



Financial Statements
June 30, 2024

Perris Elementary School District



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Independent Auditor's Report

To the Governing Board
Perris Elementary School District
Perris, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Perris Elementary School District (the District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Perris Elementary School District, as of June 30, 2024, 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.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, combining non-major governmental fund financial statements, and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Schedule of Expenditures of Federal Awards, combining non-major governmental fund financial statements, and other supplementary information listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2024 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, 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 cursive script that reads "Eide Bailly LLP".

Rancho Cucamonga, California
October 18, 2024



PERRIS ELEMENTARY SCHOOL DISTRICT

Bruce Bivins, Superintendent

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

FRANCINE M. STORY
CHIEF BUSINESS OFFICIAL

This section of Perris Elementary School District's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2024, with comparative information for the year ended June 30, 2023. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

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

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

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

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

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

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

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

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

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

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

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

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

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

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

THE DISTRICT AS A TRUSTEE

Reporting the District's Fiduciary Responsibilities

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

FINANCIAL HIGHLIGHTS

- The District's overall financial status changed from last year, as the net position increased by 47.6% to \$138,208,884.
- Total governmental revenues were \$156,089,387, \$44,556,164 more than expenses.
- The District's combined governmental fund balances increased by \$16,413,551 or 17.7%.
- The total cost of instructional-related programs was \$74,851,333.
- The District's average daily attendance (grades K-6) increased by approximately 97 ADA.

THE DISTRICT AS A WHOLE

Net Position

The District's net position was \$138,208,884 for the fiscal year ended June 30, 2024. Of this amount, \$(33,322,378) was unrestricted (deficit). Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the governing board's ability to use that net position for day-to-day operations. Our analysis below, in summary form, focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

Table 1

	Governmental Activities	
	2024	2023
Assets		
Current and other assets	\$ 122,630,850	\$ 104,771,562
Capital assets	152,576,788	131,782,290
Total assets	<u>275,207,638</u>	<u>236,553,852</u>
Deferred outflows of resources	<u>27,190,494</u>	<u>22,267,186</u>
Liabilities		
Current liabilities	14,517,252	13,086,200
Long-term liabilities other than OPEB and pension	56,312,972	62,488,097
Net other postemployment benefit (OPEB) liability	14,754,934	14,662,453
Aggregate net pension liability	<u>71,626,982</u>	<u>64,048,565</u>
Total liabilities	<u>157,212,140</u>	<u>154,285,315</u>
Deferred inflows of resources	<u>6,977,108</u>	<u>10,883,003</u>
Net Position		
Net investment of capital assets	108,772,715	83,677,801
Restricted	62,758,547	51,798,173
Unrestricted (deficit)	<u>(33,322,378)</u>	<u>(41,823,254)</u>
Total net position	<u>\$ 138,208,884</u>	<u>\$ 93,652,720</u>

Unrestricted net position (deficit) decreased by \$8,500,876, or 20.3%, compared to the previous period.

Changes in Net Position

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

Table 2

	Governmental Activities	
	2024	2023
Revenues		
Program revenues		
Charges for services and sales	\$ 1,726,307	\$ 627,004
Operating grants and contributions	62,630,318	45,220,715
General revenues		
Federal and State aid not restricted	70,861,892	67,174,248
Property taxes	14,502,429	11,919,751
Other general revenues	6,368,441	881,411
Total revenues	156,089,387	125,823,129
Expenses		
Instruction-related	74,851,333	66,806,564
Pupil services	14,423,167	12,327,658
Administration	5,896,230	5,868,119
Plant services	8,682,577	7,594,547
All other services	7,679,916	6,893,298
Total expenses	111,533,223	99,490,186
Change in net position	\$ 44,556,164	\$ 26,332,943

Governmental Activities

As reported in the *Statement of Activities* on page 14, the cost of all of our governmental activities this year was \$111,533,223. The amount that our taxpayers ultimately financed for these activities through local taxes was only \$14,502,429. The District also collected \$1,726,307 in charges for services from those that benefited from the programs. Other governmental agencies and organizations subsidized certain programs with grants and contributions of \$62,630,318. We paid for the remaining "public benefit" portion of our governmental activities with \$70,861,892 in unrestricted State and Federal aid, and \$6,368,441 in other local sources.

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

Table 3

	Total Cost of Services		Net Cost of Services	
	2024	2023	2024	2023
Instruction-related	\$ 74,851,333	\$ 66,806,564	\$ (54,099,700)	\$ (34,404,355)
Pupil services	14,423,167	12,327,658	(6,894,461)	(5,746,827)
Administration	5,896,230	5,868,119	(5,092,180)	(4,842,850)
Plant services	8,682,577	7,594,547	16,017,214	(2,253,337)
All other services	7,679,916	6,893,298	2,892,529	(6,395,098)
Total	\$ 111,533,223	\$ 99,490,186	\$ (47,176,598)	\$ (53,642,467)

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of \$108,960,610, which is an increase of \$16,413,551 or 17.7% from last year (Table 4).

Table 4

	Balances and Activity			
	July 1, 2023	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2024
General Fund	\$ 48,352,440	\$ 116,794,183	\$ 110,006,475	\$ 55,140,148
Charter School Fund	9,846,242	15,520,710	11,134,907	14,232,045
Building Fund	10,077,571	573,654	894,091	9,757,134
Child Development Fund	160,445	3,934,913	3,017,213	1,078,145
Cafeteria Fund	3,201,600	6,693,625	5,989,540	3,905,685
Deferred Maintenance Fund	999,788	360,012	102,442	1,257,358
Capital Facilities Fund	1,221,131	2,115,930	294,549	3,042,512
County School Facilities Fund	7,389,881	216,921	-	7,606,802
Special Reserve Fund for Capital Outlay Projects	1,584,849	7,766,817	307,071	9,044,595
Bond Interest and Redemption Fund	9,700,711	2,968,363	2,940,878	9,728,196
Debt Service Fund for Blended Component Units	12,401	478,659	477,800	13,260
Total	\$ 92,547,059	\$ 157,423,787	\$ 135,164,966	\$ 114,805,880

The primary reasons for these increases are:

1. Our General Fund is our principal operating fund. The fund balance in the General Fund increased from \$48,352,440 to \$55,140,148. This increase is due to:
 - a. Increase in Federal, State, and local revenues.
 - b. Decrease to expected expenditures.

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget was adopted on June 13, 2024. (A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report on page 65).

While the District's final budget for the General Fund anticipated that revenues would exceed expenditures by \$3,162,321, the actual results for the year show that revenues exceeded expenditures by roughly \$6,787,708. Actual revenues were \$9,478,449 less than anticipated, and expenditures were \$13,257,810 less than anticipated. This amount consists primarily of less federal revenue and less expenditures as of June 30, 2024.

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

At June 30, 2024, the District had \$152,576,788 in a broad range of capital assets, right-to-use leased assets, and right-to-use subscription IT assets (net of depreciation and amortization). This amount represents a net increase of approximately \$20,794,498, or 15.8%, from last year (Table 5).

Table 5

	Governmental Activities	
	2024	2023
Land and construction in progress	\$ 36,238,203	\$ 13,711,487
Land improvements	8,997,478	9,359,177
Buildings and improvements	105,083,095	107,368,724
Furniture and equipment	1,858,254	1,191,416
Right-to-use leased assets	26,140	55,277
Right-to-use subscription IT assets	373,618	96,209
Total	\$ 152,576,788	\$ 131,782,290

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

Long-Term Liabilities

At the end of this year, the District had \$142,694,888 in long-term liabilities outstanding versus \$141,199,115 last year, an increase of \$1,495,773 or 1.1%. Those liabilities consisted of:

Table 6

	Governmental Activities	
	2024	2023
General obligation bonds (net)	\$ 49,460,451	\$ 55,903,395
Certificates of participation (net)	4,776,869	5,125,004
Leases	27,581	56,819
Subscription-based IT arrangements	351,404	97,143
Supplemental early retirement plan (SERP)	905,636	1,305,736
OPEB	15,545,965	14,662,453
Aggregate net pension liability	71,626,982	64,048,565
Total	\$ 142,694,888	\$ 141,199,115

Additional information on the District's long-term liabilities can be found in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the District Budget for the 2024-2025 year, the governing board and management used the following criteria:

The key assumptions in our forecast are the following:

- LCFF COLA of 1.07%.
- LCFF revenue assumptions include 3-year rolling average for ADA.
- Flat enrollment in 2024-2025.
- Single Year Unduplicated pupil percentage projected at 92.17%
- Employer fixed cost increase for PERS.
- Step and Column included.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Perris Elementary School District
Statement of Net Position
June 30, 2024

	Governmental Activities
Assets	
Deposits and investments	\$ 108,078,184
Receivables	14,493,433
Stores inventories	44,360
Lease receivable	14,873
Capital assets not depreciated or amortized	36,238,203
Capital assets, net of accumulated depreciation and amortization	116,338,585
Total assets	275,207,638
Deferred Outflows of Resources	
Deferred charge on refunding	507,789
Deferred outflows of resources related to OPEB	3,182,493
Deferred outflows of resources related to pensions	23,500,212
Total deferred outflows of resources	27,190,494
Liabilities	
Accounts payable	13,418,781
Accrued interest payable	861,885
Unearned revenue	236,586
Long-term liabilities	
Long-term liabilities other than OPEB and pensions due within one year	1,673,560
OPEB liability due in one year	791,031
Long-term liabilities other than OPEB and pensions due in more than one year	53,848,381
Net other postemployment benefits (OPEB) liability	14,754,934
Aggregate net pension liability	71,626,982
Total liabilities	157,212,140
Deferred Inflows of Resources	
Deferred charge on refunding	45,996
Deferred inflows of resources related to OPEB	2,426,909
Deferred inflows of resources related to pensions	4,489,330
Deferred inflows of resources related to leases	14,873
Total deferred inflows of resources	6,977,108
Net Position	
Net investment of capital assets	108,772,715
Restricted for	
Debt service	3,034,301
Capital projects	19,693,909
Educational programs	31,084,328
Other activities	8,946,009
Unrestricted (deficit)	(33,322,378)
Total net position	\$ 138,208,884

Perris Elementary School District
Statement of Activities
Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues		Net (Expenses)
		Charges for Services and Sales	Operating Grants and Contributions	Revenues and Changes in Net Position
				Governmental Activities
Governmental Activities				
Instruction	\$ 64,345,599	\$ 1,540	\$ 18,826,632	\$ (45,517,427)
Instruction-related activities				
Supervision of instruction	3,547,497	178	706,902	(2,840,417)
Instructional library, media, and technology	630,094	-	-	(630,094)
School site administration	6,328,143	332	1,216,049	(5,111,762)
Pupil services				
Home-to-school transportation	1,857,066	-	(5,843)	(1,862,909)
Food services	5,895,402	96,126	6,454,155	654,879
All other pupil services	6,670,699	1,768	982,500	(5,686,431)
Administration				
All other administration	5,896,230	16,937	787,113	(5,092,180)
Plant services	8,682,577	192,699	24,507,092	16,017,214
Interest on long-term obligations	2,378,500	-	-	(2,378,500)
Other outgo	1,375,815	1,416,727	9,155,718	9,196,630
Depreciation (unallocated)	3,925,601	-	-	(3,925,601)
Total governmental activities	<u>\$ 111,533,223</u>	<u>\$ 1,726,307</u>	<u>\$ 62,630,318</u>	<u>(47,176,598)</u>
General revenues and subventions				
Property taxes, levied for general purposes				10,843,613
Property taxes, levied for debt service				2,821,252
Taxes levied for other specific purposes				837,564
Federal and State aid not restricted to specific purposes				70,861,892
Interest, investment earnings and change in fair market valuations				5,045,080
Miscellaneous				1,323,361
Subtotal, general revenues and subventions				<u>91,732,762</u>
Change in Net Position				44,556,164
Net Position - Beginning				<u>93,652,720</u>
Net Position - Ending				<u>\$ 138,208,884</u>

