Financial Statements
June 30, 2022

Palm Springs Unified School District

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Independent Auditor's Report

To the Governing Board
Palm Springs Unified School District
Palm Springs, California

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States *(Government Auditing Standards).* Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Adoption of New Accounting Standard

As discussed in Note 1 and Note 17 to the financial statements, the District has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ended June 30, 2022. Accordingly, a restatement has been made to the government-wide net position as of July 1, 2021, to restate beginning net position. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Eide Bailly LLP

Rancho Cucamonga, California
December 21, 2022

This section of Palm Springs Unified School District's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2022, with comparative information for the year ended June 30, 2021. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

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

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

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

- The *Governmental Funds* are prepared using the current financial resources measurement focus and modified accrual basis of accounting.
- The *Proprietary 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 Palm Springs Unified School District.

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

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

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

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

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

Governmental Activities - Most of the District's services are reported in this category. This includes the education of kindergarten through grade twelve students, adult education students, the operation of child development activities, and the on-going effort to improve and maintain buildings and sites. Property taxes, State income taxes, user fees, interest income, Federal, State, and local grants, as well as general obligation bonds, finance these activities.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

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

Proprietary Funds - When the District charges users for the services it provides, whether to outside customers or to other departments within the District, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Fund Net Position. We use internal service funds (the other component of proprietary funds) to report activities that provide supplies and services for the District's other programs and activities, such as the District's Self-Insurance Fund. The internal service funds are reported with governmental activities in the government-wide financial statements.

FINANCIAL HIGHLIGHTS

- Total net position increased by $86,088,951 over the prior year for a new net position of $361,239,217.
- Revenues, transfers in, and other financing sources for all funds, including bond issuances, totaled $488,288,590. Expenses, transfers out and other uses totaled $442,467,069.
- The General Fund audited ending balance, which includes $24,605,515 of the Special Reserve Fund for Other Than Capital Outlay Projects, respectively, totaled $96,735,815. This represents an increase of $32,553,542 from the prior year.
- The District's 2021-2022 P-2 Average Daily Attendance (ADA), excluding charter schools and students in County programs, was reported at 17,546.
- The District filed a positive status with both its First and Second Interim reports in 2021-2022.

THE DISTRICT AS A WHOLE

Net Position

The District's net position was $361,239,217 for the fiscal year ended June 30, 2022. Of this amount, $(164,628,512), 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	
	2022	2021 as restated
Assets		
Current and other assets	$ 487,248,943	$ 425,395,819
Capital assets and right-of-use leased assets	715,772,335	715,674,944
Total assets	1,203,021,278	1,141,070,763
Deferred outflows of resources	68,156,356	91,928,003
Liabilities		
Current liabilities	50,914,097	35,615,980
Long-term liabilities	717,240,403	901,143,430
Total liabilities	768,154,500	936,759,410
Deferred inflows of resources	141,783,917	21,089,090
Net Position		
Net investment in capital assets	369,264,336	365,718,635
Restricted	156,603,393	106,669,394
Unrestricted (deficit)	(164,628,512)	(197,237,763)
Total net position	$ 361,239,217	$ 275,150,266

Changes in Net Position

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

Table 2

	Governmental Activities	
	2022	2021*
Revenues		
Program revenues		
Charges for services and sales	$ 7,009,894	$ 5,145,247
Operating grants and contributions	97,427,638	136,142,233
Capital grants and contributions	-	15,477,207
General revenues		
Federal and State aid not restricted	214,325,601	192,028,163
Property taxes	137,144,090	113,499,893
Other general revenues	9,548,977	6,417,748
Total revenues	465,456,200	468,710,491
Expenses		
Instruction-related	255,024,028	298,747,688
Pupil services	47,061,001	46,573,970
Administration	17,578,743	18,873,730
Plant services	40,868,360	37,518,012
All other services	18,835,117	19,197,317
Total expenses	379,367,249	420,910,717
Change in net position	$ 86,088,951	$ 47,799,774

* The revenues and expenses for fiscal year 2021 were not restated to show the effects of GASB 84 for comparative purposes.

Governmental Activities

As reported in the *Statement of Activities* on page 14, the cost of all of our governmental activities this year was $379,367,249. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only $137,144,090 because the cost was paid by those who benefited from the programs ($7,009,894) or by other governments and organizations who subsidized certain programs with grants and contributions $(97,427,638). We paid for the remaining "public benefit" portion of our governmental activities with $214,325,601 in taxes, $223,874,578 in Federal and State funds, and with other revenues, like interest and general entitlements.

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

Table 3

	Total Cost of Services		Net Cost of Services	
	2022	2021*	2022	2021*
Instruction-related	$ 255,024,028	$ 298,747,888	$(190,908,279)	$(187,954,406)
Pupil services	47,061,001	46,573,970	(21,643,728)	(13,498,160)
Administration	17,578,743	18,873,730	(14,907,579)	(13,973,565)
Plant services	40,868,360	37,518,012	(38,298,835)	(34,773,400)
All other services	18,835,117	16,659,791	(9,171,296)	(11,409,173)
Total	$ 379,367,249	$ 418,373,391	$(274,929,717)	$(261,608,704)

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

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of $413,410,690, which is an increase of $45,821,521 from last year (Table 4).

Table 4

	Balances and Activity			
Governmental Fund	June 30, 2021	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2022
General	$ 64,182,273	$ 380,982,228	$ 348,428,686	$ 96,735,815
Building	153,030,827	(2,081,289)	14,909,032	136,040,506
Special Reserve Fund for Capital Outlay Projects	43,518,153	13,252,684	13,008,898	43,761,939
Bond Interest and Redemption	51,556,527	54,055,617	34,176,335	71,435,809
Non-major Governmental	55,301,389	42,079,350	31,944,118	65,436,621
Total	$ 367,589,169	$ 488,288,590	$ 442,467,069	$ 413,410,690

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget was adopted on June 28, 2022. (A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report on page 70).

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets and Right-to-Use Leased Assets

At June 30, 2022, the District had $715,772,335 in a broad range of capital assets (net of depreciation), including land, buildings and right-to-use leased assets, furniture, equipment, and right-to-use leased assets. This amount represents a net increase (including additions, deductions, and depreciation) of just under $97,391, or 0.01%, from last year (Table 5).

Table 5

	Governmental Activities	
	2022	2021 as restated
Land and construction in progress	$ 131,249,826	$ 120,115,356
Buildings and improvements	576,469,238	586,173,782
Equipment	5,041,779	5,521,794
Leased assets	3,011,492	3,864,012
Total	$ 715,772,335	$ 715,674,944

We present more detailed information about our capital and right-to-use leased asset in Note 5 to the financial statements.

Long-Term Liabilities

At the end of this year, the District had $717,240,403 in long-term liabilities outstanding versus $901,143,430 last year, a decrease of 20.41%. Those long-term liabilities consisted of:

Table 6

	Governmental Activities	
	2022	2021 as restated
Long-Term Liabilities		
General obligation bonds	$ 445,680,000	$ 463,260,000
Private placement debt issuances	7,285,149	7,385,982
Unamortized premiums	32,871,245	35,388,545
Lease liability	2,880,201	3,625,390
Compensated absences	2,991,352	2,761,917
Claims liability	1,891,520	3,704,724
Net OPEB liability	47,907,026	50,955,544
Aggregate net pension liability	175,733,910	334,061,328
Total	$ 717,240,403	$ 901,143,430

We present more detailed information regarding our long-term liabilities in Note 10, Note 11, Note 13, and Note 14.

SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2021-2022 ARE NOTED BELOW:

James Workman Middle School will undergo a complete modernization starting summer of 2023. During the summer of 2023, the portable classrooms will be relocated to the other side of campus and in their place a new permanent science building will be constructed.

Once the new buildings are in place, the existing classrooms will be modernized with new HVAC, lighting, technology equipment and carpet. Completion is expected in 2025.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the District Budget for the 2022-2023 year, the governing board and management used the following criteria:

The key assumptions in our revenue forecast are:

1. Local Control Funding Formula per Average Daily Attendance (ADA) Cost of Living Adjustment (COLA).
2. COLA 6.56% and Base Augmentation 6.70%.
3. Federal income will be projected at the prior year 2021-2022 level with COLA 6.56%.
4. Other State income (categorical projects) will be projected at the prior year 2021-2022 level with COLA 6.56%.

Expenditures are based on the following forecasts:

	Staffing Ratio	Enrollment
Grades kindergarten through third	24:1	5,899
Grades four through five	32:1	4,374
Grades six through eight	29:1	3,052
Grades nine through twelve	31:1	6,620

The new items specifically addressed in the budget are:

1. Increases in spending as a result of increased Supplemental and Concentration dollars through LCFF and COVID relief funds.
2. Increases to the employer contribution rate for CalSTRS and CalPERS.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Assistant Superintendent, Business Services, at Palm Springs Unified School District, (760) 883-2700 or e-mail at bmurray@psusd.us.

	Governmental Activities
Assets	
Deposits and investments	$ 466,571,963
Receivables	17,885,379
Prepaid expense	68,494
Stores inventories	754,409
Lease receivables	1,968,698
Capital assets not depreciated	131,249,826
Capital assets, net of accumulated depreciation	581,511,017
Right-to-use leased assets, net of accumulated amortization	3,011,492
Total assets	1,203,021,278
Deferred Outflows of Resources	
Deferred charge on refunding	7,397,736
Deferred outflows of resources related to pensions	60,758,620
Total deferred outflows of resources	68,156,356
Liabilities	
Accounts payable	22,438,668
Interest payable	6,420,955
Unearned revenue	22,054,474
Long-term liabilities	
Long-term liabilities other than OPEB and pensions due within one year	34,526,180
Long-term liabilities other than OPEB and pensions due in more than one year	459,073,287
Aggretate net total other postemployment benefits liability (OPEB)	47,907,026
Aggregate net pension liability	175,733,910
Total liabilities	768,154,500
Deferred Inflows of Resources	
Deferred charge on refunding	1,229,646
Deferred inflows of resources related to leases	1,968,698
Deferred inflows of resources related to OPEB	8,140,173
Deferred inflows of resources related to pensions	130,445,400
Total deferred inflows of resources	141,783,917
Net Position	
Net investment in capital assets	369,264,336
Restricted for	
Debt service	65,014,854
Capital projects	38,097,380
Educational programs	31,007,228
Other restrictions	22,483,931
Unrestricted (deficit)	(164,628,512)
Total net position	$ 361,239,217

		Program Revenues		Net (Expenses) Revenues and Changes in Net Position
Functions/Programs	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Instruction	$ 216,551,979	$ 243,565	$ 55,863,936	$ (160,444,478)
Instruction-related activities				
Supervision of instruction	14,978,506	1,608	7,184,116	(7,792,782)
Instructional library, media, and technology	3,083,536	-	148,625	(2,934,911)
School site administration	20,410,007	-	673,899	(19,736,108)
Pupil services				
Home-to-school transportation	6,462,962	-	2,363,542	(4,099,420)
Food services	13,408,016	130,857	13,882,351	605,192
All other pupil services	27,190,023	162,503	8,878,020	(18,149,500)
Administration				
Data processing	5,259,575	-	65,584	(5,193,991)
All other administration	12,319,168	41,350	2,564,230	(9,713,588)
Plant services	40,868,360	67,615	2,501,910	(38,298,835)
Ancillary services	5,468,991	-	2,853,697	(2,615,294)
Community services	344,804	-	447,728	102,924
Interest on long-term liabilities	12,954,246	-	-	(12,954,246)
Other outgo	67,076	6,362,396	-	6,295,320
Total governmental activities	$ 379,367,249	$ 7,009,894	$ 97,427,638	(274,929,717)
General Revenues and Subventions				
Property taxes, levied for general purposes				69,388,761
Property taxes, levied for debt service				55,308,083
Taxes levied for other specific purposes				12,447,246
Federal and State aid not restricted to specific purposes				214,325,601
Interest and investment losses				(6,631,385)
Interagency revenues				44,662
Miscellaneous				16,135,700
Total general revenues and subventions				361,018,668
Change in Net Position				86,088,951
Net Position - Beginning, as restated				275,150,266
Net Position - Ending				$ 361,239,217

