



Financial Statements
June 30, 2023

Perris Union High School District



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Independent Auditor's Report

To the Governing Board
Perris Union High 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 Union High 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 Union High 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 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 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 8, 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 8, 2023

This section of Perris Union High 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 statements in regards to interfund activity, payables, and receivables.

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

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

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

The Primary unit of the government is the Perris Union High 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*, we present the District activities as follows:

Governmental Activities - The District reports all of its services in this category. This includes the education of seventh through twelfth grade students, adult education students, the operation of a charter school, and the on-going effort to expand, improve, and maintain buildings and sites. Property taxes, State income taxes, user fees, interest income, Federal, State, and local grants, as well as general obligation bonds, finance these activities.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

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

THE DISTRICT AS A TRUSTEE

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for funds held on behalf of others. The District's fiduciary activities are reported in the Statement of Net Position – Fiduciary Funds and Statement of Changes in Net Position – Fiduciary Funds. 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 OF THE PAST YEAR

With the Local Control Funding Formula or LCFF, the District is given flexibility to make funding decisions that provide the most impact and are most beneficial for our students. Here at Perris Union High School District (PUHSD), we embraced the opportunity for local control and are providing a vast array of innovative programs and opportunities for our students. With this local control comes accountability, the District's Local Control Accountability Plan, or LCAP goals are:

- Goal #1: All students will attain proficiency in English Language Arts and mathematics.
- Goal #2: All students will graduate from high school prepared for postsecondary and career options or obtain a certificate of high school completion.
- Goal #3: All departments and sites will provide a safe and positive learning environment for all students and staff.
- Goal #4: Secure and strengthen home-school-community connections and communications.
- Goal #5: Targeted intervention and services to improve student performance and promote academic success for students with disabilities and students experiencing homelessness.

It is with these goals in mind that our District developed new and innovative programs and opportunities for our students that guide spending.

THE DISTRICT AS A WHOLE

Net Position

The District's net position was \$318,096,247 for the fiscal year ended June 30, 2023. Of this amount, (\$77,492,834) 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 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	\$ 216,518,842	\$ 224,609,103
Capital assets, right-to-use leased assets, and right-to-use subscription IT assets	608,221,748	573,518,684
Total assets	824,740,590	798,127,787
Deferred outflows of resources	49,748,057	31,817,279
Liabilities		
Current liabilities	24,170,080	23,876,194
Long-term liabilities	517,989,923	474,636,899
Total liabilities	542,160,003	498,513,093
Deferred inflows of resources	14,232,397	57,062,557
Net Position		
Net investment in capital assets	302,268,838	283,096,758
Restricted	93,320,243	69,156,831
Unrestricted (Deficit)	(77,492,834)	(77,884,173)
Total net position	\$ 318,096,247	\$ 274,369,416

* Due to the implementation of GASB Statement No. 96, fiscal year 2022 was restated for an increase of net right-to-use subscription IT assets of \$548,751 and increase of subscription liabilities of \$438,351. The restatement result in a net increase in net position of \$110,400.

The (\$77,492,834) in unrestricted deficit of governmental activities represents the accumulated results of all past years' operations.

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		\$ 2,429,683	\$ 3,736,273
Operating grants and contributions		53,060,213	36,487,495
General revenues			
Federal and State aid not restricted		110,756,159	96,254,907
Property taxes		69,822,800	59,942,677
Other general revenues		26,794,326	11,559,374
Total revenues		<u>262,863,181</u>	<u>207,980,726</u>
Expenses			
Instruction-related		139,941,520	111,189,423
Pupil services		27,120,072	22,644,812
Administration		12,844,303	8,969,707
Plant services		18,776,735	17,393,083
All other services		20,453,720	18,533,788
Total expenses		<u>219,136,350</u>	<u>178,730,813</u>
Change in net position		<u>\$ 43,726,831</u>	<u>\$ 29,249,913</u>

* 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 \$219,136,350. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only \$69,822,800 because the cost was paid by those who benefited from the programs (\$2,429,683) or by other governments and organizations who subsidized certain programs with grants and contributions (\$53,060,213). We paid for the remaining "public benefit" portion of our governmental activities with \$110,756,159 in Federal and State funds, and with \$26,794,326 in other revenues, like interest and general entitlements.

In Table 3, we have presented the cost of each of the District's largest functions: instruction-related activities, 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	\$ 139,941,520	\$ 111,189,423	\$ (108,676,330)	\$ (91,606,809)
Pupil services	27,120,072	22,644,812	(15,045,534)	(11,099,948)
Administration	12,844,303	8,969,707	(10,738,700)	(6,705,786)
Plant services	18,776,735	17,393,083	(17,426,228)	(15,452,335)
All other services	20,453,720	18,533,788	(11,759,662)	(13,642,167)
Total	<u>\$ 219,136,350</u>	<u>\$ 178,730,813</u>	<u>\$ (163,646,454)</u>	<u>\$ (138,507,045)</u>

* 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 \$195,344,481 which is a decrease of \$8,473,859 from last year (Table 4).

Table 4

Governmental Fund	Balances and Activity			
	June 30, 2022	Revenues and Other Financing Sources	Expenditures and Other Uses Financing Uses	June 30, 2023
General	\$ 54,344,386	\$ 200,468,795	\$ 185,012,950	\$ 69,800,231
Charter School	7,960,438	18,306,886	16,346,226	9,921,098
Building	80,985,900	2,282,590	29,444,269	53,824,221
Bond Interest and Redemption	36,916,229	23,890,000	22,931,774	37,874,455
Student Activity	886,446	1,769,565	1,680,040	975,971
Adult Education	193,170	456,385	404,060	245,495
Cafeteria	4,577,365	7,581,164	5,989,074	6,169,455
Capital Facilities	6,436,030	7,792,324	6,067,418	8,160,936
County School Facilities	839,284	117,508	941,143	15,649
Special Reserve for Capital Outlay Projects	3,936,966	2,688,092	4,787,001	1,838,057
Capital Projects for Blended Component Units	6,740,738	6,964,216	7,187,625	6,517,329
Debt Service	1,385	1,893,391	1,893,198	1,578
Debt Service for Blended Component Units	3	1,893,203	1,893,200	6
Total	<u>\$ 203,818,340</u>	<u>\$ 276,104,119</u>	<u>\$ 284,577,978</u>	<u>\$ 195,344,481</u>

The primary reasons for the increases and decreases to the District's fund balances are:

1. The General Fund is the District's principal operating fund. The fund balance in the General Fund increased by \$15,455,845 from the previous year due to the receipt of one-time monies related to Learning Recovery Emergency Block Grant and Arts, Music, and Instructional Materials Discretionary Block Grant.
2. The Charter School Fund increased by \$1,960,660 from the previous year due to the receipt of one-time monies related to Learning Recovery Emergency Block Grant and Arts, Music, and Instructional Materials Discretionary Block Grant.
3. The Building Fund decreased by \$27,161,679 from the previous year due to multi-year construction projects.
4. The Special Reserve Fund for Capital Outlay Projects decreased by \$2,098,909 from the previous year due to multi-year construction projects.

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to manage unexpected changes in revenues and expenditures. Changes are also made to the budget due to having the actual fund balances from previous year are made in September, when the Unaudited Actuals Report is submitted to the Board.

First and Second Interim Financial Reports provide the Board with a comprehensive review of the District budgets and is used to make appropriation adjustments as needed. In addition, the Board approves Resolutions to Budget for Grants and Awards throughout the fiscal year to account for new and/or revised allocations. (A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our audit report on page 67.)

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 \$608,221,748 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, buildings, 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 \$34,703,064, or 6.1%, from last year (Table 5).

Table 5

	Governmental Activities	
	2023	2022 as restated *
Land and construction in progress	\$ 283,191,349	\$ 278,226,142
Buildings and improvements	319,221,014	291,308,249
Furniture and equipment	4,560,287	3,382,389
Right-to-use leased assets	361,632	53,153
Right-to-use subscription IT assets	887,466	548,751
Total	<u>\$ 608,221,748</u>	<u>\$ 573,518,684</u>

* Due to the implementation of GASB Statement No. 96, fiscal year 2022 was restated for an increase in right-to-use subscription IT assets, net of amortization, of \$548,751.

This year's increase is primarily a result of facilities improvement projects, including new construction and modernization projects. We present more detailed information about our capital assets in Note 5 to the financial statements.

Long-Term Liabilities

At the end of this year, the District had \$517,989,923 in long-term liabilities outstanding versus \$474,636,899 last year, an increase of \$43,353,024 or 9.1%. These long-term liabilities consisted of:

Table 6

	Governmental Activities	
	2023	2022 as restated *
Long-Term Liabilities		
General obligation bonds	\$ 315,103,753	\$ 325,790,659
Certificates of participation	39,765,000	39,950,000
Qualified school construction bonds	716,897	843,236
Unamortized premiums/(discounts)	29,227,105	30,647,828
Leases	372,543	61,966
Subscription-based IT arrangements	438,999	438,351
Compensated absences	1,070,901	931,103
Choice 2000 settlement agreement	-	-
Net OPEB liability	520,995	593,879
Aggregate net pension liability	130,773,730	75,379,877
Total	<u>\$ 517,989,923</u>	<u>\$ 474,636,899</u>

* Due to the implementation of GASB Statement No. 96, fiscal year 2022 was restated for an increase in subscription-based IT arrangements of \$438,351.

SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2022-2023

In the 2022-23 school year, the Perris UHSD has focused on student achievement and when students returned to in person instruction PLC's pivoted to a shift toward Multi-Tiered Systems of Support (MTSS) to provide effective interventions. In an effort to support students, and avoid intervention fatigue, each department, at every site, chose a research based intervention strategy to implement and monitor in an effort to increase student passing rates.

The District has expanded access to college level course offerings in place through dual enrollment and Advanced Placement courses. Each year more students are graduating with college credits that can also support post-secondary degrees, in addition to credits towards graduation. Courses in all core content areas are offered across the district to provide a no cost opportunity for students to access college credit. Students are also getting more exposure to CTE pathways with more opportunities in various industry sectors. With these opportunities, students are not only gaining experience in the potential workforce, but may also gain college credits through articulation agreements from the local community colleges.

In 2022-23 each school site operated a trauma-informed and trauma-sensitive environment and provided the critical resources students need to overcome and cope with adversity. Our Wellness Center Initiative provided low-income, Foster Youth, Homeless and their families with social-emotional support through clinical social workers addressing mental health/trauma related services. Each center staffs a social worker and MTSS counselor. During the 2022-23 school year, there was an increase in counselor student check-ins to support mental health and social emotional well-being by approximately 150%.

The District English Learner (EL) Reclassification rates have continued to increase over the past few years. The 2022-23 rate was 21.1% which was 2% higher than the previous year and 8% higher than pre-Covid years. Parent Engagement Leadership Institute (PELI) continues to be a major focus for LCAP Goal #4. Each school site has an active Action Team for Partnerships (ATP) team that identifies site level goals aligned to their SPSAs or WASC Plan and develops actions to support and improve student outcomes. The district celebrates the work of each of our PELI teams and this year we held a virtual PELI Celebration with a short video presentation. PUHSD continued to appreciate our dedicated parent volunteers and honored their contributions to our schools during Public School Volunteer Week from donating time to assisting with classroom and school activities. In addition, PUHSD and the City of Perris continue to partner with community events such as the Annual Health and Wellness Fair.

This year the PUHSD created a Director of Diversity, Equity and Inclusion position that has worked with student culture clubs such as the Black Student Union (BSU) in revitalizing the connection between student groups and African American Parent Advisory Council (AAPAC). The Director has restarted the District African American Parent Advisory Council (DAAPAC) and at the first meeting, had over 70 in attendance.