Perris Elementary School District
Balance Sheet – Governmental Funds
June 30, 2024

	General Fund	Charter School Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets					
Deposits and investments	\$ 52,268,108	\$ 17,432,107	\$ 10,098,753	\$ 28,279,216	\$ 108,078,184
Receivables	11,623,416	244,668	117,169	2,508,180	14,493,433
Due from other funds	4,937,542	1,249,403	-	569,408	6,756,353
Stores inventories	-	-	-	44,360	44,360
Lease receivables	-	-	-	14,873	14,873
Total assets	\$ 68,829,066	\$ 18,926,178	\$ 10,215,922	\$ 31,416,037	\$ 129,387,203
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities					
Accounts payable	\$ 12,071,230	\$ 769,575	\$ 112,063	\$ 465,913	\$ 13,418,781
Due to other funds	1,472,086	3,880,373	346,725	1,057,169	6,756,353
Unearned revenue	145,602	44,185	-	46,799	236,586
Total liabilities	13,688,918	4,694,133	458,788	1,569,881	20,411,720
Deferred Inflows of Resources					
Deferred inflows of resources related to leases	-	-	-	14,873	14,873
Fund Balances					
Nonspendable	5,000	-	-	44,360	49,360
Restricted	31,084,328	4,030,230	9,757,134	28,505,874	73,377,566
Committed	-	-	-	1,257,358	1,257,358
Assigned	17,925,242	10,201,815	-	23,691	28,150,748
Unassigned	6,125,578	-	-	-	6,125,578
Total fund balances	55,140,148	14,232,045	9,757,134	29,831,283	108,960,610
Total liabilities, deferred inflows of resources, and fund balances	\$ 68,829,066	\$ 18,926,178	\$ 10,215,922	\$ 31,416,037	\$ 129,387,203

Perris Elementary School District
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
 June 30, 2024

Total Fund Balance - Governmental Funds		\$ 108,960,610
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	\$ 202,686,182	
Accumulated depreciation and amortization is	<u>(50,109,394)</u>	
Net capital assets		152,576,788
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.		
		(861,885)
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		
Deferred charge on refunding	507,789	
Net other postemployment benefits (OPEB) liability	3,182,493	
Aggregate net pension liability	<u>23,500,212</u>	
Total deferred outflows of resources		27,190,494
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		
Deferred charge on refunding	(45,996)	
Net other postemployment benefits (OPEB) liability	(2,426,909)	
Aggregate net pension liability	<u>(4,489,330)</u>	
Total deferred inflows of resources		(6,962,235)
Aggregate net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		
		(71,626,982)
The District's net OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.		
		(15,545,965)
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	47,104,573	
Premium on issuance	1,769,535	
Discount on issuance	(6,962)	
Certificates of participation	4,135,000	
Premium on issuance	641,869	
Leases	27,581	
Subscription-based IT arrangements	351,404	
Supplemental early retirement plan (SERP)	905,636	
In addition, the District issued 'capital appreciation' bonds.		
The accretion of interest on the general obligation bonds to date is	<u>593,305</u>	
Total long-term liabilities		<u>(55,521,941)</u>
Total net position - governmental activities		<u>\$ 138,208,884</u>

Perris Elementary School District
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2024

	General Fund	Charter School Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues					
Local Control Funding Formula (LCFF)	\$ 66,701,310	\$ 12,831,582	\$ -	\$ 300,000	\$ 79,832,892
Federal sources	27,856,278	177,934	-	4,694,566	32,728,778
Other State sources	16,320,329	1,600,269	-	5,591,341	23,511,939
Other local sources	5,592,440	910,925	573,654	13,471,533	20,548,552
Total revenues	<u>116,470,357</u>	<u>15,520,710</u>	<u>573,654</u>	<u>24,057,440</u>	<u>156,622,161</u>
Expenditures					
Current					
Instruction	55,565,438	7,602,789	-	2,025,812	65,194,039
Instruction-related activities					
Supervision of instruction	3,550,135	118,670	-	11,250	3,680,055
Instructional library, media, and technology	499,194	96,613	-	-	595,807
School site administration	4,973,691	1,047,557	-	370,831	6,392,079
Pupil services					
Home-to-school transportation	1,856,646	-	-	-	1,856,646
Food services	151,584	18,729	-	5,734,551	5,904,864
All other pupil services	6,255,565	352,706	-	142,713	6,750,984
Administration					
All other administration	4,924,023	1,117,069	-	327,768	6,368,860
Plant services	8,409,627	768,174	-	593,332	9,771,133
Other outgo	1,053,780	-	-	322,035	1,375,815
Facility acquisition and construction	22,183,491	12,600	894,091	297,661	23,387,843
Debt service					
Principal	98,363	-	-	955,440	1,053,803
Interest and other	7,138	-	-	2,348,100	2,355,238
Total expenditures	<u>109,528,675</u>	<u>11,134,907</u>	<u>894,091</u>	<u>13,129,493</u>	<u>134,687,166</u>
Excess (Deficiency) of Revenues Over expenditures	<u>6,941,682</u>	<u>4,385,803</u>	<u>(320,437)</u>	<u>10,927,947</u>	<u>21,934,995</u>
Other Financing Sources (Uses)					
Transfers in	-	-	-	477,800	477,800
Other sources - SBITAs	323,826	-	-	-	323,826
Transfers out	(477,800)	-	-	-	(477,800)
Other uses - payment to refunded GO bonds escrow agent	-	-	-	(5,845,270)	(5,845,270)
Net Financing Sources (Uses)	<u>(153,974)</u>	<u>-</u>	<u>-</u>	<u>(5,367,470)</u>	<u>(5,521,444)</u>
Net Change in Fund Balances	6,787,708	4,385,803	(320,437)	5,560,477	16,413,551
Fund Balance - Beginning	48,352,440	9,846,242	10,077,571	24,270,806	92,547,059
Fund Balance - Ending	<u>\$ 55,140,148</u>	<u>\$ 14,232,045</u>	<u>\$ 9,757,134</u>	<u>\$ 29,831,283</u>	<u>\$ 108,960,610</u>

Perris Elementary School District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2024

Total Net Change in Fund Balances - Governmental Funds \$ 16,413,551

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

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

Capital outlay	\$ 24,926,651	
Depreciation and amortization expense	(4,132,153)	

Net expense adjustment 20,794,498

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. (323,826)

In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and an aggregate net pension liability during the year. 1,083,505

In the Statement of Activities, special termination benefits (supplemental early retirement plan) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). Special termination benefits (SERP) added was less than the amount paid by \$400,100. 400,100

In the governmental funds, OPEB costs are based on employer contributions made to OPEB plans during the year. However, in the Statement of Activities, OPEB expenses is the net effect of all changes in the deferred outflows, deferred inflows and net OPEB liability during the year. (687,475)

Perris Elementary School District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2024

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

General obligation bonds	\$ 6,515,270	
Certificates of participation	285,000	
Leases	29,238	
Subscription-based IT arrangements	<u>69,565</u>	
Combined adjustment		\$ 6,899,073

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

Amortization of debt premium	202,398	
Amortization of deferred charge on refunding	(42,871)	
Amortization of debt discount	<u>(321)</u>	
Combined adjustment		159,206

Interest on long-term obligations in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditures in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The interest on the general obligation bonds and certificates of participation decreased by \$28,800. Additionally, \$211,268 of accumulated interest was accreted on the District's capital appreciation general obligation bonds.

		<u>(182,468)</u>
Change in net position of governmental activities		<u>\$ 44,556,164</u>

Perris Elementary School District
Statement of Net Position – Fiduciary Funds
June 30, 2024

	<u>Custodial Funds</u>
Assets	
Deposits and investments	<u>\$ 208,081</u>
Net Position	
Restricted for individuals, organizations and other governments	<u>\$ 208,081</u>

Perris Elementary School District
Statement of Change in Net Position – Fiduciary Funds
Year Ended June 30, 2024

	Custodial Funds
Additions	
Contributions	
Special assessment taxes	\$ 230,739
Interest	6,225
	236,964
Total additions	236,964
Deductions	
Principal payments to bond holders	85,000
Interest payments to bond holders	41,475
Other expenses	33,695
	160,170
Total deductions	160,170
Change In Net Position	76,794
Net Position - Beginning	131,287
Net Position - Ending	\$ 208,081

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

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

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, boards, and agencies that are not legally separate from the District. For Perris Elementary School District, this includes general operations, food service, and student related activities of the District.

Component Units

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District, in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units may be other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. For financial reporting purposes, the component units described below have a financial and operational relationship which meets the reporting entity definition criteria of the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB Statement No. 80, *Blending Requirements For Certain Component Units* and thus are included in the financial statements of the District. The component units, although legally separate entities, are reported in the financial statements using the blended presentation method as if they were part of the District's operations because the governing board of the component units is essentially the same as the governing board of the District.

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

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

Other Related Entities

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

Basis of Presentation - Fund Accounting

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

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

Major Governmental Funds

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

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

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

Non-Major Governmental Funds

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

- **Child Development Fund** The Child Development Fund is used to account separately for Federal, State, and local revenues to operate child development programs and is to be used only for expenditures for the operation of child development programs.

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

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

- **Capital Facilities Fund** The Capital Facilities Fund is used primarily to account separately for monies received from fees levied on developers or other agencies as a condition of approval (*Education Code* Sections 17620-17626 and *Government Code* Section 65995 et seq.). Expenditures are restricted to the purposes specified in *Government Code* Sections 65970-65981 or to the items specified in agreements with the developer (*Government Code* Section 66006).
- **County School Facilities Fund** The County School Facilities Fund is established pursuant to *Education Code* Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), the 2004 State School Facilities Fund (Proposition 55), the 2006 State School Facilities Fund (Proposition 1D), or the 2016 State School Facilities Fund (Proposition 51) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code* Section 17070.10 et seq.).
- **Special Reserve Fund for Capital Outlay Projects** The Special Reserve Fund for Capital Outlay Projects exists primarily to provide for the accumulation of General Fund monies for capital outlay purposes (*Education Code* Section 42840).

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

- **Bond Interest and Redemption Fund** The Bond Interest and Redemption Fund is used for the repayment of bonds issued for the District (*Education Code* Sections 15125-15262).
- **Debt Service Fund for Blended Component Units** The Debt Service Fund for Blended Component Units is used to account for the accumulation of resources for the payment of principal and interest on bonds issued by Perris School District School Facilities Corporation and similar entities that are considered blended component units of the District under generally accepted accounting principles (GAAP).

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

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

Basis of Accounting - Measurement Focus

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

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

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

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

- **Governmental Funds** All governmental funds are accounted for using the flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of

the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting, and the governmental fund financial statements, prepared using the flow of current financial resources measurement focus and the modified accrual basis of accounting.

- **Fiduciary Funds** Fiduciary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are excluded from the government-wide financial statements because they do not represent resources of the District.

Revenues – Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. The District considers revenues to be available if they are collected within one year after year-end, except for property taxes, which are considered available if collected within 60 days. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

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

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

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

Investments

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

The District's investment in the County treasury is measured at fair value on a recurring basis, which is determined by the fair value per share of the underlying portfolio determined by the program sponsor. Positions in this investment pool are not required to be categorized within the fair value hierarchy.

Stores Inventories

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

Capital Assets, 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, 20 to 50 years; improvements/infrastructure, five to 50 years; equipment, two to 15 years.

The District records impairments of capital assets when it becomes probable that the carrying value of the assets will not be fully recovered over their estimated useful life. Impairments are recorded to reduce the carrying value of the assets to their net realizable value based on facts and circumstances in existence at the time of the determination. No impairments were recorded during the year ended June 30, 2024.

