal sources | 9,252,354 | 79,566 | - | 4,236,353 | 13,568,273 |
| Other State sources | 27,061,844 | 3,967,981 | - | 3,919,704 | 34,949,529 |
| Other local sources | 1,571,214 | 92,681 | (71,843) | 3,224,766 | 4,816,818 |
| Total revenues | <u>100,795,769</u> | <u>15,143,276</u> | <u>(71,843)</u> | <u>11,680,823</u> | <u>127,548,025</u> |
| Expenditures | | | | | |
| Current | | | | | |
| Instruction | 52,646,968 | 7,003,266 | - | 1,751,798 | 61,402,032 |
| Instruction-related activities | | | | | |
| Supervision of instruction | 3,031,398 | 131,213 | - | 209,450 | 3,372,061 |
| Instructional library, media, and technology | 470,745 | 83,942 | - | - | 554,687 |
| School site administration | 4,479,484 | 748,891 | - | 235,128 | 5,463,503 |
| Pupil services | | | | | |
| Home-to-school transportation | 1,537,524 | - | - | - | 1,537,524 |
| Food services | 102,018 | 12,286 | - | 5,220,348 | 5,334,652 |
| All other pupil services | 5,543,587 | 349,535 | - | 54,469 | 5,947,591 |
| Administration | | | | | |
| All other administration | 4,041,487 | 1,106,465 | - | 355,494 | 5,503,446 |
| Plant services | 7,528,981 | 720,226 | - | 473,154 | 8,722,361 |
| Ancillary services | - | 75 | - | - | 75 |
| Other outgo | 923,310 | - | - | - | 923,310 |
| Facility acquisition and construction | 3,083,962 | 3,402,396 | 564,578 | 1,252,469 | 8,303,405 |
| Debt service | | | | | |
| Principal | 184,242 | - | - | 1,135,417 | 1,319,659 |
| Interest and other | 5,964 | - | 275,714 | 1,697,967 | 1,979,645 |
| Total expenditures | <u>83,579,670</u> | <u>13,558,295</u> | <u>840,292</u> | <u>12,385,694</u> | <u>110,363,951</u> |
| Excess (Deficiency) of Revenues Over expenditures | <u>17,216,099</u> | <u>1,584,981</u> | <u>(912,135)</u> | <u>(704,871)</u> | <u>17,184,074</u> |
| Other Financing Sources (Uses) | | | | | |
| Transfers in | - | - | - | 543,715 | 543,715 |
| Other sources - proceeds from issuance of general obligation bonds | - | - | 11,000,000 | - | 11,000,000 |
| Other sources - premium from issuance of general obligation bonds | - | - | - | 521,251 | 521,251 |
| Other sources - proceeds from issuance of SBITAs | 13,071 | - | - | - | 13,071 |
| Transfers out | (543,715) | - | - | - | (543,715) |
| Net Financing Sources (Uses) | <u>(530,644)</u> | <u>-</u> | <u>11,000,000</u> | <u>1,064,966</u> | <u>11,534,322</u> |
| Net Change in Fund Balances | 16,685,455 | 1,584,981 | 10,087,865 | 360,095 | 28,718,396 |
| Fund Balance - Beginning | <u>31,666,985</u> | <u>8,261,261</u> | <u>(10,294)</u> | <u>23,910,711</u> | <u>63,828,663</u> |
| Fund Balance - Ending | <u>\$ 48,352,440</u> | <u>\$ 9,846,242</u> | <u>\$ 10,077,571</u> | <u>\$ 24,270,806</u> | <u>\$ 92,547,059</u> |

Perris Elementary School District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2023

Total Net Change in Fund Balances - Governmental Funds \$ 28,718,396

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

Capital outlay 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 capital outlays exceed depreciation and amortization expense in the period.

| | | |
|---------------------------------------|--------------------|--|
| Capital outlay | \$ 9,243,721 | |
| Depreciation and amortization expense | <u>(3,729,943)</u> | |

| | | |
|------------------------|--|-----------|
| Net expense adjustment | | 5,513,778 |
|------------------------|--|-----------|

Loss on disposal of right-to-use leased assets is reported in the government-wide Statement of Net Position, but is not recorded in the governmental funds. (86,807)

Right-to-use subscription IT assets acquired this year were financed with Subscription-Based IT Arrangements (SBITAs). The amount financed by the SBITAs is reported in the governmental funds as a source of financing. On the other hand, the SBITAs are not revenues in the Statement of Activities, but rather constitute long-term liabilities in the Statement of Net Position. (13,071)

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 an aggregate net pension liability during the year. 4,129,162

In the Statement of Activities, 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 (SERP) added was more than the amount paid by \$610,972. (610,972)

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. (757,652)

Perris Elementary School District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2023

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

| | |
|--------------------------|-----------------|
| General obligation bonds | \$ (11,000,000) |
|--------------------------|-----------------|

Governmental funds report the effects of premiums, discount, and deferred charges on a refunding when debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities. The following is the net effect of these related items

| | |
|--|-----------|
| Premium on issuance - general obligation bonds | (521,251) |
|--|-----------|

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 | \$ | 860,000 |
| Certificates of participation | | 275,000 |
| Leases | | 120,761 |
| Subscription-based IT arrangements | | 63,898 |
| | | 63,898 |

| | |
|---------------------|-----------|
| Combined adjustment | 1,319,659 |
|---------------------|-----------|

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 | | 186,640 |
| Amortization of deferred charge on refunding | | (42,871) |
| Amortization of debt discount | | (310) |
| | | (310) |

| | |
|---------------------|---------|
| Combined adjustment | 143,459 |
|---------------------|---------|

Interest on long-term obligations in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditures in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The interest on the general obligation bonds and certificates of participation increased by \$168,042. Additionally, \$333,716 of accumulated interest was accreted on the District's capital appreciation general obligation bonds.

| | |
|--|-----------|
| | (501,758) |
| | (501,758) |

| | |
|---|---------------|
| Change in net position of governmental activities | \$ 26,332,943 |
| | \$ 26,332,943 |

Perris Elementary School District
Statement of Net Position – Fiduciary Funds
June 30, 2023

| | <u>Custodial Funds</u> |
|--|----------------------------|
| Assets | |
| Deposits and investments | <u>\$ 131,287</u> |
| Net Position | |
| Restricted for individuals, organizations and other governments | <u>\$ 131,287</u> |

Perris Elementary School District
Statement of Change in Net Position – Fiduciary Funds
Year Ended June 30, 2023

| | Custodial Funds |
|------------------------------------|--------------------|
| Additions | |
| Contributions | |
| Special assessment taxes | \$ 154,382 |
| Interest | 3,954 |
| | 158,336 |
| Total additions | 158,336 |
| Deductions | |
| Principal payments to bond holders | 80,000 |
| Interest payments to bond holders | 44,940 |
| Other expenses | 66,066 |
| | 191,006 |
| Total deductions | 191,006 |
| Change In Net Position | (32,670) |
| Net Position - Beginning | 163,957 |
| Net Position - Ending | \$ 131,287 |

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.

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.

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).
- **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.).
- **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.

- **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).
- **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 amortization of leased assets and subscription IT 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 government-wide statements.

Investments

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

Stores Inventories

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

Capital Assets and Depreciation

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

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

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

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, 2023.

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 or useful life of the underlying asset.

The District records the value of right-to-use subscription IT assets based on the underlying subscription asset in accordance with GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The right-to-use subscription IT asset is amortized each year for the term of the contract or useful life of the underlying asset.

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 charge 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 charge 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 net 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. At commencement of the lease term, the District measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The 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 or useful life of the underlying asset.

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.

Subscriptions

The District recognizes a subscription liability and an intangible right-to-use subscription IT asset (subscription IT asset) in the government-wide financial statements. At commencement of the subscription term, the District measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription IT asset is initially measured as the initial amount of the subscription liability, plus certain initial direct costs. Subsequently, the subscription IT asset is amortized on a straight-line basis over short of the subscription term or useful life of the underlying asset. The amortization period varies from 2 to 11 years.

Fund Balances - Governmental Funds

As of June 30, 2023, 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 \$51,798,173 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. 96

As of July 1, 2022, the District adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. The implementation of this standard establishes that a SBITA results in a right-to-use subscription IT asset - an intangible asset - and a corresponding liability. The standard provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The Statement requires recognition of certain SBITA assets and liabilities for SBITAs that previously were recognized as 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 18 and the additional disclosures required by this standard are included in Notes 1, 5 and 10.

Note 2 - Deposits and Investments

Summary of Deposits and Investments

Deposits and investments as of June 30, 2023, are classified in the accompanying financial statements as follows:

| | |
|--------------------------------|-----------------------------|
| Governmental activities | \$ 96,204,746 |
| Fiduciary funds | <u>131,287</u> |
| Total deposits and investments | <u><u>\$ 96,336,033</u></u> |

Deposits and investments as of June 30, 2023, consist of the following:

| | |
|----------------------------------|-----------------------------|
| Cash on hand and in banks | \$ 981,926 |
| Cash collection awaiting deposit | 38,857 |
| Cash in revolving | 5,000 |
| Investments | <u>95,310,250</u> |
| Total deposits and investments | <u><u>\$ 96,336,033</u></u> |

Policies and Practices

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

Investment in County Treasury - The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (*Education Code* Section 41001). The fair value of the District's investment in the pool is reported in the accounting financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

General Authorizations

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

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District 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 | \$ 88,934,514 | 434 |
| First American Treasury Obligations, Class D money market funds | 6,375,736 | 42 |
| Total | \$ 95,310,250 | |

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 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, 2023, the District's bank balance of \$774,733 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

Note 3 - Fair Value Measurements

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonably available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

The District's fair value measurements are as follows at June 30, 2023:

| Investment Type | Reported Amount | Level 2 Inputs |
|---|-----------------|----------------|
| First American Treasury Obligations, Class D money market funds | \$ 6,375,736 | \$ 6,375,736 |
| Investments not measured at fair value or subject to the fair value hierarchy | | |
| Riverside County Treasury Investment Pool | 88,934,514 | |
| Total investments | \$ 95,310,250 | |

Note 4 - Receivables

Receivables at June 30, 2023, 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 | \$ 3,490,896 | \$ - | \$ - | \$ 652,246 | \$ 4,143,142 |
| State Government | | | | | |
| Categorical aid | 1,447,910 | 236,788 | - | 592,970 | 2,277,668 |
| Lottery | 258,027 | 46,649 | - | - | 304,676 |
| Local Government | | | | | |
| Interest | 800,879 | 204,718 | 141,562 | 198,408 | 1,345,567 |
| Other Local Sources | 369,412 | 22,302 | - | 36,735 | 428,449 |
| | <u>\$ 6,367,124</u> | <u>\$ 510,457</u> | <u>\$ 141,562</u> | <u>\$ 1,480,359</u> | <u>\$ 8,499,502</u> |

Note 5 - Capital Assets, Right-to-Use Leased Assets, and Right-to-Use Subscription IT Assets