	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets						
Deposits and investments	$ 112,917,019	$ 137,963,027	$ 50,867,874	$ 71,435,809	$ 65,794,867	$ 438,978,596
Receivables	13,800,479	274,417	630,258	-	3,119,213	17,824,367
Due from other funds	9,797,784	-	7,789	-	195,770	10,001,343
Prepaid expenditures	56,494	-	12,000	-	-	68,494
Stores inventories	200,745	-	-	-	553,664	754,409
Lease receivables	1,259,869	-	708,829	-	-	1,968,698
Total assets	$ 138,032,390	$ 138,237,444	$ 52,226,750	$ 71,435,809	$ 69,663,514	$ 469,595,907
Liabilities, Deferred Inflows of Resources, and Fund Balances						
Liabilities						
Accounts payable	$ 18,725,683	$ 2,151,951	$ 611,584	$ -	$ 714,122	$ 22,203,340
Due to other funds	221,754	44,987	7,144,398	-	2,547,566	9,958,705
Unearned revenue	21,089,269	-	-	-	965,205	22,054,474
Total liabilities	40,036,706	2,196,938	7,755,982	-	4,226,893	54,216,519
Deferred Inflows of Resources						
Deferred inflows of resources related to leases	1,259,869	-	708,829	-	-	1,968,698
Fund Balances						
Nonspendable	357,240	-	12,000	-	606,651	975,891
Restricted	31,007,228	136,040,506	20,063,717	71,435,809	60,581,311	319,128,571
Assigned	42,210,281	-	23,686,222	-	4,248,659	70,145,162
Unassigned	23,161,066	-	-	-	-	23,161,066
Total fund balances	96,735,815	136,040,506	43,761,939	71,435,809	65,436,621	413,410,690
Total liabilities, deferred inflows of resources, and fund balances	$ 138,032,390	$ 138,237,444	$ 52,226,750	$ 71,435,809	$ 69,663,514	$ 469,595,907

Total Fund Balance - Governmental Funds		$ 413,410,690
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	$ 983,004,535	
Accumulated depreciation is	(270,243,692)	
Net capital assets		712,760,843
Right-to-use leased assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of right-to-use leased assets is	4,769,645	
Accumulated amortization is	(1,758,153)	
Net right-to-use leased assets		3,011,492
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.		(6,420,955)
An internal service fund is used by management to charge the costs of the workers' compensation insurance program to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities in the statement of net position.		25,484,893
Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the governmental funds. Deferred outflows of resources amounted to and related to		
Debt refundings (deferred charge on refunding)	7,397,736	
Aggregate net pension liability	60,758,620	
Total deferred outflows of resources		68,156,356
Deferred inflows of resources represent an acquisition of net position that applies to a future period and is not reported in the governmental funds. Deferred inflows of resources amount to and related to		
Debt refundings (deferred charge on refunding)	(1,229,646)	
Aggregate net other postemployment benefits (OPEB)	(8,140,173)	
Aggregate net pension liability	(130,445,400)	
Total deferred inflows of resources		(139,815,219)

Aggregate net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		$ (175,733,910)
The District's aggregate net OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.		(47,907,026)
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	$ (445,680,000)	
Private placement debt issuance	(7,285,149)	
Unamortized debt premiums	(32,871,245)	
Lease liability	(2,880,201)	
Compensated absences (vacations)	(2,991,352)	
Total long-term liabilities		(491,707,947)
Total net position - governmental activities		$ 361,239,217

	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues						
Local Control Funding Formula	$ 269,556,214	$ -	$ -	$ -	$ 9,940,574	$ 279,496,788
Federal sources	39,556,076	-	-	-	13,511,906	53,067,982
Other State sources	45,379,825	-	-	266,152	6,774,937	52,420,914
Other local sources	18,505,771	(2,081,289)	11,914,000	53,770,951	11,850,801	93,960,234
Total revenues	372,997,886	(2,081,289)	11,914,000	54,037,103	42,078,218	478,945,918
Expenditures						
Current						
Instruction	209,403,574	-	-	-	10,261,038	219,664,612
Instruction-related activities						
Supervision of instruction	16,039,798	-	-	-	578,510	16,618,308
Instructional library, media, and technology	3,207,738	-	-	-	147,739	3,355,477
School site administration	21,436,613	-	-	-	849,118	22,285,731
Pupil services						
Home-to-school transportation	6,407,044	-	-	-	-	6,407,044
Food services	165,014	-	-	-	13,497,058	13,662,072
All other pupil services	28,878,973	-	-	-	635,899	29,514,872
Administration						
Data processing	5,489,184	-	-	-	-	5,489,184
All other administration	10,972,673	-	-	-	1,416,129	12,388,802
Plant services	37,822,806	119,782	553,104	-	911,558	39,407,250
Ancillary services	3,133,668	-	-	-	2,517,942	5,651,610
Community services	361,650	-	-	-	-	361,650
Other outgo	67,076	-	-	-	-	67,076
Facility acquisition and construction	1,560,680	14,771,647	5,196,504	-	299,133	21,827,964
Debt service						
Principal	740,386	-	82,174	18,937,343	4,803	19,764,706
Interest and other	108,297	17,603	17,500	15,238,992	465	15,382,857
Total expenditures	345,795,174	14,909,032	5,849,282	34,176,335	31,119,392	431,849,215
Excess (Deficiency) of Revenues Over Expenditures	27,202,712	(16,990,321)	6,064,718	19,860,768	10,958,826	47,096,703

	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Other Financing Sources (Uses)						
Transfers in	$ 7,984,342	$ -	$ -	$ -	$ 1,132	$ 7,985,474
Other sources - proceeds from private placement debt issuance	-	-	1,338,684	18,514	-	1,357,198
Transfers out	(2,633,512)	-	(7,159,616)	-	(824,726)	(10,617,854)
Net Financing Sources (Uses)	5,350,830	-	(5,820,932)	18,514	(823,594)	(1,275,182)
Net Change in Fund Balances	32,553,542	(16,990,321)	243,786	19,879,282	10,135,232	45,821,521
Fund Balance - Beginning	64,182,273	153,030,827	43,518,153	51,556,527	55,301,389	367,589,169
Fund Balance - Ending	$ 96,735,815	$ 136,040,506	$ 43,761,939	$ 71,435,809	$ 65,436,621	$ 413,410,690

Total Net Change in Fund Balances - Governmental Funds		$ 45,821,521
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation and amortization expenses in the Statement of Activities.		
This is the amount by which capital outlays exceeds depreciation and amortization expenses in the period.		
Capital Outlays	$ 20,278,423	
Depreciation and amortization expenses	(20,181,032)	
Net expense adjustment		97,391
In the Statement of Activities, certain operating expenses, such as compensated absences (vacations) is 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.		(229,435)
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.		19,607,233
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 deferred outflows, deferred inflows, and net OPEB liability during the year.		(3,418,849)
Proceeds received from private placement debt issuance 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.		(1,338,684)
Governmental funds report the effect of premiums, discounts, and the deferred charge on refunding when the debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities.		
Premium amortization		2,517,300
Deferred charge on refunding amortization		504,692

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	$	17,580,000
Private placement debt issuances		1,439,517
Lease liability		745,189
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 accrues, regardless of when it is due.		416,007
An internal service fund is used by management to charge the costs of the self insurance program to the individual funds. The net revenue of the Internal Service Fund is reported with governmental activities.		2,347,069
Change in net position of governmental activities	$	86,088,951

	Governmental Activities - Internal Service Fund
Assets	
Current assets	
Deposits and investments	$ 27,593,367
Receivables	61,012
Due from other funds	18,195
Total assets	27,672,574
Liabilities	
Current liabilities	
Accounts payable	235,328
Due to other funds	60,833
Current portion of claims liabilities	283,728
Total current liabilities	579,889
Noncurrent liabilities	
Claims liabilities	1,607,792
Total liabilities	2,187,681
Net Position	
Restricted	$ 25,484,893

	Governmental Activities - Internal Service Fund
Operating Revenues	
Charges for services	$ 5,632,554
Other local revenues	222,686
Total operating revenues	5,855,240
Operating Expenses	
Payroll costs	169,055
Professional and contract services	3,261,825
Supplies and materials	48,619
Facility rental	29,507
Other operating cost	2,221,533
Total operating expenses	5,730,539
Operating Income	124,701
Nonoperating Revenues (Expenses)	
State and local grants	12,555
Interest income	114,408
Unrealized loss on investments	(536,975)
Total nonoperating revenues (expenses)	(410,012)
Loss before transfers	(285,311)
Transfers in	2,632,380
Change in Net Position	2,347,069
Total Net Position - Beginning	23,137,824
Total Net Position - Ending	$ 25,484,893

	Governmental Activities - Internal Service Fund
Operating Activities	
Cash receipts from customers	$ 5,632,554
Other operating cash receipts	222,686
Cash payments to other suppliers of goods or services	(48,619)
Cash payments to employees for services	(169,055)
Other operating cash payments	(7,342,926)
Net Cash From (Used for) Operating Activities	(1,705,360)
Noncapital Financing Activities	
Non-operating grants received	12,555
Transfer in from other funds	2,632,380
Net Cash From (Used for) Noncapital Financing Activities	2,644,935
Investing Activities	
Unrealized loss on investments	(536,975)
Interest on investments	114,408
Net Cash From (Used for) Investing Activities	(422,567)
Net Change in Cash and Cash Equivalents	517,008
Cash and Cash Equivalents, Beginning	27,076,359
Cash and Cash Equivalents, Ending	$ 27,593,367
Reconciliation of Operating Income to Net Cash From (Used for) Operating Activities	
Operating Income	$ 124,701
Changes in assets and liabilities	
Receivables	(35,094)
Due from other fund	(4,490)
Accounts payable	11,217
Due to other fund	17,790
Unearned revenue	(6,280)
Claims liability	(1,813,204)
Net Cash Used for Operating Activities	$ (1,705,360)

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The Palm Springs Unified School District (the District) was formed in 1948, under the laws of the State of California. The District operates under a locally elected five-member Board form of government and provides educational services to grades K-12 as mandated by the State and/or Federal agencies. The District operates fifteen elementary schools, four middle schools, three high schools, one continuation high school, an adult education program, and an alternative education program.

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 the District, this includes general operations, food service, and student related activities of the District.

Other Related Entities

Charter School The District has approved a Charter for the Cielo Vista Charter School (the Charter School) pursuant to *Education Code* Section 47605. The Charter School is operated by the District, and its financial activities are presented in the Charter Schools 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 proprietary.

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 special revenue funds in the California State Accounting Manual (CSAM) do not meet the GASB Statement No. 54 special revenue fund definition. Specifically, Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects, is not substantially composed of restricted or committed revenue sources. While these funds are authorized by statute and will remain open for internal reporting purposes, these funds function effectively as extensions of the General Fund, and accordingly have been combined with the General Fund for presentation in these audited financial statements.

