Financial Statements
June 30, 2020

Perris Union High School District

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Schedule of Findings and Questioned Costs

Independent Auditor's Report

To the Board of Directors
Perris Union High School District
Perris, California

Report on the Financial Statements
We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Perris Union High School District (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

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

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

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Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 14, budgetary comparison information on page 73, schedule of the District's proportionate share of the net OPEB liability – MPP program on page 74, schedule of the District's proportionate share of the net pension liability on page 75, and schedule of the District contributions on page 76, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements. The combining and individual nonmajor fund financial statements, Schedule of Expenditures of Federal Awards as required by the audit requirements of *Title 2 U.S. Code of Federal Regulations (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual nonmajor fund financial statements, the schedule of expenditures of federal awards, and the other supplementary information listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the schedule of expenditures of federal awards, and other supplementary information as listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated November 6, 2020 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.

Eide Bailly LLP

Rancho Cucamonga, California
November 6, 2020

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Technology

This section of Perris Union High School District's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2020, with comparative information for the year ended June 30, 2019. 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), as well as all liabilities (including long-term liabilities). Additionally, certain eliminations have occurred as prescribed by the statements in regards to interfund activity, payables, and receivables.

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

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

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

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

The Primary unit of the government is the Perris Union High School District.

FINANCIAL HIGHLIGHTS OF THE PAST YEAR

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

- Goal #1: All students will attain proficiency in English Language Arts and mathematics.
- Goal #2: All students will graduate from high school prepared for postsecondary and career options or obtain a certificate of high school completion.
- Goal #3: All departments and sites will provide a safe and positive learning environment for all students and staff.
- Goal #4: Secure and strengthen home-school-community connections and communications.

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

During the 2019-20 school year, PUHSD has continued to focus on student engagement and course offerings. As always, PUHSD dedicated considerable time and energy to the maintenance and repair of existing facilities. This year, PUHSD has continued its aggressive facilities acquisition, construction, and modernization programs. During the 2019-20 school year, construction continues on the new Liberty High School Campus. Liberty High School is being built on 52 acres of land and will comprise educational facilities that will be both flexible/modern and have been designed through the use of an educational specification that captures the educational needs and vision of PUHSD. The approximate 284,000 square foot facility includes classrooms facilities that are divided in a way that form schools within a school. These areas contain instructional as well as administrative and counseling facilities, to bring these services closer to students. Science curriculum is housed in areas known as CASE or Centers for Applied Science Exploration. The CASE facilities include lab classrooms, science storage areas, as well as staff collaboration areas. The Liberty campus has a full Visual and Performing Arts (VAPA), facility with a full theater, a stage with fly loft for sets and lighting and a smaller black box theater. Liberty has a full gymnasium, student union, learning commons, stadium, and necessary sports facilities that comprise a fully comprehensive high school facility. Construction on the Liberty Campus is ongoing. The Liberty Campus will open for students in August 2021. During the 2019-20 school year, construction was completed on a ten classroom building and football stadium concession facilities on the Paloma Valley High School Campus. Also completed as part of the Paloma Project, is the expansion of the area in front of the Paloma Stadium to form a student plaza that helps with student circulation as well as providing an outdoor gathering area for students. During 2019-20, construction began on the California Military Institute Gymnasium and Parking/Circulation Project. The project will bring a new gymnasium to the CMI Campus as well as the expansion and reconfigurement of the onsite traffic circulation. This project is scheduled to be completed in 2021. Finally, during the 2019-20 school year, PUHSD continued to plan for the Perris High school Completion Phase Project at Perris High School. The plans for this project were completed and turned in for review and approval by the Division of State Architect's Office. The Completion Phase at Perris High School will include a new Administration, Theater, and Athletics buildings as well as a new Agricultural Mechanics building. Construction on this project will begin in the fall of 2021.

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 and liabilities of the District using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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

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

In the *Statement of Net Position* and the *Statement of Activities*, we present the District activities as follows:

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

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

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

THE DISTRICT AS A TRUSTEE

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for funds held on behalf of others, like our funds for Special Tax Bonds and associated student body activities. The District's fiduciary activities are reported in the Fiduciary Funds - Statements of 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.

THE DISTRICT AS A WHOLE

Net Position

The District's net position was $158,034,639 for the fiscal year ended June 30, 2020. Of this amount, ($103,461,231) was unrestricted deficit. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the governing board's ability to use net position for day-to-day operations. Our analysis below, in summary form, focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

Table 1

	Governmental Activities	
	2020	2019
Assets		
Current and other assets	$ 217,085,982	$ 95,875,297
Capital assets	398,007,943	334,916,591
Total assets	615,093,925	430,791,888
Deferred outflows of resources	37,605,690	38,928,733
Liabilities		
Current liabilities	23,731,388	12,431,958
Long-term liabilities	462,700,242	297,374,061
Total liabilities	486,431,630	309,806,019
Deferred inflows of resources	8,233,346	6,994,745
Net Position		
Net investment in capital assets	213,498,304	225,049,612
Restricted	47,997,566	22,807,255
Unrestricted (Deficit)	(103,461,231)	(94,937,010)
Total net position	$ 158,034,639	$ 152,919,857

The ($103,461,231) in unrestricted deficit of governmental activities represents the accumulated results of all past years' operations.

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the Statement of Activities on page 16. Table 2 takes the information from the Statement, rounds off the numbers, and rearranges them slightly so you can see our total revenues for the year.

Table 2

	Governmental Activities	
	2020	2019
Revenues		
Program revenues		
Charges for services	$ 3,239,010	$ 2,643,436
Operating grants and contributions	29,890,298	23,807,076
Capital grants and contributions	3,050,774	33,478
General revenues		
Federal and State aid not restricted	89,445,162	90,402,898
Property taxes	49,524,250	40,344,159
Other general revenues	5,920,129	11,517,924
Total revenues	181,069,623	168,748,971
Expenses		
Instruction-related	115,605,472	110,625,612
Pupil services	19,740,634	19,757,039
Administration	9,987,558	9,561,728
Plant services	13,431,881	14,225,455
Other	17,189,296	10,810,243
Total expenses	175,954,841	164,980,077
Change in net position	$ 5,114,782	$ 3,768,894

Governmental Activities

As reported in the *Statement of Activities* on page 16, the cost of all of our governmental activities this year was $175,954,841. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only $49,524,250 because the cost was paid by those who benefited from the programs $3,239,010 or by other governments and organizations who subsidized certain programs with grants and contributions $32,941,072. We paid for the remaining "public benefit" portion of our governmental activities with $89,445,162 in Federal and State funds, and with $5,920,129 in other revenues, like interest and general entitlements.

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

Table 3

	Total Cost of Services		Net Cost of Services	
	2020	2019	2020	2019
Instruction	$ 115,605,472	$ 102,632,491	$ (94,838,888)	$ 90,079,970
Pupil services	19,740,634	19,535,664	(13,316,333)	13,815,058
Administration	9,987,558	9,044,704	(8,778,388)	8,170,809
Plant services	13,431,881	13,546,232	(13,247,750)	13,460,722
All other services	17,189,296	10,413,253	(9,593,400)	7,955,032
Total	$ 175,954,841	$ 155,172,344	$ (139,774,759)	$ 133,481,591

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of $197,027,800 which is an increase of $112,002,877, from last year (Table 4).

Table 4

	Balances and Activity			
Governmental Fund	June 30, 2019	Revenues	Expenditures	June 30, 2020
General	$ 15,383,934	$ 133,757,031	$ 129,538,192	$ 19,602,773
Building	-	149,346,090	24,862,029	124,484,061
Capital Facilities	5,947,461	44,818,499	46,228,325	4,537,635
Capital Projects for Blended Component Units	44,636,524	4,757,768	45,067,484	4,326,808
Bond Interest and Redemption	12,508,974	34,234,782	14,107,822	32,635,934
Charter Schools	3,612,233	13,043,601	11,913,669	4,742,165
Adult Education	88,587	254,257	266,227	76,617
Cafeteria	1,654,914	5,096,467	4,371,754	2,379,627
County School Facilities	1,190,874	3,050,774	-	4,241,648
Debt Service	1,422	2,450,843	2,451,904	361
Debt Service for Blended Component Units	-	2,452,479	2,452,308	171
Total	$ 85,024,923	$ 393,262,591	$ 281,259,714	$ 197,027,800

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

1. The General Fund is the District's principal operating fund. The fund balance in the General Fund increased by $4,218,839 from the previous year due to the receipt of one-time monies.
2. The Charter School Fund balance increased by $1,129,932. The net increase is primarily due to receiving one-time monies.
3. The Building Fund and Bond Interest and Redemption Fund increased by $144,611,021 collectively due to issuance of $148,000,000 in general obligation bonds.
4. The Capital Facilities Fund and Capital Projects Fund for Blended Component Units decreased by $41,719,542 collectively due to multi-year facilities projects.
5. The County School Facilities Fund increased by $3,050,744 due to receipt of Proposition 51 state grants.

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to manage unexpected changes in revenues and expenditures. Within 45 days of adoption of the State Budget, the District is required to provide the Board of Education with the budgetary impact. In addition, the budget changes due to having the actual fund balances from previous year are made in September, when the Unaudited Actuals Report is submitted to the Board.

First and Second Interim Financial Reports provide the Board with a comprehensive review of the District budgets and is used to make appropriation adjustments as needed. In addition, the Board approves Resolutions to Budget for Grants and Awards throughout the fiscal year to account for new and/or revised allocations. (A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our audit report on page 73.)

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2020, the District had $398,007,943 in a broad range of capital assets (net of depreciation), including land, buildings, and furniture and equipment. This amount represents a net increase (including additions, deductions, and depreciation) of $63,091,352 or 18.8%, from last year (Table 5).

Table 5

	Governmental Activities 2020	Governmental Activities 2019
Land and construction in progress	$ 108,341,741	$ 53,516,091
Buildings and improvements	286,856,609	278,991,513
Furniture and equipment	2,809,593	2,408,987
Total	$ 398,007,943	$ 334,916,591

This year's increase of $63,091,352 is primarily a result of facilities improvement projects, including new construction and modernization projects. We present more detailed information about our capital assets in Note 5 to the financial statements.

Long-Term Liabilities

At the end of this year, the District had $ 462,700,242 in long-term liabilities outstanding versus $297,374,061 last year, an increase of $165,326,181 or 55.6%. These long-term liabilities consisted of:

Table 6

	Governmental Activities 2020	Governmental Activities 2019
Long-Term Liabilities		
General obligation bonds	$ 262,981,883	$ 118,582,756
Certificates of participation	40,195,000	41,160,000
Qualified school construction bonds	1,092,308	1,215,066
Unamortized premiums	25,013,832	8,767,105
Capital leases	178,497	352,641
Compensated absences	767,675	623,193
Choice 2000 settlement agreement	235,000	352,500
Net OPEB liability	644,974	644,996
Aggregate net pension liability	131,591,073	125,675,804
Total	$ 462,700,242	$ 297,374,061

Certificates of participation, capital lease obligations, and qualified school construction bonds decreased by the required annual principal payment. General obligation bonds increased due to issuance of new bonds. Other obligations include compensated absences, net OPEB liability, and Choice 2000 settlement agreement. We present more detailed information regarding our long-term liabilities in Note 9 of the financial statements.

At year end, the District has a net pension liability of $131,591,073 versus $125,675,804 last year, an increase of $5,915,269, or 4.7%.

SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2019-2020

With the continuation of a seven-period day in the 2019-2020 school year, the District has continued to focus on High School Graduation and College and Career preparedness by increasing the amount of rigorous college preparatory courses offered and creating more opportunities for students to be future-ready through more exposure to college and career readiness activities. This additional period greatly increases our students' chances of completing their A-G requirements for colleges and universities and has increased our graduation rate for students. It has also given our students greater opportunities to take a foreign language, art, music, dual enrollment, AP, and career technical education classes, as well as the additional opportunities for credit recovery or educational program enhancement.

Based on preliminary data, the District was able to exceed the goal of maintaining a graduation rate between 92-94%. Overall, the 2019-2020 graduate cohort increased by almost 3 percentage points. The District has also demonstrated an increase in the graduation rate for a few significant groups (SWD, White, and SED) of students with positive change which will be reflected in the California Dashboard in November. The preliminary data for 2019-2020 does not include Perris Lake or Scholar+ as these are DASS schools with one-year cohort grad rates. This new system of reporting will not be available until the technical guide is released by CDE. CMI is also calculated separately as a charter school with a preliminary graduation rate of 100% for the 2019-2020 school year.

In the area of A-G completion, the completion rate decreased by 1 percentage point. The preliminary data for 2019-2020 does not include Perris Lake or Scholar+ as these are DASS schools with one-year cohort grad rates. This new system of reporting will not be available until the technical guide is released by CDE. CMI is also calculated separately as a charter school with a preliminary A-G completion rate of 100% for the 2019-2020 school year.

The District's AP enrollment increased by 22% in the 2019-2020 school year with a student count of 2,647. Students are also provided the opportunity to take Dual Enrollment courses to access college credits. Each year, more courses are added to allow students more opportunities to earn college credits before graduation. Additional courses are provided at school sites as more teachers become qualified to teach Dual Enrollment courses. The District offers 32 Dual Enrollment courses at the high school campuses. The District has increased the number of students taking Dual Enrollment courses in the 2019-2020 school year. The District had an increase of 8% in Dual Enrollment participation.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the District Budget for the 2019-2020 year, the governing board and management used the following criteria at adoption:

1. District enrollment of 9,918 and the Charter School's enrollment of 1,048 were projected to be 10,966 in total. This represented a decrease of 2.3% District-wide. Overall District Average Daily Attendance (ADA) including charters was projected to be 10,255.13. This represents a decrease of 32.29 ADA.
2. Lottery funding for 2019-2020 was projected to be $204 per prior-year annual ADA. This per pupil rate reflects $151 per pupil for unrestricted lottery revenues and $53 per pupil for lottery funding restricted to the purchase of instructional materials.
3. LCFF was calculated at $11,695 per ADA. This included a statutory Cost of Living Adjustment (COLA) of 3.26% and is a 2.93% increase to the 2018-2019 LCFF entitlement.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact Candace Reines, Deputy Superintendent, Business Services, at Perris Union High School District, 155 E. 4th Street, Perris, California 92570, or e-mail at candace.reines@puhsd.org.

	Governmental Activities
Assets	
Deposits and investments	$ 199,626,625
Receivables	17,370,817
Stores inventories	88,540
Capital assets not depreciated	108,341,741
Capital assets, net of accumulated depreciation	289,666,202
Total assets	615,093,925
Deferred Outflows of Resources	
Deferred outflows of resources related to pensions	37,605,690
Liabilities	
Accounts payable	19,281,210
Interest payable	3,673,206
Unearned revenue	776,972
Long-term liabilities	
Long-term liabilities other than OPEB and pensions due within one year	10,909,937
Long-term liabilities other than OPEB and pensions due in more than one year	319,554,258
Net other postemployment benefits liability	644,974
Aggregage net pension liability	131,591,073
Total liabilities	486,431,630
Deferred Inflows of Resources	
Deferred inflows of resources related to pensions	8,233,346
Net Position	
Net investment in capital assets	213,498,304
Restricted for	
Debt service	28,963,260
Capital projects	8,779,283
Educational programs	3,149,907
Other restrictions	7,105,116
Unrestricted	(103,461,231)
Total net position	$ 158,034,639

		Program Revenues			Net (Expenses) Revenues and Changes in Net Position
Functions/Programs	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Instruction	$ 96,664,845	$ 29,076	$ 15,134,156	$ 3,050,774	$ (78,450,839)
Instruction-related activities					
Supervision of instruction	5,314,691	-	1,856,597	-	(3,458,094)
Instructional library, media, and technology	1,360,487	-	20,560	-	(1,339,927)
School site administration	12,265,449	-	675,421	-	(11,590,028)
Pupil services					
Home-to-school transportation	4,046,742	-	1,190	-	(4,045,552)
Food services	4,295,985	407,290	4,458,531	-	569,836
All other pupil services	11,397,907	744	1,556,546	-	(9,840,617)
Administration					
Data processing	2,483,744	-	23,165	-	(2,460,579)
All other administration	7,503,814	132,263	1,053,742	-	(6,317,809)
Plant services	13,431,881	16,287	167,844	-	(13,247,750)
Ancillary services	3,093,596	-	137,456	-	(2,956,140)
Community services	10,102	-	9,247	-	(855)
Interest on long-term liabilities	11,828,467	-	-	-	(11,828,467)
Other outgo	2,257,131	2,653,350	4,795,843	-	5,192,062
Total governmental activities	175,954,841	3,239,010	29,890,298	3,050,774	(139,774,759)
General Revenues and Subventions					
Property taxes, levied for general purposes					33,241,277
Property taxes, levied for debt service					15,464,366
Taxes levied for other specific purposes					818,607
Federal and State aid not restricted to specific purposes					89,445,162
Interest and investment earnings					460,891
Miscellaneous					5,459,238
Total general revenues and transfers					144,889,541
Change in Net Position					5,114,782
Net Position - Beginning					152,919,857
Net Position - Ending					$ 158,034,639

	General Fund	Building Fund	Capital Facilities Fund	Capital Projects Fund for Blended Component Units	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets							
Deposits and investments	$ 15,511,008	$ 132,909,638	$ 2,172,457	$ 6,915,723	$ 32,635,934	$ 9,481,865	$ 199,626,625
Receivables	14,702,776	342,235	129,699	-	-	2,196,107	17,370,817
Due from other funds	5,398	-	2,588,915	-	-	390,102	2,984,415
Stores inventories	-	-	-	-	-	88,540	88,540
Total assets	$ 30,219,182	$ 133,251,873	$ 4,891,071	$ 6,915,723	$ 32,635,934	$ 12,156,614	$ 220,070,397
Liabilities and Fund Balances							
Liabilities							
Accounts payable	$ 9,508,474	$ 8,767,812	$ 353,436	$ -	$ -	$ 651,488	$ 19,281,210
Due to other funds	390,102	-	-	2,588,915	-	5,398	2,984,415
Unearned revenue	717,833	-	-	-	-	59,139	776,972
Total liabilities	10,616,409	8,767,812	353,436	2,588,915	-	716,025	23,042,597
Fund Balances							
Nonspendable	25,000	-	-	-	-	91,430	116,430
Restricted	3,149,907	124,484,061	4,537,635	4,326,808	32,635,934	11,347,296	180,481,641
Committed	-	-	-	-	-	1,863	1,863
Unassigned	16,427,866	-	-	-	-	-	16,427,866
Total fund balances	19,602,773	124,484,061	4,537,635	4,326,808	32,635,934	11,440,589	197,027,800
Total liabilities and fund balances	$ 30,219,182	$ 133,251,873	$ 4,891,071	$ 6,915,723	$ 32,635,934	$ 12,156,614	$ 220,070,397

Total Fund Balance - Governmental Funds		$ 197,027,800
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	$ 519,797,823	
Accumulated depreciation is	(121,789,880)	
Net capital assets		398,007,943
In governmental funds, unmatured interest on long-term liabilities is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term liabilities is recognized when it is incurred.		(3,673,206)
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 net pension liability.		37,605,690
Deferred inflows of resources represent an acquisition of net position that applies to a future period and is not reported in the governmental funds. Deferred inflows of resources amount to and related to net pension liability.		(8,233,346)
Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		(131,591,073)
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.		(644,974)
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	(246,840,871)	
Certificates of participation	(40,195,000)	
Premium on issuance of general obligation bonds and certificates of participation	(25,013,832)	
Qualified school construction bonds	(1,092,308)	
Capital leases	(178,497)	
Choice 2000 settlement agreement	(235,000)	
Compensated absences	(767,675)	
In addition, capital appreciation general obligation bonds were issued. The accretion of interest to date on the general obligation bonds is	(16,141,012)	
Total long-term liabilities		(330,464,195)
Total net position - governmental activities		$ 158,034,639

	General Fund	Building Fund	Capital Facilities Fund	Capital Projects Fund for Blended Component Units	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues							
Local Control Funding Formula	$ 108,010,171	$ -	$ -	$ -	$ -	$ 11,698,623	$ 119,708,794
Federal sources	7,302,025	-	-	-	-	4,616,261	11,918,286
Other State sources	10,386,530	-	-	-	135,815	4,435,481	14,957,826
Other local sources	8,058,305	2,348,090	2,451,607	4,757,768	15,757,029	656,948	34,029,747
Total revenues	133,757,031	2,348,090	2,451,607	4,757,768	15,892,844	21,407,313	180,614,653
Expenditures							
Current							
Instruction	75,813,495	-	-	-	-	6,327,096	82,140,591
Instruction-related activities							
Supervision of instruction	3,793,157	-	-	-	-	1,191,008	4,984,165
Instructional library, media, and technology	1,215,465	-	-	-	-	67,607	1,283,072
School site administration	8,543,629	-	-	-	-	1,877,471	10,421,100
Pupil services							
Home-to-school transportation	3,648,850	-	-	-	-	363,049	4,011,899
Food services	9,636	-	-	-	-	4,176,355	4,185,991
All other pupil services	10,280,380	-	-	-	-	320,579	10,600,959
Administration							
Data processing	2,175,385	-	-	-	-	120,219	2,295,604
All other administration	5,829,641	-	643,474	-	-	739,586	7,212,701
Plant services	12,932,950	-	6,840	-	-	851,305	13,791,095
Ancillary services	2,726,154	-	-	-	-	257,274	2,983,428
Community services	9,247	-	-	-	-	855	10,102
Other outgo	766,051	-	-	252,088	1,238,992	-	2,257,131
Facility acquisition and construction	1,570,492	24,862,029	45,578,011	-	-	70,513	72,081,045
Debt service							
Principal	174,144	-	-	-	5,230,000	1,087,398	6,491,542
Interest and other	8,816	-	-	-	7,638,830	1,553,643	9,201,289
Total expenditures	129,497,492	24,862,029	46,228,325	252,088	14,107,822	19,003,958	233,951,714
Excess (Deficiency) of Revenues Over Expenditures	4,259,539	(22,513,939)	(43,776,718)	4,505,680	1,785,022	2,403,355	(53,337,061)

Other Financing Sources (Uses)							
Transfers in	$ -	$ -	$ 42,366,892	$ -	$ -	$ 4,941,108	$ 47,308,000
Other sources	-	146,998,000	-	-	18,341,938	-	165,339,938
Transfers out	(40,700)	-	-	(44,815,396)	-	(2,451,904)	(47,308,000)
Net Financing Sources (Uses)	(40,700)	146,998,000	42,366,892	(44,815,396)	18,341,938	2,489,204	165,339,938
Net Change in Fund Balances	4,218,839	124,484,061	(1,409,826)	(40,309,716)	20,126,960	4,892,559	112,002,877
Fund Balance - Beginning	15,383,934	-	5,947,461	44,636,524	12,508,974	6,548,030	85,024,923
Fund Balance - Ending	$ 19,602,773	$ 124,484,061	$ 4,537,635	$ 4,326,808	$ 32,635,934	$ 11,440,589	$ 197,027,800

Total Net Change in Fund Balances - Governmental Funds		$ 112,002,877
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities.		
This is the amount by which capital outlays exceeds depreciation in the period.		
Capital outlays	$ 73,052,813	
Depreciation expense	(9,961,461)	
Net expense adjustment		63,091,352
In the Statement of Activities, certain operating expenses, such as compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This amount is the difference between vacation earned and used.		(144,482)
In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and net pension liability during the year.		(8,476,913)
In the governmental funds, OPEB costs are based on employer contributions made to OPEB plans during the year. However, in the Statement of Activities, OPEB expense is the net effect of all changes in the net OPEB liability during the year.		22

Proceeds received from the Sale of Bonds is a revenue in the governmental funds, but it increases long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.	$ (148,000,000)
Governmental funds report the effect of premiums, discounts, and the deferred amount on a refunding when the debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities.	
Premium on issuance recognized	(17,339,938)
Premium amortization	1,093,211
Payment of principal on long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.	
General obligation bonds	5,230,000
Certificates of participation	965,000
Public financing authority bonds	122,758
Capital leases	174,144
Choice 2000 settlement agreement	117,500
Interest on long-term liabilities is recorded as an expenditure in the funds when it is due; however, in the Statement of Activities, interest expense is recognized as the interest accretes or accrues, regardless of when it is due.	(3,720,749)
Change in net position of governmental activities	$ 5,114,782

	Associated Student Bodies	Debt Service Fund for Special Tax Bonds	Total Fiduciary Funds
Assets			
Cash and cash equivalents	$ 799,144	$ 8,426,745	$ 9,225,889
Stores inventories	69,788	-	69,788
Total assets	$ 868,932	$ 8,426,745	$ 9,295,677
Liabilities			
Due to student groups	$ 868,932	$ -	$ 868,932
Due to bond holders	-	8,426,745	8,426,745
Total liabilities	$ 868,932	$ 8,426,745	$ 9,295,677

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The Perris Union High School District (the District) was incorporated on August 23, 1897, under the laws of the State of California. The District operates under a locally elected five-member Board form of government and provides educational services to grades 7 - 12 as mandated by the State and/or Federal agencies. The District operates a middle school, three high schools, a continuation school, an independent study school, a charter school, and an adult education school.

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

Component Units

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

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

The Perris Union High School District Financing Authority (the Authority), formed for the purpose of issuing debt related to the Community Facilities District 91-1 and the Community Facilities District 92-1 (the CFDs), financial activity is presented in the financial statements in the Capital Project Fund for Blended Component Units and in the Fiduciary Funds Statement as the Debt Service Fund for Special Tax Bonds. Special Tax Bonds issued by the CFDs are not included as long-term liabilities in the government-wide financial statements as they are not obligations of the District. Individually-prepared financial statements are not prepared for Perris Union High School District Financing Authority.

Other Related Entities

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

Basis of Presentation - Fund Accounting

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

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

Major Governmental Funds

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

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

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.

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).

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

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

Non-Major Governmental Funds

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

- **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.

- **Adult Education Fund** The Adult Education Fund is used to account separately for Federal, State, and local revenues that are restricted or committed for adult education programs and is to be expended for adult education purposes only.

- **Cafeteria Fund** The Cafeteria Fund is used to account separately for Federal, State, and local resources to operate the food service program (*Education Code* Sections 38090-38093) and is used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code* Sections 38091 and 38100).

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

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

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 obligation.

- **Debt Service Fund** This fund is used for the accumulation of resources for and the retirement of principal and interest on general long-term obligation.

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

Fiduciary Funds Fiduciary funds are used to account for assets held in trustee or agent capacity for others that cannot be used to support the District's own programs. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. The key distinction between trust and agency funds is that trust funds are subject to a trust agreement that affects the degree of management involvement and the length of time that the resources are held.

Trust funds are used to account for the assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore, not available to support the District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Such funds have no equity accounts since all assets are due to individuals or entities at some future time. The District's agency funds account for the accumulation of resources for the payment of the principal and interest on the Special Tax Bonds issued by the Community Facilities Districts as well as the student body activities (ASB).

Basis of Accounting - Measurement Focus

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

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

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

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

- **Governmental Funds** All governmental funds are accounted for using the flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balance reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting, and the governmental fund financial statements, prepared using the flow of current financial resources measurement focus and the modified accrual basis of accounting.

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

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

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

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

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

Investments

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

Stores Inventories

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

Capital Assets and Depreciation

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

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

Depreciation is computed using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 25 to 50 years; improvements, 7 to 30 years; equipment, 5 to 20 years.

Interfund Balances

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

Compensated Absences

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

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

Accrued Liabilities and Long-Term Liabilities

All payables, accrued liabilities, and long-term liabilities are reported in the government-wide 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, compensated absences, special termination benefits, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the governmental fund financial statements only to the extent that they are due for payment during the current year. Bonds, certificates of participation, and other long-term liabilities are recognized as liabilities in the governmental fund financial statements when due.

Debt Issuance Costs, Premiums, and Discounts

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

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

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District reports deferred outflows of resources for pension related items. The deferred amounts related to pension relate to differences between expected and actual earnings on investments, changes of assumptions, and other pension related changes.

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 pension related items. The deferred amounts related to pension relate to the difference between contributions made and the District's proportionate share of contributions, differences between projected and actual earnings on investments, and other pension related changes.

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the California State Teachers Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) plan for schools (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalSTRS and CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Member contributions are recognized in the period in which they are earned. Investments are reported at fair value. The net pension liability attributable to the governmental activities will be paid by the fund in which the employee worked.

Postemployment Benefits Other Than Pensions (OPEB)

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

Fund Balances - Governmental Funds

As of June 30, 2020 , fund balances of the governmental funds are classified as follows:

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

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

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

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

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 $47,997,566 of net position restricted by enabling legislation.

Interfund Activity

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

Estimates

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

Property Tax

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

Change in Accounting Principles

In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The effective dates of certain provisions contained in the following pronouncements are postponed by one year:

- Statement No. 83, *Certain Asset Retirement Obligations*
- Statement No. 84, *Fiduciary Activities*
- Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 90, *Majority Equity Interests*
- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*
- Implementation Guide No. 2017-3, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)*
- Implementation Guide No. 2018-1, *Implementation Guidance Update—2018*
- Implementation Guide No. 2019-1, *Implementation Guidance Update—2019*
- Implementation Guide No. 2019-2, *Fiduciary Activities*.

The effective dates of the following pronouncements are postponed by 18 months:

- Statement No. 87, *Leases*
- Implementation Guide No. 2019-3, *Leases*.

The provisions of this Statement have been implemented as of June 30, 2020.

New Accounting Pronouncements

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities.* The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all State and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective for the reporting periods beginning after December 15, 2019. Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In June 2017, the GASB issued Statement No. 87, *Leases.* The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective for the reporting periods beginning after June 15, 2021. Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,* which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. The requirements of this Statement should be applied prospectively. The effects of this change on the District's financial statements have not yet been determined.

In August 2018, the GASB issued Statement 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 60*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100% equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100% equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively. The effects of this change on the District's financial statements have not yet been determined.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

A conduit debt obligation is defined as a debt instrument having all of the following characteristics:

- There are at least three parties involved: (1) an issuer, (2) a third-party obligor, and (3) a debt holder or a debt trustee.
- The issuer and the third-party obligor are not within the same financial reporting entity.
- The debt obligation is not a parity bond of the issuer, nor is it cross-collateralized with other debt of the issuer.
- The third-party obligor or its agent, not the issuer, ultimately receives the proceeds from the debt issuance.
- The third-party obligor, not the issuer, is primarily obligated for the payment of all amounts associated with the debt obligation (debt service payments).

All conduit debt obligations involve the issuer making a limited commitment. Some issuers extend additional commitments or voluntary commitments to support debt service in the event the third party is, or will be, unable to do so.

An issuer should not recognize a conduit debt obligation as a liability. However, an issuer should recognize a liability associated with an additional commitment or a voluntary commitment to support debt service if certain recognition criteria are met. As long as a conduit debt obligation is outstanding, an issuer that has made an additional commitment should evaluate at least annually whether those criteria are met. An issuer that has made only a limited commitment should evaluate whether those criteria are met when an event occurs that causes the issuer to reevaluate its willingness or ability to support the obligor's debt service through a voluntary commitment.

This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

Issuers should not report those arrangements as leases, nor should they recognize a liability for the related conduit debt obligations or a receivable for the payments related to those arrangements. In addition, the following provisions apply:

- If the title passes to the third-party obligor at the end of the arrangement, an issuer should not recognize a capital asset.
- If the title does not pass to the third-party obligor and the third party has exclusive use of the entire capital asset during the arrangement, the issuer should not recognize a capital asset until the arrangement ends.
- If the title does not pass to the third-party obligor and the third party has exclusive use of only portions of the capital asset during the arrangement, the issuer, at the inception of the arrangement, should recognize the entire capital asset and a deferred inflow of resources. The deferred inflow of resources should be reduced, and an inflow recognized, in a systematic and rational manner over the term of the arrangement.

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective for the reporting periods beginning after December 15, 2021. Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

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

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

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective as follows:

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

Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

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

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

As a result of the implementation of GASB Statement No. 95, the removal of LIBOR as an appropriate benchmark interest rate (paragraph 11b) is effective for reporting periods ending after December 31, 2021. Paragraphs 13 and 14 related to lease modifications is effective for reporting periods beginning after June 15, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2020. Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately.

The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement.

The Board considered the effective dates for the requirements of this Statement in light of the COVID-19 pandemic and in concert with Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The effects of this change on the District's financial statements have not yet been determined.

Note 2 - Deposits and Investments

Summary of Deposits and Investments

Deposits and investments as of June 30, 2020, are classified in the accompanying financial statements as follows:

Governmental funds	$ 199,626,625
Fiduciary funds	9,225,889
Total deposits and investments	$ 208,852,514

Deposits and investments as of June 30, 2020, consist of the following:

Cash on hand and in banks	$ 843,136
Cash with fiscal agent	12,753,724
Cash in revolving	27,890
Investments	195,227,764
Total deposits and investments	$ 208,852,514

Policies and Practices

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

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

General Authorizations

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

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

Interest Rate Risk

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

Weighted Average Maturity

The District monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. Information about the weighted average maturity of the District's portfolio is presented in the following schedule:

Investment Type	Reported Amount	Weighted Average Maturity In Days
Riverside County Investment Pool	$ 195,227,764	409

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. Presented below is the minimum rating required by the California Government Code, the District's investment policy, or debt agreements, and the actual rating as of the year-end for each investment type.

Investment Type	Reported Amount	Minimum Legal Rating	Rating as of Year End
			Aaa-bf
Riverside County Investment Pool	$ 195,227,764	N/A	$ 195,227,764

N/A - Not applicable

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, 2020, the District's bank balance of $12,899,658 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.

Uncategorized - Investments in the Riverside County Treasury Investment Pool are not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at $1.00 net asset value per share. The Riverside County Treasury Investment Pool has a daily redemption frequency period and a one-day redemption notice period.

The District's fair value measurements are as follows at June 30, 2020:

Investment Type	Reported Amount	Uncategorized
Riverside County Investment Pool	$ 195,227,764	$ 195,227,764

Note 4 - Receivables

Receivables at June 30, 2020, consisted of intergovernmental grants, entitlements, interest, and other local sources. All receivables are considered collectible in full.

	General Fund	Building Fund	Capital Facilities Fund	Non-Major Governmental Funds	Total
Federal Government					
Categorical aid	$ 2,244,265	$ -	$ -	$ 786,201	$ 3,030,466
State Government					
LCFF apportionment	9,687,646	-	-	1,115,250	10,802,896
Categorical aid	235,342	-	-	139,254	374,596
Lottery	467,389	-	-	51,369	518,758
Local Government					
Interest	48,304	342,023	4,921	25,269	420,517
Other local sources	2,019,830	212	124,778	78,764	2,223,584
Total	$ 14,702,776	$ 342,235	$ 129,699	$ 2,196,107	$ 17,370,817

Note 5 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2020, was as follows:

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
Governmental Activities				
Capital assets not being depreciated				
Land	$ 11,545,012	$ -	$ -	$ 11,545,012
Construction in progress	41,971,079	65,765,714	(10,940,064)	96,796,729
Total capital assets not being depreciated	53,516,091	65,765,714	(10,940,064)	108,341,741
Capital assets being depreciated				
Land improvements	20,044,192	14,876,327	-	34,920,519
Buildings and improvements	360,264,340	2,391,106	-	362,655,446
Furniture and equipment	12,920,387	959,730	-	13,880,117
Total capital assets being depreciated	393,228,919	18,227,163	-	411,456,082
Total capital assets	446,745,010	83,992,877	(10,940,064)	519,797,823
Accumulated depreciation				
Land improvements	(13,974,483)	(1,329,848)	-	(15,304,331)
Buildings and improvements	(87,342,536)	(8,072,489)	-	(95,415,025)
Furniture and equipment	(10,511,400)	(559,124)	-	(11,070,524)
Total accumulated depreciation	(111,828,419)	(9,961,461)	-	(121,789,880)
Governmental activities capital assets, net	$ 334,916,591	$ 74,031,416	$ (10,940,064)	$ 398,007,943

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

Governmental Activities	
Instruction	$ 8,663,881
Supervision of instruction	1,120,067
Data processing	87,461
All other administration	8,965
Plant services	81,087
Total depreciation expenses governmental activities	$ 9,961,461

Note 6 - Interfund Transactions

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, 2020, between major and non-major governmental funds are as follows:

	Due From			
Due To	General Fund	Capital Projects Fund for Blended Component Units	Non-Major Governmental Funds	Total
General Fund	$ -	$ -	$ 5,398	$ 5,398
Capital Facilities Fund	-	2,588,915	-	2,588,915
Non-Major Governmental Funds	390,102	-	-	390,102
Total	$ 390,102	$ 2,588,915	$ 5,398	$ 2,984,415

The balance of $390,102 is due to the Charter School Non-Major Governmental Fund from the General Fund for in-lieu property taxes, correction of indirect costs, and revenue for Title I, A expenditures.

The balance of $2,588,915 is due to the Capital Facilities Fund from the Capital Projects Fund for Blended Component Units for reimbursement of construction costs.

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

Operating Transfers

Interfund transfers for the year ended June 30, 2020, consisted of the following:

The General Fund transferred to the Adult Education Non-Major Governmental Fund for contribution of salary expenditures	$ 40,700
The Debt Service Non-Major Governmental Fund transferred to the Debt Service Non-Major Governmental Fund for Blended Component Units for certificates of participation debt service payments.	2,451,904
The Capital Project Fund for Blended Component Units transferred to the Capital Facilities Fund for reimbursement of construction costs.	42,366,892
The Capital Projects Fund for Blended Component Units transferred to the Debt Service Non-Major Governmental Fund for certificates of participation debt service payment.	2,448,504
Total	$ 47,308,000

Interfund transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Note 7 - Accounts Payable

Accounts payable at June 30, 2020, consisted of the following:

	General Fund	Building Fund	Capital Facilities Fund	Non-Major Governmental Funds	Total
Vendor payables	$ 2,528,025	$ 14,236	$ 41,827	$ 95,693	$ 2,679,781
State LCFF apportionment	6,480,060	-	-	502,377	6,982,437
Salaries and benefits	245,188	-	13,967	53,418	312,573
Construction	255,201	8,753,576	297,642	-	9,306,419
Total	$ 9,508,474	$ 8,767,812	$ 353,436	$ 651,488	$ 19,281,210

Note 8 - Unearned Revenue

Unearned revenue at June 30, 2020, consisted of the following:

	General Fund	Non-Major Governmental Funds	Total
Federal financial assistance	$ 559,719	$ -	$ 559,719
State categorical aid	158,114	15,147	173,261
Other local	-	43,992	43,992
Total	$ 717,833	$ 59,139	$ 776,972

Note 9 - Long-Term Liabilities other than OPEB and Pensions

Summary

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

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020	Due in One Year
Long-Term Liabilities					
General obligation bonds	$ 118,582,756	$ 149,629,127	$ (5,230,000)	$ 262,981,883	$ 10,390,000
Certificates of participation	41,160,000	-	(965,000)	40,195,000	100,000
Qualified school construction bonds	1,215,066	-	(122,758)	1,092,308	123,940
Unamortized debt premiums	8,767,105	17,339,938	(1,093,211)	25,013,832	-
Capital leases	352,641	-	(174,144)	178,497	178,497
Compensated absences	623,193	144,482	-	767,675	-
Choice 2000 settlement agreement	352,500	-	(117,500)	235,000	117,500
Total	$ 171,053,261	$ 167,113,547	$ (7,702,613)	$ 330,464,195	$ 10,909,937

Payments on the general obligation bonds are made from the Bond Interest and Redemption Fund. Payments on the certificates of participation are made from the Debt Service Fund for Blended Component Units. Payments for the qualified school construction bonds are made from the Charter School Fund. Payments for the capital leases are made from the General Fund. Payments for compensated absences are paid for by the fund for which the employee worked. Payments for the Choice 2000 settlement agreement are made from the Charter School Fund and supplemented by the General Fund.

Bonded Debt

The outstanding general obligation bonded debt is as follows:

Issuance Date	Final Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2019	Issued	Interest Accreted	Redeemed	Bonds Outstanding June 30, 2020
5/1/00	3/1/25	6.05 - 6.40%	$ 8,313,075	$ 5,721,366	$ -	$ 359,742	$ (910,000)	$ 5,171,108
11/1/02	9/1/27	4.60 - 5.51%	7,686,807	7,680,431	-	407,821	(685,000)	7,403,252
2/25/05	3/1/30	3.00 - 5.27%	38,764,558	11,030,358	-	574,975	-	11,605,333
3/28/06	9/1/22	3.50 - 4.43%	7,232,820	3,001,400	-	75,017	(705,000)	2,371,417
7/23/13	9/1/27	2.00 - 4.25%	35,000,000	30,310,000	-	-	(85,000)	30,225,000
11/6/14	9/1/24	2.00 - 4.00%	26,510,000	21,945,000	-	-	(1,750,000)	20,195,000
10/20/15	9/1/45	3.00 - 5.00%	40,413,023	38,894,201	-	211,572	(1,095,000)	38,010,773
7/25/19	9/1/48	3.00 - 5.00%	148,000,000	-	148,000,000	-	-	148,000,000
				$118,582,756	$148,000,000	$ 1,629,127	$(5,230,000)	$262,981,883

Debt Service Requirements to Maturity

The capital appreciation bonds mature as follows:

Bonds Maturing Fiscal Year	Initial Bond Value	Accreted Interest	Accreted Obligation	Unaccreted Interest	Maturity Value
2021	$ 522,521	$ 1,106,292	$ 1,628,813	$ 46,187	$ 1,675,000
2022	510,119	1,093,882	1,604,001	150,999	1,755,000
2023	678,189	1,672,056	2,350,245	494,755	2,845,000
2024	492,852	1,067,898	1,560,750	374,250	1,935,000
2025	485,819	1,052,668	1,538,487	491,513	2,030,000
2026-2030	7,023,347	9,240,467	16,263,814	8,506,186	24,770,000
2031-2035	1,622,888	374,818	1,997,706	1,607,294	3,605,000
2036-2039	2,195,136	532,931	2,728,067	3,186,933	5,915,000
Total	$ 13,530,871	$ 16,141,012	$ 29,671,883	$ 14,858,117	$ 44,530,000

The current interest bonds mature as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2021	$ 8,715,000	$ 9,778,444	$ 18,493,444
2022	9,640,000	9,332,586	18,972,586
2023	6,650,000	8,925,519	15,575,519
2024	3,225,000	8,696,852	11,921,852
2025	3,720,000	8,522,269	12,242,269
2026-2030	17,680,000	40,114,097	57,794,097
2031-2035	21,410,000	35,900,350	57,310,350
2036-2040	38,865,000	29,556,568	68,421,568
2041-2045	68,720,000	18,127,625	86,847,625
2046-2049	54,685,000	4,351,200	59,036,200
Total	$ 233,310,000	$ 173,305,510	$ 406,615,510

Certificates of Participation

In April 2019, the Corporation issued certificates of participation in the amount of $41,160,000 with interest rates ranging from 3.00 to 5.00%. As of June 30, 2020, the principal balance outstanding was $40,195,000.

The certificates mature through 2051 as follows:

Year Ending June 30,	Principal	Interest	Total
2021	$ 100,000	$ 1,719,200	$ 1,819,200
2022	145,000	1,714,800	1,859,800
2023	185,000	1,708,200	1,893,200
2024	230,000	1,699,900	1,929,900
2025	275,000	1,689,800	1,964,800
2026-2030	2,235,000	8,172,875	10,407,875
2031-2035	3,175,000	7,476,125	10,651,125
2036-2040	5,970,000	6,590,300	12,560,300
2041-2045	12,660,000	4,765,000	17,425,000
2046-2050	12,780,000	1,723,375	14,503,375
2051	2,440,000	38,125	2,478,125
Total	$ 40,195,000	$ 37,297,700	$ 77,492,700

Qualified School Construction Bonds

In September 2011, the Corporation issued qualified school construction bonds in the amount of $2,100,000 with interest rate of 5.57%. As of June 30, 2020, the principal balance outstanding was $1,092,308.

The bonds mature through 2029 as follows:

Year Ending June 30,	Principal	Interest	Total
2021	$ 123,940	$ 59,120	$ 183,060
2022	125,132	52,200	177,332
2023	126,337	45,213	171,550
2024	127,552	38,159	165,711
2025	128,780	31,038	159,818
2026-2029	460,567	51,553	512,120
Total	$ 1,092,308	$ 277,283	$ 1,369,591

Capital Leases

The District has entered into agreements to lease equipment. Such agreements are, in substance, purchases (capital leases) and are reported as capital lease obligations. The District's liability on lease agreements with options to purchase is summarized below:

	Equipment Lease
Balance, July 1, 2019	$ 365,920
Additions	-
Payments	(182,960)
Balance, July 1, 2020	$ 182,960

The capital leases have minimum lease payments as follows:

Year Ending June 30,	Lease Payment
2021	$ 182,960
Less amount representing interest	(4,463)
Present value of minimum lease payments	$ 178,497

Leased equipment under capital leases in capital assets at June 30, 2020, include the following:

Equipment	$ 850,000
Less accumulated depreciation	(340,000)
Total	$ 510,000

Amortization of leased equipment under capital assets is included with depreciation expense.

Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2020, amounted to $767,675.

Choice 2000 Settlement Agreement

On April 28, 2014, the District entered into a settlement agreement with the Department of Finance, the California State Board of Education, the Superintendent of Public Instruction, and the Controller for the State of California with regard to audit finding 2006-10 for fiscal year 2005-2006 concerning the District's Choice 2000 Online Charter High School. The Parties agreed that the total amount to be disallowed as a result of audit finding 2006-2010 for the 2005-2006 fiscal year shall be $122,200, which sum represents approximately ten percent of the total overpayment. The penalty amount will be withheld from the District's apportionment over a period of eight years, commencing in fiscal year 2014-2015, without interest, until fully repaid. As of June 30, 2020, the remaining total future payment due was $30,550. The repayment schedule is summarized as follows:

Year Ending June 30,	Settlement Payment
2021	$ 15,275
2022	15,275
Total	$ 30,550

On April 28, 2014, the District entered into a separate settlement agreement with the Department of Finance, the California State Board of Education, The Superintendent of Public Instruction and the Controller for the State of California with regard to similar audit findings related to the District's Choice 2000 Online Charter High School for fiscal years 2006-07 through 2012-13. The agreement fully and completely resolves all claims, demands, appeals, obligations, and causes of actions arising from the audit findings for the seven fiscal years audited. The District has agreed to repay, from its future apportionments, ten percent of the amount of the total overpayment for each audited fiscal year and for the aggregate of the seven years, for a total of $817,799. These payments will be made in eight annual installments, commencing in fiscal year 2014-2015. No interest shall be charged or accrued on the repayment amounts. As of June 30, 2020, the remaining future payment due was $204,450, the repayment schedule is summarized as follows:

Year Ending June 30,	Settlement Payment
2021	$ 102,225
2022	102,225
Total	$ 204,450

Note 10 - Net Other Postemployment Benefits (OPEB)

For the fiscal year ended June 30, 2020, the District reported net OPEB liability and OPEB expense for the following plan:

OPEB Plan	Net OPEB Liability	OPEB Expense
Medicare Premium Payment (MPP) Program	$ 644,974	$ (22)

The details of the plan are as follows:

Medicare Premium Payment (MPP) Program

Plan Description

The Medicare Premium (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, 2018, 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, 2020, the District reported a liability of $644,974 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018. 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, 2019 and June 30, 2018, was 0.1732% and 0.1685%, respectively, resulting in a net increase in proportionate share of 0.0047%.

For the year ended June 30, 2020, the District recognized OPEB expense of ($22).

Actuarial Methods and Assumptions

The June 30, 2019 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2018, and rolling forward the total OPEB liability to June 30, 2019 using the assumptions listed in the following table:

Measurement Date	June 30, 2019	June 30, 2018
Valuation Date	June 30, 2018	June 30, 2017
Experience Study	July 1, 2010 through June 30, 2015	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	3.50%	3.87%
Medicare Part A Premium Cost Trend Rate	3.70%	3.70%
Medicare Part B Premium Cost Trend Rate	4.10%	4.10%

For the valuation as of June 30, 2018, CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among our members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) 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 380 or an average of 0.23% of the potentially eligible population (165,422).

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, 2019, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2019, is 3.50%. As the MPP Program is funded on a pay-as-you-go basis as previously noted, the OPEB Plan’s fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 3.50%, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2019, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate decreased 0.37% from 3.87% as of June 30, 2018.

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 pension liability would be if it were calculated using a discount rate that is one percent lower or high than the current rate:

Discount Rate	Net OPEB Liability
1% decrease (2.50%)	$ 703,815
Current discount rate (3.50%)	644,974
1% increase (4.50%)	590,874

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 pension liability would be if it were calculated using Medicare cost trend rates that is one percent lower or high than the current rate:

Medicare Costs Trend Rate	Net OPEB Liability
1% decrease (2.7% Part A and 3.1% Part B)	$ 604,534
Current Medicare costs trend rate (3.7% Part A and 4.1% Part B)	644,974
1% increase (4.7% Part A and 5.1% Part B)	725,754

Note 11 - Non-Obligatory Debt

Non-obligatory debt relates to debt issuances by the Community Facility Districts, as authorized by the Mello-Roos Community Facilities Act of 1982 as amended, and the Mark-Roos Local Bond Pooling Act of 1985, and are payable from special taxes levied on property within the Community Facilities Districts according to a methodology approved by the voters within the District. Neither the faith and credit nor taxing power of the District is pledged to the payment of the bonds. Reserves have been established from the bond proceeds to meet delinquencies should they occur. If delinquencies occur beyond the amounts held in those reserves, the District has no duty to pay the delinquency out of any available funds of the District. The District acts solely as an agent for those paying taxes levied and the bondholders, and may initiate foreclosure proceedings. Special assessment debt of $42,800,000 as of June 30, 2020, does not represent debt of the District and, as such, does not appear in the accompanying basic financial statements.

Note 12 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Building Fund	Capital Facilities Fund	Capital Projects Fund for Blended Component Units
Nonspendable				
Revolving cash	$ 25,000	$ -	$ -	$ -
Stores inventories	-	-	-	-
Total nonspendable	25,000	-	-	-
Restricted				
Legally restricted programs	3,149,907	-	-	-
Food service	-	-	-	-
Capital projects	-	124,484,061	4,537,635	4,326,808
Debt services	-	-	-	-
Total restricted	3,149,907	124,484,061	4,537,635	4,326,808
Committed				
Adult education program	-	-	-	-
Unassigned	16,427,866	-	-	-
Total	$ 19,602,773	$ 124,484,061	$ 4,537,635	$ 4,326,808

	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total
Nonspendable			
Revolving cash	$ -	$ 2,890	$ 27,890
Stores inventories	-	88,540	88,540
Total nonspendable	-	91,430	116,430
Restricted			
Legally restricted programs	-	4,816,919	7,966,826
Food service	-	2,288,197	2,288,197
Capital projects	-	4,241,648	137,590,152
Debt services	32,635,934	532	32,636,466
Total restricted	32,635,934	11,347,296	180,481,641
Committed			
Adult education program	-	1,863	1,863
Unassigned	-	-	16,427,866
Total	$ 32,635,934	$ 11,440,589	$ 197,027,800

Note 13 - Risk Management

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

Property and Liability

The District is exposed to various risks of loss related to torts, theft, damage, and destruction of assets; errors and omissions, injuries to employees, life, and health of employees and natural disasters. During fiscal year ending June 30, 2020, the District pooled for property and liability coverage as a member of Riverside Schools' Insurance Authority, a Joint Powers Authority. Settlement claims have not exceeded the limits of this coverage in any of the past three years.

Workers' Compensation

For fiscal year 2020, the District participated in the Riverside Schools' Risk Management Authority (RSRMA), a workers' compensation coverage purchasing pool. The intent of RSRMA is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants. RSRMA, in turn, pools for workers' compensation coverage through their membership in the Protected Insurance Program for Schools and Community Colleges (PIPS), a finite risk sharing pool. Pooling in this manner allows the member districts and joint powers authorities to take advantage of increased purchasing power and greater spread of risk. As a member of PIPS, RSRMA is assigned a rate based on the JPA's overall payroll and loss experience compared to the other members within PIPS. Each participant in RSRMA pays its workers' compensation premium based on its individual rate which is weighted based on their payroll and loss experience within RSRMA. This arrangement insures that each participant shares equally in the overall performance of RSRMA. Participation in RSRMA is limited to districts that can meet the selection criteria.

Employee Medical Benefits

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

Note 14 - Employee Retirement Systems

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

For the fiscal year ended June 30, 2020, the District reported its proportionate share of net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	$ 88,423,994	$ 27,853,415	$ 7,832,964	$ 11,853,358
CalPERS	43,167,079	9,752,275	400,382	7,880,695
Total	$ 131,591,073	$ 37,605,690	$ 8,233,346	$ 19,734,053

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, 2018, 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, 2020, are summarized as follows:

	STRP Defined Benefit Program	
Hire date	On or before December 31, 2012	On or after January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	17.10%	17.10%
Required state contribution rate	10.328%	10.328%

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, 2020, are presented above and the District's total contributions were $9,442,797.

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

At June 30, 2020, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support and the total portion of the net pension liability that was associated with the District were as follows:

Total net pension liability, including State share	
Proportionate share of net pension liability	$ 88,423,994
State's proportionate share of the net pension liability	48,241,192
Total	$ 136,665,186

The net pension liability was measured as of June 30, 2019. 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, 2019 and June 30, 2018, was 0.0979% and 0.0939%, respectively, resulting in a net increase in the proportionate share of 0.0040%.

For the year ended June 30, 2020, the District recognized pension expense of $11,853,358. In addition, the District recognized pension expense and revenue of $7,184,154 for support provided by the State. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 9,442,797	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	7,003,691	1,935,161
Differences between projected and actual earnings on pension plan investments	-	3,406,118
Differences between expected and actual experience in the measurement of the total pension liability	223,224	2,491,685
Changes of assumptions	11,183,703	-
Total	$ 27,853,415	$ 7,832,964

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	$ (343,565)
2022	(2,704,057)
2023	(561,403)
2024	202,907
Total	$ (3,406,118)

The deferred outflows 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 of Resources
2021	$ 3,486,980
2022	3,486,981
2023	3,560,860
2024	2,791,128
2025	423,185
Thereafter	234,638
Total	$ 13,983,772

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, 2018, and rolling forward the total pension liability to June 30, 2019. The financial reporting actuarial valuation as of June 30, 2018, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2018
Measurement date	June 30, 2019
Experience study	July 1, 2010 through June 30, 2015
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-2016) table, issued by the Society of Actuaries.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance-PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2019, are summarized in the following table

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	47%	4.8%
Fixed income	12%	1.3%
Real estate	13%	3.6%
Private equity	13%	6.3%
Risk mitigating strategies	9%	1.8%
Inflation sensitive	4%	3.3%
Cash/liquidity	2%	-0.4%

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	$ 131,670,647
Current discount rate (7.10%)	88,423,994
1% increase (8.10%)	52,564,283

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, 2018 annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: https://www.calpers.ca.gov/page/forms-publications.

Benefits Provided

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

The CalPERS provisions and benefits in effect at June 30, 2020, are summarized as follows:

	School Employer Pool (CalPERS)	
Hire date	On or before December 31, 2012	On or after January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	19.721%	19.721%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2020, are presented above and the total District contributions were $4,266,831.

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

As of June 30, 2020, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $43,167,079. The net pension liability was measured as of June 30, 2019. 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, 2019 and June 30, 2018, was 0.1481% and 0.1477%, respectively, resulting in a net increase in the proportionate share of 0.0004%.

For the year ended June 30, 2020, the District recognized pension expense of $7,880,695. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 4,266,831	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	294,894	-
Differences between projected and actual earnings on pension plan investments	-	400,382
Differences between expected and actual experience in the measurement of the total pension liability	3,135,663	-
Changes of assumptions	2,054,887	-
Total	$ 9,752,275	$ 400,382

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	$ 395,223
2022	(789,443)
2023	(119,630)
2024	113,468
Total	$ (400,382)

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

Year Ended June 30,	Deferred Outflows of Resources
2021	$ 3,472,623
2022	1,432,134
2023	527,900
2024	52,787
Total	$ 5,485,444

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, 2018, and rolling forward the total pension liability to June 30, 2019. The financial reporting actuarial valuation as of June 30, 2018, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2018
Measurement date	June 30, 2019
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7. 15%
Investment rate of return	7. 15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and service

The mortality table used was developed based on CalPERS-specific data. The table includes 20 years of mortality improvements using Society of Actuaries 90 percent of scale MP-2016.

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

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

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

Discount Rate	Net Pension Liability
1% decrease (6.15%)	$ 62,222,507
Current discount rate (7.15%)	43,167,079
1% increase (8.15%)	27,359,286

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of $5,038,946 (10.328% of annual payroll). Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Senate Bill 90 (Chapter 33, Statutes of 2019), which was signed by the Governor on June 27, 2019, appropriated an additional 2019–2020 contribution on-behalf of school employers of $1.1 billion for CalSTRS. A proportionate share of these contributions totaling $1,690,232 has been recorded in these financial statements.

Note 15 - Commitments and Contingencies

Grants

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2020.

Litigation

The District is involved in various litigations arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2020.

Construction Commitments

As of June 30, 2020, the District had the following commitments with respect to the unfinished capital projects:

Capital Project	Remaining Construction Commitment	Expected Date of Completion
Modernization at various sites		
California Military Institute Gym Addition	$ 9,499,512	March 2021
Liberty High School (High School #4)	97,639,476	December 2021
Perris High School Phase 3	65,046,221	August 2022
Total	$ 172,185,209	

Note 16 - Participation in Public Entity Risk Pools

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

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

During the year ended June 30, 2020, the District made payments of $2,013,484, $10,211,186, and $997,900 to RSRMA, REEP, and RSIA, respectively, for its workers' compensation, health, and property liability coverage.

Note 17 - Subsequent Events

Subsequent to year-end, the District has been negatively impacted by the effects of the world-wide coronavirus pandemic. The District is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the issuance date of these financial statements, the full impact to the District's financial position is not known beyond increased cash flow monitoring due to state apportionment deferrals.

Required Supplementary Information
June 30, 2020

Perris Union High School District

	Budgeted Amounts			Variances - Positive (Negative)
	Original	Final	Actual	Final to Actual
Revenues				
Local Control Funding Formula	$ 108,147,379	$ 107,933,945	$ 108,010,171	$ 76,226
Federal sources	7,602,927	7,683,404	7,302,025	(381,379)
Other State sources	7,561,127	10,437,781	10,386,530	(51,251)
Other local sources	5,838,318	6,421,784	8,058,305	1,636,521
Total revenues [1]	129,149,751	132,476,914	133,757,031	1,280,117
Expenditures				
Current				
Certificated salaries	53,616,625	53,037,965	52,800,206	237,759
Classified salaries	20,726,956	20,405,290	19,910,019	495,271
Employee benefits	31,858,398	32,850,462	32,521,092	329,370
Books and supplies	5,663,489	5,483,176	4,991,099	492,077
Services and operating expenditures	16,898,796	17,748,525	15,962,387	1,786,138
Other outgo	-	79,607	766,051	(686,444)
Capital outlay	1,714,861	1,662,898	2,363,678	(700,780)
Debt service				
Debt service - principal	172,960	174,144	174,144	-
Debt service - interest and other	10,000	8,816	8,816	-
Total expenditures [1]	130,662,085	131,450,883	129,497,492	1,953,391
Excess (Deficiency) of Revenues Over Expenditures	(1,512,334)	1,026,031	4,259,539	3,233,508
Other Financing Uses				
Transfers out	(40,745)	(40,705)	(40,700)	5
Net Change in Fund Balances	(1,553,079)	985,326	4,218,839	3,233,513
Fund Balance - Beginning	15,383,934	15,383,934	15,383,934	-
Fund Balance - Ending	$ 13,830,855	$ 16,369,260	$ 19,602,773	$ 3,233,513

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

Year ended June 30,	2020	2019	2018
Proportion of the net OPEB liability	0.1732%	0.1685%	0.1667%
Proportionate share of the net OPEB liability	$ 644,974	$ 644,996	$ 701,451
Covered payroll	N/A[1]	N/A[1]	N/A[1]
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A[1]	N/A[1]	N/A[1]
Plan fiduciary net position as a percentage of the total OPEB liability	-0.81%	-0.40%	0.01%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017

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

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

	2020	2019	2018	2017	2016	2015
CalSTRS						
Proportion of the net pension liability	0.0979%	0.0939%	0.0921%	0.0965%	0.0876%	0.0866%
Proportionate share of the net pension liability	$ 88,423,994	$ 86,283,852	$ 85,169,359	$ 78,071,403	$ 59,003,719	$ 50,593,383
State's proportionate share of the net pension liability	48,241,192	49,401,541	50,385,473	44,444,657	31,206,463	30,550,469
Total	$ 136,665,186	$ 135,685,393	$ 135,554,832	$ 122,516,060	$ 90,210,182	$ 81,143,852
Covered payroll	$ 53,500,878	$ 51,410,256	$ 49,391,614	$ 47,760,848	$ 41,835,563	38,561,927
Proportionate share of the net pension liability as a percentage of its covered payroll	165.28%	167.83%	172.44%	163.46%	141.04%	131.20%
Plan fiduciary net position as a percentage of the total pension liability	73%	71%	69%	70%	74%	77%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
CalPERS						
Proportion of the net pension liability	0.1481%	0.1477%	0.1467%	0.1437%	0.1352%	0.1215%
Proportionate share of the net pension liability	$ 43,167,079	$ 39,391,952	$ 35,010,378	$ 28,372,895	$ 19,933,763	$ 13,793,298
Covered payroll	$ 20,569,289	$ 19,508,570	$ 18,690,870	$ 17,435,199	$ 16,125,333	12,754,553
Proportionate share of the net pension liability as a percentage of its covered payroll	209.86%	201.92%	187.31%	162.73%	123.62%	108.14%
Plan fiduciary net position as a percentage of the total pension liability	70%	71%	72%	74%	79%	83%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

	2020	2019	2018	2017	2016	2015
CalSTRS						
Contractually required contribution	$ 9,442,797	$ 8,709,943	$ 7,418,500	$ 6,213,465	$ 5,124,739	$ 3,714,998
Less contributions in relation to the contractually required contribution	9,442,797	8,709,943	7,418,500	6,213,465	5,124,739	3,714,998
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 55,221,035	$ 53,500,878	$ 51,410,256	$ 49,391,614	$ 47,760,848	$ 41,835,563
Contributions as a percentage of covered payroll	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%
CalPERS						
Contractually required contribution	$ 4,266,831	$ 3,715,225	$ 3,029,876	$ 2,595,788	$ 2,065,548	$ 1,898,113
Less contributions in relation to the contractually required contribution	4,266,831	3,715,225	3,029,876	2,595,788	2,065,548	1,898,113
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 21,635,977	$ 20,569,289	$ 19,508,570	$ 18,690,870	$ 17,435,199	$ 16,125,333
Contributions as a percentage of covered payroll	19.721%	18.062%	15.531%	13.888%	11.847%	11.771%

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

Note 1 - Purpose of Schedules

Budgetary Comparison Schedule

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

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

This schedule presents information for the original and final budgets and actual results of operations, as well as the variances from the final budget to actual results of operations.

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

- *Changes in Benefits Terms* – There were no changes in the benefits terms since the previous valuation.
- *Changes of Assumptions* – The plan rate of investment return assumption was changed from 3.87% to 3.50% since the previous valuation.

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

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

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

Schedule of District Contributions

This schedule presents information on the District's required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution. In the future, as data becomes available, ten years of information will be presented.

Supplementary Information
June 30, 2020

Perris Union High School District

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Passed Through California Department of Education (CDE)			
Special Education Cluster			
Special Education Grants to States - Basic Local Assistance	84.027	13379	$ 1,833,732
Special Education Grants to States - Mental Health Allocation Plan	84.027A	15197	599,185
Total Special Education Cluster			2,432,917
Title I Grants to Local Educational Agencies - Basic Grants Low-Income Neglected	84.010	14329	2,864,616
Title I Grants to Local Educational Agencies - School Improvement	84.010	15438	74,588
Subtotal			2,939,204
English Language Acquisition State Grants - Immigrant Student Program	84.365	15146	279
English Language Acquisition State Grants - English Learner Student Program	84.365	14346	250,783
Subtotal			251,062
Supporting Effective Instruction State Grants - Teacher Quality	84.367	14341	743,506
Student Support and Academic Enrichment Program	84.424	15396	167,920
Twenty-First Century Community Learning Centers	84.287	14349	480,080
Education for Homeless Children and Youth	84.196	14332	1,793
Career and Technical Education - Basic Grants to States	84.048	14894	237,517
Total U.S. Department of Education			7,253,999
U.S. Department of Agriculture			
Passed Through California Department of Education			
Child Nutrition Cluster			
National School Lunch Program	10.555	13391	1,977,205
School Breakfast Program - Especially Needy Breakfast	10.553	13526	580,939
National School Lunch Program - Summer Food Program	10.559	13004	1,413,499
National School Lunch Program - Commodity Supplemental Food	10.555	13391	354,159
Total Child Nutrition Cluster			4,325,802
Total U.S. Department of Agriculture			4,325,802
U.S. Department of Defense			
Junior Reserve Officer Training Corps - Air Force	12.000	[1]	338,485
Total Expenditures of Federal Awards			$ 11,918,286

[1] Pass-Through Entity Identifying Number not available.

Organization

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

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Anthony T. Stafford, Sr.	President	2020
Dr. Jose Luis Araux	Vice President	2022
Edward D. Garcia, Jr.	Clerk	2020
Randall T. Freeman	Member	2022
David G. Nelissen	Member	2020

ADMINISTRATION

NAME	TITLE
Grant Bennett	Superintendent
Candace Reines	Deputy Superintendent of Business Services
Kirk Skorpanich	Assistant Superintendent of Human Resources
Dr. Charles Newman	Assistant Superintendent of Educational Services
Joseph Williams	Executive Director of Technology
Alisha Fogerty	Director of Fiscal Services

	Final Report	
	Second Period Report C55B1669	Annual Report 3497E652
Regular ADA		
Seventh and eighth	1,035.45	1,035.45
Ninth through twelfth	8,056.33	8,056.33
Total Regular ADA	9,091.78	9,091.78
Extended Year Special Education		
Seventh and eighth	0.46	0.46
Ninth through twelfth	4.59	4.59
Total Extended Year Special Education	5.05	5.05
Special Education, Nonpublic, Nonsectarian Schools		
Seventh and eighth	2.48	2.48
Ninth through twelfth	20.18	20.18
Total Special Education, Nonpublic, Nonsectarian Schools	22.66	22.66
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Seventh and eighth	0.20	0.20
Ninth through twelfth	2.54	2.54
Total Extended Year Special Education, Nonpublic, Nonsectarian Schools	2.74	2.74
Total ADA	9,122.23	9,122.23

California Military Institute

	Final Report	
	Second Period Report CDB772B4	Annual Report 9593C723
Regular ADA		
Fifth through sixth	156.72	156.72
Seventh and eighth	353.61	353.61
Ninth through twelfth	491.05	491.05
Total Regular ADA	1,001.38	1,001.38
Classroom Based ADA		
Fourth through sixth	156.72	156.72
Seventh and eighth	353.61	353.61
Ninth through twelfth	491.05	491.05
Total Classroom Based ADA	1,001.38	1,001.38

Grade Level	1986-1987 Minutes Requirement	2019-2020 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Grades 7 - 8	54,000				
Grade 7		58,140	180	N/A	Complied
Grade 8		58,140	180	N/A	Complied
Grades 9 - 12	64,800				
Grade 9		65,625	180	N/A	Complied
Grade 10		65,625	180	N/A	Complied
Grade 11		65,625	180	N/A	Complied
Grade 12		65,625	180	N/A	Complied

California Military Institute

Grade Level	1986-1987 Minutes Requirement	2019-2020 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Grades 5 - 8	54,000				
Grade 5		66,125	180	N/A	Complied
Grade 6		66,125	180	N/A	Complied
Grade 7		66,125	180	N/A	Complied
Grade 8		66,125	180	N/A	Complied
Grades 9 - 12	64,800				
Grade 9		66,125	180	N/A	Complied
Grade 10		66,125	180	N/A	Complied
Grade 11		66,125	180	N/A	Complied
Grade 12		66,125	180	N/A	Complied

There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2020.

	(Budget) 2021 [1]	2020	2019	2018
General Fund [3]				
Revenues	$ 123,992,503	$ 133,076,083	$ 129,725,346	$ 120,060,192
Other sources	-	-	163,532	-
Total Revenues and Other Sources	123,992,503	133,076,083	129,888,878	120,060,192
Expenditures	132,831,995	128,050,493	126,822,175	122,141,371
Other uses and transfers out	41,868	806,751	42,563	38,541
Total Expenditures and Other Uses	132,873,863	128,857,244	126,864,738	122,179,912
Increase/(Decrease) in Fund Balance	(8,881,360)	4,218,839	3,024,140	(2,119,720)
Ending Fund Balance	$ 10,721,413	$ 19,602,773	$ 15,383,934	$ 12,359,794
Available Reserves [2, 5]	$ 6,970,283	$ 16,427,866	$ 12,074,427	$ 5,467,426
Available Reserves as a Percentage of Total Outgo [5]	5.25%	12.75%	9.52%	4.47%
Long-Term Liabilities	N/A	$ 462,700,242	$ 297,374,061	$ 260,989,993
K-12 Average Daily Attendance at P-2 [4]	9,098	9,122	9,161	9,115

The General Fund balance has increased by $7,242,979 over the past two years. The fiscal year 2020-2021 budget projects a decrease of $8,881,360 (45.31%). For a district this size, the State recommends available reserves of at least 3% of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in two of the past three years and anticipates incurring an operating deficit during the 2020-2021 fiscal year. Total long-term liabilities have increased by $201,710,249 over the past two years.

Average daily attendance has increased by 7 over the past two years. A decline of 24 ADA is anticipated during fiscal year 2020-2021.

[1] Budget 2021 is included for analytical purposes only and has not been subjected to audit.

[2] Available reserves consist of all unassigned fund balances including all amounts reserved for economic uncertainties contained with the General Fund.

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

[4] Excludes Charter School ADA

[5] On behalf payments of $4,518,798 relating to Senate Bill 90 have been excluded from the calculation of available reserves for the fiscal year ending June 30, 2019.

Name of Charter School and Charter Number	Included in Audit Report
California Military Institute (Charter No. 5029)	Yes

	Charter School Fund	Adult Education Fund	Cafeteria Fund
Assets			
Deposits and investments	$ 3,606,495	$ 76,600	$ 1,567,056
Receivables	1,319,249	30	866,362
Due from other funds	390,102	-	-
Stores inventories	-	-	88,540
Total assets	$ 5,315,846	$ 76,630	$ 2,521,958
Liabilities and Fund Balances			
Liabilities			
Accounts payable	$ 555,682	$ -	$ 95,806
Due to other funds	2,852	13	2,533
Unearned revenue	15,147	-	43,992
Total liabilities	573,681	13	142,331
Fund Balances			
Nonspendable	-	-	91,430
Restricted	4,742,165	74,754	2,288,197
Committed	-	1,863	-
Total fund balances	4,742,165	76,617	2,379,627
Total liabilities and fund balances	$ 5,315,846	$ 76,630	$ 2,521,958

	County School Facilities Fund	Debt Service Fund	Debt Service Fund for Blended Component Units	Total Non-Major Governmental Funds
Assets				
Deposits and investments	$ 4,231,182	$ 361	$ 171	$ 9,481,865
Receivables	10,466	-	-	2,196,107
Due from other funds	-	-	-	390,102
Stores inventories	-	-	-	88,540
Total assets	$ 4,241,648	$ 361	$ 171	$ 12,156,614
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$ -	$ -	$ -	$ 651,488
Due to other funds	-	-	-	5,398
Unearned revenue	-	-	-	59,139
Total liabilities	-	-	-	716,025
Fund Balances				
Nonspendable	-	-	-	91,430
Restricted	4,241,648	361	171	11,347,296
Committed	-	-	-	1,863
Total fund balances	4,241,648	361	171	11,440,589
Total liabilities and fund balances	$ 4,241,648	$ 361	$ 171	$ 12,156,614

	Charter School Fund	Adult Education Fund	Cafeteria Fund
Revenues			
Local Control Funding Formula	$ 11,698,623	$ -	$ -
Federal sources	290,459	-	4,325,802
Other State sources	902,645	212,325	320,511
Other local sources	151,874	1,232	450,154
Total revenues	13,043,601	213,557	5,096,467
Expenditures			
Current			
Instruction	6,224,153	102,943	-
Instruction-related activities			
Supervision of instruction	1,181,334	9,674	-
Instructional library, media, and technology	67,607	-	-
School site administration	1,742,790	134,681	-
Pupil services			
Home-to-school transportation	363,049	-	-
Food services	-	-	4,176,355
All other pupil services	320,579	-	-
Administration			
Data processing	120,219	-	-
All other administration	534,039	10,148	195,399
Plant services	842,524	8,781	-
Ancillary services	257,274	-	-
Community services	855	-	-
Facility acquisition and construction	70,513	-	-
Debt service			
Principal	122,398	-	-
Interest and other	66,335	-	-
Total expenditures	11,913,669	266,227	4,371,754
Excess (Deficiency) of Revenues Over Expenditures	1,129,932	(52,670)	724,713
Other Financing Sources (Uses)			
Transfers in	-	40,700	-
Transfers out	-	-	-
Net Financing Sources (Uses)	-	40,700	-
Net Change in Fund Balances	1,129,932	(11,970)	724,713
Fund Balance - Beginning	3,612,233	88,587	1,654,914
Fund Balance - Ending	$ 4,742,165	$ 76,617	$ 2,379,627

	County School Facilities Fund	Debt Service Fund	Debt Service Fund for Blended Component Units	Total Non-Major Governmental Funds
Revenues				
Local Control Funding Formula	$ -	$ -	$ -	$ 11,698,623
Federal sources	-	-	-	4,616,261
Other State sources	3,000,000	-	-	4,435,481
Other local sources	50,774	2,339	575	656,948
Total revenues	3,050,774	2,339	575	21,407,313
Expenditures				
Current				
Instruction	-	-	-	6,327,096
Instruction-related activities				
Supervision of instruction	-	-	-	1,191,008
Instructional library, media, and technology	-	-	-	67,607
School site administration	-	-	-	1,877,471
Pupil services				
Home-to-school transportation	-	-	-	363,049
Food services	-	-	-	4,176,355
All other pupil services	-	-	-	320,579
Administration				
Data processing	-	-	-	120,219
All other administration	-	-	-	739,586
Plant services	-	-	-	851,305
Ancillary services	-	-	-	257,274
Community services	-	-	-	855
Facility acquisition and construction	-	-	-	70,513
Debt service				
Principal	-	-	965,000	1,087,398
Interest and other	-	-	1,487,308	1,553,643
Total expenditures	-	-	2,452,308	19,003,958
Excess (Deficiency) of Revenues Over Expenditures	3,050,774	2,339	(2,451,733)	2,403,355
Other Financing Sources (Uses)				
Transfers in	-	2,448,504	2,451,904	4,941,108
Transfers out	-	(2,451,904)	-	(2,451,904)
Net Financing Sources (Uses)	-	(3,400)	2,451,904	2,489,204
Net Change in Fund Balances	3,050,774	(1,061)	171	4,892,559
Fund Balance - Beginning	1,190,874	1,422	-	6,548,030
Fund Balance - Ending	$ 4,241,648	$ 361	$ 171	$ 11,440,589

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 District under programs of the federal government for the year ended June 30, 2020. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or fund balance of the District.

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

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

Local Education Agency Organization Structure

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

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. The District has met its target funding. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of *Education Code* Sections 46200 through 46206.

Districts must maintain their instructional minutes at the 1986-87 requirements, as required by *Education Code* Section 46201 and *Education Code* Section 47612.5 for Charter Schools.

Due to school closures caused by COVID-19, the District filed the COVID-19 School Closure Certification certifying that schools were closed for 53 days due to the pandemic. As a result, the District received credit for these 53 days in meeting the annual instructional days requirement. In addition, planned minutes covered by the COVID-19 School Certification were included in the Actual Minutes column but were not actually offered due to the COVID-19 school closure.

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Schedule of Financial Trends and Analysis

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

Schedule of Charter Schools

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

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

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

Independent Auditor's 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 Board of Directors
Perris Union High School District
Perris, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Perris Union High School District (the District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 6, 2020.

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 may exist that have not been identified.

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

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

Eide Bailly LLP

Rancho Cucamonga, California
November 6, 2020

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

To the Board of Directors
Perris Union High School District
Perris, California

Report on Compliance for the Major Federal Program
We have audited Perris Union High School District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended June 30, 2020. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

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

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

Opinion on the Major Federal Program
In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2020.

Report on Internal Control over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Eide Bailly LLP

Rancho Cucamonga, California
November 6, 2020

Independent Auditor's Report on State Compliance

To the Board of Directors
Perris Union High School District
Perris, California

Report on State Compliance

We have audited Perris Union High School District's (the District) compliance with the types of compliance requirements described in the *2019-2020 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting,* applicable to the state laws and regulations listed in the table below for the year ended June 30, 2020.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on the District's compliance with state laws and regulations based on our audit of the types of compliance requirements referred to below. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of the *2019-2020 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements listed below has occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Compliance Requirements Tested

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

	Procedures Performed
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	No, see below
Independent Study	No, see below
Continuation Education	Yes, see below

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	Procedures Performed
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No, see below
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	No, see below
Middle or Early College High Schools	No, see below
K-3 Grade Span Adjustment	No, see below
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	No, see below
Comprehensive School Safety Plan	Yes
District of Choice	No, see below
SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS	
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program:	
General Requirements	Yes
After School	Yes
Before School	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control Accountability Plan	Yes
Independent Study - Course Based	No, see below
CHARTER SCHOOLS	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study for Charter Schools	No, see below
Determination of Funding for Nonclassroom-Based Instruction	No, see below
Annual Instructional Minutes Classroom-Based	Yes
Charter School Facility Grant Program	No, see below

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

We did not perform procedures for Independent Study because the independent study ADA was under the level that requires testing.

The District does not offer a Work Experience Program; therefore, we did not perform procedures related to the Work Experience Program within the Continuation Education Attendance Program.

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

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

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

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

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

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

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

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

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

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

Unmodified Opinion
In our opinion, the District complied with the laws and regulations of the state programs referred to above for the year ended June 30, 2020.

The purpose of this report on state compliance is solely to describe the results of our testing based on the requirements of the *2019-2020 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Rancho Cucamonga, California
November 6, 2020

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

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

Identification of major programs:

Name of Federal Program or Cluster	CFDA Number
Special Education Cluster	84.027, 84.027A

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

STATE COMPLIANCE

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

None reported.

None reported.

None reported.

There were no audit findings reported in the prior year's Schedule of Findings and Questioned Costs.