Capital assets, right-to-use leased assets, and right-to-use subscription IT assets activity for the fiscal year ended June 30, 2023, was as follows:

| | Balance July 1, 2022 as restated | Additions | Deductions | Balance June 30, 2023 |
|---|--|----------------------|------------------------|--------------------------|
| Governmental Activities | | | | |
| Capital assets not being depreciated | | | | |
| Land | \$ 8,991,339 | \$ - | \$ - | \$ 8,991,339 |
| Construction in progress | 19,688,456 | 8,271,885 | (23,240,193) | 4,720,148 |
| Total capital assets not being depreciated | <u>28,679,795</u> | <u>8,271,885</u> | <u>(23,240,193)</u> | <u>13,711,487</u> |
| Capital assets being depreciated | | | | |
| Land improvements | 18,140,748 | 1,986,235 | - | 20,126,983 |
| Buildings and improvements | 119,642,585 | 21,582,457 | - | 141,225,042 |
| Furniture and equipment | 1,812,461 | 630,266 | - | 2,442,727 |
| Total capital assets being depreciated | <u>139,595,794</u> | <u>24,198,958</u> | <u>-</u> | <u>163,794,752</u> |
| Total capital assets | <u>168,275,589</u> | <u>32,470,843</u> | <u>(23,240,193)</u> | <u>177,506,239</u> |
| Accumulated depreciation | | | | |
| Land improvements | (9,901,354) | (866,452) | - | (10,767,806) |
| Buildings and improvements | (31,252,821) | (2,603,497) | - | (33,856,318) |
| Furniture and equipment | (1,089,291) | (162,020) | - | (1,251,311) |
| Total accumulated depreciation | <u>(42,243,466)</u> | <u>(3,631,969)</u> | <u>-</u> | <u>(45,875,435)</u> |
| Net depreciable capital assets | <u>126,032,123</u> | <u>28,838,874</u> | <u>(23,240,193)</u> | <u>131,630,804</u> |
| Right-to-use leased assets being amortized | | | | |
| Furniture and equipment | 362,952 | - | (262,691) | 100,261 |
| Accumulated amortization | | | | |
| Furniture and equipment | (187,726) | (33,142) | 175,884 | (44,984) |
| Net right-to-use leased assets | <u>175,226</u> | <u>(33,142)</u> | <u>(86,807)</u> | <u>55,277</u> |
| Right-to-use subscription IT assets being amortized | | | | |
| Right-to-use subscription IT assets | 147,970 | 13,071 | - | 161,041 |
| Accumulated amortization | - | (64,832) | - | (64,832) |
| Net right-to-use subscription IT assets | <u>147,970</u> | <u>(51,761)</u> | <u>-</u> | <u>96,209</u> |
| Governmental activities capital assets, right-to-use leased assets, and right-to-use subscription IT assets, net | <u>\$ 126,355,319</u> | <u>\$ 28,753,971</u> | <u>\$ (23,327,000)</u> | <u>\$ 131,782,290</u> |

Depreciation expense of \$3,631,969 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 | \$ 45,663 |
| Supervision of instruction | 5,703 |
| School site administration | 10,600 |
| Home-to-school transportation | 25,716 |
| Food services | 420 |
| All other administration | 3,460 |
| Plant services | 6,412 |
| | <u>97,974</u> |
| Total amortization expense governmental activities | <u>\$ 97,974</u> |

Note 6 - Lease Receivable

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

| <u>Lease Receivable</u> | <u>July 1, 2022</u> | <u>Addition</u> | <u>Deletion</u> | <u>June 30, 2023</u> |
|-------------------------|---------------------|-----------------|--------------------|----------------------|
| RCOE/Rob Reiner | <u>\$ 42,382</u> | <u>\$ -</u> | <u>\$ (13,394)</u> | <u>\$ 28,988</u> |

RCOE Rob Reiner Building Lease

The District 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 \$13,394 in lease revenue related to these agreements. At June 30, 2023, the District recorded \$28,988 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 7 - 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, 2023, between major and non-major governmental funds are as follows:

| Due To | Due From | | | Total |
|------------------------------|---------------------|---------------------|-----------------------------|---------------------|
| | General Fund | Charter School Fund | Non-Major Governmental Fund | |
| General Fund | \$ - | \$ 2,454,557 | \$ 774,089 | \$ 3,228,646 |
| Charter School Fund | 993,670 | - | - | 993,670 |
| Non-Major Governmental Funds | 730,305 | 1,136,097 | 57,378 | 1,923,780 |
| Total | <u>\$ 1,723,975</u> | <u>\$ 3,590,654</u> | <u>\$ 831,467</u> | <u>\$ 6,146,096</u> |

A balance of \$2,454,557 is due from the Charter School Fund to the General Fund for salaries, indirect costs, oversight charges, contribution and other operating expenditures.

A balance of \$1,136,097 is due from the Charter School Fund to the County School Facilities Non-Major Governmental Fund for capital expenditures.

A balance of \$627,155 is due from the Child Development Non-Major Governmental Fund to the General Fund for indirect costs and other operating expenditures.

A balance of \$3,151 is due from the Cafeteria Non-Major Governmental Fund to the Child Development Non-Major Governmental Fund for operating expenditures.

A balance of \$146,934 is due from the Cafeteria Non-Major Governmental Fund to the General Fund for indirect costs and payroll and benefit expenditures.

A balance of \$54,227 is due from the Special Reserve Fund for Capital Outlay Projects Non-Major Governmental Fund to the Capital Facilities Non-Major Governmental Fund for capital expenditures.

A balance of \$993,670 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 \$512,994 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 \$18,425 is due from the General Fund to the Cafeteria Non-Major Governmental Fund related to meal reimbursements.

A balance of \$18,667 is due from the General Fund to the Capital Facilities Non-Major Governmental Fund for other operating expenditures.

A balance of \$180,219 is due from the General Fund to the Special Reserve Non-Major Governmental Fund for Capital Outlay Projects for COP Debt Service Payments.

Operating Transfers

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

The General Fund transferred \$64,715 to the Child Development Non-Major Governmental Fund to cover preschool programs.

The General Fund transferred \$479,000 to the Debt Service Non-Major Governmental Fund for Blended Component Units for debt service payments.

Note 8 - Accounts Payable

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

| | General Fund | Charter School Fund | Building Fund | Non-Major Governmental Funds | Total Governmental Activities |
|--------------------------|---------------------|---------------------------|-------------------|------------------------------------|-------------------------------------|
| Salaries and benefits | \$ 355,488 | \$ 10,778 | \$ - | \$ 14,780 | \$ 381,046 |
| LCFF apportionment | 1,256,445 | 80,691 | - | - | 1,337,136 |
| Local education agencies | 1,278,151 | 241,201 | - | - | 1,519,352 |
| Other payables | 4,374,267 | 332,616 | 486,665 | 588,109 | 5,781,657 |
| Total | <u>\$ 7,264,351</u> | <u>\$ 665,286</u> | <u>\$ 486,665</u> | <u>\$ 602,889</u> | <u>\$ 9,019,191</u> |

Note 9 - Unearned Revenue

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

| | General Fund | Charter School Fund | Non-Major Governmental Funds | Total Governmental Activities |
|------------------------------|---------------------|---------------------------|------------------------------------|-------------------------------------|
| Federal financial assistance | \$ 2,552,817 | \$ 54,572 | \$ - | \$ 2,607,389 |
| State categorical aid | - | - | 568,935 | 568,935 |
| Total | <u>\$ 2,552,817</u> | <u>\$ 54,572</u> | <u>\$ 568,935</u> | <u>\$ 3,176,324</u> |

Note 10 - 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, 2022 as restated | Additions | Deductions | Balance June 30, 2023 | Due in One Year |
|--|--|----------------------|-----------------------|--------------------------|---------------------|
| General obligation bonds | \$ 43,528,164 | \$ 11,333,716 | \$ (860,000) | \$ 54,001,880 | \$ 670,000 |
| Premium on issuance | 1,511,052 | 521,251 | (123,505) | 1,908,798 | - |
| Discount on issuance | (7,593) | - | 310 | (7,283) | - |
| Certificates of participation | 4,695,000 | - | (275,000) | 4,420,000 | 285,000 |
| Premium on issuance | 768,139 | - | (63,135) | 705,004 | - |
| Leases | 177,580 | - | (120,761) | 56,819 | 29,238 |
| Subscription-based IT arrangements | 147,970 | 13,071 | (63,898) | 97,143 | 62,608 |
| Supplemental early retirement plan (SERP) | 694,764 | 842,560 | (231,588) | 1,305,736 | 400,100 |
| | <u>\$ 51,515,076</u> | <u>\$ 12,710,598</u> | <u>\$ (1,737,577)</u> | <u>\$ 62,488,097</u> | <u>\$ 1,446,946</u> |

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. Leases are paid by the General Fund and the Cafeteria Fund. Subscription-based IT arrangements are paid by the General Fund. The supplemental early retirement plan will be paid by the General Fund.

General Obligation Bonds

The outstanding general obligation bonded debt is as follows:

| Issue Date | Maturity Date | Interest Rate | Original Issue | Bonds Outstanding July 1, 2022 | Issued | Accreted | Redeemed | Bonds Outstanding June 30, 2023 |
|------------|---------------|---------------|----------------|--------------------------------|----------------------|-------------------|---------------------|---------------------------------|
| 8/22/2007 | 8/1/2033 | 4.00-5.25% | \$ 7,999,571 | \$ 611,288 | \$ - | \$ 62,591 | \$ - | \$ 673,879 |
| 9/11/2013 | 8/1/2040 | 3.25-5.00% | 4,336,671 | 5,676,876 | - | 271,125 | (115,000) | 5,833,001 |
| 9/10/2014 | 8/1/2044 | 2.50-6.00% | 12,340,000 | 11,690,000 | - | - | (105,000) | 11,585,000 |
| 4/4/2017 | 8/1/2046 | 4.00-5.00% | 2,500,000 | 2,380,000 | - | - | - | 2,380,000 |
| 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 | 4,545,000 | - | - | (340,000) | 4,205,000 |
| 4/6/2020 | 8/1/2046 | 3.00-5.00% | 2,230,000 | 2,130,000 | - | - | (100,000) | 2,030,000 |
| 4/6/2020 | 8/1/2049 | 3.00-5.00% | 6,000,000 | 5,805,000 | - | - | (200,000) | 5,605,000 |
| 1/21/2021 | 8/1/2040 | 2.28-2.78% | 6,450,000 | 6,450,000 | - | - | - | 6,450,000 |
| 2/14/2023 | 8/1/2049 | 5.00% | 6,000,000 | - | 6,000,000 | - | - | 6,000,000 |
| 2/14/2023 | 8/1/2049 | 5.00% | 5,000,000 | - | 5,000,000 | - | - | 5,000,000 |
| | | | | <u>\$ 43,528,164</u> | <u>\$ 11,000,000</u> | <u>\$ 333,716</u> | <u>\$ (860,000)</u> | <u>\$ 54,001,880</u> |

2006 General Obligation Bond, Series 2007

In August 2007, the District issued \$7,999,571 of the 2006 General Obligation Bonds, Series 2007. The Series 2007 bonds were issued as both current interest bonds and capital appreciation bonds, with the value of the capital appreciation bonds accreting to \$1,470,429, and an aggregate principal debt service balance of \$9,470,000. The bonds have a final maturity of August 1, 2033, with interest rates ranging from 4.00 to 5.25%. Proceeds from the sale of the bonds were used to finance new construction, reconstruction, or modernization at each of the District's schools. At June 30, 2023, the principal balance outstanding of the 2006 General Obligation Bonds, Series 2007 was \$673,879, and unamortized premium on issuance was \$9,648.

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, 2023, the principal balance outstanding of the 2007 General Obligation Bonds, Series B was \$5,833,001, and unamortized premium on issuance was \$16,684.

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 current interest 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, 2023, the principal balance outstanding of the 2014 General Obligation Bonds, Series 2014A was \$11,585,000, and unamortized premium on issuance was \$112,927.

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 current interest 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, 2023, the principal balance outstanding of the 2006 General Obligation Bonds, Series 2017 was \$2,380,000, and unamortized discount on issuance was \$7,283.