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

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

Interfund Balances

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

Accrued Liabilities and Long-Term Liabilities

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

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

Debt Issuance Costs, Premiums, and Discounts

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

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

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District reports deferred inflows of resources for deferred charge on refunding of debt, deferred inflows of resources related to leases, for pension related items, and for OPEB related items.

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the California State Teachers Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) plan for schools (Plans) and additions to/deductions from the Plans' Fiduciary Net Position have been determined on the same basis as they are reported by CalSTRS and CalPERS. For this purpose, benefit payments (including refunds of

employee contributions) are recognized when due and payable in accordance with the benefit terms. Member contributions are recognized in the period in which they are earned. Investments are reported at fair value. The net pension liability attributable to the governmental activities will be paid by the General Fund, the Charter School Fund, The Child Development Fund, and the Cafeteria Fund.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, and the CalSTRS Medicare Premium Payment (MPP) Program and additions to/deductions from the District Plan and the MPP's fiduciary net position have been determined on the same basis as they are reported by the District Plan and the MPP. For this purpose, the District Plan and the MPP recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost. The net OPEB liability attributable to the governmental activities will be paid primarily by the General Fund.

Leases

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

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

Subscriptions

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

Fund Balances - Governmental Funds

As of June 30, 2024, fund balances of the governmental funds are classified as follows:

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

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

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

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

Unassigned - all other spendable amounts.

Spending Order Policy

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

Minimum Fund Balance Policy

The governing board adopted a minimum fund balance policy for the General Fund in order to protect the district against revenue shortfalls or unpredicted 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 \$62,758,547 restricted Net Position restricted by enabling legislation.

Interfund Activity

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

Estimates

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

Property Tax

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

Note 2 - Deposits and Investments

Summary of Deposits and Investments

Deposits and investments as of June 30, 2024, are classified in the accompanying financial statements as follows:

Governmental activities	\$ 108,078,184
Fiduciary funds	208,081
	<u> </u>
Total deposits and investments	<u><u>\$ 108,286,265</u></u>

Deposits and investments as of June 30, 2024, consist of the following:

Cash on hand and in banks	\$ 736,830
Cash in revolving	5,000
Investments	107,544,435
	<u> </u>
Total deposits and investments	<u><u>\$ 108,286,265</u></u>

Policies and Practices

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

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

General Authorizations

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

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the Riverside County Treasury Investment Pool and money market funds and having the Pool purchase a combination of shorter term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Specific Identification

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

Investment Type	Reported Amount	Maturity Date/ Weighted Average Maturity in Days
Riverside County Treasury Investment Pool	\$ 107,336,354	464
First American Treasury Obligations, Class D Money Market Funds	<u>208,081</u>	37
Total	<u><u>\$ 107,544,435</u></u>	

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in the Riverside County Treasury Investment Pool is rated Aaa by Moody's Investor Service, and the First American Treasury Obligations, Class D money market funds are rated Aaa 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, 2024, the District's bank balance of \$57,775 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

Note 3 - Fair Value Measurements

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

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

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

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

The District's fair value measurements are as follows at June 30, 2024:

Investment Type	Reported Amount	Level 2 Inputs
First American Treasury Obligations, Class D Money Market Funds	\$ 208,081	\$ 208,081
Investments not measured at fair value or subject to the fair value hierarchy		
Riverside County Treasury Investment Pool	107,336,354	
Total investments	\$ 107,544,435	

Note 4 - Receivables

Receivables at June 30, 2024, consisted of intergovernmental grants, entitlements, interest, and other local sources. All receivables are considered collectible in full.

	General Fund	Charter School Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Activities
Federal Government					
Categorical aid	\$ 10,143,328	\$ -	\$ -	\$ 629,823	\$ 10,773,151
State Government					
Categorical aid	414,509	-	-	1,606,231	2,020,740
Lottery	284,381	55,850	-	-	340,231
Local Government					
Interest	584,963	188,818	117,169	272,126	1,163,076
Other Local Sources	196,235	-	-	-	196,235
	<u>\$ 11,623,416</u>	<u>\$ 244,668</u>	<u>\$ 117,169</u>	<u>\$ 2,508,180</u>	<u>\$ 14,493,433</u>

Note 5 - Capital Assets

Capital assets activity for the fiscal year ended June 30, 2024, was as follows:

	Balance July 1, 2023	Additions	Deductions	Balance June 30, 2024
Governmental Activities				
Capital assets not being depreciated or amortized				
Land	\$ 8,991,339	\$ 741,341	\$ -	\$ 9,732,680
Construction in progress	4,720,148	21,785,375	-	26,505,523
Total capital assets not being depreciated or amortized	13,711,487	22,526,716	-	36,238,203
Capital assets being depreciated or amortized				
Land improvements	20,126,983	509,258	-	20,636,241
Buildings and improvements	141,225,042	542,907	-	141,767,949
Furniture and equipment	2,442,727	892,946	-	3,335,673
Right-to-use leased furniture and equipment	100,261		(8,010)	92,251
Right-to-use subscription IT assets	161,041	454,824		615,865
Total capital assets being depreciated or amortized	(45,985,251)	2,399,935	(8,010)	166,447,979
Total capital assets	(32,273,764)	24,926,651	(8,010)	202,686,182
Accumulated depreciation and amortization				
Land improvements	(10,767,806)	(870,957)		(11,638,763)
Buildings and improvements	(33,856,318)	(2,828,536)		(36,684,854)
Furniture and equipment	(1,251,311)	(226,108)		(1,477,419)
Right-to-use leased furniture and equipment	(44,984)	(29,137)	8,010	(66,111)
Right-to-use subscription IT assets	(64,832)	(177,415)		(242,247)
Total accumulated depreciation and amortization	(45,985,251)	(4,132,153)	8,010	(50,109,394)
Net depreciable and amortizable capital assets	(91,970,502)	(1,732,218)	-	116,338,585
Governmental activities capital assets, net	\$ (78,259,015)	\$ 20,794,498	\$ -	\$ 152,576,788

Depreciation expense of \$3,925,601 was not charged as a direct expense to governmental functions.

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

Governmental Activities	
Instruction	\$ 51,664
Supervision of instruction	62,117
Instructional library, media, and technology	36,315
Home-to-school transportation	420
All other administration	49,624
Plant services	6,412
Total amortization expense governmental activities	\$ 206,552

Note 6 - Lease Receivable

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

Lease Receivable	July 1, 2023	Addition	Deletion	June 30, 2024
RCOE/Rob Reiner	\$ 28,988	\$ -	\$ (14,115)	\$ 14,873

RCOE Rob Reiner Building Lease

The District leases the Rob Reiner building to the Riverside County Office of Education (RCOE). This lease is non-cancelable for a period of four years. The District believes the lessee will exercise the renewal option with reasonable certainty. The agreement does not have a provision for annual CPI increases to the payments. At termination, lessees must restore the site to its original state. During the fiscal year, the District recognized \$14,115 in lease revenue related to these agreements. At June 30, 2024, the District recorded \$14,873 in lease receivables and deferred inflows of resources for these arrangements. The District used an interest rate of 5.25% based on the rates available to finance real estate 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, 2024, 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 Fund	
General Fund	\$ -	\$ 3,880,373	\$ -	\$ 1,057,169	\$ 4,937,542
Charter School Fund	1,249,403	-	-	-	1,249,403
Non-Major Governmental Funds	222,683	-	346,725	-	569,408
Total	<u>\$ 1,472,086</u>	<u>\$ 3,880,373</u>	<u>\$ 346,725</u>	<u>\$ 1,057,169</u>	<u>\$ 6,756,353</u>

A balance of \$3,880,373 is due from the Charter School Fund to the General Fund for salaries, indirect costs, oversight charges, contribution, and other operating expenditures.

A balance of \$914,201 is due from the Child Development Non-Major Governmental Fund to the General Fund for indirect costs and other operating expenditures.

A balance of \$118,544 is due from the Cafeteria Non-Major Governmental Fund to the General Fund for indirect costs and payroll and benefit expenditures.

A balance of \$346,725 is due from the Building Fund to the Deferred Maintenance Non-Major Governmental Fund for reimbursement of capital outlay expenditures.

A balance of \$24,424 is due from the Capital Facilities Non-Major Governmental Fund to the General Fund for reimbursement of capital outlay expenditures.

A balance of \$1,249,403 is due from the General Fund to the Charter School Fund for payroll, benefits, district in-lieu property taxes, and other operating expenditures.

A balance of \$1 is due from the General Fund to the Child Development Non-Major Governmental Fund for operating contributions.

A balance of \$29,882 is due from the General Fund to the Cafeteria Non-Major Governmental Fund related to meal reimbursements.

A balance of \$192,800 is due from the General Fund to the Special Reserve Non-Major Governmental Fund for Capital Outlay Projects for Debt Service Payments related to the certificates of participation.

Operating Transfers

Interfund transfers for the year ended June 30, 2024, consisted of the following:

The General Fund transferred \$477,800 to the Debt Service Non-Major Governmental Fund for Blended Component Units for debt service payments related to the certificates of participation.

Note 8 - Accounts Payable

Accounts payable at June 30, 2024, consisted of the following:

	General Fund	Charter School Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Activities
Salaries and benefits	\$ 308,805	\$ 42,113	\$ -	\$ 6,356	\$ 357,274
LCFF apportionment	2,060,453	118,862	-	-	2,179,315
Local education agencies	2,643,397	455,357	-	-	3,098,754
Other payables	7,058,575	153,243	112,063	459,557	7,783,438
Total	\$ 12,071,230	\$ 769,575	\$ 112,063	\$ 465,913	\$ 13,418,781

Note 9 - Unearned Revenue

Unearned revenue at June 30, 2024, consists of the following:

	General Fund	Charter School Fund	Non-Major Governmental Funds	Total Governmental Activities
Federal financial assistance	\$ 145,602	\$ 44,185	\$ -	\$ 189,787
State categorical aid	-	-	46,799	46,799
Total	\$ 145,602	\$ 44,185	\$ 46,799	\$ 236,586

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, 2023	Additions	Deductions	Balance June 30, 2024	Due in One Year
General obligation bonds	\$ 54,001,880	\$ 211,268	\$ (6,515,270)	\$ 47,697,878	\$ 680,000
Premium on issuance	1,908,798	-	(139,263)	1,769,535	-
Discount on issuance	(7,283)	-	321	(6,962)	-
Certificates of participation	4,420,000	-	(285,000)	4,135,000	295,000
Premium on issuance	705,004	-	(63,135)	641,869	-
Leases	56,819	-	(29,238)	27,581	25,856
Subscription-based IT arrangements	97,143	323,826	(69,565)	351,404	272,604
Supplemental early retirement plan (SERP)	1,305,736	-	(400,100)	905,636	400,100
	\$ 62,488,097	\$ 535,094	\$ (7,501,250)	\$ 55,521,941	\$ 1,673,560

Payments on the general obligation bonds are made by the Bond Interest and Redemption Fund. Payments on the certificates of participation are made by the Debt Service Fund for Blended Component Units. Leases are paid by the General Fund and the Cafeteria Fund. Subscription-based IT arrangements are paid by the General Fund. The supplemental early retirement plan is paid by the General Fund.