In the area of professional development, the Equity and Ethnic Studies Curriculum team has met monthly and began writing the curriculum to meet the new ethnic studies graduation requirement.

The District also continues its robust facilities planning and construction program. Over the course of this year, the District completed a new Facilities Master Plan for all existing school sites as well as a planned new high school site needed due to anticipated growth. At Perris High School (PHS), a new Visual and Performing Arts (VAPA) building as well as a new Administration and Learning Commons building was completed. Construction continues at the PHS Perris Agriculture Center for Excellence (PACE) with the addition of a new Agricultural Mechanics building and a new Animal Housing Barn. Also at PHS, construction continues on a new 33-meter pool and aquatics facility and an athletics/operations building. A significant campus addition at Paloma Valley High School was also approved by the Division of State Architect (DSA) with construction beginning in October 2023.

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 at adoption:

1. District enrollment of 11,261 and the Charter School's enrollment of 1,025 were projected to be 12,286 in total. This represented a total increase of 5.44%. Overall District Average Daily Attendance (ADA) including charters was projected to be 10,836.75. This represents an increase of 97.91 ADA.
2. Lottery funding for 2023-24 was projected to be \$237 per prior-year annual ADA. This per pupil rate reflects \$170 per pupil for unrestricted lottery revenues and \$67 per pupil for lottery funding restricted to the purchase of instructional materials.
3. LCFF was calculated at \$15,372 per ADA for grades 9-12. This included a statutory Cost of Living Adjustment (COLA) of 8.22%.

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 Candace Reines, Deputy Superintendent, Business Services, at Perris Union High School District, 155 E. 4th Street, Perris, California 92570, or e-mail at candace.reines@puhsd.org.

Perris Union High School District
Statement of Net Position
June 30, 2023

	Governmental Activities
Assets	
Deposits and investments	\$ 201,439,078
Receivables	14,107,997
Prepaid expense	63,870
Stores inventories	31,213
Lease receivables	876,684
Capital assets not depreciated	283,191,349
Capital assets, net of accumulated depreciation	323,781,301
Right-to-use leased assets, net of accumulated amortization	361,632
Right-to-use subscription IT assets, net of accumulated amortization	887,466
Total assets	<u>824,740,590</u>
Deferred Outflows of Resources	
Deferred charge on refunding	2,961,127
Deferred outflows of resources related to pensions	46,786,930
Total deferred outflows of resources	<u>49,748,057</u>
Liabilities	
Accounts payable	16,785,783
Interest payable	3,872,403
Unearned revenue	3,511,894
Long-term liabilities	
Long-term liabilities other than OPEB and pensions due within one year	8,987,132
Long-term liabilities other than OPEB and pensions due in more than one year	377,708,066
Net other postemployment benefits (OPEB) liability	520,995
Aggregate net pension liability	130,773,730
Total liabilities	<u>542,160,003</u>
Deferred Inflows of Resources	
Deferred inflows of resources related to pensions	13,355,713
Deferred inflows of resources related to leases	876,684
Total deferred inflows of resources	<u>14,232,397</u>
Net Position	
Net investment in capital assets	302,268,838
Restricted for	
Debt service	34,003,636
Capital projects	8,176,585
Educational programs	33,863,106
Other restrictions	17,276,916
Unrestricted	(77,492,834)
Total net position	<u>\$ 318,096,247</u>

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

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Instruction	\$ 116,940,135	\$ 7,015	\$ 25,811,388	\$ (91,121,732)
Instruction-related activities				
Supervision of instruction	7,686,204	407	2,303,557	(5,382,240)
Instructional library, media, and technology	1,185,983	-	335,210	(850,773)
School site administration	14,129,198	49	2,807,564	(11,321,585)
Pupil services				
Home-to-school transportation	4,179,245	-	94,229	(4,085,016)
Food services	5,976,906	290,529	6,769,426	1,083,049
All other pupil services	16,963,921	4,731	4,915,623	(12,043,567)
Administration				
Data processing	3,458,731	-	9,948	(3,448,783)
All other administration	9,385,572	46,387	2,049,268	(7,289,917)
Plant services	18,776,735	238	1,350,269	(17,426,228)
Ancillary services	6,625,962	27	2,579,438	(4,046,497)
Community services	42,896	-	41,566	(1,330)
Interest on long-term liabilities	12,733,797	-	-	(12,733,797)
Other outgo	1,051,065	2,080,300	3,992,727	5,021,962
Total governmental activities	<u>\$ 219,136,350</u>	<u>\$ 2,429,683</u>	<u>\$ 53,060,213</u>	<u>(163,646,454)</u>
General Revenues and Subventions				
Property taxes, levied for general purposes				44,577,669
Property taxes, levied for debt service				23,656,672
Taxes levied for other specific purposes				1,588,459
Federal and State aid not restricted to specific purposes				110,756,159
Interest and investment earnings				1,725,430
Miscellaneous				25,068,896
Total general revenues and subventions				<u>207,373,285</u>
Change in Net Position				43,726,831
Net Position - Beginning, as restated				<u>274,369,416</u>
Net Position - Ending				<u>\$ 318,096,247</u>

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

	General Fund	Charter School Fund	Building Fund
Assets			
Deposits and investments	\$ 70,934,146	\$ 12,193,503	\$ 57,921,820
Receivables	11,066,314	645,159	1,060,805
Due from other funds	2,811,348	737,934	29,656
Prepaid expenditures	63,870	-	-
Stores inventories	-	-	-
Lease receivables	876,684	-	-
	<u>876,684</u>	<u>-</u>	<u>-</u>
Total assets	<u><u>\$ 85,752,362</u></u>	<u><u>\$ 13,576,596</u></u>	<u><u>\$ 59,012,281</u></u>
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Accounts payable	\$ 10,801,860	\$ 859,225	\$ 4,789,245
Due to other funds	779,866	2,796,273	398,815
Unearned revenue	3,493,721	-	-
	<u>15,075,447</u>	<u>3,655,498</u>	<u>5,188,060</u>
Total liabilities	<u>15,075,447</u>	<u>3,655,498</u>	<u>5,188,060</u>
Deferred Inflows of Resources			
Deferred inflows of resources related to leases	<u>876,684</u>	<u>-</u>	<u>-</u>
Fund Balances			
Nonspendable	88,870	-	-
Restricted	33,863,106	9,921,098	53,824,221
Committed	8,947,420	-	-
Assigned	16,212,534	-	-
Unassigned	10,688,301	-	-
	<u>69,800,231</u>	<u>9,921,098</u>	<u>53,824,221</u>
Total fund balances	<u>69,800,231</u>	<u>9,921,098</u>	<u>53,824,221</u>
Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 85,752,362</u></u>	<u><u>\$ 13,576,596</u></u>	<u><u>\$ 59,012,281</u></u>

Perris Union High School District

Balance Sheet – Governmental Funds

June 30, 2023

	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets			
Deposits and investments	\$ 37,874,455	\$ 22,515,154	\$ 201,439,078
Receivables	-	1,335,719	14,107,997
Due from other funds	-	845,654	4,424,592
Prepaid expenditures	-	-	63,870
Stores inventories	-	31,213	31,213
Lease receivables	-	-	876,684
Total assets	\$ 37,874,455	\$ 24,727,740	\$ 220,943,434
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Accounts payable	\$ -	\$ 335,453	\$ 16,785,783
Due to other funds	-	449,638	4,424,592
Unearned revenue	-	18,173	3,511,894
Total liabilities	-	803,264	24,722,269
Deferred Inflows of Resources			
Deferred inflows of resources related to leases	-	-	876,684
Fund Balances			
Nonspendable	-	35,103	123,973
Restricted	37,874,455	22,051,316	157,534,196
Committed	-	-	8,947,420
Assigned	-	1,838,057	18,050,591
Unassigned	-	-	10,688,301
Total fund balances	37,874,455	23,924,476	195,344,481
Total liabilities, deferred inflows of resources, and fund balances	\$ 37,874,455	\$ 24,727,740	\$ 220,943,434

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

Total Fund Balance - Governmental Funds	\$ 195,344,481
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.	
The cost of capital assets is	\$ 760,274,369
Accumulated depreciation is	<u>(153,301,719)</u>
Net capital assets	606,972,650
Right-to-use leased assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.	
The cost of right-to-use leased assets is	453,490
Accumulated amortization is	<u>(91,858)</u>
Net right-to-use leased assets	361,632
Right-to-use subscription IT assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.	
The cost of right-to-use subscription IT assets is	1,334,488
Accumulated amortization is	<u>(447,022)</u>
Net right-to-use subscription IT assets	887,466
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.	(3,872,403)
Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the governmental funds. Deferred outflows of resources amounted to and related to	
Debt refundings (deferred charge on refunding)	2,961,127
Aggregate net pension liability	<u>46,786,930</u>
Total deferred outflows of resources	49,748,057
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 net pension liability.	(13,355,713)
Aggregate net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.	(130,773,730)

Perris Union High 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. \$ (520,995)

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	\$ (298,735,043)
Certificates of participation	(39,765,000)
Unamortized premium on general obligation bonds	(25,391,873)
Unamortized premium on certificates of participation	(4,029,648)
Unamortized discount on general obligation bonds	194,416
Qualified school construction bonds	(716,897)
Leases	(372,543)
Subscription-based IT arrangements	(438,999)
Compensated absences	(1,070,901)

In addition, capital appreciation general obligation bonds were issued. The accretion of interest to date on the general obligation bonds is

(16,368,710)

Total long-term liabilities (386,695,198)

Total net position - governmental activities \$ 318,096,247

Perris Union High 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
Revenues			
Local Control Funding Formula	\$ 136,514,198	\$ 13,458,274	\$ -
Federal sources	19,498,107	298,108	-
Other State sources	33,429,617	4,287,431	-
Other local sources	10,267,464	263,073	2,282,590
Total revenues	<u>199,709,386</u>	<u>18,306,886</u>	<u>2,282,590</u>
Expenditures			
Current			
Instruction	104,895,702	8,433,179	-
Instruction-related activities			
Supervision of instruction	5,159,719	1,623,932	-
Instructional library, media, and technology	1,165,020	84,362	-
School site administration	12,465,621	2,144,039	-
Pupil services			
Home-to-school transportation	3,739,255	439,990	-
Food services	210,023	-	-
All other pupil services	17,156,512	682,968	-
Administration			
Data processing	3,376,301	95,662	-
All other administration	8,015,521	942,999	-
Plant services	19,955,142	1,260,970	-
Ancillary services	4,607,811	434,185	-
Community services	42,896	-	-
Other outgo	870,494	-	-
Facility acquisition and construction	1,749,016	32,390	29,444,269
Debt service			
Principal	448,184	126,339	-
Interest	104,395	45,211	-
Total expenditures	<u>183,961,612</u>	<u>16,346,226</u>	<u>29,444,269</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>15,747,774</u>	<u>1,960,660</u>	<u>(27,161,679)</u>
Other Financing Sources (Uses)			
Transfers in	-	-	-
Other sources - leases	373,759	-	-
Other sources - subscription-based			
IT arrangements	385,650	-	-
Transfers out	(1,051,338)	-	-
Net Financing Sources (Uses)	<u>(291,929)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	15,455,845	1,960,660	(27,161,679)
Fund Balance - Beginning	54,344,386	7,960,438	80,985,900
Fund Balance - Ending	<u>\$ 69,800,231</u>	<u>\$ 9,921,098</u>	<u>\$ 53,824,221</u>