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, 2023, the principal balance outstanding of the 2014 General Obligation Bonds, Series 2017 was \$4,240,000, and unamortized premium on issuance was \$7,805.

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 the 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, 2023, the principal balance outstanding of the 2017 General Obligation Refunding Bonds was \$4,205,000 and unamortized premium on issuance and deferred charge on refunding were \$400,164 and \$53,072, 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, 2023, the principal balance outstanding of the 2006 General Obligation Bonds, Series 2020 was \$2,030,000, and unamortized premium on issuance was \$233,110.

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, 2023, the principal balance outstanding of the 2014 General Obligation Bonds, Series 2020 was \$5,605,000, and unamortized premium on issuance was \$627,258.

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, 2023, the principal balance outstanding of the General Obligation Refunding Bonds, Series 2021 (Crossover Refunding) was \$6,450,000. At June 30, 2023, the District had \$5,925,486 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.

2006 General Obligation Bond, Series 2023

In February 2023, the District issued \$6,000,000 of the 2006 General Obligation Bonds, Series 2023. The Series 2023 bonds were issued as current interest bonds. The bonds have a final maturity of August 1, 2049, with an interest rate of 5.00%. Proceeds from the sale of the bonds will be used to finance the construction, acquisition, furnishing and equipping of District facilities, to pay capitalized interest, and to pay certain costs of issuing bonds. At June 30, 2023, the principal balance outstanding of the 2006 General Obligation Bonds, Series 2023 was \$6,000,000, and unamortized premium on issuance was \$276,512.

2014 General Obligation Bond, Series 2023

In February 2023, the District issued \$5,000,000 of the 2014 General Obligation Bonds, Series 2023. The Series 2023 bonds were issued as current interest bonds. The bonds have a final maturity of August 1, 2049, with an interest rate of 5.00%. Proceeds from the sale of the bonds will be used to finance the construction, acquisition, furnishing and equipping of District facilities, to pay capitalized interest, and to pay certain costs of issuing bonds. At June 30, 2023, the principal balance outstanding of the 2014 General Obligation Bonds, Series 2023 was \$5,000,000, and unamortized premium on issuance was \$224,690.

Debt Service Requirements to Maturity

The bonds mature through 2050 as follows:

| <u>Fiscal Year</u> | <u>Principal</u> | <u>Accreted Interest</u> | <u>Interest to Maturity</u> | <u>Total</u> |
|--------------------|----------------------|--------------------------|-----------------------------|----------------------|
| 2024 | \$ 670,000 | \$ - | \$ 1,980,568 | \$ 2,650,568 |
| 2025 | 835,000 | - | 1,962,194 | 2,797,194 |
| 2026 | 745,000 | - | 1,924,144 | 2,669,144 |
| 2027 | 855,000 | - | 1,884,644 | 2,739,644 |
| 2028 | 980,000 | - | 1,834,969 | 2,814,969 |
| 2029-2033 | 5,400,339 | 1,299,661 | 8,456,827 | 15,156,827 |
| 2034-2038 | 10,206,743 | 3,093,257 | 7,563,653 | 20,863,653 |
| 2039-2043 | 13,264,798 | 2,650,202 | 5,829,367 | 21,744,367 |
| 2044-2048 | 15,725,000 | - | 2,950,956 | 18,675,956 |
| 2049-2050 | 5,320,000 | - | 245,250 | 5,565,250 |
| | <u>\$ 54,001,880</u> | <u>\$ 7,043,120</u> | <u>\$ 34,632,572</u> | <u>\$ 95,677,572</u> |

2019 Refunding Certificates of Participation

On September 5, 2019, Perris School District School Facilities Corporation of the Perris Elementary School District issued the 2019 Refunding Certificates of Participation in the amount of \$5,215,000 with interest rate yields ranging from 4.00 to 5.00%. The certificates have a final maturity to occur on September 1, 2034. The certificates were issued to refund the 2011 Certificates of Participation. At June 30, 2023, the principal balance outstanding was \$4,420,000. Unamortized premium on issuance and deferred charge on refunding were \$705,004 and \$557,736, respectively.

The certificates mature through 2035 as follows:

| Year Ending June 30, | Principal | Interest | Total |
|-------------------------|---------------------|---------------------|---------------------|
| 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 | 340,000 | 135,300 | 475,300 |
| 2029-2033 | 1,965,000 | 414,775 | 2,379,775 |
| 2034-2035 | 905,000 | 43,675 | 948,675 |
| | <u>\$ 4,420,000</u> | <u>\$ 1,287,100</u> | <u>\$ 5,707,100</u> |

Leases

The District has entered into agreements to lease various facilities and equipment. As of June 30, 2023, the District recognized a right-to-use asset of \$55,277 and a lease liability of \$56,819 related to these agreements. The District is required to make principal and interest payments through 2026.

The remaining principal and interest payment requirements for the lease obligation debt as of June 30, 2023 are as follows:

| Year Ending June 30, | Principal | Interest | Total |
|-------------------------|------------------|-----------------|------------------|
| 2024 | \$ 29,238 | \$ 2,302 | \$ 31,540 |
| 2025 | 25,856 | 745 | 26,601 |
| 2026 | 1,725 | 34 | 1,759 |
| Total | <u>\$ 56,819</u> | <u>\$ 3,081</u> | <u>\$ 59,900</u> |

Subscriptions-Based Information Technology Arrangements (SBITAs)

The District entered into a SBITAs for the use of instructional software. At June 30, 2023, the District has recognized a right-to-use subscriptions IT asset of \$96,209 and a SBITA liability of \$97,143 related to these agreements. During the fiscal year, the District recorded \$64,832 in amortization expense. The District is required to make annual principal and interest payments through July 2032. The subscriptions have an interest rate of 5.0%.

The remaining principal and interest payment requirements for the SBITA obligation debt as of June 30, 2023 are as follows:

| Year Ending June 30, | Principal | Interest | Total |
|-------------------------|------------------|-----------------|-------------------|
| 2024 | \$ 62,608 | \$ 4,856 | \$ 67,464 |
| 2025 | 32,280 | 1,727 | 34,007 |
| 2026 | 236 | 113 | 349 |
| 2027 | 248 | 101 | 349 |
| 2028 | 260 | 89 | 349 |
| 2029-2033 | 1,511 | 234 | 1,745 |
| Total | \$ 97,143 | \$ 7,120 | \$ 104,263 |

Supplemental Early Retirement Plan (SERP)

During the 2019-2020 and 2022-2023 fiscal years, the District adopted the supplemental early retirement plans 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 |
|-------------------------|---------------------|
| 2024 | \$ 400,100 |
| 2025 | 400,100 |
| 2026 | 168,512 |
| 2027 | 168,512 |
| 2028 | 168,512 |
| | \$ 1,305,736 |

Note 11 - Net Other Postemployment Benefit (OPEB) Liability

For the fiscal year ended June 30, 2023, 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 | \$ 14,370,718 | \$ 3,178,721 | \$ 2,619,174 | \$ 1,292,565 |
| Medicare Premium Payment (MPP) Program | 291,735 | - | - | (53,037) |
| Total | <u>\$ 14,662,453</u> | <u>\$ 3,178,721</u> | <u>\$ 2,619,174</u> | <u>\$ 1,239,528</u> |

The details of each plan are as follows:

District Plan

Plan Administration

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

Plan Membership

At June 30, 2021 the valuation date, the Plan membership consisted of the following:

| | |
|---|------------|
| Inactive employees or beneficiaries currently receiving benefits payments | 24 |
| Active employees | 418 |
| | <u>442</u> |

Benefits Provided

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

The benefit payment requirements of the Plan members and the District are established and may be amended by the District, the Perris Elementary Teachers' Association (PETA), the local California Service Employees Association (CSEA), and unrepresented groups. The benefit payment is based on projected pay-as-you-go financing requirements as determined annually through the agreements with the District, PETA, CSEA, and the unrepresented groups. For the measurement period of June 30, 2022, the District paid \$485,893 in benefits.

Total OPEB Liability of the District

The District's total OPEB liability of \$14,370,718 was measured as of June 30, 2022, 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, 2023. The following assumptions were applied to all periods included in the measurement, unless otherwise specified:

| | |
|-----------------------------|-------------------------------------|
| Inflation | 2.50% |
| Salary increases | 2.75%, average, including inflation |
| Discount rate | 3.54% |
| Healthcare cost trend rates | 4.00% for 2023 |

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, 2022 | \$ 15,316,280 |
| Service cost | 896,616 |
| Interest | 336,605 |
| Differences between expected and actual experience | 123,874 |
| Changes of assumptions | (1,816,764) |
| Benefit payments | (485,893) |
| Net change in total OPEB liability | (945,562) |
| Balance at June 30, 2023 | \$ 14,370,718 |

Changes of assumptions reflect a change in the discount rate from 2.16% in 2022 to 3.54% in 2023.

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:

| <u>Discount Rate</u> | <u>Total OPEB Liability</u> |
|-------------------------------|-----------------------------|
| 1% decrease (2.54%) | \$ 15,715,588 |
| Current discount rate (3.54%) | 14,370,718 |
| 1% increase (4.54%) | 13,410,963 |

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:

| <u>Healthcare Cost Trend Rates</u> | <u>Total OPEB Liability</u> |
|--|-----------------------------|
| 1% decrease (3.00%) | \$ 12,564,091 |
| Current healthcare cost trend rate (4.00%) | 14,370,718 |
| 1% increase (5.00%) | 16,426,881 |

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

For the year ended June 30, 2023, the District recognized OPEB expense of \$1,292,565. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---------------------------------------|--------------------------------------|
| OPEB contributions subsequent to measurement date | \$ 481,876 | \$ - |
| Differences between expected and actual experience | 115,882 | 748,240 |
| Changes of assumptions | <u>2,580,963</u> | <u>1,870,934</u> |
| Total | <u>\$ 3,178,721</u> | <u>\$ 2,619,174</u> |

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 |
|------------------------|--|
| 2024 | \$ 59,344 |
| 2025 | 59,344 |
| 2026 | 59,344 |
| 2027 | 59,344 |
| 2028 | 59,344 |
| Thereafter | (219,049) |
| | <u>\$ 77,671</u> |

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, 2021 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, 2023, the District reported a liability of \$291,735 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021. 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, 2022 and June 30, 2021, respectively, was 0.0886%, and 0.0864%, resulting in a net increase in the proportionate share of 0.0022%.

For the year ended June 30, 2023, the District recognized OPEB expense of \$(53,037).

Actuarial Methods and Assumptions

The June 30, 2022 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2021, and rolling forward the total OPEB liability to June 30, 2022, using the assumptions listed in the following table:

| | | |
|---|---------------------------------------|---------------------------------------|
| Measurement Date | June 30, 2022 | June 30, 2021 |
| Valuation Date | June 30, 2021 | June 30, 2020 |
| Experience Study | July 1, 2015 through June 30, 2018 | July 1, 2015 through June 30, 2018 |
| Actuarial Cost Method | Entry age normal | Entry age normal |
| Discount Rate | 3.54% | 2.16% |
| 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, 2021, 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 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 209 or an average of 0.14% of the potentially eligible population (145,282).

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, 2022, 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, 2022, is 3.54%. 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 3.54%, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2022, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate increased 1.38% from 2.16% as of June 30, 2021.