General Obligation Bonds

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2023	Issued	Accreted	Redeemed	Bonds Outstanding June 30, 2024
8/22/2007	8/1/2033	4.00-5.25%	\$ 7,999,571	\$ 673,879	\$ -	\$ 68,999	\$ -	\$ 742,878
9/11/2013	8/1/2040	3.25-5.00%	4,336,671	5,833,001	-	142,269	(5,975,270)	-
9/10/2014	8/1/2044	2.50-6.00%	12,340,000	11,585,000	-	-	(135,000)	11,450,000
4/4/2017	8/1/2046	4.00-5.00%	2,500,000	2,380,000	-	-	-	2,380,000
4/4/2017	8/1/2046	3.125-5.00%	4,500,000	4,240,000	-	-	-	4,240,000
4/4/2017	8/1/2030	3.125-5.00%	5,640,000	4,205,000	-	-	(380,000)	3,825,000
4/6/2020	8/1/2046	3.00-5.00%	2,230,000	2,030,000	-	-	(25,000)	2,005,000
4/6/2020	8/1/2049	3.00-5.00%	6,000,000	5,605,000	-	-	-	5,605,000
1/21/2021	8/1/2040	2.28-2.78%	6,450,000	6,450,000	-	-	-	6,450,000
2/14/2023	8/1/2049	5.00%	6,000,000	6,000,000	-	-	-	6,000,000
2/14/2023	8/1/2049	5.00%	5,000,000	5,000,000	-	-	-	5,000,000
				<u>\$ 54,001,880</u>	<u>\$ -</u>	<u>\$ 211,268</u>	<u>\$ (6,515,270)</u>	<u>\$ 47,697,878</u>

2006 General Obligation Bond, Series 2007

In August 2007, the District issued \$7,999,571 of the 2006 General Obligation Bonds, Series 2007. The Series 2007 bonds were issued as both current interest bonds and capital appreciation bonds, with the value of the capital appreciation bonds accreting to \$1,470,429, and an aggregate principal debt service balance of \$9,470,000. The bonds have a final maturity of August 1, 2033, with interest rates ranging from 4.00 to 5.25%. Proceeds from the sale of the bonds were used to finance new construction, reconstruction, or modernization at each of the District's schools. At June 30, 2024, the principal balance outstanding of the 2006 General Obligation Bonds, Series 2007 was \$742,878.

2007 General Obligation Bond, Series B

In September 2013, the District issued \$4,336,671 of the 2007 General Obligation Bonds, Series B. The Series B bonds were issued as both current interest bonds and capital appreciation bonds, with the value of the capital appreciation bonds accreting to \$8,068,329, and an aggregate principal debt service balance of \$12,405,000. The bonds have a final maturity of August 1, 2040, with interest rates ranging from 3.25 to 5.00%. Proceeds from the sale of the bonds were used to finance new construction, reconstruction, or modernization at each of the District's schools. On August 1, 2023, the 2027 General Obligation Bonds, Series B were fully defeased with proceeds from the District's General Obligation Bonds, Series 2021 (2023 Cross Over).

2014 General Obligation Bond, Series 2014A

In September 2014, the District issued \$12,340,000 of the 2014 General Obligation Bonds, Series 2014A. The Series 2014A bonds were issued as current interest bonds. The bonds have a final maturity of August 1, 2044, with interest rates ranging from 2.50 to 6.00%. Proceeds from the sale of the bonds were used to finance the construction, acquisition, furnishing and equipping of District facilities, to pay capitalized interest, and to pay certain costs of issuing bonds. At June 30, 2024, the principal balance outstanding of the 2014 General Obligation Bonds, Series 2014A was \$11,450,000.

2006 General Obligation Bond, Series 2017

In April 2017, the District issued \$2,500,000 of the 2006 General Obligation Bonds, Series 2017. The Series 2017 bonds were issued as current interest bonds. The bonds have a final maturity of August 1, 2046, with interest rates ranging from 4.00 to 5.00%. Proceeds from the sale of the bonds were used to finance the construction, acquisition, furnishing and equipping of District facilities, to pay capitalized interest, and to pay certain costs of issuing bonds. At June 30, 2024, the principal balance outstanding of the 2006 General Obligation Bonds, Series 2017 was \$2,380,000.

2014 General Obligation Bond, Series 2017

In April 2017, the District issued \$4,500,000 of the 2014 General Obligation Bonds, Series 2017. The Series 2017 bonds were issued as current interest bonds. The bonds have a final maturity of August 1, 2046, with interest rates ranging from 3.125 to 5.00%. Proceeds from the sale of the bonds were used to finance the construction, acquisition, furnishing and equipping of District facilities, to pay capitalized interest, and to pay certain costs of issuing bonds. At June 30, 2024, the principal balance outstanding of the 2014 General Obligation Bonds, Series 2017 was \$4,240,000.

2017 General Obligation Refunding Bonds

In April 2017, the District issued \$5,640,000 of the 2017 General Obligation Refunding Bonds. The 2017 Obligation Refunding Bonds were issued as current interest bonds. The bonds have a final maturity of August 1, 2030, with interest rates ranging from 3.125 to 5.00%. Proceeds from the sale of bonds were used to provide refunding of \$6,145,000 in current interest bonds associated with the 2006 General Obligation Bond, Series 2007 Bonds maturing from August 1, 2019 through August 1, 2030, inclusive, in order to provide savings to the taxpayers of the District. At June 30, 2024, the principal balance outstanding of the 2017 General Obligation Refunding Bonds was \$3,825,000.

2006 General Obligation Bond, Series 2020

In April 2020, the District issued \$2,230,000 of the 2006 General Obligation Bonds, Series 2020. The Series 2020 bonds were issued as current interest bonds. The bonds have a final maturity of August 1, 2046, with interest rates ranging from 3.00 to 5.00%. Proceeds from the sale of the bonds were used to finance the construction, acquisition, furnishing and equipping of District facilities, to pay capitalized interest, and to pay certain costs of issuing bonds. At June 30, 2024, the principal balance outstanding of the 2006 General Obligation Bonds, Series 2020 was \$2,005,000.

2014 General Obligation Bond, Series 2020

In April 2020, the District issued \$6,000,000 of the 2014 General Obligation Bonds, Series 2020. The Series 2020 bonds were issued as current interest bonds. The bonds have a final maturity of August 1, 2049, with interest rates ranging from 3.00 to 5.00%. Proceeds from the sale of the bonds were used to finance the construction, acquisition, furnishing and equipping of District facilities, to pay capitalized interest, and to pay certain costs of issuing bonds. At June 30, 2024, the principal balance outstanding of the 2014 General Obligation Bonds, Series 2020 was \$5,605,000.

General Obligation Refunding Bonds Series 2021 (Federally Taxable Crossover)

In January 2021, the District issued the \$6,450,000 General Obligation Refunding Bonds, Series 2021 (Crossover Refunding). The Series 2021 bonds were issued as current interest bonds. The bonds have a final maturity of August 1, 2040, with interest rates ranging from 2.28 to 2.78%. Proceeds from the sale of the bonds were used to provide advance refunding, on the crossover date of August 1, 2023, of the District's 2006 General Obligation Bonds, Series B. At June 30, 2024, the principal balance outstanding of the General Obligation Refunding Bonds, Series 2021 (Crossover Refunding) was \$6,450,000.

2006 General Obligation Bond, Series 2023

In February 2023, the District issued \$6,000,000 of the 2006 General Obligation Bonds, Series 2023. The Series 2023 bonds were issued as current interest bonds. The bonds have a final maturity of August 1, 2049, with an interest rate of 5.00%. Proceeds from the sale of the bonds will be used to finance the construction, acquisition, furnishing and equipping of District facilities, to pay capitalized interest, and to pay certain costs of issuing bonds. At June 30, 2024, the principal balance outstanding of the 2006 General Obligation Bonds, Series 2023 was \$6,000,000.

2014 General Obligation Bond, Series 2023

In February 2023, the District issued \$5,000,000 of the 2014 General Obligation Bonds, Series 2023. The Series 2023 bonds were issued as current interest bonds. The bonds have a final maturity of August 1, 2049, with an interest rate of 5.00%. Proceeds from the sale of the bonds will be used to finance the construction, acquisition, furnishing and equipping of District facilities, to pay capitalized interest, and to pay certain costs of issuing bonds. At June 30, 2024, the principal balance outstanding of the 2014 General Obligation Bonds, Series 2023 was \$5,000,000.

Debt Service Requirements to Maturity

The bonds mature through 2050 as follows:

Fiscal Year	Principal	Accreted Interest	Interest to Maturity	Total
2025	\$ 680,000	\$ -	\$ 1,901,844	\$ 2,581,844
2026	565,000	-	1,870,719	2,435,719
2027	645,000	-	1,839,769	2,484,769
2028	740,000	-	1,800,519	2,540,519
2029	825,000	-	1,762,444	2,587,444
2030-2034	4,767,878	877,122	8,269,100	13,914,100
2035-2039	8,560,000	-	7,295,738	15,855,738
2040-2044	12,765,000	-	5,360,485	18,125,485
2045-2049	15,370,000	-	2,265,988	17,635,988
2050	2,780,000	-	62,675	2,842,675
	<u>\$ 47,697,878</u>	<u>\$ 877,122</u>	<u>\$ 32,429,281</u>	<u>\$ 81,004,281</u>

2019 Refunding Certificates of Participation

On September 5, 2019, Perris School District School Facilities Corporation of the Perris Elementary School District issued the 2019 Refunding Certificates of Participation in the amount of \$5,215,000 with interest rate yields ranging from 4.00 to 5.00%. The certificates have a final maturity to occur on September 1, 2034. The certificates were issued to refund the 2011 Certificates of Participation. At June 30, 2024, the principal balance outstanding was \$4,135,000.

The certificates mature through 2035 as follows:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 295,000	\$ 181,200	\$ 476,200
2026	310,000	167,550	477,550
2027	320,000	151,800	471,800
2028	340,000	135,300	475,300
2029	360,000	117,800	477,800
2030-2034	2,045,000	329,025	2,374,025
2035	465,000	11,625	476,625
	<u>\$ 4,135,000</u>	<u>\$ 1,094,300</u>	<u>\$ 5,229,300</u>

Leases

The District has entered into agreements to lease various facilities and equipment. As of June 30, 2024, the District recognized a right-to-use asset lease of \$26,140 and a lease liability of \$27,581 related to these agreements. The District is required to make principal and interest payments through 2026.

The remaining principal and interest payment requirements for the lease obligation debt as of June 30, 2024 are as follows:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 25,856	\$ 745	\$ 26,601
2026	1,725	34	1,759
Total	<u>\$ 27,581</u>	<u>\$ 779</u>	<u>\$ 28,360</u>

Subscriptions-Based Information Technology Arrangements (SBITAs)

The District entered into a SBITAs for the use of instructional software. At June 30, 2024, the District has recognized a right-to-use subscriptions IT asset of \$373,618 and a SBITA liability of \$351,404 related to these agreements. During the fiscal year, the District recorded \$177,415 in amortization expense. The District is required to make annual principal and interest payments through July 2032. The subscriptions have an interest rate of 5.0%.

The remaining principal and interest payment requirements for the SBITA obligation debt as of June 30, 2024 are as follows:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 272,604	\$ 1,727	\$ 274,331
2026	37,394	4,705	42,099
2027	39,635	2,464	42,099
2028	260	89	349
2029	273	76	349
2030-2033	1,238	158	1,396
Total	\$ 351,404	\$ 9,219	\$ 360,623

Supplemental Early Retirement Plan (SERP)

During the 2019-2020 and 2022-2023 fiscal years, the District adopted the supplemental early retirement plans whereby certain eligible certificated and classified employees were provided an annuity to supplement the retirement benefits they are entitled to through the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS). The criteria for qualification are as follows: have 50% full-time employment with the District with five years of service with the District, certificated employees have to be at least 55 years of age by the date of retirement with five years of CalSTRS service or be at least 50 years of age by the date of retirement with 30 years of CalSTRS service, and classified employees have to be at least 50 years of age by the date of retirement with five years of CalPERS service.