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

	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues			
Local Control Funding Formula	\$ -	\$ -	\$ 149,972,472
Federal sources	-	4,794,091	24,590,306
Other State sources	151,297	2,826,490	40,694,835
Other local sources	23,738,703	13,605,357	50,157,187
Total revenues	23,890,000	21,225,938	265,414,800
Expenditures			
Current			
Instruction	-	146,752	113,475,633
Instruction-related activities			
Supervision of instruction	-	9,669	6,793,320
Instructional library, media, and technology	-	-	1,249,382
School site administration	-	216,888	14,826,548
Pupil services			
Home-to-school transportation	-	-	4,179,245
Food services	-	5,862,091	6,072,114
All other pupil services	-	-	17,839,480
Administration			
Data processing	-	-	3,471,963
All other administration	-	601,104	9,559,624
Plant services	-	116,950	21,333,062
Ancillary services	-	1,680,040	6,722,036
Community services	-	-	42,896
Other outgo	-	180,571	1,051,065
Facility acquisition and construction	-	11,249,722	42,475,397
Debt service			
Principal	12,240,000	192,200	13,006,723
Interest	10,691,774	1,708,200	12,549,580
Total expenditures	22,931,774	21,964,187	274,648,068
Excess (Deficiency) of Revenues Over Expenditures	958,226	(738,249)	(9,233,268)
Other Financing Sources (Uses)			
Transfers in	-	9,929,910	9,929,910
Other sources - leases	-	-	373,759
Other sources - subscription-based			
IT arrangements	-	-	385,650
Transfers out	-	(8,878,572)	(9,929,910)
Net Financing Sources (Uses)	-	1,051,338	759,409
Net Change in Fund Balances	958,226	313,089	(8,473,859)
Fund Balance - Beginning	36,916,229	23,611,387	203,818,340
Fund Balance - Ending	\$ 37,874,455	\$ 23,924,476	\$ 195,344,481

Perris Union High 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 \$ (8,473,859)

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

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

This is the amount by which capital outlays exceeds depreciation and amortization expense in the period.

Capital outlays	\$ 45,741,669
Depreciation and amortization expense	<u>(11,038,605)</u>

Net expense adjustment 34,703,064

Right-to-use leased assets acquired this year were financed with leases. The amount financed by the leases is reported in the governmental funds as a source of financing. On the other hand, the leases are not revenues in the Statement of Activities, but rather constitute long-term liabilities in the Statement of Net Position.

(373,759)

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.

(385,650)

In the Statement of Activities, certain operating expenses, such as compensated absences (vacations) 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). This amount is the difference between vacation earned and used.

(139,798)

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

5,501,443

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 expense is the net effect of all changes in the net OPEB liability during the year.

72,884

Perris Union High 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

Governmental funds report the effect of premiums, discounts, and the deferred charge on refunding when the debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities.

Premium amortization	\$ 1,430,444
Discount amortization	(9,721)
Deferred charge on refunding amortization	(155,849)

Payment of principal on long-term liabilities 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	12,240,000
Certificates of participation	185,000
Qualified school construction bonds	126,339
Leases	63,182
Subscription-based IT arrangements	385,002

Interest on long-term liabilities is recorded as an expenditure in the funds when it is due; however, in the Statement of Activities, interest expense is recognized as the interest accretes or accrues, regardless of when it is due.

(1,441,891)

Change in net position of governmental activities

\$ 43,726,831

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

	<u>Custodial Funds</u>
Assets	
Deposits and investments	<u>\$ 5,426,094</u>
Net Position	
Restricted for individuals, organizations, and other governments	<u>\$ 5,426,094</u>

Perris Union High School District
Statement of Changes in Net Position – Fiduciary Funds
Year Ended June 30, 2023

	<u>Custodial Funds</u>
Additions	
Contributions	
Special tax revenues	<u>\$ 5,357,897</u>
Investment earnings	
Interest	<u>117</u>
Total additions	<u>5,358,014</u>
Deductions	
Payments to bondholders	3,050,875
Administrative expense	4,034
Contributions to other governments	<u>3,110,672</u>
Total deductions	<u>6,165,581</u>
Net increase in fiduciary net position	(807,567)
Net Position - Beginning	<u>6,233,661</u>
Net Position - Ending	<u><u>\$ 5,426,094</u></u>

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

The Perris Union High School District (the District) was incorporated on August 23, 1897, 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 7 - 12 as mandated by the State and/or Federal agencies. The District operates a middle school, three high schools, a continuation school, an independent study school, a charter school, and an adult education 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 Union High 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 are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. For financial reporting purposes, the component unit described below has 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 unit, although a legally separate entity, is reported in the financial statements using the blended presentation method as if it were part of the District's operations because the governing board of the component unit is essentially the same as the governing board of the District and because its purpose is to finance the construction of facilities to be used for the direct benefit of the District.

The Perris Valley Schools Capital Facilities Corporation's (the Corporation) financial activity is presented in the financial statements in the Capital Project Fund for Blended Component Units and the Debt Service Fund for Blended Component Units. Certificates of participation issued by the Corporation are included as long-term liabilities in the government-wide financial statements. Individually-prepared financial statements are not prepared for Perris Valley Schools Capital Facilities Corporation.

Other Related Entities

Charter School The District has an approved Charter for California Military Institute pursuant to *Education Code* Section 47605. The California Military Institute is operated by the District, and its financial activity is presented in the Charter School Special Revenue 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.

One fund currently defined as a special revenue fund in the California State Accounting Manual (CSAM) does not meet the GASB Statement No. 54 special revenue fund definition. Specifically, Fund 14, Deferred Maintenance Fund, is not substantially composed of restricted or committed revenue sources. While this fund is authorized by statute and will remain open for internal reporting purposes, the fund functions effectively as extension of the General Fund, and accordingly have been combined with the General Fund for presentation in these audited financial statements.

As a result, the General Fund reflects an increase in fund balance of \$14,074.

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.

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

Non-Major Governmental Funds

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

- **Student Activity Fund** The Student Activity Fund is used to account separately for the operating activities of the associated student body accounts that are not fiduciary in nature, including student clubs, general operations, athletics, and other student body activities.
- **Adult Education Fund** The Adult Education Fund is used to account separately for Federal, State, and local revenues that are restricted or committed for adult education programs and is to be expended for adult education purposes only.
- **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).

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).

- **Capital Project Fund for Blended Component Units** The Capital Project Fund for Blended Component Units is used to account for capital projects financed by the Mello-Roos Community Facilities Districts and similar entities that are considered blended component units of the District under generally accepted accounting principles (GAAP).

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

- **Debt Service Fund** The Debt Service Fund is used for the accumulation of resources for and the retirement of principal and interest on general long-term liabilities.
- **Debt Service Fund for Blended Component Units** The Debt Service Fund for Blended Component Units is used to account for the accumulation of resources for the payment of principal and interest on bonds issued by Mello-Roos Community Facilities Districts 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. 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 account for the accumulation of resources for the payment of the principal and interest on the Special Tax Bonds.

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. Direct expenses are those that are specifically associated with a service, program, or department and are therefore, clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the *Statement of Activities*, except for depreciation and amortization of lease 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 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 net position 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 Balance 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 have 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 county and State investment pools are determined by the program sponsor.

Prepaid Expenditures (Expenses)

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

Stores Inventories

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

Capital Assets, Depreciation, and Amortization

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, 25 to 50 years; improvements, 7 to 30 years; equipment, 5 to 20 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 column of the statement of net position.

Compensated Absences

Compensated absences are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide Statement of Net Position. For governmental funds, the current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year-end that have not yet been paid with expendable available financial resources. These amounts are reported in the fund from which the employees who have accumulated leave are paid.

Sick leave is accumulated without limit for each employee at the rate of one day for each month worked. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive .004 year of service credit for each day of unused sick leave. Credit for unused sick leave is applicable to all certificated employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full-time.

Accrued Liabilities and Long-Term Liabilities

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

However, claims and judgments, compensated absences, 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, certificates of participation, 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 interest method.

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

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District reports deferred outflows of resources for deferred charges on refunding of debt and for pension 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 inflows of resources related to leases and for pension 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 fund in which the employee worked.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability and OPEB expense, information about the fiduciary net position of the CalSTRS Medicare Premium Payment (MPP) Program and additions to/deductions from the MPP's fiduciary net position have been determined on the same basis as they are reported by the MPP. For this purpose, 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 the commencement of the lease term, the District measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The 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 the 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 shorter of the subscription term or useful life of the underlying asset. The amortization period varies from 2 to 5 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 - amounts 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 for 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 one-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 \$93,320,243 of 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 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 funds	\$ 201,439,078
Fiduciary funds	<u>5,426,094</u>
Total deposits and investments	<u><u>\$ 206,865,172</u></u>

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

Cash on hand and in banks	\$ 1,014,923
Cash with fiscal agent	12,348,336
Cash in revolving	28,890
Investments	<u>193,473,023</u>
Total deposits and investments	<u><u>\$ 206,865,172</u></u>

Policies and Practices

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

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

General Authorizations

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

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the Riverside County Investment Pool. The District maintains an investment of \$193,473,023 with the Riverside County Investment Pool that has an average weighted maturity of 475 days.

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 has been rated Aaa-bf 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 \$789,863 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.

As of June 30, 2023, the District's investments of \$193,473,023 in the Riverside County Treasury Investment Pool are uncategorized.

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
Federal Government					
Categorical aid	\$ 5,764,485	\$ 106,458	\$ -	\$ 671,604	\$ 6,542,547
State Government					
Categorical aid	3,505,136	278,216	-	425,795	4,209,147
Lottery	701,564	61,089	-	-	762,653
Local Government					
Interest	1,029,320	188,862	1,060,805	206,554	2,485,541
Other local sources	65,809	10,534	-	31,766	108,109
	<u>\$ 11,066,314</u>	<u>\$ 645,159</u>	<u>\$ 1,060,805</u>	<u>\$ 1,335,719</u>	<u>\$ 14,107,997</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	\$ 11,545,012	\$ -	\$ -	\$ 11,545,012
Construction in progress	266,681,130	42,453,717	(37,488,510)	271,646,337
Total capital assets not being depreciated	278,226,142	42,453,717	(37,488,510)	283,191,349
Capital assets being depreciated				
Land improvements	35,408,310	37,137,339	-	72,545,649
Buildings and improvements	386,319,996	351,171	-	386,671,167
Furniture and equipment	15,755,694	2,128,456	(17,946)	17,866,204
Total capital assets being depreciated	437,484,000	39,616,966	(17,946)	477,083,020
Total capital assets	715,710,142	82,070,683	(37,506,456)	760,274,369
Accumulated depreciation				
Land improvements	(17,926,117)	(1,799,883)	-	(19,726,000)
Buildings and improvements	(112,493,940)	(7,775,862)	-	(120,269,802)
Furniture and equipment	(12,373,305)	(950,558)	17,946	(13,305,917)
Total accumulated depreciation	(142,793,362)	(10,526,303)	17,946	(153,301,719)
Net depreciable capital assets	294,690,638	29,090,663	-	323,781,301
Right-to-use leased assets being amortized				
Furniture and equipment	79,731	373,759	-	453,490
Accumulated amortization				
Furniture and equipment	(26,578)	(65,280)	-	(91,858)
Net right-to-use leased assets	53,153	308,479	-	361,632
Right-to-use subscription IT assets being amortized				
Right-to-use subscription IT assets	548,751	785,737	-	1,334,488
Accumulated amortization	-	(447,022)	-	(447,022)
Net right-to-use subscription IT assets	548,751	338,715	-	887,466
Governmental activities capital assets, right-to-use leased assets, and right-to-use subscription IT assets, net	\$ 573,518,684	\$ 72,191,574	\$ (37,488,510)	\$ 608,221,748

* Due to the implementation of GASB Statement No. 96, net right-to-use subscription IT assets has been restated for an increase of \$548,751.