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:

| <u>Discount Rate</u> | <u>Net OPEB Liability</u> |
|-------------------------------|---------------------------|
| 1% decrease (2.54%) | \$ 318,048 |
| Current discount rate (3.54%) | 291,735 |
| 1% increase (4.54%) | 268,952 |

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) | \$ 267,678 |
| Current Medicare costs trend rate (4.50% Part A and 5.40% Part B) | 291,735 |
| 1% increase (5.50% Part A and 6.40% Part B) | 319,006 |

Note 12 - 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 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. The Community Facilities District Bonds currently active include the Community Facilities District 2022-1 Special Tax Bonds with a remaining balance as of June 30, 2023, of \$1,030,000.

Note 13 - Fund Balances

Fund balances are composed of the following elements:

| | General Fund | Charter School Fund | Building Fund | Non-Major Governmental Funds | Total |
|------------------------------------|----------------------|---------------------------|----------------------|------------------------------------|----------------------|
| Nonspendable | | | | | |
| Revolving cash | \$ 5,000 | \$ - | \$ - | \$ - | \$ 5,000 |
| Stores inventories | - | - | - | 38,326 | 38,326 |
| Total nonspendable | <u>5,000</u> | <u>-</u> | <u>-</u> | <u>38,326</u> | <u>43,326</u> |
| Restricted | | | | | |
| Legally restricted programs | 25,845,018 | 3,661,087 | - | 157,676 | 29,663,781 |
| Food services | - | - | - | 3,163,274 | 3,163,274 |
| Capital projects | - | - | 10,077,571 | 10,195,861 | 20,273,432 |
| Debt service | - | - | - | 9,713,112 | 9,713,112 |
| Total restricted | <u>25,845,018</u> | <u>3,661,087</u> | <u>10,077,571</u> | <u>23,229,923</u> | <u>62,813,599</u> |
| Committed | | | | | |
| Deferred maintenance program | - | - | - | 999,788 | 999,788 |
| Total committed | <u>-</u> | <u>-</u> | <u>-</u> | <u>999,788</u> | <u>999,788</u> |
| Assigned | | | | | |
| MAA | 471,238 | - | - | - | 471,238 |
| Site donations | 215,385 | - | - | - | 215,385 |
| Other assignments | - | 6,185,155 | - | 2,769 | 6,187,924 |
| Deficit spending reserve | 14,091,391 | - | - | - | 14,091,391 |
| Capital projects | 3,500,000 | - | - | - | 3,500,000 |
| Total assigned | <u>18,278,014</u> | <u>6,185,155</u> | <u>-</u> | <u>2,769</u> | <u>24,465,938</u> |
| Unassigned | | | | | |
| Reserve for economic uncertainties | 4,205,516 | - | - | - | 4,205,516 |
| Remaining unassigned | 18,892 | - | - | - | 18,892 |
| Total unassigned | <u>4,224,408</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>4,224,408</u> |
| Total | <u>\$ 48,352,440</u> | <u>\$ 9,846,242</u> | <u>\$ 10,077,571</u> | <u>\$ 24,270,806</u> | <u>\$ 92,547,059</u> |

Note 14 - 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, 2023, 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 2023, 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 15 - 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, 2023, the District reported its proportionate share of net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

| <u>Pension Plan</u> | <u>Net Pension Liability</u> | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> | <u>Pension Expense</u> |
|---------------------|------------------------------|---------------------------------------|--------------------------------------|------------------------|
| CalSTRS | \$ 41,004,026 | \$ 10,932,856 | \$ 6,482,828 | \$ 3,691,553 |
| CalPERS | 23,044,539 | 7,597,873 | 1,698,941 | 2,400,887 |
| Total | <u>\$ 64,048,565</u> | <u>\$ 18,530,729</u> | <u>\$ 8,181,769</u> | <u>\$ 6,092,440</u> |

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2021, 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, 2023, are summarized as follows:

| | STRP Defined Benefit Program | |
|---|-----------------------------------|--------------------------------|
| | On or before December 31, 2012 | On or after January 1, 2013 |
| Hire date | 2% at 60 | 2% at 62 |
| Benefit formula | 5 Years of Service | 5 Years of Service |
| Benefit vesting schedule | Monthly for Life | Monthly for Life |
| Benefit payments | 60 | 62 |
| Retirement age | 2.0% - 2.4% | 2.0% - 2.4% |
| Monthly benefits as a percentage of eligible compensation | 10.25% | 10.205% |
| Required employee contribution rate | 19.10% | 19.10% |
| Required employer contribution rate | 10.828% | 10.828% |
| Required State contribution rate | | |

Contributions

Required member, District, and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2023, are presented above and the District's total contributions were \$7,153,515.

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

At June 30, 2023, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the District were as follows:

Total Net Pension Liability, Including State Share:

| | |
|---|-----------------------------|
| District's proportionate share of net pension liability | \$ 41,004,026 |
| State's proportionate share of the net pension liability associated with the District | <u>20,534,656</u> |
| Total | <u><u>\$ 61,538,682</u></u> |

The net pension liability was measured as of June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2022 and June 30, 2021, respectively, was 0.0590% and 0.0575%, resulting in a net increase in the proportionate share of 0.0015%.

Perris Elementary School District

Notes to Financial Statements

June 30, 2023

For the year ended June 30, 2023, the District recognized pension expense of \$3,691,553. In addition, the District recognized pension expense and revenue of \$1,656,106 for support provided by the State. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Pension contributions subsequent to measurement date | \$ 7,153,515 | \$ - |
| Change in proportion and differences between contributions made and District's proportionate share of contributions | 1,712,203 | 1,403,206 |
| Differences between projected and actual earnings on pension plan investments | - | 2,005,176 |
| Differences between expected and actual experience in the measurement of the total pension liability | 33,636 | 3,074,446 |
| Changes of assumptions | <u>2,033,502</u> | <u>-</u> |
| Total | <u>\$ 10,932,856</u> | <u>\$ 6,482,828</u> |

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

The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

| <u>Year Ended June 30,</u> | <u>Deferred Outflows/(Inflows) of Resources</u> |
|--------------------------------|---|
| 2024 | \$ (1,472,950) |
| 2025 | (1,595,693) |
| 2026 | (2,397,054) |
| 2027 | <u>3,460,521</u> |
| | <u>\$ (2,005,176)</u> |

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

| <u>Year Ended June 30,</u> | <u>Deferred Outflows/(Inflows) of Resources</u> |
|--------------------------------|---|
| 2024 | \$ 1,472,161 |
| 2025 | (263,102) |
| 2026 | (634,139) |
| 2027 | (661,212) |
| 2028 | (535,973) |
| Thereafter | <u>(76,046)</u> |
| | <u><u>\$ (698,311)</u></u> |

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2021 and rolling forward the total pension liability to June 30, 2022. 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, 2021 |
| Measurement date | June 30, 2022 |
| 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, 2022, are summarized in the following table:

| <u>Asset Class</u> | <u>Assumed Asset Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|----------------------------|---------------------------------|---|
| 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:

| <u>Discount rate</u> | <u>Net Pension Liability</u> |
|-------------------------------|------------------------------|
| 1% decrease (6.10%) | \$ 69,640,045 |
| Current discount rate (7.10%) | 41,004,026 |
| 1% increase (8.10%) | 17,227,521 |

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, 2021 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, 2023, are summarized as follows:

| | <u>School Employer Pool (CalPERS)</u> | |
|---|---------------------------------------|--------------------------------|
| | On or before December 31, 2012 | On or after January 1, 2013 |
| Hire date | | |
| Benefit formula | 2% at 55 | 2% at 62 |
| Benefit vesting schedule | 5 Years of Service | 5 Years of Service |
| Benefit payments | Monthly for Life | Monthly for Life |
| Retirement age | 55 | 62 |
| Monthly benefits as a percentage of eligible compensation | 1.1% - 2.5% | 1.0% - 2.5% |
| Required employee contribution rate | 7.00% | 8.00% |
| Required employer contribution rate | 25.370% | 25.370% |

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, 2023, are presented above and the total District contributions were \$3,068,087.

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

As of June 30, 2023, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$23,044,539. The net pension liability was measured as of June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2022 and June 30, 2021, respectively, was 0.0670% and 0.0683%, resulting in a net decrease in the proportionate share of 0.0013%.

For the year ended June 30, 2023, the District recognized pension expense of \$2,400,887. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Pension contributions subsequent to measurement date | \$ 3,068,087 | \$ - |
| Change in proportion and differences between contributions made and District's proportionate share of contributions | - | 1,125,563 |
| Differences between projected and actual earnings on pension plan investments | 2,720,934 | - |
| Differences between expected and actual experience in the measurement of the total pension liability | 104,148 | 573,378 |
| Changes of assumptions | 1,704,704 | - |
| | <u>1,704,704</u> | <u>-</u> |
| Total | <u>\$ 7,597,873</u> | <u>\$ 1,698,941</u> |

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

The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

| <u>Year Ended June 30,</u> | <u>Deferred Outflows/(Inflows) of Resources</u> |
|--------------------------------|---|
| 2024 | \$ 453,765 |
| 2025 | 402,458 |
| 2026 | 205,581 |
| 2027 | <u>1,659,130</u> |
| | <u>\$ 2,720,934</u> |

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and District’s proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes in 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 3.9 years and will be recognized in pension expense as follows:

| <u>Year Ended June 30,</u> | <u>Deferred Outflows/(Inflows) of Resources</u> |
|--------------------------------|---|
| 2024 | \$ (103,558) |
| 2025 | 4,447 |
| 2026 | 235,336 |
| 2027 | <u>(26,314)</u> |
| | <u>\$ 109,911</u> |

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2021 and rolling forward the total pension liability to June 30, 2021. The financial reporting actuarial valuation as of June 30, 2022, used the following methods and assumptions, applied to all prior periods included in the measurement:

| | |
|---------------------------|------------------------------------|
| Valuation date | June 30, 2021 |
| Measurement date | June 30, 2022 |
| Experience study | July 1, 1997 through June 30, 2015 |
| Actuarial cost method | Entry age normal |
| Discount rate | 6.90% |
| Investment rate of return | 6.90% |
| Consumer price inflation | 2.30% |
| Wage growth | Varies by entry age and service |

The mortality table used was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries.

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| <u>Asset Class</u> | <u>Assumed Asset Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|--------------------------------|---------------------------------|---|
| Global Equity - cap-weighted | 30% | 4.45% |
| Global Equity non-cap-weighted | 12% | 3.84% |
| Private Equity | 13% | 7.28% |
| Treasury | 5% | 0.27% |
| Mortgage-backed Securities | 5% | 0.50% |
| Investment Grade Corporates | 10% | 1.56% |
| High Yield | 5% | 2.27% |
| Emerging Market Debt | 5% | 2.48% |
| Private Debt | 5% | 3.57% |
| Real Assets | 15% | 3.21% |
| Leverage | (5%) | (0.59%) |

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. 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 expected rate of return on the School Employer Pool investments was applied to all periods of projected benefit payments to determine total pension liability.

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

| <u>Discount rate</u> | <u>Net Pension Liability</u> |
|-------------------------------|------------------------------|
| 1% decrease (5.90%) | \$ 33,289,003 |
| Current discount rate (6.90%) | 23,044,539 |
| 1% increase (7.90%) | 14,577,865 |

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 \$3,294,195 (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 16 - 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, 2023.

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2023.

Construction Commitments

As of June 30, 2023, the District had the following commitments with respect to the unfinished capital projects:

| Capital Project | Remaining Construction Commitment | Expected Date of Completion |
|--|---|-----------------------------------|
| YEA Academy | \$ 406,610 | August 2023 |
| YEA Academy Fire Alarm Upgrade | 73,615 | August 2023 |
| EH Portables replacement (Rm 19/20) | 400,000 | March 2024 |
| Perris Elementary Modernization | 16,262,694 | November 2024 |
| Various Roofing/Flooring/Playground/HVAC replacement | 9,799,502 | November 2024 |
| Total | \$ 26,942,421 | |

Note 17 - 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, 2023, the District made payments of \$553,165, \$1,512,687, and \$5,008,268 to RSIA, RSRMA, and REEP, respectively, for the services and coverage noted.