As a result, the General Fund reflects an increase in fund balance of $24,605,515.

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.

Special Reserve Fund for Capital Outlay Projects The Special Reserve Fund for Capital Outlay Projects exists primarily to provide for the accumulation of General Fund monies for capital outlay purposes (Education Code Section 42840).

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

Non-Major Governmental Funds

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

- **Student Activity Fund** The Student Activity Fund is used to account separately for the operating activities of the associated student body accounts that are not fiduciary in nature, including student clubs, general operations, athletics, and other student body activities.

- **Charter Schools Fund** The Charter Schools 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.

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

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

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

- **Capital Facilities Fund** The Capital Facilities Fund is used primarily to account separately for monies received from fees levied on developers or other agencies as a condition of approval (*Education Code* Sections 17620-17626 and Government Code Section 65995 et seq.). Expenditures are restricted to the purposes specified in Government Code Sections 65970-65981 or to the items specified in agreements with the developer (Government Code Section 66006).

Proprietary Funds Proprietary funds are used to account for activities that are more business-like than government-like in nature. Business-type activities include those for which a fee is charged to external users or to other organizational units of the local education agency, normally on a full cost-recovery basis. Proprietary funds are generally intended to be self-supporting and are classified as enterprise or internal service. The District has the following proprietary fund:

- **Internal Service Fund** Internal Service funds may be used to account for goods or services provided to other funds of the District on a cost-reimbursement basis. The District operates self insurance programs that are accounted for in an internal service fund.

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

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

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

- **Governmental Funds** All governmental funds are accounted for using the flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting, and the governmental fund financial statements, prepared using the flow of current financial resources measurement focus and the modified accrual basis of accounting.
- **Proprietary Funds** Proprietary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of this fund are included in the statement of net position. The statement of changes in fund net position presents increases (revenues) and decreases (expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary fund.

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

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

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

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

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include cash with county treasury balances for purposes of the statement of cash flows.

Investments

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

Prepaid Expenditures (Expenses)

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

Stores Inventories

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

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation basis for proprietary fund capital assets is the same as those used for the capital assets of governmental funds.

Depreciation is computed using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 50 years; improvements/infrastructure, 5 to 50 years; equipment, 2 to 15 years.

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

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

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables”. These amounts are eliminated in the governmental and business-type 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 and proprietary 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, leases, and other long-term liabilities are recognized as liabilities in the governmental fund financial statements when due.

Debt Issuance Costs, Premiums and Discounts

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

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

Deferred Outflows/Inflows of Resources

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

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

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the California State Teachers Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) plan for schools (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalSTRS and CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Member contributions are recognized in the period in which they are earned. Investments are reported at fair value. The aggregate 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, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District Plan and the CalSTRS Medicare Premium Payment (MPP) Program and additions to/deductions from the District Plan and the MPP's fiduciary net position have been determined on the same basis as they are reported by the District Plan and the MPP. For this purpose, the District Plan and the MPP recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund.

Leases

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

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

Fund Balances - Governmental Funds

As of June 30, 2022, fund balances of the governmental funds are classified as follows:

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

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

Committed - 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. The District currently does not have any committed funds.

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

Unassigned - all other spendable amounts.

Spending Order Policy

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

Minimum Fund Balance Policy

The governing board adopted a minimum fund balance policy for the General Fund in order to protect the district against revenue shortfalls or unpredicted on-time expenditures. The policy requires a Reserve for Economic Uncertainties consisting of unassigned amounts equal to no less than three percent of General Fund expenditures and other financing uses.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position net of investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report $156,603,393 of restricted net position, restricted by enabling legislation.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are charges to other funds for self-insurance premiums. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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 and after non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented in the financial statements. Interfund transfers are eliminated in the governmental activities columns of the Statement of Activities.

Estimates

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

Property Tax

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

Change in Accounting Principles

Implementation of GASB Statement No. 87

As of July 1, 2021, the District adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The standard requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The effect of the implementation of this standard on beginning net position is disclosed in Note 17 and the additional disclosures required by this standard is included in Note 6 and note 10.

Implementation of GASB Statement No. 92

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

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

The requirements of this Statement are effective as follows:

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

The provisions of this Statement have been implemented as of June 30, 2022 and did not have a significant impact on the financial statements.

Implementation of GASB Statement No. 93

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

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

The provisions of this Statement have been implemented as of June 30, 2022 and did not have a significant impact on the financial statements.

Note 2 - Deposits and Investments

Summary of Deposits and Investments

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

Governmental funds	$ 438,978,596
Proprietary funds	27,593,367
Total deposits and investments	$ 466,571,963

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

Cash on hand and in banks	$ 1,555,146
Cash in revolving	152,988
Investments	464,863,829
Total deposits and investments	$ 466,571,963

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 County Pool and purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

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
Certificates of Deposit	$ 180,347	365
Riverside County Investment Pool	464,683,482	434
Total	$ 464,863,829	

Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the California Government code. All investments of the District other than the investments in commercial paper are exempt. The commercial paper has the limitations of a maximum percentage of portfolio not to exceed 25% and a maximum investment in one issuer of the portfolio not to exceed 10%. The investments in commercial paper do not exceed either of these limitations as of year-end.

Investment Type	Reported Amount	Minimum Legal Rating	Rating as of Year End	
			Aaa-bf	Unrated
Certificates of Deposit	$ 180,347	N/A	$ -	180,347
Riverside County Investment Pool	464,683,482	N/A	464,683,482	-
Total	$ 464,863,829		$ 464,683,482	$ 180,347

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 agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2022, the District's bank balance $1,665,264 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

Note 3 - Fair Value Measurements

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

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

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

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

The District's fair value measurements are as follows at June 30, 2022:

Investment Type	Reported Amount	Fair Value Measurements Using Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Unrated
Certificates of Deposits	$ 180,347	$ -	$ 180,347	$ -	$ -
U.S. Agencies	-	-	-	-	-
State Investment Pool	-	-	-	-	-
Riverside County Investment Pool	464,683,482	-	-	-	464,683,482
Total	$ 464,863,829	$ -	$ 180,347	$ -	$ 464,683,482

Note 4 - Receivables

Receivables at June 30, 2022, consisted of intergovernmental grants, entitlements, interest and other local sources. All receivables are considered collectible in full.

	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total	Internal Service Fund
Federal Government						
Categorical aid	$ 8,056,754	$ -	$ -	$ 2,014,860	$ 10,071,614	$ -
State Government						
LCFF apportionment	3,590	-	-	54,655	58,245	-
Categorical aid	4,186,681	-	-	822,769	5,009,450	-
Lottery	319,099	-	-	22,368	341,467	-
Local Government						
Interest	199,315	274,417	94,903	115,903	684,538	53,790
Other local sources	1,035,040	-	535,355	88,658	1,659,053	7,222
Total	$ 13,800,479	$ 274,417	$ 630,258	$ 3,119,213	$ 17,824,367	$ 61,012

Note 5 - Capital Assets and Right-to-Use Leased Assets

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

	Balance July 1, 2021 as restated	Additions	Deductions	Balance June 30, 2022
Governmental Activities				
Capital assets not being depreciated				
Land	$ 86,882,142	$ -	$ -	$ 86,882,142
Construction in progress	33,233,214	19,611,391	(8,476,921)	44,367,684
Total capital assets not being depreciated	120,115,356	19,611,391	(8,476,921)	131,249,826
Capital assets being depreciated				
Land improvements	19,259,367	5,392,913	-	24,652,280
Buildings and improvements	794,907,537	3,084,008	-	797,991,545
Furniture and equipment	28,443,852	667,032	-	29,110,884
Total capital assets being depreciated	842,610,756	9,143,953	-	851,754,709
Total capital assets	962,726,112	28,755,344	(8,476,921)	983,004,535
Accumulated depreciation				
Land improvements	(2,275,970)	(994,989)	-	(3,270,959)
Buildings and improvements	(225,717,152)	(17,186,476)	-	(242,903,628)
Furniture and equipment	(22,922,058)	(1,147,047)	-	(24,069,105)
Total accumulated depreciation	(250,915,180)	(19,328,512)	-	(270,243,692)
Net depreciable capital assets	711,810,932	9,426,832	(8,476,921)	712,760,843
Right-to-use leased assets being amortized				
Buildings and improvements	26,358	-	-	26,358
Furniture and equipment	4,743,287	-	-	4,743,287
Total right-to-use leased assets being amortized	4,769,645	-	-	4,769,645
Accumulated amortization				
Buildings and improvements	(15,545)	(2,703)	-	(18,248)
Furniture and equipment	(890,088)	(849,817)	-	(1,739,905)
Total accumulated amortization	(905,633)	(852,520)	-	(1,758,153)
Net right-to-use leased assets	3,864,012	(852,520)	-	3,011,492
Governmental activities capital and right-to-use leased assets, net	$ 715,674,944	$ 8,574,312	$ (8,476,921)	$ 715,772,335

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

Governmental Activities	
Instruction	$ 18,656,166
Home-to-school transportation	62,663
Food services	42,393
All other administration	498,543
Plant services	921,267
Total depreciation and amortization expenses governmental activities	$ 20,181,032

Note 6 - Lease Receivables

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

Lease Receivable	Outstanding July 1, 2021 as restated	Addition	Deletion	Outstanding June 30, 2022
CCHS Cellular Tower	$ 952,434	$ -	$ (2,668)	$ 949,766
LES/VMES Cellular Tower	346,561	-	(36,458)	310,103
Land Lease	886,085	-	(177,256)	708,829
Total	$ 2,185,080	$ -	$ (216,382)	$ 1,968,698

CCHS Cellular Tower

The District licenses (leases) a portion of its facilities for cellular tower antenna sites. These licenses are non-cancelable for a period of five years, with five renewal periods of five years. The District believes the licensees will exercise the renewal option with reasonable certainty. The agreements allow for 3.00% annual CPI increases to the license payments. At termination, lessees must remove all equipment and restore the site to its original state. During the fiscal year, the District recognized $2,668 in lease revenue and $33,294 in interest revenue related to these agreements. At June 30, 2022, the District recorded $949,766 in lease receivables and deferred inflows of resources for these arrangements. The District used an interest rate of 3.50%, based on the rates available to finance real estate or machinery and equipment over the same time periods.

LES/VMES Cellular Tower

The District licenses (leases) a portion of its facilities for cellular tower antenna sites. These licenses are non-cancelable for a period of five years, with one renewal period of five years. The District believes the licensees will exercise the renewal option with reasonable certainty. The agreements allow for 3.00% annual CPI increases to the license payments. At termination, lessees must remove all equipment and restore the site to its original state. During the fiscal year, the District recognized $36,458 in lease revenue and $11,548 in interest revenue related to these agreements. At June 30, 2022, the District recorded $310,103 in lease receivables and deferred inflows of resources for these arrangements. The District used an interest rate of 3.50%, based on the rates available to finance real estate or machinery and equipment over the same time periods.

Land Lease

The District licenses (leases) a portion of its facilities for satellite campus site to College of the Desert. These licenses are non-cancelable for a period of five years, with one renewal period of three years. The District believes the licensees will exercise the renewal option with reasonable certainty. The agreements allow for 3.00% annual CPI increases to the license payments. At termination, lessees must remove all equipment and facilities, and restore the site to its original state. During the fiscal year, the District recognized $177,256 in lease revenue and $28,211 in interest revenue related to these agreements. At June 30, 2022, the District recorded $708,829 in lease receivables and deferred inflows of resources for these arrangements. The District used an interest rate of 3.50%, based on the rates available to finance real estate or machinery and equipment over the same time periods.