Future annuity payments are as follows:

Year Ending June 30,	Payment
2025	\$ 400,100
2026	168,512
2027	168,512
2028	168,512
	\$ 905,636

Note 11 - Net Other Postemployment Benefit (OPEB) Liability

For the fiscal year ended June 30, 2024, the District reported net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

OPEB Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	\$ 15,272,051	\$ 3,182,493	\$ 2,426,909	\$ 1,309,582
Medicare Premium Payment (MPP) Program	273,914	-	-	(17,821)
Total	<u>\$ 15,545,965</u>	<u>\$ 3,182,493</u>	<u>\$ 2,426,909</u>	<u>\$ 1,291,761</u>

The details of each plan are as follows:

District Plan

Plan Administration

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

Plan Membership

At June 30, 2023 the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	42
Active employees	<u>429</u>
	<u>471</u>

Benefits Provided

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

The benefit payment requirements of the Plan members and the District are established and may be amended by the District, the Perris Elementary Teachers' Association (PETA), the local California Service Employees Association (CSEA), and unrepresented groups. The benefit payment is based on projected pay-as-you-go financing requirements as determined annually through the agreements with the District, PETA, CSEA, and the unrepresented groups. For the measurement period of June 30, 2023, the District paid \$481,876 in benefits.

Total OPEB Liability of the District

The District's total OPEB liability of \$15,272,051 was measured as of June 30, 2023, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of June 30, 2023.

Actuarial Assumptions

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

Inflation	2.50%
Salary increases	2.75%, average, including inflation
Discount rate	3.65%
Healthcare cost trend rates	4.00%

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

Mortality rates were based on the 2020 CalSTRS Mortality Table for certificated employees and the 2021 CalPERS Active Mortality for Miscellaneous Employees Table for classified employees. Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actual experience study for the period July 1, 2022 to June 30, 2023.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2022 (Measurement Date)	\$ 14,370,718
Service cost	725,984
Interest	513,354
Differences between expected and actual experience	118,834
Changes of assumptions	25,037
Benefit payments	(481,876)
	901,333
Net change in total OPEB liability	901,333
Balance at June 30, 2023 (Measure Date)	\$ 15,272,051

Changes of assumptions reflect a change in the discount rate from 3.54% in 2022 to 3.65% in 2023.

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

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

<u>Discount Rate</u>	<u>Total OPEB Liability</u>
1% decrease (2.65%)	\$ 16,530,346
Current discount rate (3.65%)	15,272,051
1% increase (4.65%)	14,105,875

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

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

<u>Healthcare Cost Trend Rate</u>	<u>Total OPEB Liability</u>
1% decrease (3.00%)	\$ 13,600,185
Current healthcare cost trend rate (4.00%)	15,272,051
1% increase (5.00%)	17,236,604

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

For the year ended June 30, 2024, the District recognized OPEB expense of \$1,309,582. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
OPEB contributions subsequent to measurement date	\$ 604,286	\$ -
Differences between expected and actual experience	217,721	689,825
Changes of assumptions	<u>2,360,486</u>	<u>1,737,084</u>
Total	<u>\$ 3,182,493</u>	<u>\$ 2,426,909</u>

The deferred outflows of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year. The remaining deferred inflows and deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	\$ 70,244
2025	70,244
2026	70,244
2027	70,244
2028	70,244
Thereafter	<u>(199,922)</u>
	<u>\$ 151,298</u>

Medicare Premium Payment (MPP) Program

Plan Description

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

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2022 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, 2024, the District reported a liability of \$273,914 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022. 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, 2023 and June 30, 2022, respectively, was 0.0903%, and 0.0886%, resulting in a net increase in the proportionate share of 0.0017%.

For the year ended June 30, 2024, the District recognized OPEB expense of \$(17,821).

Actuarial Methods and Assumptions

The June 30, 2023 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2022, and rolling forward the total OPEB liability to June 30, 2023, using the assumptions listed in the following table:

Measurement Date	June 30, 2023	June 30, 2022
Valuation Date	June 30, 2022	June 30, 2021
Experience Study	July 1, 2015 through June 30, 2018	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal	Entry age normal
Discount Rate	3.65%	3.54%
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, 2022, 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 179 or an average of 0.13% of the potentially eligible population (138,780).

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, 2023, 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

As the MPP Program is funded on a pay-as-you-go basis, the OPEB plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, the MPP Program used the Bond Buyer's 20-Bond GO Index from Bondbuyer.com as of June 30, 2023, as the discount rate, which was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate as of June 30, 2023, was 3.65%, which is an increase of 0.11% from 3.54% as of June 30, 2022.

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

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

<u>Discount Rate</u>	<u>Net OPEB Liability</u>
1% decrease (2.65%)	\$ 297,688
Current discount rate (3.65%)	273,914
1% increase (4.65%)	253,242

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

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

Medicare Costs Trend Rates	Net OPEB Liability
1% decrease (3.50% Part A and 4.40% Part B)	\$ 252,028
Current Medicare costs trend rates (4.50% Part A and 5.40% Part B)	273,914
1% increase (5.50% Part A and 6.40% Part B)	298,622

Note 12 - Non-Obligatory Debt

Non-obligatory debt relates to debt issuances by the Community Facilities Districts as authorized by the Mello-Roos Community Facilities Act of 1982 as amended, and are payable from special taxes levied on property within the Community Facilities Districts according to a methodology approved by the voters within the District. Neither the faith and credit nor taxing power of the District is pledged to the payment of the bonds. Reserves have been established from the bond proceeds to meet delinquencies should they occur. If delinquencies occur beyond the amounts held in those reserves, the District has no duty to pay the delinquency out of any available funds of the District. The District acts solely as an agent for those paying taxes levied and the bondholders. The Community Facilities District Bonds currently active include the Community Facilities District 2022-1 Special Tax Bonds with a remaining balance as of June 30, 2024, of \$945,000.

Note 13 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Charter School Fund	Building Fund	Non-Major Governmental Funds	Total
Nonspendable					
Revolving cash	\$ 5,000	\$ -	\$ -	\$ -	\$ 5,000
Stores inventories	-	-	-	44,360	44,360
Total nonspendable	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>44,360</u>	<u>49,360</u>
Restricted					
Legally restricted programs	31,084,328	4,030,230	-	1,054,454	36,169,012
Food services	-	-	-	3,861,325	3,861,325
Capital projects	-	-	9,757,134	19,693,909	29,451,043
Debt service	-	-	-	3,896,186	3,896,186
Total restricted	<u>31,084,328</u>	<u>4,030,230</u>	<u>9,757,134</u>	<u>28,505,874</u>	<u>73,377,566</u>
Committed					
Deferred maintenance program	-	-	-	1,257,358	1,257,358
Assigned					
MAA	1,132,437	-	-	-	1,132,437
Site donations	210,537	-	-	-	210,537
Other assignments	50,000	10,201,815	-	23,691	10,275,506
Deficit spending reserve	13,082,268	-	-	-	13,082,268
Capital projects	3,450,000	-	-	-	3,450,000
Total assigned	<u>17,925,242</u>	<u>10,201,815</u>	<u>-</u>	<u>23,691</u>	<u>28,150,748</u>
Unassigned					
Reserve for economic uncertainties	5,484,276	-	-	-	5,484,276
Remaining unassigned	641,302	-	-	-	641,302
Total unassigned	<u>6,125,578</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,125,578</u>
Total	<u>\$ 55,140,148</u>	<u>\$ 14,232,045</u>	<u>\$ 9,757,134</u>	<u>\$ 29,831,283</u>	<u>\$ 108,960,610</u>

Note 14 - Risk Management

Property and Liability

The District is exposed to various risks of loss related to torts; theft, damage, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During the fiscal year ending June 30, 2024, the District contracted with Riverside Schools Insurance Agency (RSIA) risk management pool for property and liability insurance coverage. The District's member retention limit was \$50,000 and \$5,000, respective for liability and property claims.

Workers' Compensation

For fiscal year 2024, the District participated in the Riverside Schools Risk Management Authority (RSRMA), a joint powers authority. The intent of the Agency is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Agency. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in the Agency. Each participant pays its workers' compensation premium based on its individual rate. Participation in the Agency is limited to districts that can meet the Agency's selection criteria.

Employee Medical Benefits

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

Note 15 - Employee Retirement Systems

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic employees are members of the California State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS).

For the fiscal year ended June 30, 2024, 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	\$ 46,480,679	\$ 14,518,114	\$ 3,583,318	\$ 6,904,232
CalPERS	25,146,303	8,982,098	906,012	3,607,986
Total	<u>\$ 71,626,982</u>	<u>\$ 23,500,212</u>	<u>\$ 4,489,330</u>	<u>\$ 10,512,218</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, 2022, 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, 2024, are summarized as follows:

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

Contributions

Required member, District, and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2024, are presented above and the District's total contributions were \$7,912,347.

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

At June 30, 2024, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the District were as follows:

Total Net Pension Liability, Including State Share:

District's proportionate share of net pension liability	\$ 46,480,679
State's proportionate share of the net pension liability associated with the District	<u>22,270,200</u>
Total	<u><u>\$ 68,750,879</u></u>

The net pension liability was measured as of June 30, 2023. 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, 2023 and June 30, 2022, respectively, was 0.0610% and 0.0590%, resulting in a net increase in the proportionate share of 0.0020%.

For the year ended June 30, 2024, the District recognized pension expense of \$6,904,232. In addition, the District recognized pension expense and revenue of \$3,029,362 for support provided by the State. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 7,912,347	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	2,485,055	1,096,366
Differences between projected and actual earnings on pension plan investments	198,956	-
Differences between expected and actual experience in the measurement of the total pension liability	3,652,616	2,486,952
Changes of assumptions	<u>269,140</u>	<u>-</u>
Total	<u>\$ 14,518,114</u>	<u>\$ 3,583,318</u>

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

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

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2025	\$ (1,462,318)
2026	(2,291,708)
2027	3,766,080
2028	<u>186,902</u>
	<u>\$ 198,956</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
2025	\$ 560,842
2026	191,019
2027	169,171
2028	294,058
2029	763,766
Thereafter	844,637
	<u>\$ 2,823,493</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, 2022 and rolling forward the total pension liability to June 30, 2023. The financial reporting actuarial valuation as of June 30, 2022, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2022
Measurement date	June 30, 2023
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 expected 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2023, are summarized in the following table:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Public equity	38%	5.25%
Real estate	15%	4.05%
Private equity	14%	6.75%
Fixed income	14%	2.45%
Risk mitigating strategies	10%	2.25%
Inflation sensitive	7%	3.65%
Cash/liquidity	2%	0.05%

Discount Rate

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

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

<u>Discount rate</u>	<u>Net Pension Liability</u>
1% decrease (6.10%)	\$ 77,967,630
Current discount rate (7.10%)	46,480,679
1% increase (8.10%)	20,327,096

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, 2022 annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/forms-publications>.

Benefits Provided

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

The CalPERS provisions and benefits in effect at June 30, 2024, are summarized as follows:

	<u>School Employer Pool (CalPERS)</u>	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 Years of Service	5 Years of Service
Benefit payments	Monthly for Life	Monthly for Life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	8.00%
Required employer contribution rate	26.680%	26.680%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2024, are presented above and the total District contributions were \$3,683,376.

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

As of June 30, 2024, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$25,146,303. The net pension liability was measured as of June 30, 2023. 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, 2023 and June 30, 2022, respectively, was 0.0695% and 0.0670%, resulting in a net increase in the proportionate share of 0.0025%.

For the year ended June 30, 2024, the District recognized pension expense of \$3,607,986. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 3,683,376	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	536,598	519,802
Differences between projected and actual earnings on pension plan investments	2,685,984	-
Differences between expected and actual experience in the measurement of the total pension liability	917,660	386,210
Changes of assumptions	<u>1,158,480</u>	<u>-</u>
Total	<u>\$ 8,982,098</u>	<u>\$ 906,012</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 of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>
2025	\$ 501,040
2026	296,829
2027	1,804,524
2028	83,591
	<u>\$ 2,685,984</u>

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and District’s proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes in assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 3.9 years and will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2025	\$ 518,123
2026	775,291
2027	413,312
	<u>\$ 1,706,726</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, 2022 and rolling forward the total pension liability to June 30, 2022. The financial reporting actuarial valuation as of June 30, 2023, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2022
Measurement date	June 30, 2023
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%	4.54%
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%)	\$ 36,355,054
Current discount rate (6.90%)	25,146,303
1% increase (7.90%)	15,882,525

Social Security

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by Social Security or an alternative plan. The District has elected to use the Social Security as its alternative plan.