Note 18 - Adoption of New Accounting Standard

As of July 1, 2022, the District adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. The implementation of this standard establishes that a SBITA results in a right-to-use subscription IT asset – an intangible asset – and a corresponding liability. The standard provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The Statement requires recognition of certain SBITA assets and liabilities for SBITAs that previously were recognized as 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. 96 as follows:

| | |
|---|---------------|
| Governmental Activities | |
| Net Position - Beginning, as previously reported on June 30, 2022 | \$ 67,319,777 |
| Right-to-use subscription IT assets, net of amortization | 147,970 |
| Subscription liabilities | (147,970) |
| Net Position - Beginning, as restated on July 1, 2022 | \$ 67,319,777 |



Required Supplementary Information
June 30, 2023

Perris Elementary School District

Perris Elementary School District
 Budgetary Comparison Schedule – General Fund
 Year Ended June 30, 2023

| | Budgeted Amounts | | Actual (GAAP Basis) | Variances - Positive (Negative) |
|--|----------------------|----------------------|------------------------|---------------------------------------|
| | Original | Final | | Final to Actual |
| Revenues | | | | |
| Local Control Funding Formula | \$ 58,673,607 | \$ 62,651,861 | \$ 62,910,357 | \$ 258,496 |
| Federal sources | 42,607,160 | 42,579,816 | 9,252,354 | (33,327,462) |
| Other State sources | 6,318,675 | 27,299,879 | 27,061,844 | (238,035) |
| Other local sources | 300,834 | 3,367,332 | 1,571,214 | (1,796,118) |
| Total revenues | <u>107,900,276</u> | <u>135,898,888</u> | <u>100,795,769</u> | <u>(35,103,119)</u> |
| Expenditures | | | | |
| Current | | | | |
| Certificated salaries | 36,600,974 | 40,256,126 | 36,672,607 | 3,583,519 |
| Classified salaries | 9,087,054 | 9,668,531 | 9,090,378 | 578,153 |
| Employee benefits | 20,385,985 | 21,818,789 | 19,962,488 | 1,856,301 |
| Books and supplies | 5,457,403 | 8,641,319 | 5,511,851 | 3,129,468 |
| Services and operating expenditures | 7,525,874 | 12,324,932 | 8,726,726 | 3,598,206 |
| Other outgo | 520,372 | 760,655 | 265,094 | 495,561 |
| Capital outlay | 29,305,168 | 29,197,150 | 3,350,526 | 25,846,624 |
| Total expenditures | <u>108,882,830</u> | <u>122,667,502</u> | <u>83,579,670</u> | <u>39,087,832</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>(982,554)</u> | <u>13,231,386</u> | <u>17,216,099</u> | <u>3,984,713</u> |
| Other Financing Sources (Uses) | | | | |
| Other sources - proceeds from issuance of SBITAs | - | - | 13,071 | 13,071 |
| Transfers out | (461,215) | (76,505) | (543,715) | (467,210) |
| Net Financing Sources (Uses) | <u>(461,215)</u> | <u>(76,505)</u> | <u>(530,644)</u> | <u>(454,139)</u> |
| Net Change in Fund Balances | (1,443,769) | 13,154,881 | 16,685,455 | 3,530,574 |
| Fund Balance - Beginning | <u>31,666,985</u> | <u>31,666,985</u> | <u>31,666,985</u> | <u>-</u> |
| Fund Balance - Ending | <u>\$ 30,223,216</u> | <u>\$ 44,821,866</u> | <u>\$ 48,352,440</u> | <u>\$ 3,530,574</u> |

Perris Elementary School District
 Budgetary Comparison Schedule – Charter School Fund
 Year Ended June 30, 2023

| | Budgeted Amounts | | Actual (GAAP Basis) | Variances - Positive (Negative) |
|--|---------------------|----------------------|------------------------|---------------------------------------|
| | Original | Final | | Final to Actual |
| Revenues | | | | |
| Local Control Funding Formula | \$ 10,761,224 | \$ 11,178,399 | \$ 11,003,048 | \$ (175,351) |
| Federal sources | 301,516 | 301,685 | 79,566 | (222,119) |
| Other State sources | 284,699 | 3,971,309 | 3,967,981 | (3,328) |
| Other local sources | 37,600 | 243,930 | 92,681 | (151,249) |
| Total revenues | <u>11,385,039</u> | <u>15,695,323</u> | <u>15,143,276</u> | <u>(552,047)</u> |
| Expenditures | | | | |
| Current | | | | |
| Certificated salaries | 1,060,647 | 1,393,585 | 1,358,646 | 34,939 |
| Classified salaries | 738,518 | 965,762 | 844,078 | 121,684 |
| Employee benefits | 746,825 | 910,462 | 920,254 | (9,792) |
| Books and supplies | 817,617 | 1,190,366 | 764,274 | 426,092 |
| Services and operating expenditures | 5,183,025 | 6,038,829 | 5,799,569 | 239,260 |
| Other outgo | 346,402 | 368,213 | 445,972 | (77,759) |
| Capital outlay | 1,403,219 | 2,536,918 | 3,425,502 | (888,584) |
| Total expenditures | <u>10,296,253</u> | <u>13,404,135</u> | <u>13,558,295</u> | <u>(154,160)</u> |
| Net Change in Fund Balances | 1,088,786 | 2,291,188 | 1,584,981 | (706,207) |
| Fund Balance - Beginning | <u>8,261,261</u> | <u>8,261,261</u> | <u>8,261,261</u> | <u>-</u> |
| Fund Balance - Ending | <u>\$ 9,350,047</u> | <u>\$ 10,552,449</u> | <u>\$ 9,846,242</u> | <u>\$ (706,207)</u> |

Perris Elementary School District
Schedule of Changes in the District's Total OPEB Liability and Related Ratios
Year Ended June 30, 2023

| | <u>2023</u> | <u>2022</u> | <u>2021</u> |
|---|------------------------|------------------------|------------------------|
| Total OPEB Liability | | | |
| Service cost | \$ 896,616 | \$ 1,103,724 | \$ 852,209 |
| Interest | 336,605 | 336,989 | 454,598 |
| Difference between expected and actual experience | 123,874 | (721,486) | - |
| Changes of assumptions | (1,816,764) | 90,578 | 1,418,225 |
| Benefit payments | <u>(485,893)</u> | <u>(518,691)</u> | <u>(524,574)</u> |
| Net change in total OPEB liability | (945,562) | 291,114 | 2,200,458 |
| Total OPEB liability - beginning | <u>15,316,280</u> | <u>15,025,166</u> | <u>12,824,708</u> |
| Total OPEB liability - ending | <u>\$ 14,370,718</u> | <u>\$ 15,316,280</u> | <u>\$ 15,025,166</u> |
| Covered payroll | <u>N/A¹</u> | <u>N/A¹</u> | <u>N/A¹</u> |
| Total OPEB liability as a percentage of covered payroll | <u>N/A¹</u> | <u>N/A¹</u> | <u>N/A¹</u> |
| Measurement Date | June 30, 2022 | June 30, 2021 | June 30, 2020 |
| | <u>2020</u> | <u>2019</u> | <u>2018</u> |
| Total OPEB Liability | | | |
| Service cost | \$ 746,066 | \$ 726,098 | \$ 706,665 |
| Interest | 398,299 | 379,460 | 324,405 |
| Difference between expected and actual experience | (167,318) | - | - |
| Changes of assumptions | 1,934,356 | (254,576) | - |
| Benefit payments | <u>(390,422)</u> | <u>(339,982)</u> | <u>(326,906)</u> |
| Net change in total OPEB liability | 2,520,981 | 511,000 | 704,164 |
| Total OPEB liability - beginning | <u>10,303,727</u> | <u>9,792,727</u> | <u>9,088,563</u> |
| Total OPEB liability - ending | <u>\$ 12,824,708</u> | <u>\$ 10,303,727</u> | <u>\$ 9,792,727</u> |
| Covered payroll | <u>N/A¹</u> | <u>N/A¹</u> | <u>N/A¹</u> |
| Total OPEB liability as a percentage of covered payroll | <u>N/A¹</u> | <u>N/A¹</u> | <u>N/A¹</u> |
| Measurement Date | 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.

Perris Elementary School District
Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program
Year Ended June 30, 2023

| Year ended June 30, | 2023 | 2022 | 2021 |
|--|------------------|------------------|------------------|
| Proportion of the net OPEB liability | 0.0886% | 0.0864% | 0.1013% |
| Proportionate share of the net OPEB liability | \$ 291,735 | \$ 344,772 | \$ 429,363 |
| Covered payroll | 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 |
| Plan fiduciary net position as a percentage of the total OPEB liability | (0.94%) | (0.80%) | (0.71%) |
| Measurement Date | June 30, 2022 | June 30, 2021 | June 30, 2020 |
| Year ended June 30, | 2020 | 2019 | 2018 |
| Proportion of the net OPEB liability | 0.1041% | 0.1029% | 0.0977% |
| Proportionate share of the net OPEB liability | \$ 387,769 | \$ 393,849 | \$ 361,356 |
| Covered payroll | 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 |
| Plan fiduciary net position as a percentage of the total OPEB liability | (0.81%) | (0.40%) | 0.01% |
| Measurement Date | 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.

Perris Elementary School District
Schedule of the District's Proportionate Share of the Net Pension Liability – CalSTRS
Year Ended June 30, 2023

| CalSTRS | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| Proportion of the net pension liability | 0.0590% | 0.0575% | 0.0581% | 0.0589% | 0.0573% |
| Proportionate share of the net pension liability | \$ 41,004,026 | \$ 26,169,110 | \$ 56,348,323 | \$ 53,161,982 | \$ 52,686,896 |
| State's proportionate share of the net pension liability (asset) | 20,534,656 | 13,167,281 | 29,047,567 | 29,003,410 | 30,165,712 |
| Total | <u>\$ 61,538,682</u> | <u>\$ 39,336,391</u> | <u>\$ 85,395,890</u> | <u>\$ 82,165,392</u> | <u>\$ 82,852,608</u> |
| Covered payroll | <u>\$ 34,219,533</u> | <u>\$ 32,387,752</u> | <u>\$ 31,473,532</u> | <u>\$ 31,736,229</u> | <u>\$ 30,749,404</u> |
| Proportionate share of the net pension liability as a percentage of its covered payroll | <u>119.83%</u> | <u>80.80%</u> | <u>179.03%</u> | <u>167.51%</u> | <u>171.34%</u> |
| Plan fiduciary net position as a percentage of the total pension liability | <u>81%</u> | <u>87%</u> | <u>72%</u> | <u>73%</u> | <u>71%</u> |
| Measurement Date | June 30, 2022 | June 30, 2021 | June 30, 2020 | June 30, 2019 | June 30, 2018 |
| | | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
| Proportion of the net pension liability | | 0.0540% | 0.0540% | 0.0550% | 0.0510% |
| Proportionate share of the net pension liability | | \$ 49,908,033 | \$ 43,536,608 | \$ 36,968,613 | \$ 30,017,193 |
| State's proportionate share of the net pension liability (asset) | | <u>29,525,171</u> | <u>24,784,614</u> | <u>19,552,321</u> | <u>18,125,677</u> |
| Total | | <u>\$ 79,433,204</u> | <u>\$ 68,321,222</u> | <u>\$ 56,520,934</u> | <u>\$ 48,142,870</u> |
| Covered payroll | | <u>\$ 29,036,041</u> | <u>\$ 25,985,294</u> | <u>\$ 25,658,131</u> | <u>\$ 24,325,503</u> |
| Proportionate share of the net pension liability as a percentage of its covered payroll | | <u>171.88%</u> | <u>167.54%</u> | <u>144.08%</u> | <u>123.40%</u> |
| Plan fiduciary net position as a percentage of the total pension liability | | <u>69%</u> | <u>70%</u> | <u>74%</u> | <u>77%</u> |
| Measurement Date | | 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.