Note 7 - Interfund Transactions

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivable and payable balances at June 30, 2022, between major and non-major governmental funds and the internal service fund are as follows:

	Due From					
Due To	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Internal Service Fund	Total
General Fund	$ -	$ 44,987	$ 7,144,398	$ 2,547,566	$ 60,833	$ 9,797,784
Special Reserve Fund for Capital Outlay Projects	7,789	-	-	-	-	7,789
Non-Major Governmental Funds	195,770	-	-	-	-	195,770
Internal Service Fund	18,195	-	-	-	-	18,195
Total	$ 221,754	$ 44,987	$ 7,144,398	$ 2,547,566	$ 60,833	$ 10,019,538

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

Operating Transfers

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

The General Fund transferred to the Cafeteria Non-Major Governmental Fund for LCFF eligibility processing.	$ 1,132
The General Fund transferred to the Internal Service Fund for current year pool contribution.	2,632,380
The Charter School Non-Major Governmental Fund transferred to the General Fund for special education contribution share.	824,726
The Special Reserve Fund for Capital Outlay Projects transferred to the General Fund for reimbursement of costs.	7,159,616
Total	$ 10,617,854

Note 8 - Accounts Payable

Accounts payable at June 30, 2022, consisted of the following:

	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total	Internal Service Fund
Vendor payables	$ 3,190,077	$ 5,118	$ 12,490	$ 424,050	$ 3,631,735	$ 235,328
LCFF apportionment	12,871,379	-	-	81,321	12,952,700	-
Salaries and benefits	2,664,227	-	-	208,751	2,872,978	-
Construction	-	2,146,833	599,094	-	2,745,927	-
Total	$ 18,725,683	$ 2,151,951	$ 611,584	$ 714,122	$ 22,203,340	$ 235,328

Note 9 - Unearned Revenue

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

	General Fund	Non-Major Governmental Funds	Total
Federal financial assistance	$ 10,071,614	$ -	$ 10,071,614
State categorical aid	10,379,768	956,843	11,336,611
Other local	637,887	8,362	646,249
Total	$ 21,089,269	$ 965,205	$ 22,054,474

Note 10 - Long-Term Liabilities Other than OPEB and Pensions

Summary

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

	Balance July 1, 2021 as restated	Additions	Deductions	Balance June 30, 2022	Due in One Year
Long-Term Liabilities					
General obligation bonds	$ 463,260,000	$ -	$ (17,580,000)	$ 445,680,000	$ 32,005,000
Private placement debt issuances	7,385,982	1,338,684	(1,439,517)	7,285,149	1,469,906
Unamortized debt premiums	35,388,545	-	(2,517,300)	32,871,245	-
Lease liabilities	3,625,390	-	(745,189)	2,880,201	767,546
Compensated absences	2,761,917	229,435	-	2,991,352	-
Claims liability	3,704,724	(442,899)	(1,370,305)	1,891,520	283,728
Total	$ 512,501,168	$ 1,125,220	$ (23,652,311)	$ 493,599,467	$ 34,526,180

Payments on general obligation bonds and private placement debt issuances are made by the Bond Interest and Redemption Fund with local revenues. Payments on the private placement debt issuances are made by the Special Reserve Fund for Capital Outlay Projects. The lease liabilities payments are made by the General Fund. The compensated absences are be paid by the General Fund, Charter Schools Fund, Adult Education Fund, Child Development Fund, Cafeteria Fund, and Capital Facilities Fund. Additions and deductions from compensated absences are reported to its net cumulative change in the current year. The claims liability payments are made by the Internal Service Fund.

General Obligation Bonds

The outstanding general obligation bonded debt is as follows:

Issuance Date	Final Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2021	Issued	Redeemed	Bonds Outstanding June 30, 2022
11/21/13	08/01/38	3.00% - 5.00%	$ 70,000,000	$ 58,840,000	$ -	$ (2,205,000)	$ 56,635,000
06/08/21	08/01/22	0.40% - 5.00%	75,105,000	3,110,000	-	(3,110,000)	-
07/30/13	08/01/33	3.00% - 5.00%	20,425,000	10,365,000	-	(1,665,000)	8,700,000
07/30/14	08/01/36	0.10% - 5.00%	100,085,000	80,970,000	-	(3,725,000)	77,245,000
07/07/16	08/01/33	4.00% - 5.00%	77,215,000	77,215,000	-	-	77,215,000
07/28/16	08/01/33	2.00% - 4.00%	100,000,000	84,860,000	-	(5,775,000)	79,085,000
10/28/20	08/01/32	0.39% - 2.22%	29,900,000	29,900,000	-	(1,100,000)	28,800,000
04/20/21	08/01/34	1.25% - 4.00%	118,000,000	118,000,000	-	-	118,000,000
				$ 463,260,000	$ -	$ (17,580,000)	$ 445,680,000

Private Placement Debt Issuances

The outstanding private placement debt issuances is as follows:

Issuance Date	Final Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2021	Issued	Redeemed	Bonds Outstanding June 30, 2022
05/26/10	02/01/26	4.37%	$ 19,539,035	$ 7,385,982	$ -	$ (1,357,343)	$ 6,028,639
07/01/21	06/30/41	2.27%	1,338,684	-	1,338,684	(82,174)	1,256,510
				$ 7,385,982	$ 1,338,684	$ (1,439,517)	$ 7,285,149

Debt Service Requirements to Maturity

The current interest bonds mature as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
2023	$ 32,005,000	$ 14,687,312	$ 46,692,312
2024	33,055,000	13,725,694	46,780,694
2025	32,700,000	12,721,566	45,421,566
2026	25,390,000	11,731,269	37,121,269
2027	27,350,000	10,786,270	38,136,270
2028-2032	176,930,000	36,195,388	213,125,388
2033-2037	113,225,000	29,290,304	142,515,304
2038-2039	5,025,000	5,150,625	10,175,625
Total	$ 445,680,000	$ 134,288,427	$ 579,968,427

The current interest private placement debt issuances mature as follows:

Year Ending June 30,	Principal	Current Interest to Maturity	Total
2023	$ 1,469,906	$ 292,012	$ 1,761,918
2024	1,532,508	228,901	1,761,409
2025	1,592,701	163,080	1,755,781
2026	1,655,404	94,655	1,750,059
2027	58,657	23,517	82,174
2028-2032	313,902	96,968	410,870
2033-2037	351,235	59,635	410,870
2038-2041	310,836	17,860	328,696
Total	$ 7,285,149	$ 976,628	$ 8,261,777

Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2022, amounted to $2,991,352.

Lease Liability

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

Lease	Leases Outstanding July 1, 2021	Addition	Payments	Leases Outstanding June 30, 2022
Agua Caliente ES copiers	$ 10,048	$ -	$ (3,251)	$ 6,797
Cielo Vista Charter copiers	4,340	-	(2,138)	2,202
District Wide printers and copiers	1,145,487	-	(273,802)	871,685
Distict reprographics - printers	20,575	-	(4,918)	15,657
Distict reprographics - copiers	2,433,789	-	(458,415)	1,975,374
Space Lease	11,151	-	(2,665)	8,486
Total	$ 3,625,390	$ -	$ (745,189)	$ 2,880,201

Agua Caliente ES Copiers

The District entered an agreement to lease copiers for five years, beginning March 1, 2019, with no successive term. Under the terms of the lease, the District paid the annual lease payments of $3,552. At June 30, 2022, the District has recognized a right to use asset of $6,607 and a lease liability of $6,797 related to this agreement. During the fiscal year, the District recorded $3,964 in amortization expense and $301 in interest expense for the right to use of the copiers. The District used a discount rate of 3.00%, based on the rates available to finances equipment over the same time periods.

Cielo Vista Charter Copiers

The District entered an agreement to lease copiers for five years, beginning February 1, 2018, with no successive term. Under the terms of the lease, the District paid the annual lease payments of $2,268. At June 30, 2022, the District has recognized a right to use asset of $1,265 and a lease liability of $2,202 related to this agreement. During the fiscal year, the District recorded $2,531 in amortization expense and $130 in interest expense for the right to use of the copiers. The District used a discount rate of 3.00%, based on the rates available to finances equipment over the same time periods.

District Wide Printers and Copiers

The District entered an agreement to lease copiers for five years, beginning June 1, 2020, with no successive term. Under the terms of the lease, the District paid the annual lease payments of $308,167. At June 30, 2022, the District has recognized a right to use asset of $1,003,031 and a lease liability of $871,685 related to this agreement. During the fiscal year, the District recorded $343,896 in amortization expense and $34,365 in interest expense for the right to use of the copiers. The District used a discount rate of 3.00%, based on the rates available to finances equipment over the same time periods.

District Reprographics - Printers

The District entered an agreement to lease copiers for five years, beginning July 1, 2020, with no successive term. Under the terms of the lease, the District paid the annual lease payments of $5,535. At June 30, 2022, the District has recognized a right to use asset of $15,667 and a lease liability of $15,657 related to this agreement. During the fiscal year, the District recorded $5,222 in amortization expense and $301 in interest expense for the right to use of the copiers. The District used a discount rate of 3.00%, based on the rates available to finances equipment over the same time periods.

District Reprographics - Copiers

The District entered an agreement to lease copiers for five years, beginning January 1, 2020, with no successive term. Under the terms of the lease, the District paid the annual lease payments of $531,429. At June 30, 2022, the District has recognized a right to use asset of $1,976,812 and a lease liability of $1,975,374 related to this agreement. During the fiscal year, the District recorded $494,203 in amortization expense and $73,014 in interest expense for the right to use of the copiers. The District used a discount rate of 3.00%, based on the rates available to finances equipment over the same time periods.

Space Lease

The District entered an agreement to lease facilities space for 117 months, beginning October 1, 2015. The lease terminates June 30, 2025. Under the terms of the lease, the District pays annual lease payments of $3,000. At June 30, 2022, the District has recognized a right to use asset of $8,110 and a lease liability of $8,486 related to this agreement. During the fiscal year, the District recorded $2,703 in amortization expense and $335 in interest expense for the right to use of the facilities space. The District used a discount rate of 3.00%, based on the rates available to finances buildings over the same time periods.

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

Year Ending June 30,	Principal	Interest	Total
2023	$ 767,546	$ 86,406	$ 853,952
2024	788,304	63,380	851,684
2025	808,401	39,731	848,132
2026	515,950	15,479	531,429
Total	$ 2,880,201	$ 204,996	$ 3,085,197

Claims Liability

The District has an outstanding long-term liability for claims for the District's Workers' Compensation Insurance Program in the amount of $1,891,520.

Note 11 - Aggregate Net Other Postemployment Benefit (OPEB) Liability

For the fiscal year ended June 30, 2022, the District reported aggregate net OPEB liability, deferred inflows of resources, and OPEB expense for the following plans:

OPEB Plan	Aggregate Net OPEB Liability	Deferred Inflows of Resources	OPEB Expense
District Plan	$ 46,494,248	$ 8,140,173	$ (2,701,130)
Medicare Premium Payment (MPP) Plan	1,412,778	-	(347,388)
Total	$ 47,907,026	$ 8,140,173	$ (3,048,518)

The details of each plan are as follows:

District Plan

Plan Administration

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

Plan Membership

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

Inactive employees or beneficiaries currently receiving benefits payments	82
Active employees	2,036
Total	2,118

Benefits Provided

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

Benefit Payments

The benefit payment requirements of the Plan members and the District are established and may be amended by the District and the Palm Springs Teachers Association (PSTA), the Teamsters, and unrepresented groups. The benefit payment is based on projected pay-as-you-go financing requirements as determined annually through the agreements with the District, PSTA, CSEA, and the unrepresented groups are based on availability of funds. For the measurement period of June 30, 2022, the District paid $1,096,530 in benefits.