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of \$3,562,136 (10.828% of annual payroll). Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements. On behalf payments have been included in the calculation of available reserves but have not been included in the budgeted amounts reported in the *General Fund - Budgetary Comparison Schedule*.

Note 16 - Commitments and Contingencies**Grants**

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2024.

Litigation

District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2024.

Construction Commitments

As of June 30, 2024, the District had the following commitments with respect to the unfinished capital projects:

Capital Project	Remaining Construction Commitment	Expected Date of Completion
YEA Academy Fire Alarm Upgrade	\$ 382,189	August 2024
Skyview 2-story Building	20,000,000	July 2026
Perris Elementary Modernization	4,159,782	November 2024
Various Roofing/Flooring/Playground/HVAC replacement	2,396,654	November 2024
Total	\$ 26,938,625	

Note 17 - Participation in Public Entity Risk Pools, Joint Powers Authorities and Other Related Party Transactions

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

During the year ended June 30, 2024, the District made payments of \$629,149, \$1,761,295, and \$5,538,057 to RSIA, RSRMA, and REEP, respectively, for the services and coverage noted.



Required Supplementary Information
June 30, 2024

Perris Elementary School District

Perris Elementary School District
 Budgetary Comparison Schedule – General Fund
 Year Ended June 30, 2024

	Budgeted Amounts		Actual (GAAP Basis)	Variances - Positive (Negative)
	Original	Final		Final to Actual
Revenues				
Local Control Funding Formula	\$ 66,830,004	\$ 66,648,829	\$ 66,701,310	\$ 52,481
Federal sources	33,267,929	37,906,279	27,856,278	(10,050,001)
Other State sources	15,786,510	18,257,381	16,320,329	(1,937,052)
Other local sources	(1,413,902)	3,136,317	5,592,440	2,456,123
Total revenues	<u>114,470,541</u>	<u>125,948,806</u>	<u>116,470,357</u>	<u>(9,478,449)</u>
Expenditures				
Current				
Certificated salaries	37,680,120	41,452,960	40,814,572	638,388
Classified salaries	9,747,406	11,087,234	10,347,900	739,334
Employee benefits	21,017,031	23,139,457	22,251,793	887,664
Books and supplies	3,540,113	6,759,297	3,301,287	3,458,010
Services and operating expenditures	6,279,873	10,650,879	9,405,318	1,245,561
Other outgo	600,896	436,474	559,222	(122,748)
Capital outlay	26,084,591	29,260,184	22,848,583	6,411,601
Total expenditures	<u>104,950,030</u>	<u>122,786,485</u>	<u>109,528,675</u>	<u>13,257,810</u>
Excess of Revenues Over Expenditures	<u>9,520,511</u>	<u>3,162,321</u>	<u>6,941,682</u>	<u>3,779,361</u>
Other Financing Sources (Uses)				
Other sources - SBITAs	-	-	323,826	323,826
Transfers out	(107,327)	(548,975)	(477,800)	71,175
Net Financing Sources (Uses)	<u>(107,327)</u>	<u>(548,975)</u>	<u>(153,974)</u>	<u>395,001</u>
Net Change in Fund Balances	9,413,184	2,613,346	6,787,708	4,174,362
Fund Balance - Beginning	<u>48,352,440</u>	<u>48,352,440</u>	<u>48,352,440</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 57,765,624</u>	<u>\$ 50,965,786</u>	<u>\$ 55,140,148</u>	<u>\$ 4,174,362</u>

Perris Elementary School District
 Budgetary Comparison Schedule – Charter School Fund
 Year Ended June 30, 2024

	Budgeted Amounts		Actual (GAAP Basis)	Variances - Positive (Negative)
	Original	Final		Final to Actual
Revenues				
Local Control Funding Formula	\$ 12,119,811	\$ 13,016,034	\$ 12,831,582	\$ (184,452)
Federal sources	221,325	222,119	177,934	(44,185)
Other State sources	1,699,267	2,002,227	1,600,269	(401,958)
Other local sources	123,000	692,412	910,925	218,513
Total revenues	<u>14,163,403</u>	<u>15,932,792</u>	<u>15,520,710</u>	<u>(412,082)</u>
Expenditures				
Current				
Certificated salaries	1,468,598	1,804,602	1,683,915	120,687
Classified salaries	866,662	955,758	1,005,180	(49,422)
Employee benefits	965,203	1,128,243	1,102,764	25,479
Books and supplies	1,544,243	1,353,454	545,226	808,228
Services and operating expenditures	6,383,689	7,487,807	6,406,912	1,080,895
Other outgo	379,102	380,620	371,232	9,388
Capital outlay	-	19,715	19,678	37
Total expenditures	<u>11,607,497</u>	<u>13,130,199</u>	<u>11,134,907</u>	<u>1,995,292</u>
Net Change in Fund Balances	2,555,906	2,802,593	4,385,803	1,583,210
Fund Balance - Beginning	<u>9,846,242</u>	<u>9,846,242</u>	<u>9,846,242</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 12,402,148</u>	<u>\$ 12,648,835</u>	<u>\$ 14,232,045</u>	<u>\$ 1,583,210</u>

Perris Elementary School District
Schedule of Changes in the District's Total OPEB Liability and Related Ratios
Year Ended June 30, 2024

	2024	2023	2022	2021
Total OPEB Liability				
Service cost	\$ 725,984	\$ 896,616	\$ 1,103,724	\$ 852,209
Interest	513,354	336,605	336,989	454,598
Difference between expected and actual experience	118,834	123,874	(721,486)	-
Changes of assumptions	25,037	(1,816,764)	90,578	1,418,225
Benefit payments	(481,876)	(485,893)	(518,691)	(524,574)
Net change in total OPEB liability	901,333	(945,562)	291,114	2,200,458
Total OPEB liability - beginning	14,370,718	15,316,280	15,025,166	12,824,708
Total OPEB liability - ending	\$ 15,272,051	\$ 14,370,718	\$ 15,316,280	\$ 15,025,166
Covered payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Total OPEB liability as a percentage of covered payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020
		2020	2019	2018
Total OPEB Liability				
Service cost		\$ 746,066	\$ 726,098	\$ 706,665
Interest		398,299	379,460	324,405
Difference between expected and actual experience		(167,318)	-	-
Changes of assumptions		1,934,356	(254,576)	-
Benefit payments		(390,422)	(339,982)	(326,906)
Net change in total OPEB liability		2,520,981	511,000	704,164
Total OPEB liability - beginning		10,303,727	9,792,727	9,088,563
Total OPEB liability - ending		\$ 12,824,708	\$ 10,303,727	\$ 9,792,727
Covered payroll		N/A ¹	N/A ¹	N/A ¹
Total OPEB liability as a percentage of covered payroll		N/A ¹	N/A ¹	N/A ¹
Measurement Date		June 30, 2019	June 30, 2018	June 30, 2017

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

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

Perris Elementary School District
Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program
Year Ended June 30, 2024

Year ended June 30,	2024	2023	2022	2021
Proportion of the net OPEB liability	0.0903%	0.0886%	0.0864%	0.1013%
Proportionate share of the net OPEB liability	\$ 273,914	\$ 291,735	\$ 344,772	\$ 429,363
Covered payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Plan fiduciary net position as a percentage of the total OPEB liability	(0.96%)	(0.94%)	(0.80%)	(0.71%)
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020
 Year ended June 30,		2020	2019	2018
Proportion of the net OPEB liability		0.1041%	0.1029%	0.0977%
Proportionate share of the net OPEB liability		\$ 387,769	\$ 393,849	\$ 361,356
Covered payroll		N/A ¹	N/A ¹	N/A ¹
Proportionate share of the net OPEB liability as a percentage of it's covered payroll		N/A ¹	N/A ¹	N/A ¹
Plan fiduciary net position as a percentage of the total OPEB liability		(0.81%)	(0.40%)	0.01%
Measurement Date		June 30, 2019	June 30, 2018	June 30, 2017

¹ As of June 30, 2012, active members are no longer eligible for future enrollment in the MPP Program; therefore, the cover payroll disclosure is not applicable.

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

Perris Elementary School District
Schedule of the District's Proportionate Share of the Net Pension Liability – CalSTRS
Year Ended June 30, 2024

CalSTRS	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Proportion of the net pension liability	0.0610%	0.0590%	0.0575%	0.0581%	0.0589%
Proportionate share of the net pension liability	\$ 46,480,679	\$ 41,004,026	\$ 26,169,110	\$ 56,348,323	\$ 53,161,982
State's proportionate share of the net pension liability (asset)	<u>22,270,200</u>	<u>20,534,656</u>	<u>13,167,281</u>	<u>29,047,567</u>	<u>29,003,410</u>
Total	<u>\$ 68,750,879</u>	<u>\$ 61,538,682</u>	<u>\$ 39,336,391</u>	<u>\$ 85,395,890</u>	<u>\$ 82,165,392</u>
Covered payroll	<u>\$ 37,452,958</u>	<u>\$ 34,219,533</u>	<u>\$ 32,387,752</u>	<u>\$ 31,473,532</u>	<u>\$ 31,736,229</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>124.10%</u>	<u>119.83%</u>	<u>80.80%</u>	<u>179.03%</u>	<u>167.51%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>81%</u>	<u>81%</u>	<u>87%</u>	<u>72%</u>	<u>73%</u>
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability	0.0573%	0.0540%	0.0540%	0.0550%	0.0510%
Proportionate share of the net pension liability	\$ 52,686,896	\$ 49,908,033	\$ 43,536,608	\$ 36,968,613	\$ 30,017,193
State's proportionate share of the net pension liability (asset)	<u>30,165,712</u>	<u>29,525,171</u>	<u>24,784,614</u>	<u>19,552,321</u>	<u>18,125,677</u>
Total	<u>\$ 82,852,608</u>	<u>\$ 79,433,204</u>	<u>\$ 68,321,222</u>	<u>\$ 56,520,934</u>	<u>\$ 48,142,870</u>
Covered payroll	<u>\$ 30,749,404</u>	<u>\$ 29,036,041</u>	<u>\$ 25,985,294</u>	<u>\$ 25,658,131</u>	<u>\$ 24,325,503</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>171.34%</u>	<u>171.88%</u>	<u>167.54%</u>	<u>144.08%</u>	<u>123.40%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>71%</u>	<u>69%</u>	<u>70%</u>	<u>74%</u>	<u>77%</u>
Measurement Date	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

Perris Elementary School District
Schedule of the District's Proportionate Share of the Net Pension Liability – CalPERS
Year Ended June 30, 2024

CalPERS	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Proportion of the net pension liability	0.0695%	0.0670%	0.0683%	0.0725%	0.0735%
Proportionate share of the net pension liability	\$ 25,146,303	\$ 23,044,539	\$ 13,878,256	\$ 22,252,497	\$ 21,407,790
Covered payroll	\$ 12,093,366	\$ 10,280,122	\$ 9,804,068	\$ 10,434,983	\$ 10,232,195
Proportionate share of the net pension liability as a percentage of its covered payroll	207.93%	224.17%	141.56%	213.25%	209.22%
Plan fiduciary net position as a percentage of the total pension liability	70%	70%	81%	70%	70%
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability	0.0730%	0.0726%	0.0680%	0.0672%	0.0664%
Proportionate share of the net pension liability	\$ 19,456,525	\$ 17,324,883	\$ 13,420,367	\$ 9,912,091	\$ 7,534,087
Covered payroll	\$ 9,644,273	\$ 9,226,685	\$ 8,495,037	\$ 10,906,575	\$ 10,756,109
Proportionate share of the net pension liability as a percentage of its covered payroll	201.74%	187.77%	157.98%	90.88%	70.04%
Plan fiduciary net position as a percentage of the total pension liability	71%	72%	74%	79%	83%
Measurement Date	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

Perris Elementary School District
Schedule of the District's Contributions - CalSTRS
Year Ended June 30, 2024

CalSTRS	2024	2023	2022	2021	2020
Contractually required contribution	\$ 7,912,347	\$ 7,153,515	\$ 5,789,945	\$ 5,230,622	\$ 5,381,974
Less contributions in relation to the contractually required contribution	<u>(7,912,347)</u>	<u>(7,153,515)</u>	<u>(5,789,945)</u>	<u>(5,230,622)</u>	<u>(5,381,974)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 41,425,901</u>	<u>\$ 37,452,958</u>	<u>\$ 34,219,533</u>	<u>\$ 32,387,752</u>	<u>\$ 31,473,532</u>
Contributions as a percentage of covered payroll	<u>19.10%</u>	<u>19.10%</u>	<u>16.92%</u>	<u>16.15%</u>	<u>17.10%</u>
	2019	2018	2017	2016	2015
Contractually required contribution	\$ 5,166,658	\$ 4,437,139	\$ 3,652,734	\$ 2,788,222	\$ 2,278,442
Less contributions in relation to the contractually required contribution	<u>(5,166,658)</u>	<u>(4,437,139)</u>	<u>(3,652,734)</u>	<u>(2,788,222)</u>	<u>(2,278,442)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 31,736,229</u>	<u>\$ 30,749,404</u>	<u>\$ 29,036,041</u>	<u>\$ 25,985,294</u>	<u>\$ 25,658,131</u>
Contributions as a percentage of covered payroll	<u>16.28%</u>	<u>14.43%</u>	<u>12.58%</u>	<u>10.73%</u>	<u>8.88%</u>

Perris Elementary School District
Schedule of the District's Contributions - CalPERS
Year Ended June 30, 2024

CalPERS	2024	2023	2022	2021	2020
Contractually required contribution	\$ 3,683,376	\$ 3,068,087	\$ 2,355,176	\$ 2,029,442	\$ 2,057,883
Less contributions in relation to the contractually required contribution	<u>(3,683,376)</u>	<u>(3,068,087)</u>	<u>(2,355,176)</u>	<u>(2,029,442)</u>	<u>(2,057,883)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 13,805,757</u>	<u>\$ 12,093,366</u>	<u>\$ 10,280,122</u>	<u>\$ 9,804,068</u>	<u>\$ 10,434,983</u>
Contributions as a percentage of covered payroll	<u>26.680%</u>	<u>25.370%</u>	<u>22.910%</u>	<u>20.700%</u>	<u>19.721%</u>
	2019	2018	2017	2016	2015
Contractually required contribution	\$ 1,848,139	\$ 1,497,852	\$ 1,281,402	\$ 1,006,407	\$ 1,283,813
Less contributions in relation to the contractually required contribution	<u>(1,848,139)</u>	<u>(1,497,852)</u>	<u>(1,281,402)</u>	<u>(1,006,407)</u>	<u>(1,283,813)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 10,232,195</u>	<u>\$ 9,644,273</u>	<u>\$ 9,226,685</u>	<u>\$ 8,495,037</u>	<u>\$ 10,906,575</u>
Contributions as a percentage of covered payroll	<u>18.062%</u>	<u>15.531%</u>	<u>13.888%</u>	<u>11.847%</u>	<u>11.771%</u>

Note 1 - Purpose of Schedules

Budgetary Comparison Schedules

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

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

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

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

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

- *Changes in Benefit Terms* – There were no changes in benefit terms.
- *Changes of Assumptions* – The discount rate changed from 3.54% to 3.65% since the previous measurement.

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

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

- *Changes in Benefit Terms* – There were no changes in the benefit terms.
- *Changes of Assumptions* – The plan rate of investment return assumption was changed from 3.54% to 3.65% 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 or CalPERS plans from the previous valuations.

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, 2024

Perris Elementary School District

Perris Elementary School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Passed through California Department of Education (CDE)			
COVID-19 Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D	15547	\$ 8,198,806
COVID-19 Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U	15559	13,335,967
COVID 19 Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U	10155	2,450,165
COVID 19 Expanded Learning Opportunities (ELO) Grant: ESSER II State Reserve	84.425D	15618	43,345
COVID 19 Expanded Learning Opportunities (ELO) Grant: GEER II	84.425C	15619	19,002
COVID 19 Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Emergency Needs	84.425U	15620	110,276
COVID 19 Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Learning Loss	84.425U	15621	<u>109,318</u>
Subtotal			<u>24,266,879</u>
Title I Grants to Local Educational Agencies - Low Income and Neglected			
Title II, Part A, Supportive Effective Instruction State Grants	84.010	14329	1,956,202
Title III, English Language Acquisition State Grants - English Learner Student Program	84.367	14341	105,993
Title IV, Part A, Student Support and Academic Enrichment	84.365	14346	228,496
	84.424	15396	500,586
Passed through Riverside County SELPA			
Special Education (IDEA) Cluster			
Special Education Grants to States - Basic Local Assistance	84.027	13379	889,010
Mental Health Allocation Plan, Part B, Sec 611	84.027A	15197	<u>63,889</u>
Subtotal			<u>952,899</u>
Special Education Preschool Grants			
IDEA Preschool Staff Development, Part B, Sec 619	84.173	13430	22,922
	84.173A	13431	<u>235</u>
Subtotal			<u>23,157</u>
Subtotal Special Education (IDEA) Cluster			<u>976,056</u>
Total U.S. Department of Education			<u>28,034,212</u>

Perris Elementary School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture			
Passed through CDE			
Child Nutrition Cluster			
School Breakfast Program - Especially Needy	10.553	13526	\$ 656,637
National School Lunch Program - Section 4	10.555	13523	407,132
National School Lunch Program - Section 11	10.555	13524	2,717,965
National School Lunch Program - Commodities	10.555	13524	372,710
After School Meal Supplements	10.555	13755	155,644
COVID-19 Supply Chain Assistance (SCA) Funds	10.555	15655	185,286
Local Food for Schools	10.555	15708	<u>33,433</u>
Subtotal			<u>3,872,170</u>
Subtotal Child Nutrition Cluster			<u>4,528,807</u>
Total U.S. Department of Agriculture			<u>4,528,807</u>
Total Federal Financial Assistance			<u>\$ 32,563,019</u>

Perris Elementary School District
Schedule of Average Daily Attendance
Year Ended June 30, 2024

	Final Report	
	Second Period Report E07A55DA	Annual Report C3185E9E
Regular ADA		
Transitional kindergarten through third	2,444.91	2,455.21
Fourth through sixth	1,772.83	1,773.33
Total Regular ADA	4,217.74	4,228.54
Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	-	0.17
Fourth through sixth	2.78	2.67
Total Special Education, Nonpublic, Nonsectarian Schools	2.78	2.84
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	0.29	0.29
Total ADA	4,220.81	4,231.67
Charter School - Innovative Horizons Charter School		
Classroom based ADA		
Transitional kindergarten through third	349.59	348.51
Fourth through sixth	284.94	283.68
Seventh and eighth	235.54	234.32
Total Regular ADA	870.07	866.51

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

Perris Elementary School District
 Schedule of Instructional Time
 Year Ended June 30, 2024

All sites, except for Enchanted Hills Elementary School

Grade Level	1986-1987 Minutes Requirement	2023-2024 Actual Minutes	Number of Minutes Credited Form J-13A	Total Minutes Offered	Traditional Calendar			Status
					Number of Actual Days	Number of Days Credited Form J-13A	Total Days Offered	
Kindergarten	36,000	47,040	-	47,040	180	-	180	Complied
Grades 1 - 3	50,400							
Grade 1		55,140	-	55,140	180	-	180	Complied
Grade 2		55,140	-	55,140	180	-	180	Complied
Grade 3		55,140	-	55,140	180	-	180	Complied
Grades 4 - 6	54,000							
Grade 4		55,140	-	55,140	180	-	180	Complied
Grade 5		55,140	-	55,140	180	-	180	Complied
Grade 6		55,140	-	55,140	180	-	180	Complied

Enchanted Hills Elementary School

Grade Level	1986-1987 Minutes Requirement	2023-2024 Actual Minutes	Number of Minutes Credited Form J-13A*	Total Minutes Offered	Number of Actual Days	Number of Days Credited Form J-13A*	Total Days Offered	Status
Kindergarten	36,000	57,505	335	57,840	179	1	180	Complied
Grades 1 - 3	50,400							
Grade 1		54,820	320	55,140	179	1	180	Complied
Grade 2		54,820	320	55,140	179	1	180	Complied
Grade 3		54,820	320	55,140	179	1	180	Complied
Grades 4 - 6	54,000							
Grade 4		54,820	320	55,140	179	1	180	Complied
Grade 5		54,820	320	55,140	179	1	180	Complied
Grade 6		54,820	320	55,140	179	1	180	Complied

* Enchanted Hills Elementary School received an approved J-13A for 335 minutes for Kindergarten, 320 minutes for Grades 1-6, for 1 day.

Perris Elementary School District
 Schedule of Instructional Time
 Year Ended June 30, 2024

Innovative Horizons Charter School

Grade Level	1986-1987 Minutes Requirement	2023-2024 Actual Minutes	Number of Minutes Credited Form J-13A	Total Minutes Offered	Traditional Calendar			Status
					Number of Actual Days	Number of Days Credited Form J-13A	Total Days Offered	
Kindergarten	36,000	63,985	-	63,985	176	-	176	Complied
Grades 1 - 3	50,400							
Grade 1		61,900	-	61,900	176	-	176	Complied
Grade 2		61,900	-	61,900	176	-	176	Complied
Grade 3		61,900	-	61,900	176	-	176	Complied
Grades 4 - 8	54,000							
Grade 4		61,900	-	61,900	176	-	176	Complied
Grade 5		61,900	-	61,900	176	-	176	Complied
Grade 6		62,595	-	62,595	176	-	176	Complied
Grade 7		62,595	-	62,595	176	-	176	Complied
Grade 8		62,595	-	62,595	176	-	176	Complied

Perris Elementary School District
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
Year Ended June 30, 2024

There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2024.

Perris Elementary School District
Schedule of Financial Trends and Analysis
Year Ended June 30, 2024

	(Budget) 2025 ¹	2024	2023 ¹	2022 ¹
General Fund Revenues	\$ 97,458,018	\$ 116,470,357	\$ 100,795,769	\$ 76,719,531
Other sources	-	323,826	13,071	76,682
Total revenues and other sources	97,458,018	116,794,183	100,808,840	76,796,213
Expenditures	97,850,365	109,528,675	83,579,670	68,686,452
Other uses	15,456	477,800	543,715	771,476
Total expenditures and other uses	97,865,821	110,006,475	84,123,385	69,457,928
Increase/(Decrease) in Fund Balance	\$ (407,803)	\$ 6,787,708	\$ 16,685,455	\$ 7,338,285
Ending Fund Balance	\$ 54,732,345	\$ 55,140,148	\$ 48,352,440	\$ 31,666,985
Available Reserves	\$ 5,850,666	\$ 6,125,578	\$ 4,224,408	\$ 18,383,849
Available Reserves as a Percentage of Total Outgo	5.98%	5.57%	5.02%	26.47%
Long-Term Liabilities including OPEB and Pensions	N/A	\$ 142,694,888	\$ 141,199,115	\$ 107,223,494
K-12 Average Daily Attendance at P-2 ²	4,292	4,221	4,124	3,937

The General Fund balance has increased by \$23,473,163 over the past two years. The fiscal year 2024-2025 budget projects a decrease of \$407,803 (0.7%). For a district this size, the State recommends available reserves of at least three percent of total General Fund expenditures, and other uses (total outgo).

The District has incurred operating surpluses in each of the past three years, but anticipates incurring an operating deficit during the 2024-2025 fiscal year. Total long-term liabilities have increased by \$35,471,394 over the past two years.

Average daily attendance has increased by 284 over the past two years. An additional increase of 71 ADA is anticipated during fiscal year 2024-2025.

¹ Financial information for 20245, 2023, and 2022 are included for analytical purposes only and has not been subjected to audit.

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

Perris Elementary School District
Schedule of Charter Schools
Year Ended June 30, 2024

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

Perris Elementary School District
Combining Balance Sheet – Non-Major Governmental Funds
June 30, 2024

	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	County School Facilities Fund
Assets					
Deposits and investments	\$ 688,373	\$ 3,048,482	\$ 1,315,557	\$ 2,966,225	\$ 7,606,802
Receivables	1,364,765	908,315	12,011	120,973	-
Due from other funds	1	29,882	346,725	-	-
Stores inventories	-	44,360	-	-	-
Lease receivables	14,873	-	-	-	-
Total assets	\$ 2,068,012	\$ 4,031,039	\$ 1,674,293	\$ 3,087,198	\$ 7,606,802
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities					
Accounts payable	\$ 13,994	\$ 6,810	\$ 416,935	\$ 20,262	\$ -
Due to other funds	914,201	118,544	-	24,424	-
Unearned revenue	46,799	-	-	-	-
Total liabilities	974,994	125,354	416,935	44,686	-
Deferred Inflows of Resources					
Deferred inflows of resources related to leases	14,873	-	-	-	-
Fund Balances					
Nonspendable	-	44,360	-	-	-
Restricted	1,054,454	3,861,325	-	3,042,512	7,606,802
Committed	-	-	1,257,358	-	-
Assigned	23,691	-	-	-	-
Total fund balances	1,078,145	3,905,685	1,257,358	3,042,512	7,606,802
Total liabilities, deferred inflows of resources, and fund balances	\$ 2,068,012	\$ 4,031,039	\$ 1,674,293	\$ 3,087,198	\$ 7,606,802

Perris Elementary School District
Combining Balance Sheet – Non-Major Governmental Funds
June 30, 2024

	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Debt Service Fund for Blended Component Units	Total Non-Major Governmental Funds
Assets				
Deposits and investments	\$ 8,757,591	\$ 3,882,926	\$ 13,260	\$ 28,279,216
Receivables	102,116	-	-	2,508,180
Due from other funds	192,800	-	-	569,408
Stores inventories	-	-	-	44,360
Lease receivables	-	-	-	14,873
Total assets	<u>\$ 9,052,507</u>	<u>\$ 3,882,926</u>	<u>\$ 13,260</u>	<u>\$ 31,416,037</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts payable	\$ 7,912	\$ -	\$ -	\$ 465,913
Due to other funds	-	-	-	1,057,169
Unearned revenue	-	-	-	46,799
Total liabilities	<u>7,912</u>	<u>-</u>	<u>-</u>	<u>1,569,881</u>
Deferred Inflows of Resources				
Deferred inflows of resources related to leases	-	-	-	14,873
Fund Balances				
Nonspendable	-	-	-	44,360
Restricted	9,044,595	3,882,926	13,260	28,505,874
Committed	-	-	-	1,257,358
Assigned	-	-	-	23,691
Total fund balances	<u>9,044,595</u>	<u>3,882,926</u>	<u>13,260</u>	<u>29,831,283</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 9,052,507</u>	<u>\$ 3,882,926</u>	<u>\$ 13,260</u>	<u>\$ 31,416,037</u>

Perris Elementary School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds
Year Ended June 30, 2024

	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	County School Facilities Fund
Revenues					
Local Control Funding Formula	\$ -	\$ -	\$ 300,000	\$ -	\$ -
Federal sources	-	4,694,566	-	-	-
Other State sources	3,827,384	1,749,686	-	-	-
Other local sources	107,529	249,373	60,012	2,115,930	216,921
Total revenues	3,934,913	6,693,625	360,012	2,115,930	216,921
Expenditures					
Current					
Instruction	2,025,812	-	-	-	-
Instruction-related activities					
Supervision of instruction	11,250	-	-	-	-
School site administration	370,831	-	-	-	-
Pupil services					
Food services	-	5,734,551	-	-	-
All other pupil services	142,713	-	-	-	-
Administration					
All other administration	110,284	118,543	-	98,941	-
Plant services	356,323	135,986	87,523	-	-
Facility acquisition and construction	-	-	14,919	195,608	-
Other outgo	-	-	-	-	-
Debt service					
Principal	-	440	-	-	-
Interest and other	-	20	-	-	-
Total expenditures	3,017,213	5,989,540	102,442	294,549	-
Excess (Deficiency) of Revenues Over Expenditures	917,700	704,085	257,570	1,821,381	216,921
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	-
Other uses - payment to refunded GO bonds escrow agent	-	-	-	-	-
Net Financing Sources (Uses)	-	-	-	-	-
Net Change in Fund Balances	917,700	704,085	257,570	1,821,381	216,921
Fund Balance - Beginning	160,445	3,201,600	999,788	1,221,131	7,389,881
Fund Balance - Ending	\$ 1,078,145	\$ 3,905,685	\$ 1,257,358	\$ 3,042,512	\$ 7,606,802

Perris Elementary School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds
Year Ended June 30, 2024

	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Debt Service Fund for Blended Component Units	Total Non-Major Governmental Funds
Revenues				
Local Control Funding Formula	\$ -	\$ -	\$ -	\$ 300,000
Federal sources	-	-	-	4,694,566
Other State sources	-	14,271	-	5,591,341
Other local sources	7,766,817	2,954,092	859	13,471,533
Total revenues	7,766,817	2,968,363	859	24,057,440
Expenditures				
Current				
Instruction	-	-	-	2,025,812
Instruction-related activities				
Supervision of instruction	-	-	-	11,250
School site administration	-	-	-	370,831
Pupil services				
Food services	-	-	-	5,734,551
All other pupil services	-	-	-	142,713
Administration				
All other administration	-	-	-	327,768
Plant services	13,500	-	-	593,332
Facility acquisition and construction	87,134	-	-	297,661
Other outgo	-	322,035	-	322,035
Debt service				
Principal	-	670,000	285,000	955,440
Interest and other	206,437	1,948,843	192,800	2,348,100
Total expenditures	307,071	2,940,878	477,800	13,129,493
Excess (Deficiency) of Revenues Over Expenditures	7,459,746	27,485	(476,941)	10,927,947
Other Financing Sources (Uses)				
Transfers in	-	-	477,800	477,800
Other uses - payment to refunded GO bonds escrow agent	-	(5,845,270)	-	(5,845,270)
Net Financing Sources (Uses)	-	(5,845,270)	477,800	(5,367,470)
Net Change in Fund Balances	7,459,746	(5,817,785)	859	5,560,477
Fund Balance - Beginning	1,584,849	9,700,711	12,401	24,270,806
Fund Balance - Ending	\$ 9,044,595	\$ 3,882,926	\$ 13,260	\$ 29,831,283

Note 1 - Purpose of Schedules

Schedule of Expenditures of Federal Awards (SEFA)

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the schedule) includes the federal award activity of the Perris Elementary School District (the District) under programs of the federal government for the year ended June 30, 2024. 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 and changes in fund balances 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, 2024, the District did not report any food commodities as inventory.

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

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

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

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Unaudited Actual Financial Report to the audited financial statements.

Schedule of Financial Trends and Analysis

This schedule discloses the District's financial trends by displaying past years' data along with current year budget information. These financial trend disclosures are used to evaluate the District's ability to continue as a going concern for a reasonable period of time.

Schedule of Charter Schools

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

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

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



Other Information
June 30, 2024

Perris Elementary School District

Organization

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

Governing Board

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

Administration

<u>Name</u>	<u>Title</u>
Bruce Bivins	Superintendent
Dr. Claudia Velez	Assistant Superintendent, Educational Services
Dr. Josie Jackson	Assistant Superintendent, Human Resources
Francine M. Story	Chief Business Official



Independent Auditor's Reports
June 30, 2024

Perris Elementary School District



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

To the Governing Board
Perris Elementary School District
Perris, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Perris Elementary School District (the District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements and have issued our report thereon dated October 18, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

We noted certain matters that we reported to management of the District in a separate letter dated October 18, 2024.

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
October 18, 2024



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

To the Governing Board
Perris Elementary School District
Perris, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Perris Elementary School District’s (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District’s major federal programs for the year ended June 30, 2024. 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, 2024.

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 cursive script that reads "Eide Sully LLP".

Rancho Cucamonga, California
October 18, 2024



Independent Auditor's Report on State Compliance and on Internal Control Over Compliance

To the Governing Board
Perris Elementary School District
Perris, California

Report on Compliance

Opinion on State Compliance

We have audited Perris Elementary School District's (the District) compliance with the requirements specified in the *2023-2024 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, 2024.

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, 2024.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), and the *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the 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 *2023-2024 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 *2023-2024 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 *2023-2024 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:

2023-2024 K-12 Audit Guide Procedures	Procedures Performed
Local Education Agencies Other Than Charter Schools	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	Not Applicable
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
GANN Limit Calculation	Yes

2023-2024 K-12 Audit Guide Procedures	Procedures Performed
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Not Applicable
K-3 Grade Span Adjustment	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable
Home to School Transportation Reimbursement	Yes
School Districts, County Offices of Education, and Charter Schools	
Proposition 28 Arts and Music in Schools	Yes
After/Before School Education and Safety Program	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not Applicable
Immunizations	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Not Applicable
Expanded Learning Opportunities Program	Yes
Transitional Kindergarten	Yes
Charter Schools	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
Annual Instructional Minutes – Classroom Based	Yes
Charter School Facility Grant Program	Not Applicable

The term “Not Applicable” is used above to mean either the District did not offer the program during the current fiscal year, the District did not participate in the program during the current fiscal year, or the program applies to a different type of local education agency.

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 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.

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 *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

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

Rancho Cucamonga, California
October 18, 2024



Schedule of Findings and Questioned Costs
June 30, 2024

Perris Elementary School District

Financial Statements

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

Federal Awards

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

Identification of major programs

Name of Federal Program or Cluster	Federal Financial Assistance Listing
COVID-19 Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D
COVID-19 Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U
COVID 19 Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U
COVID 19 Expanded Learning Opportunities (ELO) Grant: ESSER II State Reserve	84.425D
COVID 19 Expanded Learning Opportunities (ELO) Grant: GEER II	84.425C
COVID 19 Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Emergency Needs	84.425U
COVID 19 Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Learning Loss	84.425U
Dollar threshold used to distinguish between Type A and Type B programs	\$976,891
Auditee qualified as low-risk auditee?	No

State Compliance

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

None reported.

None reported.

None reported.

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

State Compliance Findings

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

Criteria or Specific Requirements

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

Condition

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

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

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

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

Cause

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

Effect

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

Recommendation

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

Current Status

Implemented.



Management
Perris Elementary School District
Perris, California

In planning and performing our audit of the financial statements of Perris Elementary School District (the District) for the year ended June 30, 2024, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we noted matters that are opportunities for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated October 18, 2024, on the government-wide financial statements of the District.

Observation

Management is responsible for the design, implementation, and maintenance of internal controls related to bank reconciliations. During the audit, it was noted that the cash clearing bank reconciliation did not reconcile to the general ledger balance. This was a result of the District reconciling to the June 30, 2024 balance before cash received in July and August for the 2023-2024 fiscal year posted to the cash awaiting deposit account as of June 30, 2024. This resulted in a difference of \$434,055 between the amount noted on the cash clearing reconciliation and the balance on the general ledger.

Recommendation

The District should reconcile the cash clearing bank reconciliation to the general ledger balance once all of the fiscal year's balances post to ensure accuracy and help identify any errors that may have otherwise gone unidentified.

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

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

Rancho Cucamonga, California
October 18, 2024