Perris Elementary School District
Schedule of the District's Proportionate Share of the Net Pension Liability – CalPERS
Year Ended June 30, 2023

| CalPERS | 2023 | 2022 | 2021 | 2020 | 2019 |
|--|---------------|---------------|---------------|---------------|---------------|
| Proportion of the net pension liability | 0.0670% | 0.0683% | 0.0725% | 0.0735% | 0.0730% |
| Proportionate share of the net pension liability | \$ 23,044,539 | \$ 13,878,256 | \$ 22,252,497 | \$ 21,407,790 | \$ 19,456,525 |
| Covered payroll | \$ 10,280,122 | \$ 9,804,068 | \$ 10,434,983 | \$ 10,232,195 | \$ 9,644,273 |
| Proportionate share of the net pension liability as a percentage of its covered payroll | 224.17% | 141.56% | 213.25% | 209.22% | 201.74% |
| Plan fiduciary net position as a percentage of the total pension liability | 70% | 81% | 70% | 70% | 71% |
| Measurement Date | June 30, 2022 | June 30, 2021 | June 30, 2020 | June 30, 2019 | June 30, 2018 |
| | | 2018 | 2017 | 2016 | 2015 |
| Proportion of the net pension liability | | 0.0726% | 0.0680% | 0.0672% | 0.0664% |
| Proportionate share of the net pension liability | | \$ 17,324,883 | \$ 13,420,367 | \$ 9,912,091 | \$ 7,534,087 |
| Covered payroll | | \$ 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 | | 187.77% | 157.98% | 90.88% | 70.04% |
| Plan fiduciary net position as a percentage of the total pension liability | | 72% | 74% | 79% | 83% |
| Measurement Date | | 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.

Perris Elementary School District
Schedule of the District's Contributions - CalSTRS
Year Ended June 30, 2023

| CalSTRS | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| Contractually required contribution | \$ 7,153,515 | \$ 5,789,945 | \$ 5,230,622 | \$ 5,381,974 | \$ 5,166,658 |
| Less contributions in relation to the contractually required contribution | <u>(7,153,515)</u> | <u>(5,789,945)</u> | <u>(5,230,622)</u> | <u>(5,381,974)</u> | <u>(5,166,658)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered payroll | <u>\$ 37,452,958</u> | <u>\$ 34,219,533</u> | <u>\$ 32,387,752</u> | <u>\$ 31,473,532</u> | <u>\$ 31,736,229</u> |
| Contributions as a percentage of covered payroll | <u>19.10%</u> | <u>16.92%</u> | <u>16.15%</u> | <u>17.10%</u> | <u>16.28%</u> |
| | | 2018 | 2017 | 2016 | 2015 |
| Contractually required contribution | | \$ 4,437,139 | \$ 3,652,734 | \$ 2,788,222 | \$ 2,278,442 |
| Less contributions in relation to the contractually required contribution | | <u>(4,437,139)</u> | <u>(3,652,734)</u> | <u>(2,788,222)</u> | <u>(2,278,442)</u> |
| Contribution deficiency (excess) | | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered payroll | | <u>\$ 30,749,404</u> | <u>\$ 29,036,041</u> | <u>\$ 25,985,294</u> | <u>\$ 25,658,131</u> |
| Contributions as a percentage of covered payroll | | <u>14.43%</u> | <u>12.58%</u> | <u>10.73%</u> | <u>8.88%</u> |

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

Perris Elementary School District
Schedule of the District's Contributions - CalPERS
Year Ended June 30, 2023

| CalPERS | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|----------------------|----------------------|---------------------|----------------------|----------------------|
| Contractually required contribution | \$ 3,068,087 | \$ 2,355,176 | \$ 2,029,442 | \$ 2,057,883 | \$ 1,848,139 |
| Less contributions in relation to the contractually required contribution | <u>(3,068,087)</u> | <u>(2,355,176)</u> | <u>(2,029,442)</u> | <u>(2,057,883)</u> | <u>(1,848,139)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered payroll | <u>\$ 12,093,366</u> | <u>\$ 10,280,122</u> | <u>\$ 9,804,068</u> | <u>\$ 10,434,983</u> | <u>\$ 10,232,195</u> |
| Contributions as a percentage of covered payroll | <u>25.370%</u> | <u>22.910%</u> | <u>20.700%</u> | <u>19.721%</u> | <u>18.062%</u> |
| | | 2018 | 2017 | 2016 | 2015 |
| Contractually required contribution | | \$ 1,497,852 | \$ 1,281,402 | \$ 1,006,407 | \$ 1,283,813 |
| Less contributions in relation to the contractually required contribution | | <u>(1,497,852)</u> | <u>(1,281,402)</u> | <u>(1,006,407)</u> | <u>(1,283,813)</u> |
| Contribution deficiency (excess) | | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered payroll | | <u>\$ 9,644,273</u> | <u>\$ 9,226,685</u> | <u>\$ 8,495,037</u> | <u>\$ 10,906,575</u> |
| Contributions as a percentage of covered payroll | | <u>15.531%</u> | <u>13.888%</u> | <u>11.847%</u> | <u>11.771%</u> |

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

Note 1 - Purpose of Schedules

Budgetary Comparison Schedules

The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board and provisions of the California *Education Code*. The governing board is required to hold a public hearing and adopt an operating budget no later than July 1 of each year. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

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

These schedules present information for the original and final budgets and actual results of operations, as well as the variances from the final budget to actual results of operations.

At June 30, 2023, the District major fund exceeded the budgeted amount in total as follows:

| | Budget | Expenditures Actual | Excess |
|---------------------|---------------|------------------------|------------|
| Charter School Fund | \$ 13,404,135 | \$ 13,558,295 | \$ 154,160 |

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 2.16% to 3.54% 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.
- *Changes of Assumptions* – The discount rate changed from 2.16% to 3.54% since the previous measurement.

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

This schedule presents information on the District's proportionate share of the net pension liability (NPL), the plans' fiduciary net position and, when applicable, the State's proportionate share of the NPL associated with the District. In the future, as data becomes available, ten years of information will be presented.

- *Changes in Benefit Terms* – There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.
- *Changes of Assumptions* – There were no changes in economic assumptions for the CalSTRS plan from the previous valuations. The CalPERS discount rate was changed from 7.15% to 6.90% 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, 2023

Perris Elementary School District

Perris Elementary School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

| 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 California Department of Education (CDE) | | | |
| COVID-19 Elementary and Secondary School Emergency Relief (ESSER) Fund | 84.425D | 15536 | \$ 239,926 |
| COVID-19 Elementary and Secondary School Emergency Relief II (ESSER II) Fund | 84.425D | 15547 | 2,773,935 |
| COVID 19 Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss | 84.425U | 10155 | 102,645 |
| COVID 19 Expanded Learning Opportunities (ELO) Grant: ESSER II State Reserve | 84.425D | 15618 | 225,315 |
| COVID 19 Expanded Learning Opportunities (ELO) Grant: GEER II | 84.425C | 15619 | 35,350 |
| COVID 19 Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Emergency Needs | 84.425U | 15620 | 255,993 |
| COVID 19 Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Learning Loss | 84.425U | 15621 | <u>588,500</u> |
| Subtotal | | | <u>4,221,664</u> |
| Title I Grants to Local Educational Agencies - Low Income and Neglected | 84.010 | 14329 | 3,475,254 |
| Title II, Part A, Supportive Effective Instruction State Grants | 84.367 | 14341 | 347,669 |
| Title III, English Language Acquisition State Grants - English Learner Student Program | 84.365 | 14346 | 222,079 |
| Passed through Riverside County SELPA | | | |
| Special Education (IDEA) Cluster | | | |
| COVID-19 ARP IDEA Part B, Sec. 611, Local Assistance Entitlement | 84.027 | 15638 | 162,153 |
| COVID-19 ARP IDEA Part B, Sec. 611, Local Assistance Coordinated Early Intervening Services | 84.027 | 10170 | 28,615 |
| Special Education Grants to States - Basic Local Assistance | 84.027 | 13379 | 803,187 |
| IDEA Local Assistance, Part B, Sec 611, Early Intervening Services | 84.027 | 10119 | <u>25,272</u> |
| Subtotal | | | <u>1,019,227</u> |
| COVID-19 ARP IDEA Part B, Sec. 619, Preschool Grants | 84.173 | 15639 | 20,531 |
| COVID-19 ARP IDEA Part B, Sec. 619, Preschool Grants Coordinated Early Intervening Services | 84.173 | 10171 | 3,623 |
| Special Education Preschool Grants | 84.173 | 13430 | 21,660 |
| IDEA Preschool Staff Development, Part B, Sec 619 | 84.173A | 13431 | <u>213</u> |
| Subtotal | | | <u>46,027</u> |
| Subtotal Special Education (IDEA) Cluster | | | <u>1,065,254</u> |
| Total U.S. Department of Education | | | <u>9,331,920</u> |

Perris Elementary School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

| 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 Agriculture | | | |
| Passed through CDE | | | |
| Child Nutrition Cluster | | | |
| School Breakfast Program - Especially Needy | 10.553 | 13526 | \$ 578,702 |
| National School Lunch Program - Section 4 | 10.555 | 13523 | 673,858 |
| National School Lunch Program - Section 11 | 10.555 | 13524 | 2,390,643 |
| After School Meal Supplements | 10.555 | 13755 | 151,799 |
| National School Lunch Program - Commodities | 10.555 | 13524 | <u>430,975</u> |
| Subtotal Child Nutrition Cluster | | | <u>4,225,977</u> |
| Total U.S. Department of Agriculture | | | <u>4,225,977</u> |
| Total Federal Financial Assistance | | | <u>\$ 13,557,897</u> |

Organization

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

Governing Board

| <u>Member</u> | <u>Office</u> | <u>Term Expires</u> |
|---------------------|---------------|---------------------|
| Douglas Corona | President | 2024 |
| Erika Guzman Medina | Clerk | 2024 |
| Carol Jimenez | Member | 2026 |
| Lydia Mora | Member | 2026 |
| Katie McClendon | Member | 2026 |

Administration

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

Perris Elementary School District
Schedule of Average Daily Attendance
Year Ended June 30, 2023

| | Final Report | | As Adjusted per Audit | |
|---|--|------------------------------|-------------------------|------------------|
| | Revised Second Period Report FC38A88F | Annual Report A8ABB2EE | Second Period Report | Annual Report |
| Regular ADA | | | | |
| Transitional kindergarten through third | 2,473.03 | 2,480.66 | 2,448.05 | 2,456.84 |
| Fourth through sixth | 1,706.45 | 1,709.30 | 1,673.24 | 1,676.08 |
| Total Regular ADA | 4,179.48 | 4,189.96 | 4,121.29 | 4,132.92 |
| Special Education, Nonpublic, Nonsectarian Schools | | | | |
| Transitional kindergarten through third | 1.90 | 1.62 | 1.90 | 1.62 |
| Fourth through sixth | 0.78 | 0.77 | 0.78 | 0.77 |
| Total Special Education, Nonpublic, Nonsectarian Schools | 2.68 | 2.39 | 2.68 | 2.39 |
| Extended Year Special Education, Nonpublic, Nonsectarian Schools | | | | |
| Transitional kindergarten through third | 0.22 | 0.22 | 0.22 | 0.22 |
| Total ADA | 4,182.38 | 4,192.57 | 4,124.19 | 4,135.53 |
| Charter School - Innovative Horizons Charter School | | | | |
| Classroom based ADA | | | | |
| Transitional kindergarten through third | 330.04 | 331.06 | 330.04 | 331.06 |
| Fourth through sixth | 264.38 | 265.13 | 264.38 | 265.13 |
| Seventh and eighth | 226.97 | 226.71 | 226.97 | 226.71 |
| Total Regular ADA | 821.39 | 822.90 | 821.39 | 822.90 |

The Innovative Horizons Charter School did not report any non-classroom based ADA.