Actuarial Assumptions

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

Inflation	2.50	percent
Salary increases	2.75	percent, average, including inflation
Discount rate	3.54	percent
Healthcare cost trend rates	4.00	percent

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

Mortality rates were based on the 2020 CalSTRS Mortality Table for certificated employees and the 2017 CalPERS Active Mortality for Miscellaneous Employees Table for classified employees. Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reeducation. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

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

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance, June 30, 2021	$ 49,195,378
Service cost	3,293,122
Interest	1,086,343
Changes of assumptions	(5,984,065)
Benefit payments	(1,096,530)
Net change in total OPEB liability	(2,701,130)
Balance, June 30, 2022	$ 46,494,248

No changes to benefits noted from the prior evaluation.

Changes of assumptions and other inputs reflect a change in the discount rate from 2.16% in 2021 to 3.54% in 2022.

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

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

Discount Rate	Total OPEB Liability
1% decrease (2.54%)	$ 50,922,340
Current discount rate (3.54%)	46,494,248
1% increase (4.54%)	43,306,661

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

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

Healthcare Cost Trend Rates	Total OPEB Liability
1% decrease (3.00%)	$ 40,478,203
Current healthcare cost trend rate (4.00%)	46,494,248
1% increase (5.00%)	53,412,514

OPEB Expense and Deferred Inflows of Resources related to OPEB

For the year ended June 30, 2022, the District recognized OPEB expense of $(2,701,130). At June 30, 2022, District reported deferred inflows of resources related to the OPEB from the following sources.

	Deferred Inflows of Resources
Differences between expected and actual experience	$ 2,393,046
Changes of assumptions	5,747,127
Total	$ 8,140,173

The deferred outflows/(inflows) of resources for changes of assumptions and differences in expected and actual experience will be amortized over the Expected Average remaining Service Life (EARSL) of all members that are provided benefits as of the beginning of the measurement period. The EARSL for the measurement period is 13.1 years, and the deferred outflows/(inflows) of resources will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	$ (526,086)
2024	(526,086)
2025	(526,086)
2026	(526,086)
2027	(491,442)
Thereafter	(5,544,387)
Total	$ (8,140,173)

Medicare Premium Payment (MPP) Program

Plan Description

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

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

Benefits Provided

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

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

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

Net OPEB Liability and OPEB Expense

At June 30, 2022, the District reported a liability of $1,412,778 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2021 and June 30, 2020, respectively, was 0.3542%, and 0.4153%, resulting in a net decrease in the proportionate share of 0.0611%.

For the year ended June 30, 2022, the District recognized OPEB expense of $(347,388).

Actuarial Methods and Assumptions

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

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

For the valuation as of June 30, 2020, CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among our members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

Assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 245 or an average of 0.16% of the potentially eligible population (152,062).

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2021, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2021, is 2.16%. As the MPP Program is funded on a pay-as-you-go basis as previously noted, the OPEB Plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 2.16%, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2021, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate decreased 0.05% from 2.21% as of June 30, 2020.

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

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

Discount Rate	Net OPEB Liability
1% decrease (1.16%)	$ 1,557,269
Current discount rate (2.16%)	1,412,778
1% increase (3.16%)	1,289,324

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

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

Medicare Costs Trend Rate	Net OPEB Liability
1% decrease (3.5% Part A and 4.4% Part B)	$ 1,284,756
Current Medicare costs trend rate (4.5% Part A and 5.4% Part B)	1,412,778
1% increase (5.5% Part A and 6.4% Part B)	1,559,550

Note 12 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total
Nonspendable						
Revolving cash	$ 100,000	$ -	$ -	$ -	$ 52,988	$ 152,988
Stores inventories	200,746	-	-	-	553,663	754,409
Prepaid expenditures	56,494	-	12,000	-	-	68,494
Total nonspendable	357,240	-	12,000	-	606,651	975,891
Restricted						
Legally restricted programs	31,007,228	-	-	-	22,483,931	53,491,159
Capital projects	-	136,040,506	20,063,717	-	38,097,380	194,201,603
Debt services	-	-	-	71,435,809	-	71,435,809
Total restricted	31,007,228	136,040,506	20,063,717	71,435,809	60,581,311	319,128,571
Assigned						
ROTC supplies	21,041	-	-	-	-	21,041
Furniture replacement	1,136,941	-	-	-	-	1,136,941
Use of facilities	118,713	-	-	-	-	118,713
Heathly wages	514	-	-	-	-	514
Site discretionary	499,645	-	-	-	7,512	507,157
Insurance claims	15	-	-	-	-	15
Worth insurance claims	6,838	-	-	-	-	6,838
Early childhood	93	-	-	-	-	93
Computer replacement	15,304	-	-	-	-	15,304
Anderson grant	35,670	-	-	-	-	35,670
Local grants	31,407	-	-	-	-	31,407
The foundation grants	30,609	-	-	-	-	30,609
Donations	143,577	-	-	-	40,587	184,164
Local control and accountability plan	18,776,389	-	-	-	702,330	19,478,719
Textbooks	2,913,555	-	-	-	-	2,913,555
Riverside County mental health contract	10,068	-	-	-	-	10,068
Operational expectations	4,654,256	-	-	-	3,486,140	8,140,396
Site lottery carryover	237,506	-	-	-	-	237,506
Catering	-	-	-	-	12,090	12,090
Program enhancements	13,578,140	-	-	-	-	13,578,140
Energy rebates	-	-	3,651,024	-	-	3,651,024
State match for OPSC projects	-	-	20,035,198	-	-	20,035,198
Total assigned	42,210,281	-	23,686,222	-	4,248,659	70,145,162
Unassigned						
Reserve for economic uncertainties	20,409,018	-	-	-	-	20,409,018
Remaining unassigned	2,752,048	-	-	-	-	2,752,048
Total unassigned	23,161,066	-	-	-	-	23,161,066
Total	$ 96,735,815	$136,040,506	$ 43,761,939	$ 71,435,809	$ 65,436,621	$413,410,690

Note 13 - Risk Management

Description

The District's risk management activities are recorded in the General and Self-Insurance Funds. Employee life, health, vision, dental, disability, and workers' compensation programs are administered by the District. 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 commercial insurance through Southern California Regional Liability Excess Fund Joint Powers Authority for first party damage with coverage up to a maximum of $250 million, subject to Member Retained Limits ranging from $250 to $5,000 per occurrence. The District also purchases commercial insurance for general liability claims with coverage up to $1 million per occurrence with excess liability coverage up to $24 million per occurrence and $52 million aggregate, all subject to a $5,000 Member Retained Limit per occurrence. The District self-insures workers' compensation coverage up to $1,000,000 per occurrence with excess coverage up to $10,000,000.

Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2022, the District contracted with Southern California Regional Liability Excess Fund (SoCal ReLiEF) for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Employee Medical Benefits

The District has contracted with Self-Insured Schools of California (SISC) to provide employee health benefits. SISC is a shared risk pool comprised of 32 member Districts and Inland Empire region. 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.

The District has contracted with Teamsters Miscellaneous Security Trust (TMST) to provide employee health benefits. TMST represents 23 Teamster Unions Locals located in Southern California, Southern Nevada, Guam, Saipan, and Hawaii. 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.

Claims Liabilities

The District records an estimated liability for indemnity torts and other claims against the District. Claims liabilities are based on estimates of the ultimate cost of reported claims (including future claim adjustment expenses) and an estimate for claims incurred, but not reported based on historical experience.

Unpaid Claims Liabilities

The fund establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represent the changes in approximate aggregate liabilities for the District from July 1, 2020 to June 30, 2022:

	Workers' Compensation
Liability Balance, July 1, 2020	$ 3,870,108
Claims and changes in estimates	896,368
Claims payments	(1,061,752)
Liability Balance, June 30, 2021	3,704,724
Claims and changes in estimates	(442,899)
Claims payments	(1,370,305)
Liability Balance, June 30, 2022	$ 1,891,520
Assets available to pay claims at June 30, 2022	$ 27,672,574

Note 14 - Employee Retirement Systems

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

For the fiscal year ended June 30, 2022, the District reported its proportionate share of net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Aggregate Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	$ 107,233,655	$ 46,182,786	$ 103,438,118	$ 9,241,044
CalPERS	68,500,255	14,575,834	27,007,282	7,137,210
Total	$ 175,733,910	$ 60,758,620	$ 130,445,400	$ 16,378,254

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

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

Benefits Provided

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age, and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0% of final compensation for each year of credited service.

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program, and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor of the STRP and obligor of the trust. In addition, the state is both an employer and nonemployer contributing entity to the STRP.

The District contributes exclusively to the STRP Defined Benefit Program, thus disclosures are not included for the other plans.

The STRP provisions and benefits in effect at June 30, 2022, are summarized as follows:

	STRP Defined Benefit Program	
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	16.92%	16.92%
Required state contribution rate	10.828%	10.828%

Contributions

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2022, are presented above and the District's total contributions were $23,728,491.

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

At June 30, 2022, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the District were as follows:

Total net pension liability, including State share	
Proportionate share of net pension liability	$ 107,233,655
State's proportionate share of the net pension liability	53,955,816
Total	$ 161,189,471

The net pension liability was measured as of June 30, 2021. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2021 and June 30, 2020, respectively was 0.2356% and 0.2384%, resulting in a net decrease in the proportionate share of 0.0028%.

For the year ended June 30, 2022, the District recognized pension expense of $9,241,044. In addition, the District recognized pension expense and revenue of $1,846,032 for support provided by the State. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 23,728,491	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	6,991,800	7,201,637
Differences between projected and actual earnings on pension plan investments	-	84,824,583
Differences between expected and actual experience in the measurement of the total pension liability	268,626	11,411,898
Changes of assumptions	15,193,869	-
Total	$ 46,182,786	$ 103,438,118

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	$ (21,540,357)
2024	(19,702,390)
2025	(20,191,336)
2026	(23,390,500)
Total	$ (84,824,583)

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	$ 5,923,163
2024	5,216,391
2025	(1,443,125)
2026	(1,636,353)
2027	(2,315,716)
Thereafter	(1,903,600)
Total	$ 3,840,760

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2020, and rolling forward the total pension liability to June 30, 2021. The financial reporting actuarial valuation as of June 30, 2020, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2020
Measurement date	June 30, 2021
Experience study	July 1, 2015 through June 30, 2018
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2021, are summarized in the following table:

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

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	$ 218,289,341
Current discount rate (7.10%)	107,233,655
1% increase (8.10%)	15,059,556

California Public Employees Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the School Employer Pool (SEP) and the Safety Risk Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2020 annual actuarial valuation report, Schools Pool Actuarial Valuation, and the Risk Pool Actuarial Valuation Report, Safety. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: https://www.calpers.ca.gov/page/forms-publications.

Benefits Provided

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

The CalPERS provisions and benefits in effect at June 30, 2022, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	22.91%	22.91%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2022, are presented above and the total District contributions were $12,256,996.

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

As of June 30, 2022, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $68,500,255. 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, 2021 and June 30, 2020, respectively was 0.3369% and 0.3359%, resulting in a net increase in the proportionate share of 0.0010%.