Depreciation and amortization expense were charged as a direct expense to governmental functions as follows:

Governmental Activities	
Instruction	\$ 9,602,168
Supervision of instruction	1,183,578
Data processing	92,421
All other administration	74,753
Plant services	85,685
	<u> </u>
Total depreciation and amortization expenses governmental activities	<u>\$ 11,038,605</u>

Note 6 - Lease Receivables

The District has entered into lease agreements with various lessees. The lease receivables are summarized below:

Lease Receivable	Outstanding July 1, 2022	Additions	Deletions	Outstanding June 30, 2023
Verizon Cell Tower Lease	\$ 602,995	\$ -	\$ (4,037)	\$ 598,958
AT&T Cell Tower Lease	295,180	-	(17,454)	277,726
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 898,175</u>	<u>\$ -</u>	<u>\$ (21,491)</u>	<u>\$ 876,684</u>

Verizon Cellular Tower Antenna Sites

The District licenses (leases) a portion of its facilities for cellular tower antenna sites. These licenses are non-cancelable for a period of five years, with five renewal period of five years. The District believes the licensees will exercise the renewal option with reasonable certainty. The agreements allow for 3% annual increases to the license payments. At termination, lessees must remove all equipment and restore the site to its original state. During the fiscal year, the District recognized \$4,037 in lease revenues and \$23,719 in interest revenues related to the agreement. At June 30, 2023, the District recorded \$598,958 in lease receivables and deferred inflows of resources for these arrangements. The District used an interest rate of 3.94% based on the rates available to finance real estate or machinery and equipment over the same time periods.

AT&T Cellular Tower Antenna Sites

The District licenses (leases) a portion of its facilities for cellular tower antenna sites. These licenses are non-cancelable for a period of five years, with five renewal period of five years. The District believes the licensees will exercise the renewal option with reasonable certainty. The agreements allow annual increases based on the Consumer Price Index (CPI). At termination, lessees must remove all equipment and restore the site to its original state. During the fiscal year, the District recognized \$17,454 in lease revenue and \$11,317 in interest revenues related to the agreement. At June 30, 2023, the District recorded \$277,726 in lease receivables and deferred inflows of resources for these arrangements. The District used an interest rate of 3.94% 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	Building Fund	Non-Major Governmental Funds	
General Fund	\$ -	\$ 2,796,273	\$ -	\$ 15,075	\$ 2,811,348
Charter School Fund	737,934	-	-	-	737,934
Building Fund	-	-	-	29,656	29,656
Non-Major Governmental Funds	41,932	-	398,815	404,907	845,654
Total	<u>\$ 779,866</u>	<u>\$ 2,796,273</u>	<u>\$ 398,815</u>	<u>\$ 449,638</u>	<u>\$ 4,424,592</u>

A balance of \$563,690 is due to the Charter School Fund from the General Fund for in-lieu property taxes.

The balance of \$2,796,273 is due to the General Fund from the Charter School Fund for indirect costs, postage, printing, and proportionate share of special education encroachment.

The balance of \$398,815 is due to the Capital Facilities Non-Major Governmental Fund from the Building Fund for reimbursement of construction costs.

The balance of \$404,907 is due to the Capital Facilities Non-Major Governmental Fund from the Capital Projects Non-Major Governmental Fund for Blended Component Units for reimbursement of construction costs.

All remaining balance resulted from the time lag between the date that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transaction are recorded in the accounting system, and (3) payments between funds are made.

Operating Transfers

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

The General Fund transferred to the Adult Education Non-Major Governmental Fund for contribution of salary expenditures.	\$ 39,915
The Debt Service Non-Major Governmental Fund transferred to the Debt Service Non-Major Governmental Fund for Blended Component Units for certificates of participation debt service payments.	1,893,198
The Capital Project Non-Major Governmental Fund for Blended Component Units transferred to the Capital Facilities Non-Major Governmental Fund for reimbursement of construction costs.	5,092,174
The Capital Projects Non-Major Governmental Fund for Blended Component Units transferred to the Debt Service Non-Major Governmental Fund for certificates of participation debt service payment.	1,893,200
The General Fund transferred to the Special Reserve Non-Major Governmental Fund for Capital Outlay Projects for future modernization projects.	<u>1,011,423</u>
Total	<u><u>\$ 9,929,910</u></u>

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
LCFF apportionment	\$ 4,871,039	\$ 411,152	\$ -	\$ -	\$ 5,282,191
Salaries and benefits	590,008	35,795	-	24,446	650,249
Due to CDE	2,212,795	290,955	-	-	2,503,750
Capital outlay	-	-	4,789,245	-	4,789,245
Other vendor payables	3,128,018	121,323	-	311,007	3,560,348
Total	<u>\$ 10,801,860</u>	<u>\$ 859,225</u>	<u>\$ 4,789,245</u>	<u>\$ 335,453</u>	<u>\$ 16,785,783</u>

Note 9 - Unearned Revenue

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

	General Fund	Non-Major Governmental Funds	Total
Federal financial assistance	\$ 734,890	\$ -	\$ 734,890
State categorical aid	2,758,831	-	2,758,831
Other local	-	18,173	18,173
Total	\$ 3,493,721	\$ 18,173	\$ 3,511,894

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
Long-Term Liabilities					
General obligation bonds	\$ 325,790,659	\$ 1,553,094	\$ (12,240,000)	\$ 315,103,753	\$ 8,135,000
Certificates of participation	39,950,000	-	(185,000)	39,765,000	230,000
Qualified school construction bonds	843,236	-	(126,339)	716,897	127,551
Unamortized debt premiums	30,851,965	-	(1,430,444)	29,421,521	-
Unamortized debt discounts	(204,137)	-	9,721	(194,416)	-
Leases	61,966	373,759	(63,182)	372,543	136,296
Subscription-based IT arrangements	438,351	385,650	(385,002)	438,999	358,285
Compensated absences	931,103	139,798	-	1,070,901	-
Total	\$ 398,663,143	\$ 2,452,301	\$ (14,420,246)	\$ 386,695,198	\$ 8,987,132

* Due to the implementation of GASB Statement No. 96, subscription-based IT arrangements were restated for an increase of \$438,351.

Payments on the general obligation bonds are made from the Bond Interest and Redemption Fund. Payments on the certificates of participation are made from the Debt Service Fund for Blended Component Units. Payments for the qualified school construction bonds are made from the Charter School Fund. Payments on the leases are made from the General Fund. Payments on the subscription-based IT arrangements are made from the General Fund and Cafeteria Fund. The compensated absences will be paid by the General Fund, Charter School Fund, Adult Education Fund, and Cafeteria Fund. Additions and deductions for compensated absences are reported net to its cumulative change in the current year.

General Obligation Bonds

The outstanding general obligation bonded debt is as follows:

Issuance Date	Final Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2022	Interest Accreted	Redeemed	Bonds Outstanding June 30, 2023
5/1/00	3/1/25	6.05 - 6.40%	\$ 8,313,075	\$ 3,810,467	\$ 227,559	\$ (1,055,000)	\$ 2,983,026
11/1/02	9/1/27	4.60 - 5.51%	7,686,807	6,702,506	354,846	(790,000)	6,267,352
2/25/05	3/1/30	3.00 - 5.27%	38,764,558	12,846,761	669,660	-	13,516,421
3/28/06	9/1/22	3.50 - 4.43%	7,232,820	941,752	58,248	(1,000,000)	-
7/23/13	9/1/27	2.00 - 4.25%	35,000,000	595,000	-	(265,000)	330,000
11/6/14	9/1/24	2.00 - 4.00%	26,510,000	15,940,000	-	(2,545,000)	13,395,000
10/20/15	9/1/45	3.00 - 5.00%	40,413,023	35,654,173	242,781	-	35,896,954
7/25/19	9/1/48	3.00 - 5.00%	148,000,000	138,655,000	-	(3,840,000)	134,815,000
11/18/21	9/1/45	2.125-4.00%	78,005,000	78,005,000	-	(2,205,000)	75,800,000
11/19/21	9/1/42	0.224-2.70%	33,355,000	32,640,000	-	(540,000)	32,100,000
				<u>\$ 325,790,659</u>	<u>\$ 1,553,094</u>	<u>\$ (12,240,000)</u>	<u>\$315,103,753</u>

Debt Service Requirements to Maturity

The capital appreciation bonds mature as follows:

Bonds Maturing Fiscal Year	Initial Bond Value	Accreted Interest	Accreted Obligation	Unaccreted Interest	Maturity Value
2024	\$ 492,852	\$ 1,382,422	\$ 1,875,274	\$ 59,726	\$ 1,935,000
2025	485,819	1,362,782	1,848,601	181,399	2,030,000
2026	506,569	1,351,196	1,857,765	272,235	2,130,000
2027	591,247	1,252,040	1,843,287	391,713	2,235,000
2028	580,974	1,244,477	1,825,451	519,549	2,345,000
2029-2033	2,051,910	2,532,808	4,584,718	1,330,282	5,915,000
2034-2038	6,725,351	7,074,668	13,800,019	6,729,981	20,530,000
2039	385,321	168,317	553,638	581,362	1,135,000
Total	<u>\$ 11,820,043</u>	<u>\$ 16,368,710</u>	<u>\$ 28,188,753</u>	<u>\$ 10,066,247</u>	<u>\$ 38,255,000</u>

Perris Union High School District

Notes to Financial Statements

June 30, 2023

The current interest bonds mature as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2024	\$ 6,200,000	\$ 10,357,396	\$ 16,557,396
2025	7,100,000	10,082,460	17,182,460
2026	7,050,000	9,792,790	16,842,790
2027	6,925,000	9,527,652	16,452,652
2028	3,620,000	9,370,603	12,990,603
2029-2033	27,665,000	44,188,047	71,853,047
2034-2038	43,605,000	37,566,410	81,171,410
2039-2043	79,080,000	27,250,142	106,330,142
2044-2048	91,865,000	10,697,750	102,562,750
2049	13,805,000	276,100	14,081,100
Total	<u>\$ 286,915,000</u>	<u>\$ 169,109,350</u>	<u>\$ 456,024,350</u>

Certificates of Participation

In April 2019, the Corporation issued certificates of participation in the amount of \$41,160,000 with interest rates ranging from 3.00 to 5.00%. As of June 30, 2023, the principal balance outstanding was \$39,765,000.

The certificates mature through 2051 as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 230,000	\$ 1,699,900	\$ 1,929,900
2025	275,000	1,689,800	1,964,800
2026	330,000	1,676,050	2,006,050
2027	380,000	1,658,300	2,038,300
2028	445,000	1,637,675	2,082,675
2029-2033	2,890,000	7,781,000	10,671,000
2034-2038	3,945,000	6,963,075	10,908,075
2039-2043	10,745,000	5,697,000	16,442,000
2044-2048	13,265,000	2,988,400	16,253,400
2049-2051	7,260,000	364,500	7,624,500
Total	<u>\$ 39,765,000</u>	<u>\$ 32,155,700</u>	<u>\$ 71,920,700</u>

Qualified School Construction Bonds

In September 2011, the Corporation issued qualified school construction bonds in the amount of \$2,100,000 with interest rate of 5.57%. As of June 30, 2023, the principal balance outstanding was \$716,897.

Perris Union High School District

Notes to Financial Statements

June 30, 2023

The bonds mature through 2029 as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 127,551	\$ 38,160	\$ 165,711
2025	128,780	31,038	159,818
2026	130,019	23,847	153,866
2027	131,270	16,588	147,858
2028	132,533	-	132,533
2029	66,744	-	66,744
Total	<u>\$ 716,897</u>	<u>\$ 109,633</u>	<u>\$ 826,530</u>

Leases

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

Lease	Leases Outstanding July 1, 2022	Additions	Payments	Leases Outstanding June 30, 2023
Postage Equipment	\$ 61,966	\$ -	\$ (15,196)	\$ 46,770
Copiers	-	373,759	(47,986)	325,773
Total	<u>\$ 61,966</u>	<u>\$ 373,759</u>	<u>\$ (63,182)</u>	<u>\$ 372,543</u>

Postage Equipment

The District entered an agreement for postage equipment for five years, beginning March 1, 2021. Under the terms of the lease, the District pays quarterly payments of \$4,644, which amounted to total principal and interest costs of \$18,576. The annual interest rate charged on the lease is 1.50%. At June 30, 2023, the District has recognized a right to use asset of \$39,866 and a lease liability of \$46,770 related to this agreement. During the fiscal year, the District recorded \$13,288 in amortization expense and \$3,380 in interest expense for the right to use of the postage equipment.

Copiers

The District entered an agreement for copiers for three years, beginning February 1, 2023. Under the terms of the lease, the District pays monthly payments of \$11,370, which amounted to total principal and interest costs of \$56,852. The annual interest rate charged on the lease is 6.00%. At June 30, 2023, the District has recognized a right to use asset of \$321,766 and a lease liability of \$325,773 related to this agreement. During the fiscal year, the District recorded \$51,992 in amortization expense and \$8,867 in interest expense for the right to use of the copiers.

Perris Union High School District

Notes to Financial Statements

June 30, 2023

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	\$ 136,296	\$ 18,725	\$ 155,021
2025	144,698	10,324	155,022
2026	91,549	1,976	93,525
Total	<u>\$ 372,543</u>	<u>\$ 31,025</u>	<u>\$ 403,568</u>

Subscriptions-Based Information Technology Arrangements (SBITAs)

The District entered into SBITA agreements for various software related to digital licensing for student curriculum and school management. At June 30, 2023, the District has recognized a right-to-use subscriptions IT asset of \$887,466 and a SBITA liability of \$438,999 related to these agreements. During the fiscal year, the District recorded \$447,022 in amortization expense. The District is required to make annual principal and interest payments through June 2026. The subscription liabilities were valued using discount rates ranging from 4.27% to 4.42% based on the rates from the State and Local Government Securities table, plus 150 basis points, for the nearest maturity to the noncancelable term of the agreements.

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	\$ 358,285	\$ 5,715	\$ 364,000
2025	45,187	1,594	46,781
2026	35,527	4	35,531
Total	<u>\$ 438,999</u>	<u>\$ 7,313</u>	<u>\$ 446,312</u>

Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2023, amounted to \$1,070,901.

Note 11 - Net Other Postemployment Benefit (OPEB) Liability

For the fiscal year ended June 30, 2023, the District reported net OPEB liability and OPEB expense for the following:

OPEB Plan	Net OPEB Liability	OPEB Expense
Medicare Premium Payment (MPP) Program	<u>\$ 520,995</u>	<u>\$ (72,884)</u>

The details of the plan are as follows:

Medicare Premium Payment (MPP) Program

Plan Description

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

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2020 annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Benefits Provided

The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the State Teachers Retirement Plan (STRP) Defined Benefit (DB) Program who were retired or began receiving a disability allowance prior to July 1, 2012 and were not eligible for premium free Medicare Part A. The payments are made directly to the Centers for Medicare and Medicaid Services (CMS) on a monthly basis.

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

The MPP Program is funded on a pay-as-you go basis from a portion of monthly District benefit payments. In accordance with California *Education Code* Section 25930, contributions that would otherwise be credited to the DB Program each month are instead credited to the MPP Program to fund monthly program and administrative costs. Total redirections to the MPP Program are monitored to ensure that total incurred costs do not exceed the amount initially identified as the cost of the program.

Net OPEB Liability and OPEB Expense

At June 30, 2023, the District reported a liability of \$593,879 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 0.1582%, and 0.1489%, resulting in a net increase in the proportionate share of 0.0093%.

For the year ended June 30, 2023, the District recognized OPEB expense of \$(72,884).

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
Investment Rate of Return	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:

Discount Rate	Net OPEB Liability
1% decrease (2.54%)	\$ 567,985
Current discount rate (3.54%)	520,995
1% increase (4.54%)	480,308

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 Rate	Net OPEB Liability
1% decrease (3.50% Part A and 4.40% Part B)	\$ 478,032
Current Medicare costs trend rate (4.50% Part A and 5.40% Part B)	520,995
1% increase (5.50% Part A and 6.40% Part B)	569,696

Note 12 - Non-Obligatory Debt

Non-obligatory debt relates to debt issuances by the Community Facility Districts and the Perris Union High School District Financing Authority, as authorized by the Mello-Roos Community Facilities Act of 1982 as amended, and the Mark-Roos Local Bond Pooling Act of 1985, and are payable from special taxes levied on property within the Community Facilities Districts according to a methodology approved by the voters within the District. Neither the faith and credit nor taxing power of the District is pledged to the payment of the bonds. Reserves have been established from the bond proceeds to meet delinquencies should they occur. If delinquencies occur beyond the amounts held in those reserves, the District has no duty to pay the delinquency out of any available funds of the District. The District acts solely as an agent for those paying taxes levied and the bondholders, and may initiate foreclosure proceedings. Special assessment debt of \$40,005,000 as of June 30, 2023, does not represent debt of the District and, as such, does not appear in the accompanying basic financial statements.

Note 13 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Charter School Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total
Nonspendable						
Revolving cash	\$ 25,000	\$ -	\$ -	\$ -	\$ 3,890	\$ 28,890
Stores inventories	-	-	-	-	31,213	31,213
Prepaid expenditures	63,870	-	-	-	-	63,870
Total nonspendable	88,870	-	-	-	35,103	123,973
Restricted						
Legally restricted programs	33,863,106	9,921,098	-	-	245,495	44,029,699
Food service	-	-	-	-	6,151,756	6,151,756
Capital projects	-	-	53,824,221	-	14,693,914	68,518,135
Debt services	-	-	-	37,874,455	1,584	37,876,039
Student activities	-	-	-	-	958,567	958,567
Total restricted	33,863,106	9,921,098	53,824,221	37,874,455	22,051,316	157,534,196
Committed						
Deficit spending	4,639,211	-	-	-	-	4,639,211
School resource officers	1,000,000	-	-	-	-	1,000,000
Social workers and wellness centers	3,000,000	-	-	-	-	3,000,000
Special education	308,209	-	-	-	-	308,209
Total committed	8,947,420	-	-	-	-	8,947,420
Assigned						
Lottery	1,503,738	-	-	-	-	1,503,738
Deferred maintenance	14,074	-	-	-	-	14,074
Capital projects	-	-	-	-	1,838,057	1,838,057
Site carryovers	1,151,987	-	-	-	-	1,151,987
LCAP supplemental	700,035	-	-	-	-	700,035
Other assignments	12,842,700	-	-	-	-	12,842,700
Total assigned	16,212,534	-	-	-	1,838,057	18,050,591
Unassigned						
Reserve for economic uncertainties	10,688,301	-	-	-	-	10,688,301
Total unassigned	10,688,301	-	-	-	-	10,688,301
Total	\$ 69,800,231	\$ 9,921,098	\$ 53,824,221	\$ 37,874,455	\$ 23,924,476	\$ 195,344,481

Note 14 - Risk Management

The District is exposed to various risks of loss related to torts, theft, damage, and destruction of assets; errors and omissions, injuries to employees, life, and health of employees and natural disasters. The District purchases coverage for property damage with limits up to a maximum of \$250,000,000, subject to various policy sublimits generally ranging from \$500 to \$100,000,000 and deductibles ranging from \$500 to \$5,000. The District also purchases coverage for general liability claims with limits up to \$1,000,000 per occurrence with excess liability coverage up to \$25,000,000 per occurrence and \$60,000,000 in the aggregate, all subject to various deductibles up to \$5,000 per occurrence. The District participates in a finite risk sharing pool for workers' compensation coverage up to \$150,000,000 per occurrence with no self-insured retention. Employee health benefits are covered by a commercial insurance policy purchased by the District. The District provides health insurance benefits to District employees electing to participate in the plan by paying a monthly premium based on the number of District employees participating in the plan.

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, life, and health of employees and natural disasters. During fiscal year ending June 30, 2023, the District pooled for property and liability coverage as a member of Riverside Schools' Insurance Authority, a Joint Powers Authority. Settlement claims have not exceeded the limits of this coverage in any of the past three years.

Workers' Compensation

For fiscal year 2023, the District participated in the Riverside Schools' Risk Management Authority (RSRMA), a workers' compensation coverage purchasing pool. The intent of RSRMA is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants. RSRMA, in turn, pools for workers' compensation coverage through their membership in the Protected Insurance Program for Schools and Community Colleges (PIPS), a finite risk sharing pool. Pooling in this manner allows the member districts and joint powers authorities to take advantage of increased purchasing power and greater spread of risk. As a member of PIPS, RSRMA is assigned a rate based on the JPA's overall payroll and loss experience compared to the other members within PIPS. Each participant in RSRMA pays its workers' compensation premium based on its individual rate which is weighted based on their payroll and loss experience within RSRMA. This arrangement insures that each participant shares equally in the overall performance of RSRMA. Participation in RSRMA is limited to districts that can meet the selection criteria.

Employee Medical Benefits

The District is a member of the Riverside Employer/Employee Partnership (REEP) to provide employee health benefits. REEP is a shared risk pool comprised of various school districts. Rates are set through an annual calculation process. The District pays a monthly contribution, which is placed in a common fund from which claim payments are made for all participating districts. Claims are paid for all participants regardless of claims flow. The Board of Directors has a right to return monies to a district subsequent to the settlement of all expenses and claims if a district withdraws from the pool.

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	\$ 73,226,952	\$ 23,765,843	\$ 11,568,247	\$ 7,774,370
CalPERS	57,546,778	23,021,087	1,787,466	8,402,746
Total	<u>\$ 130,773,730</u>	<u>\$ 46,786,930</u>	<u>\$ 13,355,713</u>	<u>\$ 16,177,116</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		
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	19.10%	19.10%
Required state contribution rate	10.828%	10.828%

Contributions

Required member District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2023, are presented above and the District's total contributions were \$13,792,329.

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	
Proportionate share of net pension liability	\$ 73,226,952
State's proportionate share of the net pension liability	36,671,771
Total	<u>\$ 109,898,723</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, was 0.1054% and 0.0991%, respectively, resulting in a net increase in the proportionate share of 0.0063%.

For the year ended June 30, 2023, the District recognized pension expense of \$7,774,370. In addition, the District recognized pension expense and revenue of \$2,957,554 for support provided by the State. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 13,792,329	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	6,281,921	2,496,814
Differences between projected and actual earnings on pension plan investments	-	3,580,940
Differences between expected and actual experience in the measurement of the total pension liability	60,069	5,490,493
Changes of assumptions	3,631,524	-
Total	<u>\$ 23,765,843</u>	<u>\$ 11,568,247</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:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	\$ (2,630,465)
2025	(2,849,664)
2026	(4,280,776)
2027	6,179,965
Total	<u>\$ (3,580,940)</u>

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	\$ 3,010,542
2024	2,241,467
2025	(160,650)
2026	(348,643)
2027	(580,335)
Thereafter	(879,376)
Total	<u>\$ 3,283,005</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:

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

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	\$ 124,366,524
Current discount rate (7.10%)	73,226,952
1% increase (8.10%)	30,765,732

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 provide 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:

	School Employer Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	8.00%
Required employer contribution rate	25.37%	25.37%

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 the 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 \$7,886,230.

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 \$57,546,778. 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, was 0.1672% and 0.1490%, respectively, resulting in a net increase in the proportionate share of 0.0182%.

For the year ended June 30, 2023, the District recognized pension expense of \$8,402,746. 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	\$ 7,886,230	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	3,823,087	355,629
Differences between projected and actual earnings on pension plan investments	6,794,710	-
Differences between expected and actual experience in the measurement of the total pension liability	260,077	1,431,837
Changes of assumptions	4,256,983	-
Total	<u>\$ 23,021,087</u>	<u>\$ 1,787,466</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:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	\$ 1,133,141
2025	1,005,018
2026	513,376
2027	4,143,175
Total	<u>\$ 6,794,710</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 3.9 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	\$ 2,202,136
2025	2,170,284
2026	2,101,400
2027	78,861
Total	<u>\$ 6,552,681</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, 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, 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:

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

Discount Rate	Net Pension Liability
1% decrease (5.90%)	\$ 83,129,235
Current discount rate (6.90%)	57,546,778
1% increase (7.90%)	36,403,818

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 \$5,882,932 (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.

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 litigations 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
Modernization at various sites		
High School #4 (Liberty High School)	\$ 1,700,000	December 2023
Perris High School Completion Phase 3	5,000,000	December 2023
Perris High School Pool Project	3,856,497	October 2023
Liberty High School Restroom Building Project	2,200,000	December 2023
Paloma Valley High School Pool Project	25,000	October 2023
Paloma Valley High School New MPR/Admin Alterations	60,633,612	June 2025
Total	<u>\$ 73,415,109</u>	

Note 17 - Participation in Public Entity Risk Pools

The District is a member of the Riverside Schools Risk Management Authority (RSRMA), Riverside Employer/Employee Partnership (REEP), and the Riverside Schools' Insurance Authority (RSIA) public entity risk pools. The District pays an annual premium to the applicable entity for its health and welfare, workers' compensation, and property liability coverage. The relationships between the District and the pools are such that they are not component units of the District for financial reporting purposes.

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

During the year ended June 30, 2023, the District made payments of \$806,591, \$6,298,281, and \$1,352,722 to RSRMA, REEP, and RSIA, respectively, for its workers' compensation, health and welfare, and property and liability coverage.

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	\$ 274,259,016
Right-to-use subscription IT assets, net of amortization	548,751
Subscription liabilities	<u>(438,351)</u>
Net Position - Beginning as Restated on July 1, 2022	<u><u>\$ 274,369,416</u></u>



Required Supplementary Information
June 30, 2023

Perris Union High School District

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

	Budgeted Amounts		Actual	Variances - Positive (Negative)
	Original	Final		Final to Actual
Revenues				
Local Control Funding Formula	\$ 129,119,919	\$ 135,933,341	\$ 136,514,198	\$ 580,857
Federal sources	27,806,451	22,303,761	19,498,107	(2,805,654)
Other State sources	14,064,852	35,643,002	33,429,617	(2,213,385)
Other local sources	8,365,314	8,437,037	10,267,464	1,830,427
Total revenues ¹	179,356,536	202,317,141	199,709,386	(2,607,755)
Expenditures				
Current				
Certificated salaries	68,679,232	71,539,653	71,597,287	(57,634)
Classified salaries	28,512,518	31,064,969	30,281,101	783,868
Employee benefits	46,541,262	46,893,640	44,648,854	2,244,786
Books and supplies	15,842,920	11,803,090	9,575,390	2,227,700
Services and operating expenditures	22,734,709	25,853,555	23,633,044	2,220,511
Other outgo	407,857	171,809	(149,313)	321,122
Capital outlay	5,117,024	5,247,022	3,822,670	1,424,352
Debt service				
Debt service - principal	-	-	448,184	(448,184)
Debt service - interest and other	-	-	104,395	(104,395)
Total expenditures ¹	187,835,522	192,573,738	183,961,612	8,612,126
Excess (Deficiency) of Revenues Over Expenditures	(8,478,986)	9,743,403	15,747,774	6,004,371
Other Financing Uses				
Other sources	-	-	759,409	759,409
Transfers out	(1,056,953)	(1,063,984)	(1,051,338)	12,646
Net financing uses	(1,056,953)	(1,063,984)	(291,929)	772,055
Net Change in Fund Balances	(9,535,939)	8,679,419	15,455,845	6,776,426
Fund Balance - Beginning	54,344,386	54,344,386	54,344,386	-
Fund Balance - Ending	\$ 44,808,447	\$ 63,023,805	\$ 69,800,231	\$ 6,776,426

¹ Due to the consolidation of Fund 14, Deferred Maintenance Fund, for reporting purposes into the General Fund, additional revenues and expenditures pertaining to this fund is included in the Actual (GAAP Basis) revenues and expenditures, however are not included in the original and final General Fund budgets.

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

	Budgeted Amounts		Actual	Variances - Positive (Negative)
	Original	Final		Final to Actual
Revenues				
Local Control Funding Formula	\$ 13,684,179	\$ 13,595,046	\$ 13,458,274	\$ (136,772)
Federal sources	176,763	298,107	298,108	1
Other State sources	1,573,403	4,524,222	4,287,431	(236,791)
Other local sources	31,750	31,750	263,073	231,323
Total revenues	15,466,095	18,449,125	18,306,886	(142,239)
Expenditures				
Current				
Certificated salaries	5,509,425	5,913,925	5,848,298	65,627
Classified salaries	1,413,040	1,619,335	1,548,268	71,067
Employee benefits	2,987,197	3,043,179	2,974,711	68,468
Books and supplies	1,460,359	1,416,867	890,821	526,046
Services and operating expenditures	4,045,111	4,805,960	4,039,403	766,557
Other outgo	597,429	883,624	805,775	77,849
Capital Outlay	208,211	388,337	67,400	320,937
Debt service				
Debt service - principal	126,337	126,337	126,339	(2)
Debt service - interest	45,214	45,214	45,211	3
Total expenditures	16,392,323	18,242,778	16,346,226	1,896,552
Excess (Deficiency) of Revenues Over Expenditures	(926,228)	206,347	1,960,660	(2,133,343)
Other Financing Sources				
Other sources	-	18,329	-	(18,329)
Net Change in Fund Balances	(926,228)	224,676	1,960,660	1,735,984
Fund Balance - Beginning	7,960,438	7,960,438	7,960,438	7,960,438
Fund Balance - Ending	\$ 7,034,210	\$ 8,185,114	\$ 9,921,098	\$ 1,735,984

Perris Union High 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	0.1582%	0.1489%	0.1756%
Proportionate share of the net OPEB liability	\$ 520,995	\$ 593,879	\$ 744,333
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	0.1732%	0.1685%	0.1667%
Proportionate share of the net OPEB liability	\$ 644,974	\$ 644,996	\$ 701,451
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 Union High 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	0.1054%	0.0991%	0.1008%	0.0979%	0.0939%
Proportionate share of the net pension liability	\$ 73,226,952	\$ 45,076,987	\$ 97,684,114	\$ 88,423,994	\$ 86,283,852
State's proportionate share of the net pension liability	36,671,771	22,680,992	50,356,172	48,241,192	49,401,541
Total	<u>\$ 109,898,723</u>	<u>\$ 67,757,979</u>	<u>\$ 148,040,286</u>	<u>\$ 136,665,186</u>	<u>\$ 135,685,393</u>
Covered payroll	<u>\$ 61,487,742</u>	<u>\$ 54,957,090</u>	<u>\$ 55,221,035</u>	<u>\$ 53,500,878</u>	<u>\$ 51,410,256</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	119.09%	82.02%	176.90%	165.28%	167.83%
Plan fiduciary net position as a percentage of the total pension liability	81%	87%	72%	73%	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		0.0921%	0.0965%	0.0876%	0.0866%
Proportionate share of the net pension liability		\$ 85,169,359	\$ 78,071,403	\$ 59,003,719	\$ 50,593,383
State's proportionate share of the net pension liability		50,385,473	44,444,657	31,206,463	30,550,469
Total		<u>\$ 135,554,832</u>	<u>\$ 122,516,060</u>	<u>\$ 90,210,182</u>	<u>\$ 81,143,852</u>
Covered payroll		<u>\$ 49,391,614</u>	<u>\$ 47,760,848</u>	<u>41,835,563</u>	<u>38,561,927</u>
Proportionate share of the net pension liability as a percentage of its covered payroll		172.44%	163.46%	141.04%	131.20%
Plan fiduciary net position as a percentage of the total pension liability		69%	70%	74%	77%
Measurement Date		June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

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

CalPERS	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Proportion of the net pension liability	<u>0.1672%</u>	<u>0.1490%</u>	<u>0.1500%</u>	<u>0.1481%</u>	<u>0.1477%</u>
Proportionate share of the net pension liability	<u>\$ 57,546,778</u>	<u>\$ 30,302,890</u>	<u>\$ 46,011,304</u>	<u>\$ 43,167,079</u>	<u>\$ 39,391,952</u>
Covered payroll	<u>\$ 25,769,450</u>	<u>\$ 21,513,198</u>	<u>\$ 21,635,977</u>	<u>\$ 20,569,289</u>	<u>\$ 19,508,570</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>223.31%</u>	<u>140.86%</u>	<u>212.66%</u>	<u>209.86%</u>	<u>201.92%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>70%</u>	<u>81%</u>	<u>70%</u>	<u>70%</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		<u>0.1467%</u>	<u>0.1437%</u>	<u>0.1352%</u>	<u>0.1215%</u>
Proportionate share of the net pension liability		<u>\$ 35,010,378</u>	<u>\$ 28,372,895</u>	<u>\$ 19,933,763</u>	<u>\$ 13,793,298</u>
Covered payroll		<u>\$ 18,690,870</u>	<u>\$ 17,435,199</u>	<u>16,125,333</u>	<u>12,754,553</u>
Proportionate share of the net pension liability as a percentage of its covered payroll		<u>187.31%</u>	<u>162.73%</u>	<u>123.62%</u>	<u>108.14%</u>
Plan fiduciary net position as a percentage of the total pension liability		<u>72%</u>	<u>74%</u>	<u>79%</u>	<u>83%</u>
Measurement Date		June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

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

CalSTRS	2023	2022	2021	2020	2019
Contractually required contribution	\$ 13,792,329	\$ 10,403,726	\$ 8,875,570	\$ 9,442,797	\$ 8,709,943
Less contributions in relation to the contractually required contribution	<u>13,792,329</u>	<u>10,403,726</u>	<u>8,875,570</u>	<u>9,442,797</u>	<u>8,709,943</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 72,211,147</u>	<u>\$ 61,487,742</u>	<u>\$ 54,957,090</u>	<u>\$ 55,221,035</u>	<u>\$ 53,500,878</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	\$ 7,418,500	\$ 6,213,465	\$ 5,124,739	\$ 3,714,998
Less contributions in relation to the contractually required contribution	<u>7,418,500</u>	<u>6,213,465</u>	<u>5,124,739</u>	<u>3,714,998</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 51,410,256</u>	<u>\$ 49,391,614</u>	<u>\$ 47,760,848</u>	<u>\$ 41,835,563</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 becomes available, ten years of information will be presented.

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

CalPERS	2023	2022	2021	2020	2019
Contractually required contribution	\$ 7,886,230	\$ 5,903,781	\$ 4,453,232	\$ 4,266,831	\$ 3,715,225
Less contributions in relation to the contractually required contribution	<u>7,886,230</u>	<u>5,903,781</u>	<u>4,453,232</u>	<u>4,266,831</u>	<u>3,715,225</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 31,084,864</u>	<u>\$ 25,769,450</u>	<u>\$ 21,513,198</u>	<u>\$ 21,635,977</u>	<u>\$ 20,569,289</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		\$ 3,029,876	\$ 2,595,788	\$ 2,065,548	\$ 1,898,113
Less contributions in relation to the contractually required contribution		<u>3,029,876</u>	<u>2,595,788</u>	<u>2,065,548</u>	<u>1,898,113</u>
Contribution deficiency (excess)		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll		<u>\$ 19,508,570</u>	<u>\$ 18,690,870</u>	<u>\$ 17,435,199</u>	<u>\$ 16,125,333</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 becomes available, ten years of information will be presented.

Note 1 - Purpose of Schedules

Budgetary Comparison Schedule

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

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

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

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

This schedule presents information on the District's proportionate share of the net OPEB Liability – MPP Program and the plans' fiduciary net position. In the future, as data becomes available, ten years of information will be presented.

- *Changes in Benefit Terms* – There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* – The plan rate of investment return assumption was changed from 2.16% to 3.54% since the previous valuation.

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

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

- *Changes in Benefit Terms* – There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.
- *Changes of Assumptions* – There were no changes in economic assumptions for the CalSTRS plan from the previous valuations. The CalPERS plan rate of investment return assumption 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 Union High School District

Perris Union High 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 Riverside County Special Education Local Plan Area			
Special Education Cluster			
Basic Local Assistance Entitlement, Part B, Section 611	84.027	13379	\$ 1,604,906
Mental Health Allocation Plan, Part B, Section 611	84.027A	15197	80,593
COVID-19: ARP IDEA Part B, Sec. 611, Local Assistance Entitlement	84.027	15638	<u>504,955</u>
Subtotal Special Education Cluster			<u>2,190,454</u>
Passed Through California Department of Education (CDE)			
Adult Education: Adult Secondary Education	84.002	13978	7,220
Adult Education: Adult Basic Education & ELA	84.002A	14508	<u>166,023</u>
Subtotal			<u>173,243</u>
Title III - English Learner Student Program	84.365	14346	107,619
Title III - Immigrant Education Program	84.365	15146	<u>26,258</u>
Subtotal			<u>133,877</u>
COVID-19: Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D	15547	1,753,399
COVID-19: Expanded Learning Opportunities (ELO) Grant: ESSER II State Reserve	84.425D	15618	647,695
COVID-19: Elementary and Secondary Emergency Relief III (ESSER III) Fund	84.425U	15559	7,631,877
COVID-19: Elementary and Secondary School Relief II (ESSER III) Fund: Learning Loss Fund	84.425U	10155	2,906,934
COVID-19: CARES Act Supplemental Meal Reimbursement	84.425D	15535	71,304
COVID-19: American Rescue Plan - Homeless Children and Youth II (ARP HCY II)	84.425W	15566	43,121
COVID-19: Expanded Learning Opportunities (ELO) Grant: GEER II	84.425C	15619	<u>282,115</u>
Subtotal			<u>13,336,445</u>
Title I, Part A - Basic Grants Low Income and Neglected	84.010	14329	2,135,622
Title II, Part A - Supporting Effective Instruction	84.367	14341	546,435
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	327,847
Title IV, Part B, 21st Century Community Learning Centers Program	84.287	14349	564,444
Strengthening Career and Technical Education for the 21st Century: Secondary, Section 131	84.048	14894	<u>278,997</u>
Total U.S. Department of Education			<u>19,687,364</u>

Perris Union High 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 California Department of Education			
Child Nutrition Cluster			
School Lunch - Section 4	10.555	13523	\$ 876,935
School Lunch - Section 11	10.555	13524	2,514,865
Meal Supplements	10.555	13755	26,770
Commodities	10.555	13523	398,814
Subtotal			<u>3,817,384</u>
School Breakfast Program	10.553	13525	25,070
School Breakfast Program - Severe Need	10.553	13526	778,395
Subtotal			<u>803,465</u>
Subtotal Child Nutrition Cluster			<u>4,620,849</u>
U.S. Department of Defense			
Junior Reserve Officer Training Corps - Air Force	12.000	[1]	<u>353,397</u>
Total Federal Financial Assistance			<u><u>\$ 24,661,610</u></u>

[1] Pass-Through Entity Identifying Number not available

ORGANIZATION

The Perris Union High School District was incorporated on August 23, 1897, and consists of an area comprising approximately 179 square miles. The District operates one middle school, four high schools, a continuation school, an independent study school, one charter school, and an adult education school. There were no boundary changes during the year.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Anthony T. Stafford, Sr.	President	2024
Elizabeth Vallejo	Vice President	2024
Edward D. Garcia, Jr.	Clerk	2026
Steve Campos	Member	2026
David G. Nelissen	Member	2024

ADMINISTRATION

NAME	TITLE
Grant Bennett	Superintendent
Candace Reines	Deputy Superintendent of Business Services
Kirk Skorpanich	Assistant Superintendent of Human Resources
Robert Brough	Assistant Superintendent of Educational Services
Joseph Williams	Executive Director of Technology
Mimi Capistrano	Director of Fiscal Services

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

	Second Period Report F71CED79	Annual Report 23E82067
Regular ADA		
Seventh and eighth	800.90	802.22
Ninth through twelfth	8,604.58	8,509.53
Total Regular ADA	9,405.48	9,311.75
Extended Year Special Education		
Seventh and eighth	0.35	0.35
Ninth through twelfth	8.42	8.42
Total Extended Year Special Education	8.77	8.77
Special Education, Nonpublic, Nonsectarian Schools		
Ninth through twelfth	7.95	11.74
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Ninth through twelfth	0.84	0.84
Total ADA	9,423.04	9,333.10

California Military Institute

	Second Period Report 9F47932B	Annual Report 2B0337EC
Regular ADA		
Fifth through sixth	132.74	133.25
Seventh and eighth	318.08	316.98
Ninth through twelfth	478.47	474.91
Total Regular ADA	929.29	925.14
Classroom Based ADA		
Fourth through sixth	132.74	133.25
Seventh and eighth	318.08	316.98
Ninth through twelfth	478.47	474.91
Total Classroom Based ADA	929.29	925.14

Perris Union High 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			Multitrack Calendar			Status
					Number of Actual Days	Number of Days Credited Form J-13A	Total Days Offered	Number of Actual Days	Number of Days Credited Form J-13A	Total Days Offered	
Grades 7 - 8	54,000										
Grade 7		57,900	-	57,900	180	-	180	-	-	-	Complied
Grade 8		57,900	-	57,900	180	-	180	-	-	-	Complied
Grades 9 - 12	64,800										
Grade 9		65,942	-	65,942	180	-	180	-	-	-	Complied
Grade 10		65,942	-	65,942	180	-	180	-	-	-	Complied
Grade 11		65,942	-	65,942	180	-	180	-	-	-	Complied
Grade 12		65,942	-	65,942	180	-	180	-	-	-	Complied

California Military Institute

Grade Level	1986-1987 Minutes Requirement	2022-2023 Actual Minutes	Number of Minutes Credited Form J-13A	Total Minutes Offered	Traditional Calendar			Multitrack Calendar			Status
					Number of Actual Days	Number of Days Credited Form J-13A	Total Days Offered	Number of Actual Days	Number of Days Credited Form J-13A	Total Days Offered	
Grades 5 - 8	54,000										
Grade 5		65,580	-	65,580	180	-	180	-	-	-	Complied
Grade 6		65,580	-	65,580	180	-	180	-	-	-	Complied
Grade 7		65,580	-	65,580	180	-	180	-	-	-	Complied
Grade 8		65,580	-	65,580	180	-	180	-	-	-	Complied
Grades 9 - 12	64,800										
Grade 9		65,580	-	65,580	180	-	180	-	-	-	Complied
Grade 10		65,580	-	65,580	180	-	180	-	-	-	Complied
Grade 11		65,580	-	65,580	180	-	180	-	-	-	Complied
Grade 12		65,580	-	65,580	180	-	180	-	-	-	Complied

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

	(Budget) 2024 ¹	2023	2022 ¹	2021 ¹
General Fund ³				
Revenues	\$ 189,957,556	\$ 199,709,033	\$ 162,441,110	\$ 148,951,961
Other sources	-	759,409	75,870	-
Total Revenues and Other Sources	<u>189,957,556</u>	<u>200,468,442</u>	<u>162,516,980</u>	<u>148,951,961</u>
Expenditures	212,570,897	183,091,118	150,123,152	121,815,863
Other uses and transfers out	-	1,921,832	3,723,011	1,079,023
Total Expenditures and Other Uses	<u>212,570,897</u>	<u>185,012,950</u>	<u>153,846,163</u>	<u>122,894,886</u>
Increase/(Decrease) in Fund Balance	<u>(22,613,341)</u>	<u>15,455,492</u>	<u>8,670,817</u>	<u>26,057,075</u>
Ending Fund Balance	<u>\$ 31,717,324</u>	<u>\$ 69,786,157</u>	<u>\$ 54,330,665</u>	<u>\$ 45,659,848</u>
Available Reserves ²	<u>\$ 12,754,255</u>	<u>\$ 10,688,301</u>	<u>\$ 38,176,022</u>	<u>\$ 37,476,275</u>
Available Reserves as a Percentage of Total Outgo	<u>6.00%</u>	<u>5.78%</u>	<u>24.81%</u>	<u>30.49%</u>
Long-Term Liabilities	<u>N/A</u>	<u>\$ 517,989,923</u>	<u>\$ 474,636,899</u>	<u>\$ 464,692,974</u>
K-12 Average Daily Attendance at P-2 ⁴	<u>9,894</u>	<u>9,423</u>	<u>9,029</u>	<u>9,122</u>

The General Fund balance has increased by \$24,126,309 over the past two years. The fiscal year 2023-2024 budget projects a decrease of \$22,613,341 (32.4%). For a district this size, the State recommends available reserves of at least 3% of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in all of the past three years and anticipates incurring an operating deficit during the 2023-2024 fiscal year. Total long-term liabilities have increased by \$53,296,949 over the past two years.

Average daily attendance has increased by 301 over the past two years. Additional growth of 471 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 Available reserves consist of all unassigned fund balances including all amounts reserved for economic uncertainties contained with the General Fund.

³ General Fund amounts do not include activity related to the consolidation of the Fund 14, Deferred Maintenance Fund, as required by GASB Statement No. 54.

⁴ Excludes Charter School ADA

Perris Union High 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>
California Military Institute	0529	Yes

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

	Student Activity Fund	Adult Education Fund	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund
Assets					
Deposits and investments	\$ 959,267	\$ 132,022	\$ 5,090,328	\$ 7,504,981	\$ 84,057
Receivables	-	78,068	1,124,829	97,973	17,471
Due from other funds	-	39,915	2,017	803,722	-
Stores inventories	16,704	-	14,509	-	-
Total assets	\$ 975,971	\$ 250,005	\$ 6,231,683	\$ 8,406,676	\$ 101,528
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ -	\$ 4,478	\$ 29,012	\$ 245,740	\$ 56,223
Due to other funds	-	32	15,043	-	29,656
Unearned revenue	-	-	18,173	-	-
Total liabilities	-	4,510	62,228	245,740	85,879
Fund Balances					
Nonspendable	17,404	-	17,699	-	-
Restricted	958,567	245,495	6,151,756	8,160,936	15,649
Assigned	-	-	-	-	-
Total fund balances	975,971	245,495	6,169,455	8,160,936	15,649
Total liabilities and fund balances	\$ 975,971	\$ 250,005	\$ 6,231,683	\$ 8,406,676	\$ 101,528

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

	Special Reserve Fund for Capital Outlay Projects	Capital Projects Fund for Blended Component Units	Debt Service Fund	Debt Service Fund for Blended Component Units	Total Non-Major Governmental Funds
Assets					
Deposits and investments	\$ 1,820,770	\$ 6,922,236	\$ 1,487	\$ 6	\$ 22,515,154
Receivables	17,287	-	91	-	1,335,719
Due from other funds	-	-	-	-	845,654
Stores inventories	-	-	-	-	31,213
Total assets	<u>\$ 1,838,057</u>	<u>\$ 6,922,236</u>	<u>\$ 1,578</u>	<u>\$ 6</u>	<u>\$ 24,727,740</u>
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 335,453
Due to other funds	-	404,907	-	-	449,638
Unearned revenue	-	-	-	-	18,173
Total liabilities	<u>-</u>	<u>404,907</u>	<u>-</u>	<u>-</u>	<u>803,264</u>
Fund Balances					
Nonspendable	-	-	-	-	35,103
Restricted	-	6,517,329	1,578	6	22,051,316
Assigned	1,838,057	-	-	-	1,838,057
Total fund balances	<u>1,838,057</u>	<u>6,517,329</u>	<u>1,578</u>	<u>6</u>	<u>23,924,476</u>
Total liabilities and fund balances	<u>\$ 1,838,057</u>	<u>\$ 6,922,236</u>	<u>\$ 1,578</u>	<u>\$ 6</u>	<u>\$ 24,727,740</u>

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

	Student Activity Fund	Adult Education Fund	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund
Revenues					
Federal sources	\$ -	\$ 173,242	\$ 4,620,849	\$ -	\$ -
Other State sources	-	244,704	2,581,786	-	-
Other local sources	1,769,565	(1,476)	378,529	2,700,150	117,508
Total revenues	1,769,565	416,470	7,581,164	2,700,150	117,508
Expenditures					
Current					
Instruction	-	146,752	-	-	-
Instruction-related activities					
Supervision of instruction	-	9,669	-	-	-
School site administration	-	216,888	-	-	-
Pupil services					
Food services	-	-	5,862,091	-	-
Administration					
All other administration	-	6,273	115,361	479,470	-
Plant services	-	24,478	4,422	88,050	-
Ancillary services	1,680,040	-	-	-	-
Other outgo	-	-	-	-	-
Facility acquisition and construction	-	-	-	5,499,898	941,143
Debt service					
Principal	-	-	7,200	-	-
Interest	-	-	-	-	-
Total expenditures	1,680,040	404,060	5,989,074	6,067,418	941,143
Excess (Deficiency) of Revenues Over Expenditures	89,525	12,410	1,592,090	(3,367,268)	(823,635)
Other Financing Sources (Uses)					
Transfers in	-	39,915	-	5,092,174	-
Transfers out	-	-	-	-	-
Net Financing Sources (Uses)	-	39,915	-	5,092,174	-
Net Change in Fund Balances	89,525	52,325	1,592,090	1,724,906	(823,635)
Fund Balance - Beginning	886,446	193,170	4,577,365	6,436,030	839,284
Fund Balance - Ending	\$ 975,971	\$ 245,495	\$ 6,169,455	\$ 8,160,936	\$ 15,649

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

	Special Reserve Fund for Capital Outlay Projects	Capital Projects Fund for Blended Component Units	Debt Service Fund	Debt Service Fund for Blended Component Units	Total Non-Major Governmental Funds
Revenues					
Federal sources	\$ -	\$ -	\$ -	\$ -	\$ 4,794,091
Other State sources	-	-	-	-	2,826,490
Other local sources	1,676,669	6,964,216	191	5	13,605,357
Total revenues	1,676,669	6,964,216	191	5	21,225,938
Expenditures					
Current					
Instruction	-	-	-	-	146,752
Instruction-related activities					
Supervision of instruction	-	-	-	-	9,669
School site administration	-	-	-	-	216,888
Pupil services					
Food services	-	-	-	-	5,862,091
Administration					
All other administration	-	-	-	-	601,104
Plant services	-	-	-	-	116,950
Ancillary services	-	-	-	-	1,680,040
Other outgo	-	180,571	-	-	180,571
Facility acquisition and construction	4,787,001	21,680	-	-	11,249,722
Debt service					
Principal	-	-	-	185,000	192,200
Interest	-	-	-	1,708,200	1,708,200
Total expenditures	4,787,001	202,251	-	1,893,200	21,964,187
Excess (Deficiency) of Revenues Over Expenditures	(3,110,332)	6,761,965	191	(1,893,195)	(738,249)
Other Financing Sources (Uses)					
Transfers in	1,011,423	-	1,893,200	1,893,198	9,929,910
Transfers out	-	(6,985,374)	(1,893,198)	-	(8,878,572)
Net Financing Sources (Uses)	1,011,423	(6,985,374)	2	1,893,198	1,051,338
Net Change in Fund Balances	(2,098,909)	(223,409)	193	3	313,089
Fund Balance - Beginning	3,936,966	6,740,738	1,385	3	23,611,387
Fund Balance - Ending	\$ 1,838,057	\$ 6,517,329	\$ 1,578	\$ 6	\$ 23,924,476

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 Union High 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, changes in net position or fund balance 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 had no food commodities in inventory.

SEFA Reconciliation

The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts consist of COVID-19: CARES Act Supplemental Meal Reimbursement funds that in the previous period were recorded as revenues but were unspent. These unspent balances have been expended in the current period.

	Federal Financial Assistance Listing Number	Amount
Description		
Total Federal Revenues reported on the financial statements		\$ 24,590,306
COVID-19: CARES Act Supplemental Meal Reimbursement	84.425D	71,304
Total federal financial assistance		<u>\$ 24,661,610</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 School 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 Union High 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 Union High 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 Union High 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 8, 2023 .

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.

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 have not been 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 black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California
December 8, 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 Union High School District
Perris, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Perris Union High 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.

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

Rancho Cucamonga, California
December 8, 2023



Independent Auditor's Report on State Compliance

To the Governing Board
Perris Union High School District
Perris, California

Report on Compliance

Qualified and Unmodified Opinions on State Compliance

We have audited Perris Union High 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 Unduplicated Local Control Funding Formula Pupil Counts

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, 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.

Matter Giving Rise to Qualified Opinion on Unduplicated Local Control Funding Formula Pupil Counts

As described in the accompanying schedule of findings and questioned costs, the District did not comply with requirements regarding Unduplicated Local Control Funding Formula Pupil Counts as described in 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	No, see below
Independent Study	Yes
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	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	No, see below
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, see below
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	No, see below
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Yes
Transitional Kindergarten	No, see below
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

The District does not offer kindergarten instruction; therefore, we did not perform procedures related to Kindergarten Continuance.

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

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

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

The District does not provide classes for grades K-3; therefore, we did not perform procedures related to K-3 Grade Span Adjustment.

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 District does not offer a Before School Education and Safety Program; therefore, we did not perform procedures related to the Before School Education and Safety Program.

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

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

The District does not offer transitional kindergarten instruction; therefore, we did not perform procedures related to Transitional Kindergarten.

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

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.

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 8, 2023



Schedule of Findings and Questioned Costs
June 30, 2023

Perris Union High School District

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weaknesses 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 program	
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>
Special Education Cluster	84.027, 84.027A
COVID-19: Education Stabilization Fund	84.425D, 84.425C, 84.425U, 84.425W

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

State Compliance

Internal control over state compliance programs	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for programs	Unmodified*

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

<u>Name of Program</u>
Unduplicated Local Control Funding Formula Pupil Counts

None reported.

None reported.

The following finding represents a material weakness and an 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
40000	State Compliance

2023-001 40000 – Unduplicated Local Control Funding Formula Pupil Counts (Material Weakness, Noncompliance)

Criteria or Specific Requirements

California Education Code Section 42238.02(b)(4) states that the school districts should revise their submitted data on English learner, foster youth, and free or reduced-price meal eligible pupil counts to ensure the accuracy of data reflected in the California Longitudinal Pupil Achievement Data System (CALPADS).

Condition

The Unduplicated Local Control Funding Formula Pupil Counts submitted to the California Department of Education (CDE) was inaccurately reported. It appears that the District inaccurately reported free reduced priced meals eligibility on the CALPADS Form 1.18 – FRPM/English Learner/Foster Youth – Student List which resulted in a net decrease of unduplicated pupil count of 41 pupils related to the District and 70 pupils related to the Charter School, California Military Institute.

Questioned Costs

The District overclaimed the total unduplicated pupil count by 41 for the District and 70 for California Military Institute resulting in a decrease of approximately \$119,636 in LCFF funding for the District and \$187,787 in LCFF funding for California Military Institute. The estimated penalties were calculated using the CDE's Audit Penalty Calculator.

Context

The condition was identified when we requested supporting documents for the sampled students' free reduced priced meals eligibility. The students selected did not meet eligibility requirements and were inaccurately reported on the CALPADS report 1.18. The auditor inquired further with the District and determined that the students' free reduced meals eligibility was incorrectly inputted into the CALPADS system. We reviewed 100% of the population noting a decrease in reported eligibility for FRPM in the amount of 41 for the District and 70 for California Military Institute.

Effect

The District overclaimed the total number of free reduced priced meals eligible pupils. The schedule below shows the exceptions:

	Enrollment Count	Certified Total Unduplicated Count	Adjustment to Total Enrollment Count	Adjusted Based on Eligibility for EL	Adjusted Based on Eligibility for FRPM	Adjusted Total Enrollment	Adjusted Total Unduplicated Pupil Count
District-wide	31,107	22,244	-	-	(41)	31,107	22,203
California Military Institute	3,075	2,799	-	-	(70)	3,075	2,729

Cause

It appears that the condition identified has materialized as a result of clerical errors when inputting free reduced priced meals eligibility into the CALPADS system.

Repeat Finding (Yes or No)

No.

Recommendation

The District should emphasize the importance of completing the Form 1.18 accurately, which would include ensuring that all student eligibility data within the student information system is accurately reported in the CALPADS system.

Corrective Action Plan and Views of Responsible Officials

The District will ensure to review all unduplicated pupil count information entered into the CALPADS before certifying the data. Additionally, District staff have been trained to accurately reconcile data in the District's student information system based on eligibility requirements for unduplicated pupil counts.

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.

State Compliance Findings

2022-001 40000 – Comprehensive School Safety Plan (Material Weakness, Noncompliance)

Criteria or Specific Requirements

Pursuant to Education Code Section 32282, the District is required to update and adopt its comprehensive school plans at each of its school sites by March 1.

Condition

The comprehensive school safety plans at each of the school sites were not adopted by the required deadline.

Questioned Costs

There were no questioned costs associated with this condition.

Context

The condition was determined through an examination of the comprehensive school safety plans and noting that the comprehensive school safety plans were not updated and adopted by the required deadline.

Effect

The comprehensive school safety plans were not adopted as required by Education Code Section 32282.

Cause

The condition identified appears to have materialized primarily due to the lack of a review process to ensure that the comprehensive school safety plans are adopted by the required deadline.

Repeat Finding (Yes or No)

No.

Recommendation

The District should ensure that the comprehensive school safety plans are updated and adopted as outlined by Education Code Section 32282.

Current Status

Implemented.