Perris Elementary School District

Schedule of Instructional Time

Year Ended June 30, 2023

| Grade Level | 1986-1987 Minutes Requirement | 2022-2023 Actual Minutes | Number of Minutes Credited Form J-13A* | Total Minutes Offered | Traditional Calendar | | | Status |
|--------------|-------------------------------------|--------------------------------|--|-----------------------------|-----------------------------|---|--------------------------|----------|
| | | | | | Number of Actual Days | Number of Days Credited Form J-13A* | Total Days Offered | |
| Kindergarten | 36,000 | 43,760 | 320 | 44,080 | 179 | 1 | 180 | Complied |
| Grades 1 - 3 | 50,400 | | | | | | | |
| Grade 1 | | 54,500 | 320 | 54,820 | 179 | 1 | 180 | Complied |
| Grade 2 | | 54,500 | 320 | 54,820 | 179 | 1 | 180 | Complied |
| Grade 3 | | 54,500 | 320 | 54,820 | 179 | 1 | 180 | Complied |
| Grades 4 - 8 | 54,000 | | | | | | | |
| Grade 4 | | 54,500 | 320 | 54,820 | 179 | 1 | 180 | Complied |
| Grade 5 | | 54,500 | 320 | 54,820 | 179 | 1 | 180 | Complied |
| Grade 6 | | 54,500 | 320 | 54,820 | 179 | 1 | 180 | Complied |

Innovative Horizons Charter School

| Grade Level | 1986-1987 Minutes Requirement | 2022-2023 Actual Minutes | Number of Minutes Credited Form J-13A* | Total Minutes Offered | Traditional Calendar | | | Status |
|--------------|-------------------------------------|--------------------------------|--|-----------------------------|-----------------------------|---|--------------------------|----------|
| | | | | | Number of Actual Days | Number of Days Credited Form J-13A* | Total Days Offered | |
| Kindergarten | 36,000 | 63,575 | 240 | 63,815 | 174 | 1 | 175 | Complied |
| Grades 1 - 3 | 50,400 | | | | | | | |
| Grade 1 | | 61,490 | 240 | 61,730 | 174 | 1 | 175 | Complied |
| Grade 2 | | 61,490 | 240 | 61,730 | 174 | 1 | 175 | Complied |
| Grade 3 | | 61,490 | 240 | 61,730 | 174 | 1 | 175 | Complied |
| Grades 4 - 8 | 54,000 | | | | | | | |
| Grade 4 | | 61,490 | 240 | 61,730 | 174 | 1 | 175 | Complied |
| Grade 5 | | 61,490 | 240 | 61,730 | 174 | 1 | 175 | Complied |
| Grade 6 | | 62,185 | 240 | 62,425 | 174 | 1 | 175 | Complied |
| Grade 7 | | 62,185 | 240 | 62,425 | 174 | 1 | 175 | Complied |
| Grade 8 | | 62,185 | 240 | 62,425 | 174 | 1 | 175 | Complied |

* The District and Charter School received an approved J-13A for 1 day.

Perris Elementary School District
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
Year Ended June 30, 2023

There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2023.

Perris Elementary School District
Schedule of Financial Trends and Analysis
Year Ended June 30, 2023

| | (Budget) 2024 ¹ | 2023 | 2022 ¹ | 2021 ¹ |
|---|-------------------------------|-----------------------|-----------------------|-----------------------|
| General Fund Revenues | \$ 114,470,541 | \$ 100,795,769 | \$ 76,719,531 | \$ 72,656,519 |
| Other sources | - | 13,071 | 76,682 | - |
| Total revenues and other sources | <u>114,470,541</u> | <u>100,808,840</u> | <u>76,796,213</u> | <u>72,656,519</u> |
| Expenditures | 104,950,030 | 83,579,670 | 68,686,452 | 66,717,237 |
| Other uses | 107,327 | 543,715 | 771,476 | 645,246 |
| Total expenditures and other uses | <u>105,057,357</u> | <u>84,123,385</u> | <u>69,457,928</u> | <u>67,362,483</u> |
| Increase in Fund Balance | <u>\$ 9,413,184</u> | <u>\$ 16,685,455</u> | <u>\$ 7,338,285</u> | <u>\$ 5,294,036</u> |
| Ending Fund Balance | <u>\$ 57,765,624</u> | <u>\$ 48,352,440</u> | <u>\$ 31,666,985</u> | <u>\$ 24,328,700</u> |
| Available Reserves | <u>\$ 6,374,484</u> | <u>\$ 4,224,408</u> | <u>\$ 18,383,849</u> | <u>\$ 17,378,268</u> |
| Available Reserves as a Percentage of Total Outgo | <u>6.07%</u> | <u>5.02%</u> | <u>26.47%</u> | <u>25.80%</u> |
| Long-Term Liabilities including OPEB and Pensions | <u>N/A</u> | <u>\$ 141,199,115</u> | <u>\$ 107,223,494</u> | <u>\$ 146,663,061</u> |
| K-12 Average Daily Attendance at P-2 ² | <u>4,248</u> | <u>4,124</u> | <u>3,937</u> | <u>4,460</u> |

The General Fund balance has increased by \$24,023,740 over the past two years. The fiscal year 2023-2024 budget projects an increase of \$9,413,187 (19.5%). 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 surpluses in the past three years, and anticipate incurring an operating surplus during the 2023-2024 fiscal year. Total long-term liabilities have decreased by \$5,463,946 over the past two years.

Average daily attendance has decreased by 36 over the past two years. An increase of 124 ADA is anticipated during fiscal year 2023-2024.

¹ Financial information for 2024, 2022, and 2021 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.

Perris Elementary School District
Schedule of Charter Schools
Year Ended June 30, 2023

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

Perris Elementary School District
Combining Balance Sheet – Non-Major Governmental Funds
June 30, 2023

| | Child Development Fund | Cafeteria Fund | Deferred Maintenance Fund | Capital Facilities Fund | County School Facilities Fund | Special Reserve Fund for Capital Outlay Projects | Bond Interest and Redemption Fund | Debt Service Fund for Blended Component Units | Total Non-Major Governmental Funds |
|--|------------------------------|---------------------|---------------------------------|-------------------------------|-------------------------------------|---|---|--|---|
| Assets | | | | | | | | | |
| Deposits and investments | \$ 506,562 | \$ 2,443,221 | \$ 986,212 | \$ 1,476,636 | \$ 6,253,784 | \$ 1,452,105 | \$ 9,700,711 | \$ 12,401 | \$ 22,831,632 |
| Receivables | 408,740 | 916,782 | 13,576 | 115,673 | - | 25,588 | - | - | 1,480,359 |
| Due from other funds | 516,145 | 18,425 | - | 72,894 | 1,136,097 | 180,219 | - | - | 1,923,780 |
| Stores inventories | - | 38,326 | - | - | - | - | - | - | 38,326 |
| Lease receivables | 28,988 | - | - | - | - | - | - | - | 28,988 |
| Total assets | \$ 1,460,435 | \$ 3,416,754 | \$ 999,788 | \$ 1,665,203 | \$ 7,389,881 | \$ 1,657,912 | \$ 9,700,711 | \$ 12,401 | \$ 26,303,085 |
| Liabilities, Deferred Inflows of Resources, and Fund Balances | | | | | | | | | |
| Liabilities | | | | | | | | | |
| Accounts payable | \$ 74,912 | \$ 65,069 | \$ - | \$ 444,072 | \$ - | \$ 18,836 | \$ - | \$ - | \$ 602,889 |
| Due to other funds | 627,155 | 150,085 | - | - | - | 54,227 | - | - | 831,467 |
| Unearned revenue | 568,935 | - | - | - | - | - | - | - | 568,935 |
| Total liabilities | 1,271,002 | 215,154 | - | 444,072 | - | 73,063 | - | - | 2,003,291 |
| Deferred Inflows of Resources | | | | | | | | | |
| Deferred inflows of resources related to leases | 28,988 | - | - | - | - | - | - | - | 28,988 |
| Fund Balances | | | | | | | | | |
| Nonspendable | - | 38,326 | - | - | - | - | - | - | 38,326 |
| Restricted | 157,676 | 3,163,274 | - | 1,221,131 | 7,389,881 | 1,584,849 | 9,700,711 | 12,401 | 23,229,923 |
| Committed | - | - | 999,788 | - | - | - | - | - | 999,788 |
| Assigned | 2,769 | - | - | - | - | - | - | - | 2,769 |
| Total fund balances | 160,445 | 3,201,600 | 999,788 | 1,221,131 | 7,389,881 | 1,584,849 | 9,700,711 | 12,401 | 24,270,806 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 1,460,435 | \$ 3,416,754 | \$ 999,788 | \$ 1,665,203 | \$ 7,389,881 | \$ 1,657,912 | \$ 9,700,711 | \$ 12,401 | \$ 26,303,085 |

Perris Elementary School District
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds
Year Ended June 30, 2023