For the year ended June 30, 2022, the District recognized pension expense of $7,137,210. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 12,256,996	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	273,930	557,441
Differences between projected and actual earnings on pension plan investments	-	26,288,358
Differences between expected and actual experience in the measurement of the total pension liability	2,044,908	161,483
Total	$ 14,575,834	$ 27,007,282

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

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

Year Ended June 30,		Deferred Outflows/(Inflows) of Resources
2023	$	(6,593,097)
2024		(6,062,943)
2025		(6,321,014)
2026		(7,311,304)
Total	$	(26,288,358)

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

Year Ended June 30,		Deferred Outflows/(Inflows) of Resources
2023	$	1,269,596
2024		277,337
2025		49,356
2026		3,625
Total	$	1,599,914

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2020, and rolling forward the total pension liability to June 30, 2021. The financial reporting actuarial valuation as of June 30, 2020, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2020
Measurement date	June 30, 2021
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and service

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries 90% of scale MP-2016.

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

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

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.15%)	$ 115,501,048
Current discount rate (7.15%)	68,500,255
1% increase (8.15%)	29,479,511

Social Security

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

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of $15,154,383 (10.828% of annual payroll). Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Note 15 - Commitments and Contingencies

Grants

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2022.

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2022.

Construction Commitments

As of June 30, 2022, the District had the following commitments with respect to the unfinished capital projects:

Capital Project	Remaining Construction Commitment	Expected Date of Completion
Modernization at various sites		
PROP39 Energy - incl. Bond Match	$ 403,229	2022-2023
PSHS AB300 Seismic - building renovations	5,392,215	2022-2023
DLA500 BLDG	9,408,653	2023-2024
DAC-Tenant Improvements	858,359	2022-2023
Desert Hot Springs Mini-Gym Floor replacement	527,373	2022-2023
Additional Solar, battery storage and micro-grids & EV Charging Stations	4,254,340	2022-2023
PSHS BB Theater Lighting Equipment Replacement	6,000	2022-2023
DHSHS Site Lighting	434,989	2022-2023
DW Video Camera Replacement	2,100,000	2022-2023
DW Front Door Access Control	700,000	2022-2023
Della S Lindely Elementary Modernization - incl. Fire Alarm Upgrade	19,001,366	2023-2024
Landau Elementary Modernization - incl. Fire Alarm Upgrade	38,149,350	2024-2025
Sunny Sands Elementary Modernization - incl. Fire Alarm Upgrade	38,944,728	2024-2025
Bubbling Wells Elementary Modernization - Design only	961,932	2025-2026
James Workman Middle School Modernization - Design only	22,377,126	2024-2025
Cathedral City High School Modernization - Design and Fire Alarms Upgrade only	3,369,577	2026-2027
Nellie Cofmann Locker Room Upgrades	1,996,602	2022-2023
Palm Springs H.S. CR 900&901 UPG	957,832	2022-2023
Total	$149,843,671	

Note 16 - Joint Powers Authorities and Other Related Party Transactions

The District is a member of the Southern California Regional Liability Excess Fund (SoCal ReLiEF), Self-Insured Schools of California (SISC), Teamsters Miscellaneous Security Trust (TMST), and the Riverside Schools Risk Management Authority (RSRMA) a joint powers authority (JPA). The relationship between the District and the JPA is such that it is not a component unit 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 JPA and the District are included in these statements. Audited financial statements are available from the respective entities.

During the year ended June 30, 2022, the District made payments of $2,203,974, $22,079,757, $11,461,284, and $828,861 to SoCal ReLiEF, SISC, TMST, and RSRMA, respectively, for its health coverage, property liability and workers' compensation.

The District also participates in the RSRMA Safety Credit Program to mitigate its workers' compensation claims experience. As of June 30, 2022, the District has a balance of $211,231 available for use pursuant to RSRMA Safety Credit Program guidelines.

Note 17 - Restatement of Prior Year Net Position and Fund Balance

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

Government-Wide Financial Statements	
Net Position - Beginning	$ 274,911,644
Lease receivables	2,185,080
Right-to-use leased assets, net of amortization	3,864,012
Lease liability	(3,625,390)
Deferred inflows of resources related to leases	(2,185,080)
Net Position - Beginning as Restated	$ 275,150,266
General Fund	
Fund Balance - Beginning	$ 64,182,273
Lease receivables	1,298,995
Deferred inflows of resources related to leases	(1,298,995)
Fund Balance - Beginning	$ 64,182,273
Special Reserve Fund for Capital Outlay Projects	
Fund Balance - Beginning	$ 43,518,153
Lease receivables	886,085
Deferred inflows of resources related to leases	(886,085)
Fund Balance - Beginning	$ 43,518,153

Required Supplementary Information
June 30, 2022

Palm Springs Unified School District

	Budgeted Amounts			Variances - Positive (Negative)
	Original	Final	Actual	Final to Actual
Revenues				
Local Control Funding Formula	$ 258,346,346	$ 269,436,857	$ 269,556,214	$ 119,357
Federal sources	20,816,770	140,762,989	39,556,076	(101,206,913)
Other State sources	22,610,125	56,429,084	45,379,825	(11,049,259)
Other local sources	17,089,774	21,981,410	18,505,771	(3,475,639)
Total revenues [1]	318,863,015	488,610,340	372,997,886	(115,612,454)
Expenditures				
Current				
Certificated salaries	133,721,936	140,326,739	138,915,011	1,411,728
Classified salaries	49,667,832	51,164,376	49,520,948	1,643,428
Employee benefits	94,288,258	95,310,573	94,448,252	862,321
Books and supplies	14,771,919	134,677,413	17,253,745	117,423,668
Services and operating expenditures	36,709,661	61,426,366	44,690,870	16,735,496
Other outgo	(1,236,559)	(1,115,127)	(1,989,624)	874,497
Capital outlay	426,754	3,562,881	2,107,289	1,455,592
Debt service				
Debt service - principal	-	-	740,386	(740,386)
Debt service - interest and other	-	-	108,297	(108,297)
Total expenditures [1]	328,349,801	485,353,221	345,795,174	139,558,047
Excess (Deficiency) of Revenues Over Expenditures	(9,486,786)	3,257,119	27,202,712	23,945,593
Other Financing Sources (Uses)				
Transfers in	5,334,878	8,161,112	7,984,342	(176,770)
Transfers out	(3,027,725)	(23,241,760)	(2,633,512)	20,608,248
Net financing sources (uses)	2,307,153	(15,080,648)	5,350,830	20,431,478
Net Change in Fund Balances	(7,179,633)	(11,823,529)	32,553,542	44,377,071
Fund Balance - Beginning	64,182,273	64,182,273	64,182,273	-
Fund Balance - Ending	$ 57,002,640	$ 52,358,744	$ 96,735,815	$ 44,377,071

[1] Due to the consolidation of Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects for reporting purposes into the General Fund, additional revenues and expenditures pertaining to these other funds are included in the Actual (GAAP Basis) revenues and expenditures, however are not included in the original and final General Fund budgets.

	2022	2021	2020	2019	2018
Total OPEB Liability					
Service cost	$ 3,293,122	$ 3,094,993	$ 3,004,848	$ 2,517,617	$ 2,563,184
Interest	1,086,343	1,197,997	1,192,239	1,851,832	1,680,193
Changes of benefit terms	-	-	(1,058,918)	-	-
Difference between expected and actual experience	-	(2,822,929)	13,862	63,979	181,335
Changes of assumptions	(5,984,065)	(3,903,921)	4,090,852	1,251,556	(1,055,121)
Benefit payments	(1,096,530)	(2,555,380)	(2,400,649)	(2,551,740)	(2,357,253)
Net change in total OPEB liability	(2,701,130)	(4,989,240)	4,842,234	3,133,244	1,012,338
Total OPEB Liability - Beginning	49,195,378	54,184,618	49,342,384	46,209,140	45,196,802
Total OPEB Liability - Ending	$ 46,494,248	$ 49,195,378	$ 54,184,618	$ 49,342,384	$ 46,209,140
Covered Payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Total OPEB Liability as a Percentage of Covered Payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

[1] The OPEB Plan is not administered through a trust and contributions are not made based on a measure of pay. Therefore, no measure of payroll is presented.

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

Year ended June 30,	2022	2021	2020	2019	2018
Proportion of the net OPEB liability	0.3542%	0.4153%	0.3729%	0.3625%	0.3625%
Proportionate share of the net OPEB liability	$ 1,412,778	$ 1,760,166	$ 1,388,630	$ 1,387,493	$ 1,743,573
Covered payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Plan fiduciary net position as a percentage of the total OPEB liability	-0.80%	-0.71%	-0.81%	-0.40%	0.01%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

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

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

	2022	2021	2020	2019	2018	2017	2016	2015
CalSTRS								
Proportion of the net pension liability	0.2356%	0.2384%	0.2413%	0.2305%	0.2289%	0.2308%	0.2203%	0.0750%
Proportionate share of the net pension liability	$107,233,655	$230,999,055	$217,900,290	$211,855,128	$211,702,726	$186,675,227	$148,312,147	$116,093,098
State's proportionate share of the net pension liability	53,955,816	119,080,040	118,879,155	121,296,969	125,241,544	106,286,523	78,440,566	70,102,025
Total	$161,189,471	$350,079,095	$336,779,445	$333,152,097	$336,944,270	$292,961,750	$226,752,713	$186,195,123
Covered payroll	$131,157,282	$131,966,058	$131,111,296	$124,947,685	$122,773,402	$113,836,850	$ 98,694,989	103,962,473
Proportionate share of the net pension liability as a percentage of its covered payroll	81.76%	175.04%	166.19%	169.56%	172.43%	163.98%	150.27%	111.67%
Plan fiduciary net position as a percentage of the total pension liability	87%	72%	73%	71%	69%	70%	74%	77%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
CalPERS								
Proportion of the net pension liability	0.3369%	0.3359%	0.3281%	0.3293%	0.3267%	0.3258%	0.3013%	0.2952%
Proportionate share of the net pension liability	$ 68,500,255	$103,062,273	$ 95,635,221	$ 87,807,338	$ 77,989,257	$ 64,353,119	$ 44,414,852	$ 33,509,892
Covered payroll	$ 48,741,531	$ 48,591,618	$ 45,824,731	$ 43,606,980	$ 41,678,190	$ 40,021,930	$ 32,838,170	34,228,832
Proportionate share of the net pension liability as a percentage of its covered payroll	140.54%	212.10%	208.70%	201.36%	187.12%	160.79%	135.25%	97.90%
Plan fiduciary net position as a percentage of the total pension liability	81%	70%	70%	71%	72%	74%	79%	83%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

	2022	2021	2020	2019	2018	2017	2016	2015
CalSTRS								
Contractually required contribution	$ 23,728,491	$ 21,181,901	$ 22,566,196	$ 21,344,919	$ 18,029,951	$ 15,444,894	$ 12,214,694	$ 8,764,115
Less contributions in relation to the contractually required contribution	23,728,491	21,181,901	22,566,196	21,344,919	18,029,951	15,444,894	12,214,694	8,764,115
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$140,239,309	$131,157,282	$131,966,058	$131,111,296	$124,947,685	$122,773,402	$113,836,850	$ 98,694,989
Contributions as a percentage of covered payroll	16.92%	16.15%	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%
CalPERS								
Contractually required contribution	$ 12,256,996	$ 10,089,497	$ 9,582,753	$ 8,276,863	$ 6,772,600	$ 5,788,267	$ 4,741,398	$ 3,865,381
Less contributions in relation to the contractually required contribution	12,256,996	10,089,497	9,582,753	8,276,863	6,772,600	5,788,267	4,741,398	3,865,381
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 53,500,637	$ 48,741,531	$ 48,591,618	$ 45,824,731	$ 43,606,980	$ 41,678,190	$ 40,021,930	$ 32,838,170
Contributions as a percentage of covered payroll	22.910%	20.700%	19.721%	18.062%	15.531%	13.888%	11.847%	11.771%

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

Note 1 - Purpose of Schedules

Budgetary Comparison Schedules

The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United 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 Changes in the District's Total OPEB Liability and Related Ratios

This schedule presents information on the District's changes in the total OPEB liability, including beginning and ending balances, the plan's fiduciary net position, and the total OPEB liability. 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 valuation.
Changes of Assumptions - Liability changes resulting from changes in economic and demographic assumptions are also deferred based on the average working life. In addition, the discount rate was changed from 2.16% to 3.54%.

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

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

- *Changes in Benefit Terms* – There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* – The plan rate of investment return assumption was changed from 2.21% to 2.16% since the previous valuation.

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

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

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

Schedule of the District's Contributions

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

Supplementary Information
June 30, 2022

Palm Springs Unified School District

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Passed Through to Subrecipients
U.S. Department of Agriculture				
Passed through California Department of Education (CDE)				
Child Nutrition Cluster				
Basic School Breakfast	10.553	13525	$ 17,157	$ -
Especially Needy Breakfast	10.553	13526	1,700,890	-
Subtotal			1,718,047	-
National School Lunch Program	10.555	13391	7,537,662	-
National School Lunch Program - Commodity Supplemental Food	10.555	13391	269,083	-
COVID-19: SNP Emergency Operational Costs Reimbursement (ECR)	10.555	15637	35,685	-
Subtotal			9,560,477	-
National School Lunch Program - Summer Food Service Program Operations	10.559	13004	2,425,444	-
National School Lunch Program - Summer Food Service Sponsor Administration	10.559	13006	250,568	-
Fresh Fruit and Vegetable Program	10.582	14968	94,285	-
Subtotal Child Nutrition Cluster			12,330,774	-
Passed Through California Department of Social Services				
Child and Adult Care Food Program	10.558	13393	922,944	-
COVID-19: CACFP Emergency Operational Costs Reimbursement (ECR)	10.558	15577	114,609	-
Subtotal			1,037,553	-
COVID-19: Pandemic EBT Local Administrative Grant	10.649	15644	5,814	-
Passed through California Department of Education (CDE)				
Forest Services Schools and Road Cluster				
Forest Reserve	10.665	10044	8,807	-
Subtotal Forest Services School and Road Cluster			8,807	-
Total U.S. Department of Agriculture			13,382,948	-
U.S. Department of Defense				
Junior Reserve Officer Training Corps - Air Force	12.000	[1]	128,521	-
U.S. Department of Education				
Passed through Riverside County Special Education Local Plan Area				
Special Education Cluster (IDEA)				
Special Education Grants to States - IDEA Basic Local Assistance	84.027	13379	3,128,887	-
Special Education Grants to States - IDEA Mental Health Average Daily Attendance	84.027A	15197	251,831	-
Special Education Grants to States - IDEA Local Assistance Private Schools ISPs	84.027	10115	30,972	-
Subtotal			3,380,718	-

[1] Pass through entity identification number not available

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Passed Through to Subrecipients
Special Education Preschool Grants	84.173	13430	75,071	-
Special Education Preschool Grants - IDEA Preschool Staff Devel	84.173A	13431	1,047	-
Special Education Preschool Grants - IDEA Preschool Capacity Bu	84.173A	13839	8,226	-
COVID-19: ARP IDEA - Preschool Grants	84.173	15639	5,296	-
Subtotal Special Education Cluster			3,501,330	-
Passed through California Department of Education (CDE)				
Title I Grants to Local Educational Agencies	84.010	14329	$ 9,782,185	$ 116,301
School Improvement Funding for LEAs	84.010	15438	488,734	-
Subtotal			10,270,919	116,301
Career and Technical Education - Basic Grants to States	84.048	14894	242,614	-
Education for Homeless Children and Youth	84.196	14332	93,668	-
English Language Acquisition State Grants - LEP	84.365	14346	461,546	-
English Language Acquisition State Grants - ISP	84.365	15146	949	-
Subtotal			462,495	-
Supporting Effective Instruction State Grants - Teacher Quality	84.367	14341	628,706	24,291
Student Support and Academic Enrichment Program	84.424	15396	557,496	7,214
COVID-19: Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	15536	1,031,684	46,920
COVID-19: Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D	15547	11,816,806	-
COVID-19: ARP Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U	15559	3,335,505	-
COVID-19: ARP Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U	10155	100,170	-
COVID-19: Elementary and Secondary School Emergency Relief II (ESSER II) Fund: State Reserve	84.425D	15618	214,500	-
COVID-19: Governor’s Emergency Education Relief (GEER) Fund	84.425C	15517	291,259	16,310
COVID-19: ESSER III State Reserve, After School Education and Safety (ASES) Rate Increase	84.425D	15649	3,073,406	-
COVID-19: ARP Homeless Children and Youth (ARP HYC I)	84.425W	15564	33,745	-
Subtotal			19,897,075	63,230
Total U.S. Department of Education			35,654,303	179,531
U.S. Department of Health and Human Services				
Passed through California Department of Social Services				
Child Care and Development Fund Cluster				
COVID-19: Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act- One-time Stipend	93.575	15555	120,094	-
Total Child Care and Development Fund Cluster			120,094	-
Head Start	93.600	10016	$ 3,765,980	$ -
Subtotal Head Start Cluster			3,886,074	-
Total Federal Financial Assistance			$53,051,846	$ 179,531

ORGANIZATION

The District was established in 1948 and consists of an area comprising approximately 498 square miles. The District operates fifteen elementary schools, five middle schools, four high schools, one charter school, one continuation, and one adult school. There were no boundary changes during the year.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
John Gerardi	President	2022
Madonna Gerrell	Clerk	2024
Timothy S. Wood	Member	2022
Karen Cornett	Member	2022
Sergio Espericueta	Member	2024

ADMINISTRATION

NAME	TITLE
Mike Swize, Ed. D.	Superintendent
Brian J. Murray, Ed. D.	Assistant Superintendent, Business Services
Simone Kovats, Ed. D.	Assistant Superintendent, Educational Services
Tony Signoret, Ed. D.	Assistant Superintendent, Human Resources
Peter VanBuskirk	Director of Fiscal Services

	Second Period Report 49FDE315	Annual Report 66833201
Regular ADA		
Transitional kindergarten through third	5,114.57	5,159.16
Fourth through sixth	3,832.28	3,845.17
Seventh and eighth	2,537.95	2,535.16
Ninth through twelfth	6,044.93	5,979.52
Total Regular ADA	17,529.73	17,519.01
Extended Year Special Education		
Transitional kindergarten through third	3.57	3.57
Fourth through sixth	2.40	2.40
Seventh and eighth	1.58	1.59
Ninth through twelfth	5.64	5.64
Total Extended Year Special Education	13.19	13.20
Special Education, Nonpublic, Nonsectarian Schools		
Fourth through sixth	0.23	0.22
Seventh and eighth	0.81	0.99
Ninth through twelfth	1.93	2.20
Total Special Education, Nonpublic, Nonsectarian Schools	2.97	3.41
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Fourth through sixth	0.07	0.07
Seventh and eighth	0.13	0.13
Ninth through twelfth	0.35	0.34
Total Extended Year Special Education, Nonpublic, Nonsectarian Schools	0.55	0.54
Total ADA	17,546.44	17,536.16

Cielo Vista Charter School

	Second Period Report 67C46B39	Annual Report 1CE4F793
Regular ADA		
Transitional kindergarten through third	318.65	317.61
Fourth through sixth	250.23	249.92
Seventh and eighth	211.37	210.44
Total Charter School ADA	780.25	777.97
Classroom Based ADA		
Regular ADA		
Transitional kindergarten through third	318.65	317.61
Fourth through sixth	250.23	249.92
Seventh and eighth	211.37	210.44
Total Classroom Based ADA	780.25	777.97

					Traditional Calendar			Multitrack Calendar			
Grade Level	1986-1987 Minutes Requirement	2021-2022 Actual Minutes	Number of Minutes Credited Form J-13A	Total Minutes Offered	Number of Actual Days	Number of Days Credited Form J-13A	Total Days Offered	Number of Actual Days	Number of Days Credited Form J-13A	Total Days Offered	Status
Kindergarten	36,000	59,370	-	59,370	181	-	181	-	-	-	Complied
Grades 1 - 3	50,400										
Grade 1		59,370	-	59,370	181	-	181	-	-	-	Complied
Grade 2		59,370	-	59,370	181	-	181	-	-	-	Complied
Grade 3		59,370	-	59,370	181	-	181	-	-	-	Complied
Grades 4 - 8	54,000										
Grade 4		61,070	-	61,070	181	-	181	-	-	-	Complied
Grade 5		61,070	-	61,070	181	-	181	-	-	-	Complied
Grade 6		62,406	-	62,406	181	-	181	-	-	-	Complied
Grade 7		62,406	-	62,406	181	-	181	-	-	-	Complied
Grade 8		62,406	-	62,406	181	-	181	-	-	-	Complied
Grades 9 - 12	64,800										
Grade 9		64,867	-	64,867	181	-	181	-	-	-	Complied
Grade 10		64,867	-	64,867	181	-	181	-	-	-	Complied
Grade 11		64,867	-	64,867	181	-	181	-	-	-	Complied
Grade 12		64,867	-	64,867	181	-	181	-	-	-	Complied

See Notes to Supplementary Information

Cielo Vista Charter School

					Traditional Calendar			Multitrack Calendar			
Grade Level	1986-1987 Minutes Requirement	2021-2022 Actual Minutes	Number of Minutes Credited Form J-13A	Total Minutes Offered	Number of Actual Days	Number of Days Credited Form J-13A	Total Days Offered	Number of Actual Days	Number of Days Credited Form J-13A	Total Days Offered	Status
Kindergarten	36,000	58,020	-	58,020	181	-	181	-	-	-	Complied
Grades 1 - 3	50,400										
Grade 1		57,090	-	57,090	181	-	181	-	-	-	Complied
Grade 2		57,090	-	57,090	181	-	181	-	-	-	Complied
Grade 3		57,090	-	57,090	181	-	181	-	-	-	Complied
Grades 4 - 8	54,000										
Grade 4		58,135	-	58,135	181	-	181	-	-	-	Complied
Grade 5		58,135	-	58,135	181	-	181	-	-	-	Complied
Grade 6		61,755	-	61,755	181	-	181	-	-	-	Complied

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

	(Budget) 2023 [1]	2022	2021 [1]	2020 [1]
General Fund				
Revenues	$ 337,452,205	$ 372,997,886	$ 356,191,297	$ 308,091,645
Other sources and transfers in	25,883,934	7,984,342	4,644,158	7,494,466
Total Revenues and Other Sources	363,336,139	380,982,228	360,835,455	315,586,111
Expenditures	365,000,298	345,795,174	329,212,749	316,262,075
Other uses and transfers out	2,816,064	2,633,512	2,538,560	2,143,944
Total Expenditures and Other Uses	367,816,362	348,428,686	331,751,309	318,406,019
Increase/(Decrease) in Fund Balance	(4,480,223)	32,553,542	29,084,146	(2,819,908)
Ending Fund Balance	$ 92,255,592	$ 96,735,815	$ 64,182,273	$ 35,098,127
Available Reserves [2]	$ 30,527,367	$ 23,161,066	$ 19,135,594	$ 17,256,336
Available Reserves as a Percentage of Total Outgo	8.30%	6.65%	5.77%	5.42%
Long-Term Liabilities	N/A	$ 717,240,403	$ 897,518,040	$ 779,457,798
K-12 Average Daily Attendance at P-2	19,361	17,546	20,302	20,302

The General Fund balance has increased by $61,637,688 over the past two years. The fiscal year 2022-2023 budget projects a decrease of $4,480,223 (4.63%). For a district this size, the State recommends available reserves of at least 3.00% 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 but anticipates incurring an operating deficit during the 2022-2023 fiscal year. Total long-term liabilities have decreased by $62,217,395 over the past two years.

Average daily attendance has decreased by 2,756 over the past two years. An increase of 1,815 ADA is anticipated during fiscal year 2022-2023.

1 Financial information for 2023, 2021, and 2020 are included for analytical purposes only and has not been subjected to audit.
2 Available reserves consist of all unassigned fund balances including all amounts reserved for economic uncertainties contained with the General Fund and the Special Reserve Fund for Other Than Capital Outlay Projects.

Name of Charter School	Charter Number	Included in Audit Report
Cielo Vista Charter	1173	Yes

	Student Activity Fund	Charter School Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	Total Non-Major Governmental Funds
Assets							
Deposits and investments	$ 1,735,404	$ 7,154,487	$ 254,456	$ 1,545,494	$ 17,123,343	$ 37,981,683	$ 65,794,867
Receivables	-	91,791	525	730,057	2,172,130	124,710	3,119,213
Due from other funds	-	188,455	780	3,216	3,319	-	195,770
Stores inventories	59,657	-	-	-	494,007	-	553,664
Total assets	$ 1,795,061	$ 7,434,733	$ 255,761	$ 2,278,767	$ 19,792,799	$ 38,106,393	$ 69,663,514
Liabilities and Fund Balances							
Liabilities							
Accounts payable	$ -	$ 228,729	$ 50,105	$ 80,914	$ 345,361	$ 9,013	$ 714,122
Due to other funds	-	1,455,929	1,626	1,009,866	80,145	-	2,547,566
Unearned revenue	-	410,015	-	547,670	7,520	-	965,205
Total liabilities	-	2,094,673	51,731	1,638,450	433,026	9,013	4,226,893
Fund Balances							
Nonspendable	62,644	50,000	-	-	494,007	-	606,651
Restricted	1,732,417	1,053,491	204,030	640,317	18,853,676	38,097,380	60,581,311
Assigned	-	4,236,569	-	-	12,090	-	4,248,659
Total fund balances	1,795,061	5,340,060	204,030	640,317	19,359,773	38,097,380	65,436,621
Total liabilities and fund balances	$ 1,795,061	$ 7,434,733	$ 255,761	$ 2,278,767	$ 19,792,799	$ 38,106,393	$ 69,663,514

	Student Activity Fund	Charter School Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	Total Non-Major Governmental Funds
Revenues							
Local Control Funding Formula	$ -	$ 9,940,574	$ -	$ -	$ -	$ -	$ 9,940,574
Federal sources	-	1,534	-	136,230	13,374,142	-	13,511,906
Other State sources	-	1,443,018	286,912	3,406,105	1,638,902	-	6,774,937
Other local sources	2,834,711	(107,200)	(3,816)	(28,452)	15,214	9,140,344	11,850,801
Total revenues	2,834,711	11,277,926	283,096	3,513,883	15,028,258	9,140,344	42,078,218
Expenditures							
Current							
Instruction	-	7,686,429	166,082	2,408,527	-	-	10,261,038
Instruction-related activities							
Supervision of instruction	-	6,661	11	571,838	-	-	578,510
Instructional library, media, and technology	-	147,739	-	-	-	-	147,739
School site administration	-	849,118	-	-	-	-	849,118
Pupil services							
Food services	-	-	-	14,320	13,482,738	-	13,497,058
All other pupil services	-	409,664	120,141	106,094	-	-	635,899
Administration							
All other administration	-	627,673	10,799	143,440	426,100	208,117	1,416,129
Plant services	-	612,394	22,373	153,378	108,497	14,916	911,558
Ancillary services	2,505,803	12,139	-	-	-	-	2,517,942
Facility acquisition and construction	-	133,759	-	8,976	-	156,398	299,133
Debt service							
Principal	-	4,803	-	-	-	-	4,803
Interest and other	-	465	-	-	-	-	465
Total expenditures	2,505,803	10,490,844	319,406	3,406,573	14,017,335	379,431	31,119,392
Excess (Deficiency) of Revenues Over Expenditures	328,908	787,082	(36,310)	107,310	1,010,923	8,760,913	10,958,826

	Student Activity Fund	Charter School Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	Total Non-Major Governmental Funds
Other Financing Sources (Uses)							
Transfers in	$ -	$ -	$ -	$ -	$ 1,132	$ -	$ 1,132
Transfers out	-	(824,726)	-	-	-	-	(824,726)
Net Financing Sources (Uses)	-	(824,726)	-	-	1,132	-	(823,594)
Net Change in Fund Balances	328,908	(37,644)	(36,310)	107,310	1,012,055	8,760,913	10,135,232
Fund Balance - Beginning	1,466,153	5,377,704	240,340	533,007	18,347,718	29,336,467	55,301,389
Fund Balance - Ending	$ 1,795,061	$ 5,340,060	$ 204,030	$ 640,317	$ 19,359,773	$ 38,097,380	$ 65,436,621

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, 2022. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in fund balance of the District.

Summary of Significant Accounting Policies
Expenditures reported in the schedule are reported on the modified accrual basis of accounting, except for subrecipient expenditures, which are recorded on the cash basis. 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.

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

Food Donation
Nonmonetary assistance is reported in this schedule at the fair market value of the commodities received and disbursed. At June 30, 2022, the District had no food commodities in inventory.

SEFA Reconciliation
The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts consist primarily of the COVID-19: Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act-On-time Stipend Funds that in the previous period were recorded as revenues but were unspent. These unspent balances have been expended in the current period. In addition, the COVID-19: ARP California State Preschool Program One-time Stipend and COVID-19: Corona Virus Response and Relief Supplemental Appropriations (CRRSA) Act – One-time Stipend have been recorded in the current period as revenues that have not been expended as of June 30, 2022. These unspent balances are reported as legally restricted ending balances within the General Fund.

Description	Assistance Listing Number	Amount
Total Federal Revenues reported on the financial statements		$ 53,067,982
Child Care and Development Fund Cluster		
COVID-19: ARP California State Preschool Program One-time Stipend	93.575	(136,230)
COVID-19: Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act- One-time Stipend	93.575	120,094
Total Federal Financial Assistance		$ 53,051,846

Local Education Agency Organization Structure

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

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

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

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

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Schedule of Financial Trends and Analysis

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

Schedule of Charter Schools

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

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

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

Independent Auditor's Reports
June 30, 2022

Palm Springs Unified School District

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

To the Governing Board
Palm Springs Unified School District
City, 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 Palm Springs Unified School District (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 21, 2022.

Adoption of New Accounting Standard

As discussed in Note 1 and Note 17 to the financial statements, the District has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87, Leases, for the year ended June 30, 2022. Accordingly, a restatement has been made to the government-wide net position as of July 1, 2021, to restate beginning net position. Our opinions are not modified with respect to this matter.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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
December 21, 2022

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

To the Governing Board
Palm Springs Unified School District
Palm Springs, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Eide Bailly LLP

Rancho Cucamonga, California
December 21, 2022

Independent Auditor's Report on State Compliance

To the Governing Board
Palm Springs Unified School District
Palm Springs, California

Report on Compliance

Qualified and Unmodified Opinions on State Compliance

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

Qualified Opinion on Classroom Teacher Salaries

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

Unmodified Opinion on Each of the Other Programs

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

Basis for Qualified and Unmodified Opinion

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

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

Matter Giving Rise to Qualified Opinion on Classroom Teacher Salaries

As described in the accompanying schedule of findings and questioned costs, the District did not comply with requirements regarding as described in the accompanying schedule of state compliance findings and questioned costs as items 2022-001.

Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, we express no such opinion; and

- Select and test transactions and records to determine the District's compliance with the state laws and regulations applicable to the following items:

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

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

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

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

The District does not offer an Apprenticeship: Related and Supplemental Instruction Program; therefore, we did not perform procedures related to the Apprenticeship: Related and Supplemental Instruction Program.

The District does not offer a District of Choice Program; therefore, we did not perform procedures related to the District of Choice Program.

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

We did not perform procedures for the After/Before School Education and Safety Program because the District did not offer the program.

The District does not offer an Independent Study-Course Based Program; therefore, we did not perform 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.

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

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are described in the accompanying Schedule of Findings and Questioned Costs as items 2022-001 to be a significant deficiency.

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

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

Report on Internal Control over Compliance

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

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention from those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-001 to be significant deficiency.

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

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

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

Eide Bailly LLP

Rancho Cucamonga, California
December 21, 2022

Schedule of Findings and Questioned Costs
June 30, 2022

Palm Springs Unified School District

Financial Statements

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

Federal Awards

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

Identification of major programs

Name of Federal Program or Cluster	Assistance Listing Number
Special Education Cluster (IDEA)	84.027, 84.027A, 84.173, 84.173A
COVID-19: Education Stabilization Fund (ESF)	84.425C, 84.425D, 84.425U, 84.425W
Head Start Cluster	93.600

Dollar threshold used to distinguish between type A and type B programs	$1,587,953
Auditee qualified as low-risk auditee?	No

State Compliance

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

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

Name of Program
Classroom Teacher Salaries

None reported.

None reported.

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

Five Digit Code	AB 3627 Finding Type
61000	Classroom Teacher Salaries

2022-001 61000 – Classroom Teacher Salaries (Noncompliance)

Criteria or Specific Requirements
In accordance with the requirements of *Education Code* Section 41372, pursuant to the provisions of *Education Code* Section 41374, determine whether, after applicable audit adjustments, the district met the current expense of education percentage requirements for expenditure for payment of salaries of classroom teachers as set forth in *Education Code* Section 41372.

Condition
For the current year, the District did not meet the current expense of education percentage requirements for expenditure for payment of salaries of classroom teachers as set forth in *Education Code* Section 41372. For unified school districts, the minimum percentage required is 55%.

Questioned Costs
The District's current expense of education for the year audited was $324,782,793, and the dollar amount by which the District was deficient was $2,923,045.

Context
In reviewing Form CEA, the auditor noted no reductions (overrides in Column 4b). The resulting calculation indicated the District did not meet the minimum required 55% of General Fund expenditures for classroom teacher salaries.

Effect
As a result of our testing, the District does not appear to be in compliance with current expense of education percentage requirements for expenditure for payment of salaries of classroom teachers as set forth in *Education Code* Section 41372.

Cause
As a result of the District receiving significant sources of new funding from ESSER and GEER to be used specifically for COVID-19 related expenditures, the District's ratio was not maintained. These one-time funding sources were not eligible for exclusion from the calculation.

Recommendation
The District may want to consider reviewing the calculation to determine if there are any possible reductions that could be applied to the calculation. The District may also want to consider reviewing the calculation during budget preparation to ensure compliance will be achieved next year. It is not anticipated that this noncompliance will be an ongoing issue as COVID-19 related expenditures are not ongoing.

Repeat Finding
No.

Corrective Action Plan and Views of Responsible Officials
As per Education Code 41372, the District is in the process of applying for a waiver for this very unique fiscal circumstance due to the District receiving new funding sources to be used specifically for COVID-19 related expenditures that are not eligible for exclusion from this calculation.

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