| | Child Development Fund | Cafeteria Fund | Deferred Maintenance Fund | Capital Facilities Fund | County School Facilities Fund | Special Reserve Fund for Capital Outlay Projects | Bond Interest and Redemption Fund | Debt Service Fund for Blended Component Units | Total Non-Major Governmental Funds |
|---|------------------------------|---------------------|---------------------------------|-------------------------------|-------------------------------------|---|---|--|---|
| Revenues | | | | | | | | | |
| Local Control Funding Formula | \$ - | \$ - | \$ 300,000 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 300,000 |
| Federal sources | 10,376 | 4,225,977 | - | - | - | - | - | - | 4,236,353 |
| Other State sources | 2,557,859 | 1,347,598 | - | - | - | - | 14,247 | - | 3,919,704 |
| Other local sources | 60,246 | 120,550 | (2,876) | 743,263 | (138,982) | 8,863 | 2,432,714 | 988 | 3,224,766 |
| Total revenues | <u>2,628,481</u> | <u>5,694,125</u> | <u>297,124</u> | <u>743,263</u> | <u>(138,982)</u> | <u>8,863</u> | <u>2,446,961</u> | <u>988</u> | <u>11,680,823</u> |
| Expenditures | | | | | | | | | |
| Current | | | | | | | | | |
| Instruction | 1,751,798 | - | - | - | - | - | - | - | 1,751,798 |
| Instruction-related activities | | | | | | | | | |
| Supervision of instruction | 209,450 | - | - | - | - | - | - | - | 209,450 |
| School site administration | 235,128 | - | - | - | - | - | - | - | 235,128 |
| Pupil services | | | | | | | | | |
| Food services | - | 5,220,348 | - | - | - | - | - | - | 5,220,348 |
| All other pupil services | 54,469 | - | - | - | - | - | - | - | 54,469 |
| Administration | | | | | | | | | |
| All other administration | 129,477 | 146,889 | - | 79,128 | - | - | - | - | 355,494 |
| Plant services | 361,084 | 90,334 | - | 21,736 | - | - | - | - | 473,154 |
| Facility acquisition and construction | - | - | - | 737,791 | 514,678 | - | - | - | 1,252,469 |
| Debt service | | | | | | | | | |
| Principal | - | 417 | - | - | - | - | 860,000 | 275,000 | 1,135,417 |
| Interest and other | - | 43 | - | - | - | 105,831 | 1,388,093 | 204,000 | 1,697,967 |
| Total expenditures | <u>2,741,406</u> | <u>5,458,031</u> | <u>-</u> | <u>838,655</u> | <u>514,678</u> | <u>105,831</u> | <u>2,248,093</u> | <u>479,000</u> | <u>12,385,694</u> |
| Excess (Deficiency) of Revenues | | | | | | | | | |
| Over Expenditures | (112,925) | 236,094 | 297,124 | (95,392) | (653,660) | (96,968) | 198,868 | (478,012) | (704,871) |
| Other Financing Sources | | | | | | | | | |
| Transfers in | 64,715 | - | - | - | - | - | - | 479,000 | 543,715 |
| Other sources - premium from issuance of general obligation bonds | - | - | - | - | - | - | 521,251 | - | 521,251 |
| Transfers out | - | - | - | - | - | - | - | - | - |
| Net Financing Sources (Uses) | <u>64,715</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>521,251</u> | <u>479,000</u> | <u>1,064,966</u> |
| Net Change in Fund Balances | (48,210) | 236,094 | 297,124 | (95,392) | (653,660) | (96,968) | 720,119 | 988 | 360,095 |
| Fund Balance - Beginning | 208,655 | 2,965,506 | 702,664 | 1,316,523 | 8,043,541 | 1,681,817 | 8,980,592 | 11,413 | 23,910,711 |
| Fund Balance - Ending | <u>\$ 160,445</u> | <u>\$ 3,201,600</u> | <u>\$ 999,788</u> | <u>\$ 1,221,131</u> | <u>\$ 7,389,881</u> | <u>\$ 1,584,849</u> | <u>\$ 9,700,711</u> | <u>\$ 12,401</u> | <u>\$ 24,270,806</u> |

See Notes to Supplementary Information

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, 2023. 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 District, it is not intended to and does not present the financial position of the 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, 2023, the District did not report any food commodities as 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 amount consisted of COVID-19 Child Development: ARP California State Preschool One-time Stipend funds that have been recorded in the current period as revenues and have not been expended as of June 30, 2023. The unspent balance is reported as legally restricted ending balances within the Child Development Fund.

| | <u>Federal Financial Assistance Listing Number</u> | <u>Amount</u> |
|---|--|----------------------|
| Total Federal Revenues From the Statement of Revenues, Expenditures and Changes in Fund Balances | | \$ 13,568,273 |
| COVID-19 Child Development: ARP California State Preschool One-time Stipend | 93.575 | <u>(10,376)</u> |
| Total federal financial assistance | | <u>\$ 13,557,897</u> |

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, 2023

Perris Elementary School District



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

To the Governing Board
Perris Elementary School District
Perris, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Perris Elementary School District (the District), as of and for the year ended June 30, 2023, 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, 2023.

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. 96, *Subscription-Based Information Technology Arrangements*, for the year ended June 30, 2023. Accordingly, a restatement has been made to the governmental activities net position as of July 1, 2022, 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free 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*.

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.

A handwritten signature in cursive script that reads "Eide Sully LLP".

Rancho Cucamonga, California
December 7, 2023



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, 2023. 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, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (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.

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.

The image shows a handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California
December 7, 2023



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 *2022-2023 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, 2023.

Qualified Opinion on Attendance and Independent Study

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, 2023.

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, 2023, 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 (*Government Auditing Standards*), and the *2022-2023 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.

Matters Giving Rise to Qualified Opinion on Attendance and Independent Study

As described in the accompanying schedule of findings and questioned costs, the District did not comply with requirements regarding Attendance and Independent Study as described in the accompanying Schedule of State Compliance Findings and Questioned Costs as item 2023-001.

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 *2022-2023 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 *2022-2023 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 *2022-2023 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:

| 2022-2023 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 |
| Ratio 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 |
| Home to School Transportation Reimbursement | Yes |
| Independent Study Certification for ADA Loss Mitigation | Yes |
| School Districts, County Offices of Education, and Charter Schools | |
| California Clean Energy Jobs Act | No, see below |
| 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 |
| Transitional Kindergarten | Yes |
| 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.

We did not perform Juvenile Court Schools procedures because the program is not offered by the District.

We did not perform Middle or Early College High Schools procedures because the program is not offered by the District.

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

The District did not elect to operate as a school district of choice; therefore, we did not perform procedures related to District of Choice.

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

The Charter School 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 remaining 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 procedures for the Nonclassroom-Based Instruction/Independent Study because the District's charter school is entirely classroom-based.

We did not perform procedures 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 audit and described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

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 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 Findings and Questioned Costs as item 2023-001 to be a material weakness.

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

Government Auditing Standards requires the auditor to perform limited procedures on the 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.

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 *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.



Rancho Cucamonga, California
December 7, 2023



Schedule of Findings and Questioned Costs
June 30, 2023

Perris Elementary School District

Financial Statements

| | |
|--|---------------|
| Type of auditor's report issued | Unmodified |
| Internal control over financial reporting | |
| Material weakness identified | No |
| 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

| <u>Name of Federal Program or Cluster</u> | <u>Federal Financial Assistance Listing Number</u> |
|--|--|
| 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: Learning Loss | 84.425U |
| COVID 19 Expanded Learning Opportunities (ELO) Grant: ESSER II State Reserve | 84.425D |
| COVID 19 Expanded Learning Opportunities (ELO) Grant: GEER II | 84.425C |
| COVID 19 Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Emergency Needs | 84.425U |
| COVID 19 Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Learning Loss | 84.425U |
| Special Education Cluster (IDEA) | 84.027, 84.173, 84.173A |
| Child Nutrition Cluster | 10.553, 10.555 |
| 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 | Yes |
| Significant deficiencies identified not considered to be material weaknesses | No |
| Type of auditor's report issued on compliance for programs | Qualified* |

*Unmodified for all programs except for the following programs which were qualified:

 Name of Program

Attendance
Independent Study

None reported.

None reported.

The following finding represents a material weakness of internal control and a material instance of noncompliance including questioned costs that is required to be reported by the *2022-2023 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 |
|-----------------|----------------------|
| 10000 | Attendance |
| 40000 | State Compliance |

2023-001 10000 and 40000 – Attendance and Independent Study (Material Weakness, Noncompliance)

Criteria or Specific Requirements

California Education Code Section 51747 states that a local education agency shall not be eligible to receive apportionment for independent study by pupils unless it has provided each pupil with a written learning agreement that contains all the required elements identified in *California Education Code* Section 51747.

Condition

The District has implemented written learning agreements for each pupil enrolled in independent study; however, the written learning agreements were missing a required element identified in *California Education Code* Section 51747. More specifically, the written agreements did not contain a detailed statement of academic and other support provided to address the needs of pupils not performing at grade level, or needed support in other areas such as English learners, individuals with exceptional needs, pupils in foster care, pupils experiencing homelessness, and pupils requiring mental health support.

As a result, the District has overclaimed 58.19 and 57.04 ADA for apportionment funding on its Second Period Report of Attendance and Annual Report of Attendance, respectively.

The calculated penalty at P2 by grade span is as follows:

| Grade Span | Unallowable ADA | Derived Value of ADA by Grade Span | Penalty |
|------------|--------------------|--|------------|
| TK-3 | 24.98 | \$ 14,407 | \$ 359,881 |
| 4-6 | 33.21 | 13,246 | 439,914 |
| Total | 58.19 | | \$ 799,795 |

Questioned Costs

The questioned costs associated with this condition resulted in a potential decrease of \$799,795 in Local Control Funding Formula. The estimated penalty was calculated using the CDE's LCFF Derived Value of ADA by Grade Span. However, there will be no fiscal impact since the District was funded on ADA from 2019-2020. Additionally, California *Education Code* Section 42238.023 authorizes the California Department of Education to adjust the 2021-2022 reported ADA for school districts if the 2019-2020 ADA to enrollment ratio exceeds the 2021-2022 ADA to enrollment ratio. The effect of this regulation nullifies the questioned costs component of the condition identified.

Context

The condition was identified as a result of our audit of the Independent Study program as required by the State Audit Guide. Through our review of district records, we noted the issues discussed above.

Effect

As noted above, the effect of the conditions identified was overclaimed ADA of 58.19 and 57.04 at the Second Period and Annual Reports of Attendance, respectively. This resulted in a calculated penalty of \$799,795, but has been negated by the District being funded on prior year ADA. Thus, there is no effect on current year funding.

Cause

The error in the independent study contracts was a result of an oversight of the requirements.

Repeat Finding

No.

Recommendation

The District should review their independent study contracts each year and monitor changes to ensure inclusion of all required elements.

Corrective Action Plan and Views of Responsible Officials

Moving forward, the District will include a statement detailing the academic and other supports on the Independent Study application.

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

2022-001 30000 - Capital Assets (Material Weakness)

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.

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.

Current Status

Implemented.

State Compliance Findings

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.

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.

Current Status

Implemented.

EXHIBIT B

REPORT TO THE CALIFORNIA DEBT AND INVESTMENT
ADVISORY COMMISSION



MELLO ROOS REPORT

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

CDIAC # : 2014-0037
Status: Submitted
10/27/2023

Information as of Reporting Year End: 06/30/2023

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: | 10/27/2023 |
| Reserve Fund Minimum Balance: | Yes |
| Reserve Fund Minimum Balance Amount: | \$51,500.00 |
| 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: | |



MELLO ROOS REPORT

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

CDIAC # : 2014-0037
Status: Submitted
10/27/2023

Fitch:

Moody's:

Other:

Fund Balance

| | |
|--|----------------|
| Principal Amount of Bonds Outstanding: | \$1,030,000.00 |
| Bond Reserve Fund: | \$57,279.99 |
| Capitalized Interest Fund: | \$0.00 |
| Construction Fund(s): | \$0.00 |

Assessed Value

| | |
|---|-------------------------|
| Assessed or Appraised Value Reported as of: | 07/01/2023 |
| Use Appraised Value only in first year or before annual tax roll billing commences: | From Equalized Tax Roll |
| Total Assessed Value of All Parcels: | \$63,927,991.00 |

Tax Collection

| | |
|---|--------------|
| Total Amount of Special Taxes Due Annually: | \$156,194.78 |
| Total Amount of Unpaid Special Taxes Annually: | \$5,910.64 |
| Does this agency participate in the County's Teeter Plan? | No |

Delinquent Reporting

| | |
|---|------------|
| Delinquent Parcel Information Reported as of Equalized Tax Roll of: | 10/25/2023 |
| Total Number of Delinquent Parcels: | 5 |
| Total Amount of Special Taxes Due on Delinquent Parcels: | \$5,910.64 |

Delinquency Parcel Reporting

| Document Type | Document Name | File Upload Date |
|---------------------------------|--|------------------|
| Delinquent Parcel Detail Report | Perris 2002-1 Delinquency Cover Page.pdf | 10/27/2023 |

Foreclosure



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CDIAC # : 2014-0037
Status: Submitted
10/27/2023

| 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: