



Financial Statements
June 30, 2024

Hemet Unified School District



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Independent Auditor's Report

To the Governing Board
Hemet Unified School District
Hemet, California

Report on the Audit of the Financial Statements

Opinions

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

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

Change within the Financial Reporting Entity

As discussed in Note 17 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 100, *Accounting Changes and Error Corrections*, for the year ended June 30, 2024. Accordingly, the presentation and disclosure of the change within the financial reporting entity in the financial statements conform to the requirements of the new standard for the year ended June 30, 2024, to restate beginning fund balance. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Rancho Cucamonga, California
November 1, 2024



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Superintendent

Darrin Watters
Deputy Superintendent
Nereyda Gonzalez, Ed.D.
Assistant Superintendent
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This section of Hemet 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, 2024, with comparative information for the year ended June 30, 2023. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

The financial statements presented herein include all of the activities of the District and its component units using the integrated approach as prescribed by Government 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 and business-type 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 three categories of activities: governmental, proprietary, and fiduciary.

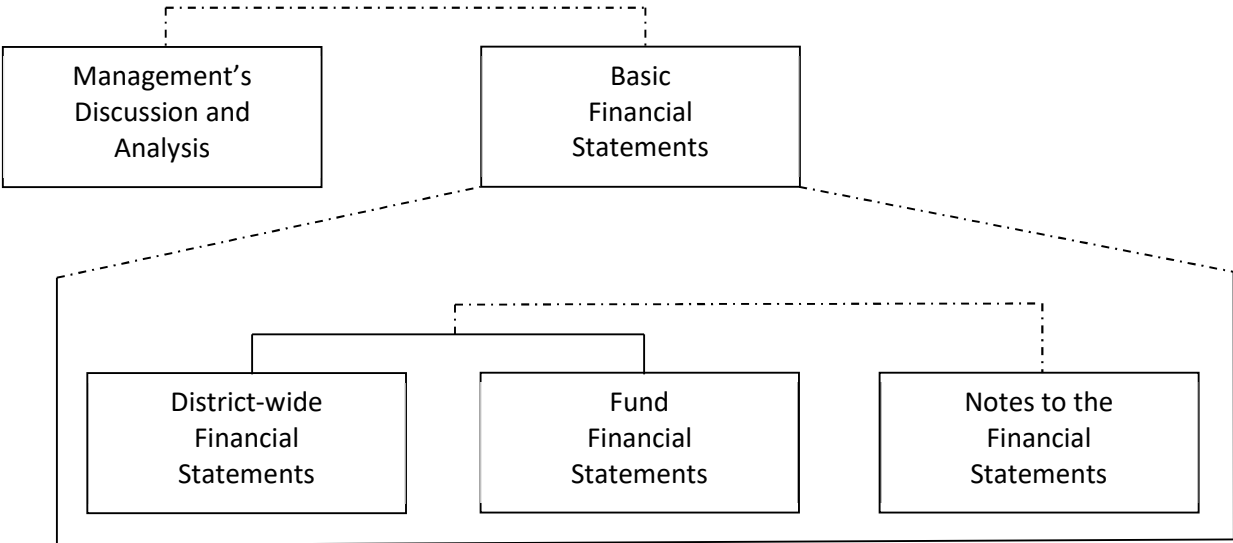
- The *Governmental Funds* are prepared using the current financial resources measurement focus and modified accrual basis of accounting.
- The *Proprietary Funds* are prepared using the economic resources measurement focus and the accrual basis of accounting.
- The *Fiduciary Funds* are prepared using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

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

The Primary unit of the government is the Hemet Unified School District.

Figure 1

Organization of Hemet Unified School District’s Annual Financial Report



FINANCIAL HIGHLIGHTS OF THE PAST YEAR

- Total net position for governmental activities increased by \$75,136,251 over the prior year for a new net position of \$341,928,538.
- Revenues, transfers in, and other financing sources for all funds, totaled \$580,003,202 and \$23,461,555, for governmental activities and business-type activities, respectively. Expenses, transfers out and other uses totaled \$504,990,397 and \$20,399,152, for governmental activities and business-type activities, respectively.
- The General Fund audited ending fund balance totaled \$220,360,492. This represents an increase of \$8,209,752 from the prior year.
- The District filed a positive status with both its First and Second Interim reports in 2023-2024.

DISTRICT-WIDE STATEMENTS

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 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 certificates of participation, finance these activities.

Business-Type Activities - The District charges fees to help it cover the costs of certain services it provides. The District's transportation operations are included in this category.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

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

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*. In fact, the District's enterprise funds are the same as the business-type activities we report in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds. 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.

THE DISTRICT AS TRUSTEE

Reporting the District's Fiduciary Responsibilities

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position

The total net position for governmental activities was \$341,928,538 for the fiscal year ended June 30, 2024. Restricted net position is reported separately to show legal constraints from debt covenants, grantors, constitutional provisions, 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 and business-type activities.

Table 1

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Assets						
Current and other assets	\$434,398,522	\$428,637,225	\$ 14,724,194	\$ 13,841,389	\$449,122,716	\$442,478,614
Capital assets	524,879,457	487,333,961	12,425,480	12,248,689	537,304,937	499,582,650
Total assets	959,277,979	915,971,186	27,149,674	26,090,078	986,427,653	942,061,264
Deferred outflows of resources	124,318,768	85,773,566	7,987,317	6,673,079	132,306,085	92,446,645
Liabilities						
Current liabilities	55,922,800	72,986,065	758,239	528,006	56,681,039	73,514,071
Long-term liabilities	656,504,387	619,891,834	24,045,889	24,520,080	680,550,276	644,411,914
Total liabilities	712,427,187	692,877,899	24,804,128	25,048,086	737,231,315	717,925,985
Deferred inflows of resources	29,241,022	42,074,566	966,991	1,411,602	30,208,013	43,486,168
Net Position						
Net investment in capital assets	285,181,887	239,391,129	11,563,853	10,775,987	296,745,740	250,167,116
Restricted	170,564,293	156,211,453	-	-	170,564,293	156,211,453
Unrestricted	(113,817,642)	(128,810,295)	(2,197,981)	(4,472,518)	(116,015,623)	(133,282,813)
Total net position	\$341,928,538	\$266,792,287	\$ 9,365,872	\$ 6,303,469	\$351,294,410	\$273,095,756

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the *Statement of Activities* on page 16. Table 2 takes the information from the Statement for the year.

Table 2

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues						
Program revenues						
Charges for services and sales	\$ 2,892,232	\$ 4,087,930	\$ 22,640,238	\$ 14,584,515	\$ 25,532,470	\$ 18,672,445
Operating grants and contributions	147,236,633	160,659,616	8,085	992,887	147,244,718	161,652,503
Capital grants and contributions	9,360,121	-	-	-	9,360,121	-
General revenues						
Federal and State aid not restricted	275,977,979	263,789,242	-	-	275,977,979	263,789,242
Property taxes	79,772,324	69,680,670	-	-	79,772,324	69,680,670
Other general revenues	64,887,359	46,830,254	813,232	108,683	65,700,591	46,938,937
Total revenues	580,126,648	545,047,712	23,461,555	15,686,085	603,588,203	560,733,797
Expenses						
Instruction-related	339,346,916	267,158,513	-	-	339,346,916	267,158,513
Pupil services	70,559,005	55,716,785	-	-	70,559,005	55,716,785
Administration	37,092,237	30,436,777	-	-	37,092,237	30,436,777
Plant services	41,877,302	32,592,387	-	-	41,877,302	32,592,387
All other services	16,114,937	14,900,305	20,399,152	23,826,783	36,514,089	38,727,088
Total expenses	504,990,397	400,804,767	20,399,152	23,826,783	525,389,549	424,631,550
Transfers	-	5,129,766	-	-	-	5,129,766
Change in net position	<u>\$ 75,136,251</u>	<u>\$ 149,372,711</u>	<u>\$ 3,062,403</u>	<u>\$ (8,140,698)</u>	<u>\$ 78,198,654</u>	<u>\$ 141,232,013</u>

Governmental Activities

As reported in the *Statement of Activities* on page 16, the cost of all governmental activities in 2023-2024 was \$504,990,397. The amount that our taxpayers ultimately financed for these activities through local taxes was \$79,772,324. The remaining \$2,892,232 cost was paid by those who benefited from the programs, or by other governments and organizations who subsidized certain programs with \$156,596,754 in grants and contributions. The remaining “public benefit” portion of our governmental activities were paid with \$275,977,979 in Federal and State aid and \$64,887,359 with other General Fund revenue sources such as interest and general entitlements.

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

Table 3

	Total Cost of Services		Net Cost of Services	
	2024	2023	2024	2023
Instruction-related	\$ 339,346,916	\$ 267,158,513	\$ (242,102,578)	\$ (158,959,493)
Pupil services	70,559,005	55,716,785	(32,645,251)	(25,613,355)
Administration	37,092,237	30,436,777	(28,942,459)	(17,071,845)
Plant services	41,877,302	32,592,387	(38,845,024)	(30,095,871)
All other services	16,114,937	14,900,305	(2,966,099)	(4,316,657)
Total	<u>504,990,397</u>	<u>400,804,767</u>	<u>(345,501,411)</u>	<u>(236,057,221)</u>
Transportation	<u>20,399,152</u>	<u>23,826,783</u>	<u>2,249,171</u>	<u>(8,249,381)</u>
Total	<u>\$ 525,389,549</u>	<u>\$ 424,631,550</u>	<u>\$ (343,252,240)</u>	<u>\$ (244,306,602)</u>

THE DISTRICT'S FUNDS

Upon completion of the 2023-2024 fiscal year, the District's governmental funds reported a combined fund balance of \$370,957,352, an increase of \$21,393,666 from 2022-2023 (Table 4).

Table 4

Governmental Fund	Balances and Activity			
	July 1, 2023	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2024
General	\$ 212,150,740	\$ 480,698,889	\$ 472,489,137	\$ 220,360,492
Student Activity	1,924,650	3,745,128	3,850,366	1,819,412
Charter Schools	2,573,412	11,695,685	11,783,702	2,485,395
Adult Education	137,765	1,142,841	1,122,963	157,643
Child Development	712,090	3,443,311	2,737,080	1,418,321
Cafeteria	7,329,739	23,686,523	19,747,940	11,268,322
Building	46,570,879	2,492,411	17,375,098	31,688,192
Capital Facilities	30,573,556	18,609,739	8,325,842	40,857,453
County School Facilities	-	9,380,651	9,380,651	-
Special Reserve Fund for Capital Outlay Projects	12,701,741	1,905,170	5,085,576	9,521,335
Capital Projects for Blended Component Units	6,601,910	11,055,970	286,994	17,370,886
Bond Interest and Redemption	28,286,067	22,442,928	16,721,813	34,007,182
Debt Service Fund for Blended Component Units	1,137	4,058,538	4,056,956	2,719
Total	<u>\$ 349,563,686</u>	<u>\$ 594,357,784</u>	<u>\$ 572,964,118</u>	<u>\$ 370,957,352</u>

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 18, 2024. (A schedule showing the District’s original and final budget amounts compared with amounts actually paid and received is provided in this annual financial report on page 76.)

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

At June 30, 2024, the District had \$537,304,937 in a broad range of capital and right-to-use subscription IT assets, (net of depreciation and amortization). This amount represents a net increase (including additions, deductions, depreciation, and amortization) of \$37,722,287, or 7.55%, over the prior year (Table 5).

Table 5

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land and construction in progress	\$ 146,317,411	\$ 109,955,532	\$ -	\$ -	\$ 146,317,411	\$ 109,955,532
Buildings and improvements	365,608,560	366,081,475	-	-	365,608,560	366,081,475
Equipment	12,850,415	10,918,595	12,425,480	12,248,689	25,275,895	23,167,284
Right-to-use subscription IT assets	103,071	378,359	-	-	103,071	378,359
Total	<u>\$ 524,879,457</u>	<u>\$ 487,333,961</u>	<u>\$ 12,425,480</u>	<u>\$ 12,248,689</u>	<u>\$ 537,304,937</u>	<u>\$ 499,582,650</u>

Long-Term Liabilities

At the end of this year, the District had \$680,550,276 in long-term liabilities outstanding versus \$644,411,914 last year, an increase of \$36,138,362, or 5.61%. Those long-term liabilities consisted of:

Table 6

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Long-Term Liabilities						
General obligation bonds	\$ 244,140,000	\$ 252,580,000	\$ -	\$ -	\$ 244,140,000	\$ 252,580,000
Certificates of participation	33,320,000	35,945,000	-	-	33,320,000	35,945,000
Unamortized premiums	13,410,580	14,606,301	-	-	13,410,580	14,606,301
Unamortized discounts	(65,340)	(76,614)	-	-	(65,340)	(76,614)
Financed purchase agreements	-	-	861,627	1,472,702	861,627	1,472,702
Subscription-based IT arrangements	101,640	363,130	-	-	101,640	363,130
Supplemental early retirement plan	2,288,370	3,432,555	-	-	2,288,370	3,432,555
Compensated absences	737,826	636,775	58,594	87,865	796,420	724,640
Claims liability	8,905,845	10,189,130	-	-	8,905,845	10,189,130
Net OPEB liability	33,335,044	31,818,187	2,481,746	2,400,376	35,816,790	34,218,563
Aggregate net pension liability	320,330,422	270,397,370	20,643,922	20,559,137	340,974,344	290,956,507
Total	\$ 656,504,387	\$ 619,891,834	\$ 24,045,889	\$ 24,520,080	\$ 680,550,276	\$ 644,411,914

Table 7 lists the District’s 2024-2025 budget assumptions. These assumptions were based on the most current information available to the District at the time the budget was adopted on June 18, 2024. Budgetary goals were developed and prioritized by the District’s leadership team and governing board. Input provided by these two groups was used as the framework to develop the District’s 2024-2025 budget, which includes site and department allocations for both staffing and operating budgets.

Table 7

2024-2025 Budget Assumptions

Cost of Living Adjustment (COLA) (applied to LCFF targeted base):	1.07%
Additional LCFF Investment to Base:	0.00%
Enrollment (excluding charters):	22,295
Enrollment Growth (Decline):	300
ADA – Average Daily Attendance:	20,268.42
ADA – Funded:	20,268.42
ADA Percentage:	90.79%
Salary Increase:	1.07%
One-time off schedule:	0.00%
Step and Column (Certificated) percent of salaries:	1.75%
Step and Column (Classified) percent of salaries:	1.45%
Deferred/Routine Maintenance - Percent of Total Expenditures:	3.00%
New Schools/(School Closures):	0
Reserve for Economic Uncertainties:	5.00%

CONTACTING THE DISTRICT’S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, 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 information contact the Deputy Superintendent, at Hemet Unified School District, 1791 West Acacia Avenue, Hemet, California, 92545-3797, or e-mail at: [dwatters@hemetUSD.org](mailto:dwaters@hemetUSD.org).

Hemet Unified School District
Statement of Net Position
June 30, 2024

	Governmental Activities	Business-Type Activities	Total
Assets			
Deposits and investments	\$ 413,699,731	\$ 3,103,991	\$ 416,803,722
Receivables	28,544,090	2,849,793	31,393,883
Internal balances	(8,770,410)	8,770,410	-
Prepaid expense	27,774	-	27,774
Stores inventories	897,337	-	897,337
Capital assets not depreciated or amortized	146,317,411	-	146,317,411
Capital assets, net of accumulated depreciation and amortization	<u>378,562,046</u>	<u>12,425,480</u>	<u>390,987,526</u>
Total assets	<u>959,277,979</u>	<u>27,149,674</u>	<u>986,427,653</u>
Deferred Outflows of Resources			
Deferred charge on refunding	2,150,232	-	2,150,232
Deferred outflows of resources related to OPEB	2,005,616	104,532	2,110,148
Deferred outflows of resources related to pensions	<u>120,162,920</u>	<u>7,882,785</u>	<u>128,045,705</u>
Total deferred outflows of resources	<u>124,318,768</u>	<u>7,987,317</u>	<u>132,306,085</u>
Liabilities			
Accounts payable	43,883,055	758,239	44,641,294
Interest payable	3,717,539	-	3,717,539
Unearned revenue	8,322,206	-	8,322,206
Long-term liabilities			
Long-term liabilities other than OPEB and pensions due within one year	14,178,125	492,868	14,670,993
OPEB liability due in one year	1,346,913	55,598	1,402,511
Long-term liabilities other than OPEB and pensions due in more than one year	288,660,796	427,353	289,088,149
Net other postemployment benefits liability (OPEB)	31,988,131	2,426,148	34,414,279
Aggregate net pension liability	<u>320,330,422</u>	<u>20,643,922</u>	<u>340,974,344</u>
Total liabilities	<u>712,427,187</u>	<u>24,804,128</u>	<u>737,231,315</u>
Deferred Inflows of Resources			
Deferred inflows of resources related to OPEB	11,103,789	577,255	11,681,044
Deferred inflows of resources related to pensions	<u>18,137,233</u>	<u>389,736</u>	<u>18,526,969</u>
Total deferred inflows of resources	<u>29,241,022</u>	<u>966,991</u>	<u>30,208,013</u>
Net Position			
Net investment in capital assets	285,181,887	11,563,853	296,745,740
Restricted for			
Debt service	30,292,362	-	30,292,362
Capital projects	40,857,453	-	40,857,453
Educational programs	80,605,546	-	80,605,546
Other restrictions	18,808,932	-	18,808,932
Unrestricted deficit	<u>(113,817,642)</u>	<u>(2,197,981)</u>	<u>(116,015,623)</u>
Total net position	<u>\$ 341,928,538</u>	<u>\$ 9,365,872</u>	<u>\$ 351,294,410</u>

Hemet Unified School District
Statement of Activities
Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Instruction	\$ 274,084,448	\$ 24,057	\$ 62,504,704	\$ 9,360,121	\$ (202,195,566)	\$ -	\$ (202,195,566)
Instruction-related activities							
Supervision of instruction	34,551,833	35,457	22,042,903	-	(12,473,473)	-	(12,473,473)
Instructional library, media, and technology	3,075,537	-	325,638	-	(2,749,899)	-	(2,749,899)
School site administration	27,635,098	60	2,951,398	-	(24,683,640)	-	(24,683,640)
Pupil services							
Home-to-school transportation	9,703,586	-	-	-	(9,703,586)	-	(9,703,586)
Food services	20,499,276	56,952	22,532,425	-	2,090,101	-	2,090,101
All other pupil services	40,356,143	508,562	14,815,815	-	(25,031,766)	-	(25,031,766)
Administration							
Data processing	5,393,648	-	63,893	-	(5,329,755)	-	(5,329,755)
All other administration	31,698,589	257,886	7,827,999	-	(23,612,704)	-	(23,612,704)
Plant services	41,877,302	3,065	3,029,213	-	(38,845,024)	-	(38,845,024)
Ancillary services	6,703,282	-	4,030,344	-	(2,672,938)	-	(2,672,938)
Community services	131,862	-	87,766	-	(44,096)	-	(44,096)
Enterprise services	252,219	17	325,621	-	73,419	-	73,419
Interest on long-term liabilities	8,506,046	-	-	-	(8,506,046)	-	(8,506,046)
Other outgo	521,528	2,006,176	6,698,914	-	8,183,562	-	8,183,562
Total governmental activities	<u>504,990,397</u>	<u>2,892,232</u>	<u>147,236,633</u>	<u>9,360,121</u>	<u>(345,501,411)</u>	<u>-</u>	<u>(345,501,411)</u>
Business-Type Activities							
Transportation	<u>20,399,152</u>	<u>22,640,238</u>	<u>8,085</u>	<u>-</u>	<u>-</u>	<u>2,249,171</u>	<u>2,249,171</u>
Total primary government	<u>\$ 525,389,549</u>	<u>\$ 25,532,470</u>	<u>\$ 147,244,718</u>	<u>\$ 9,360,121</u>	<u>(345,501,411)</u>	<u>2,249,171</u>	<u>(343,252,240)</u>

Hemet Unified School District
Statement of Activities
Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
General Revenues and Subventions							
Property taxes, levied for general purposes					\$ 52,598,948	\$ -	\$ 52,598,948
Property taxes, levied for debt service					21,134,577	-	21,134,577
Taxes levied for other specific purposes					6,038,799	-	6,038,799
Federal and State aid not restricted to specific purposes					275,977,979	-	275,977,979
Interest and investment earnings					19,598,121	813,232	20,411,353
Interagency revenues					742,454	-	742,454
Miscellaneous					44,546,784	-	44,546,784
Total, general revenues and subventions					420,637,662	813,232	421,450,894
Change in Net Position					75,136,251	3,062,403	78,198,654
Net Position - Beginning					266,792,287	6,303,469	273,095,756
Net Position - Ending					\$ 341,928,538	\$ 9,365,872	\$ 351,294,410

Hemet Unified School District
Balance Sheet – Governmental Funds
June 30, 2024

	General Fund	Building Fund	Capital Facilities Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets					
Deposits and investments	\$ 240,138,227	\$ 35,776,903	\$ 48,427,852	\$ 77,967,189	\$ 402,310,171
Receivables	22,858,447	441,510	477,971	4,637,428	28,415,356
Due from other funds	2,113,566	227,097	32,364	1,419,398	3,792,425
Prepaid expenditures	21,498	-	-	6,276	27,774
Stores inventories	233,588	-	-	663,749	897,337
	<u>265,365,326</u>	<u>36,445,510</u>	<u>48,938,187</u>	<u>84,694,040</u>	<u>435,443,063</u>
Total assets	\$ 265,365,326	\$ 36,445,510	\$ 48,938,187	\$ 84,694,040	\$ 435,443,063
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 28,008,511	\$ 4,757,318	\$ 7,865,562	\$ 3,106,587	\$ 43,737,978
Due to other funds	10,419,499	-	215,172	1,790,856	12,425,527
Unearned revenue	6,576,824	-	-	1,745,382	8,322,206
	<u>45,004,834</u>	<u>4,757,318</u>	<u>8,080,734</u>	<u>6,642,825</u>	<u>64,485,711</u>
Total liabilities	45,004,834	4,757,318	8,080,734	6,642,825	64,485,711
Fund Balances					
Nonspendable	267,856	-	-	670,225	938,081
Restricted	80,605,546	31,688,192	40,857,453	67,859,655	221,010,846
Committed	60,823,593	-	-	-	60,823,593
Assigned	54,257,740	-	-	9,521,335	63,779,075
Unassigned	24,405,757	-	-	-	24,405,757
	<u>220,360,492</u>	<u>31,688,192</u>	<u>40,857,453</u>	<u>78,051,215</u>	<u>370,957,352</u>
Total fund balances	220,360,492	31,688,192	40,857,453	78,051,215	370,957,352
Total liabilities and fund balances	\$ 265,365,326	\$ 36,445,510	\$ 48,938,187	\$ 84,694,040	\$ 435,443,063

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

Total Fund Balance - Governmental Funds		\$ 370,957,352
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	\$ 827,823,376	
Accumulated depreciation and amortization is	<u>(302,943,919)</u>	
Net capital assets		524,879,457
In governmental funds, unmatured interest on long-term liabilities is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term liabilities is recognized when it is incurred.		
		(3,717,539)
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.		
		2,330,064
Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the governmental funds. Deferred outflows of resources amounted to and related to		
Debt refundings (deferred charge on refunding)	2,150,232	
Other postemployment benefits (OPEB)	2,005,616	
Aggregate net pension liability	<u>120,162,920</u>	
Total deferred outflows of resources		124,318,768
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		
Other postemployment benefits (OPEB)	(11,103,789)	
Aggregate net pension liability	<u>(18,137,233)</u>	
Total deferred inflows of resources		(29,241,022)
Aggregate net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		
		(320,330,422)
The District's net OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.		
		(33,335,044)

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

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	\$ (244,140,000)	
Certificates of participation	(33,320,000)	
Premium on issuance of general obligation bonds and certificates of participation	(13,410,580)	
Discount on issuance of general obligation bonds and certificates of participation	65,340	
Subscription-based IT arrangements	(101,640)	
Compensated absences	(737,826)	
Supplemental early retirement plan	<u>(2,288,370)</u>	
Total long-term liabilities		<u>\$ (293,933,076)</u>
Total net position - governmental activities		<u><u>\$ 341,928,538</u></u>

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

	General Fund	Building Fund	Capital Facilities Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues					
Local Control Funding Formula (LCFF)	\$ 311,188,102	\$ -	\$ -	\$ 8,636,300	\$ 319,824,402
Federal sources	45,828,279	-	-	17,830,637	63,658,916
Other State sources	71,210,812	-	-	21,669,713	92,880,525
Other local sources	51,459,991	2,492,411	7,194,420	39,866,329	101,013,151
Total revenues	479,687,184	2,492,411	7,194,420	88,002,979	577,376,994
Expenditures					
Current					
Instruction	247,355,867	-	-	9,521,230	256,877,097
Instruction-related activities					
Supervision of instruction	34,206,624	-	-	379,721	34,586,345
Instructional library, media, and technology	3,017,357	-	-	70,144	3,087,501
School site administration	25,495,875	-	-	1,593,867	27,089,742
Pupil services					
Home-to-school transportation	9,710,146	-	-	-	9,710,146
Food services	1,408,725	-	-	18,193,360	19,602,085
All other pupil services	39,990,182	-	-	372,826	40,363,008
Administration					
Data processing	5,142,048	-	-	-	5,142,048
All other administration	28,919,962	-	1,372,483	1,250,241	31,542,686
Plant services	41,930,942	-	9,917	2,749,088	44,689,947
Ancillary services	2,700,870	-	-	4,003,492	6,704,362
Community services	131,887	-	-	-	131,887
Other outgo	398,082	-	-	123,446	521,528
Enterprise services	332,207	-	-	-	332,207
Facility acquisition and construction	25,468,636	17,375,098	6,767,109	4,950,351	54,561,194
Debt service					
Principal	261,490	-	-	11,065,000	11,326,490
Interest and other	1,286	-	-	9,713,769	9,715,055
Total expenditures	466,472,186	17,375,098	8,149,509	63,986,535	555,983,328
Excess (Deficiency) of Revenues Over Expenditures	13,214,998	(14,882,687)	(955,089)	24,016,444	21,393,666
Other Financing Sources (Uses)					
Transfers in	1,011,705	-	11,415,319	4,553,766	16,980,790
Transfers out	(6,016,951)	-	(176,333)	(10,787,506)	(16,980,790)
Net Financing Sources (Uses)	(5,005,246)	-	11,238,986	(6,233,740)	-
Net Change in Fund Balances	8,209,752	(14,882,687)	10,283,897	17,782,704	21,393,666
Fund Balance - Beginning, as previously reported	212,150,740	46,570,879	-	90,842,067	349,563,686
Adjustments (Note 17)	-	-	30,573,556	(30,573,556)	-
Fund Balance - Beginning, as restated	212,150,740	46,570,879	30,573,556	60,268,511	349,563,686
Fund Balance - Ending	\$ 220,360,492	\$ 31,688,192	\$ 40,857,453	\$ 78,051,215	\$ 370,957,352

Hemet Unified School District

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

Total Net Change in Fund Balances - Governmental Funds	\$	21,393,666
<p>Amounts Reported for Governmental Activities in the Statement of Activities are Different Because</p> <p>Capital outlay to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation and amortization expense in the Statement of Activities.</p> <p>This is the amount by which capital outlay exceeds depreciation and amortization expense in the period.</p>		
Capital outlay	\$	57,790,897
Depreciation and amortization expense		<u>(20,231,852)</u>
Net expense adjustment		37,559,045
<p>Loss on disposal of capital assets is reported in the government-wide Statement of Net Position, but is not recorded in the governmental funds.</p>		
		(13,549)
<p>In the Statement of Activities, certain operating expenses, such as compensated absences (vacations) and special termination benefits (early retirement) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This amount is the difference between vacation and early retirement earned and used.</p>		
		1,043,134
<p>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.</p>		
		1,532,467
<p>In the governmental funds, OPEB costs are based on employer contributions made to OPEB plans during the year. However, in the Statement of Activities, OPEB expense is the net effect of all changes in the net OPEB liability during the year.</p>		
		(1,451,666)
<p>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.</p>		
Premium amortization		1,195,721
Discount amortization		(11,274)
Deferred charge on refunding amortization		(151,964)

Hemet Unified School District

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

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	\$ 8,440,000
Certificates of participation	2,625,000
Subscription-based IT arrangements	261,490

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.

176,526

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.

2,537,655

Change in net position of governmental activities

\$ 75,136,251

Hemet Unified School District
Statement of Net Position – Proprietary Funds
June 30, 2024

	Business-Type Activities - Enterprise Fund <u>Transportation</u>	Governmental Activities - Internal Service Fund <u>Service Fund</u>
Assets		
Current assets		
Deposits and investments	\$ 3,103,991	\$ 11,389,560
Receivables	2,849,793	128,734
Due from other funds	8,780,215	2,260
Total current assets	<u>14,733,999</u>	<u>11,520,554</u>
Noncurrent assets		
Capital assets, net of accumulated depreciation	<u>12,425,480</u>	-
Total assets	<u>27,159,479</u>	<u>11,520,554</u>
Deferred Outflows of Resources		
Deferred outflows of resources related to OPEB	104,532	-
Deferred outflows of resources related to pensions	<u>7,882,785</u>	-
Total deferred outflows of resources	<u>7,987,317</u>	-
Liabilities		
Current liabilities		
Accounts payable	758,239	145,077
Due to other funds	9,805	139,568
Current portion of OPEB liability	55,598	-
Current portion of noncurrent liabilities other than OPEB and pensions	<u>492,868</u>	<u>552,300</u>
Total current liabilities	<u>1,316,510</u>	<u>836,945</u>
Noncurrent liabilities		
Noncurrent liabilities other than OPEB and pensions due in more than one year	427,353	8,353,545
Total other postemployment benefits (OPEB) liability	2,426,148	-
Aggregate net pension liability	<u>20,643,922</u>	-
Total noncurrent liabilities	<u>23,497,423</u>	<u>8,353,545</u>
Total liabilities	<u>24,813,933</u>	<u>9,190,490</u>
Deferred Inflows of Resources		
Deferred inflows of resources related to OPEB	577,255	-
Deferred inflows of resources related to pensions	<u>389,736</u>	-
Total deferred inflows of resources	<u>966,991</u>	-
Net Position		
Net investment in capital assets	11,563,853	-
Restricted for self-insurance	-	2,330,064
Unrestricted deficit	<u>(2,197,981)</u>	-
Total net position	<u>\$ 9,365,872</u>	<u>\$ 2,330,064</u>

Hemet Unified School District
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds
Year Ended June 30, 2024

	Business-Type Activities - Enterprise Fund <u>Transportation</u>	Governmental Activities - Internal Service Fund <u>Service Fund</u>
Operating Revenues		
Charges for services	\$ 22,606,420	\$ -
Charges to other funds and miscellaneous revenues	<u>33,818</u>	<u>3,886,691</u>
Total operating revenues	<u>22,640,238</u>	<u>3,886,691</u>
Operating Expenses		
Salaries and benefits	12,397,735	2,434
Professional and contract services	2,188,072	2,074,470
Supplies and materials	3,001,517	-
Facility rental	628,263	-
Depreciation	<u>2,183,565</u>	<u>-</u>
Total operating expenses	<u>20,399,152</u>	<u>2,076,904</u>
Operating Income	<u>2,241,086</u>	<u>1,809,787</u>
Nonoperating Revenues		
State and local grants	8,085	-
Interest income	540,327	639,762
Change in fair market value of county treasury	<u>272,905</u>	<u>88,106</u>
Total nonoperating revenues	<u>821,317</u>	<u>727,868</u>
Change in Net Position	3,062,403	2,537,655
Total Net Position (Deficit) - Beginning	<u>6,303,469</u>	<u>(207,591)</u>
Total Net Position - Ending	<u>\$ 9,365,872</u>	<u>\$ 2,330,064</u>

Hemet Unified School District
Statement of Cash Flows – Proprietary Funds
Year Ended June 30, 2024

	Business-Type Activities - Enterprise Fund <u>Transportation</u>	Governmental Activities - Internal Service Fund <u>Service Fund</u>
Operating Activities		
Cash receipts from customers	\$ 16,195,934	\$ 4,593,910
Cash payments to other suppliers of goods or services	(11,069,624)	(3,770,570)
Cash payments to employees for services	(14,022,122)	(2,434)
Net Change for Operating Activities	<u>(8,895,812)</u>	<u>820,906</u>
Noncapital Financing Activities		
Nonoperating grants received	<u>8,085</u>	<u>-</u>
Capital and Related Financing Activities		
Acquisition of capital assets	(2,360,356)	-
Principal paid on financed purchase agreements	(611,075)	-
Net Change Capital and Related Financing Activities	<u>(2,971,431)</u>	<u>-</u>
Investing Activities		
Interest on investments	487,538	511,028
Change in fair market value of county treasury	272,905	88,106
Net Cash From Investing Activities	<u>760,443</u>	<u>599,134</u>
Net Change in Cash and Cash Equivalents	(11,098,715)	1,420,040
Cash and Cash Equivalents, Beginning	<u>14,202,706</u>	<u>9,969,520</u>
Cash and Cash Equivalents, Ending	<u>\$ 3,103,991</u>	<u>\$ 11,389,560</u>
Reconciliation of Operating Income to Net Cash From Operating Activities		
Operating income	\$ 2,241,086	\$ 1,809,787
Adjustments to reconcile operating income to net cash from operating activities		
Depreciation	2,183,565	-
Changes in assets and liabilities		
Receivables	(437,409)	-
Due from other funds	(6,006,895)	707,219
Deferred outflows of resources	(1,314,238)	-
Accounts payable	230,233	(209,112)
Due to other funds	(5,484,427)	(203,703)
Compensated absences	(29,271)	(1,283,285)
Total other postemployment benefits (OPEB) liability	81,370	-
Aggregate net pension liability	84,785	-
Deferred inflows of resources	(444,611)	-
Net Cash From (Used for) Operating Activities	<u>\$ (8,895,812)</u>	<u>\$ 820,906</u>

Hemet Unified School District
Statement of Net Position – Fiduciary Funds
June 30, 2024

	<u>Custodial Funds</u>
Assets	
Deposits and investments	<u>\$ 12,411,095</u>
Net Position	
Restricted for individuals, organizations, and other governments	<u>\$ 12,411,095</u>

Hemet Unified School District
Statement of Changes in Net Position – Fiduciary Funds
Year Ended June 30, 2024

	Custodial Funds
Additions	
Contributions	
Special tax revenues	\$ 5,123,464
Amounts received from investors	12,497,859
	17,621,323
Investment earnings	
Interest	1,388,027
Net increase in the fair value of investments	233
	19,009,583
Deductions	
Amounts paid to investors	5,684,788
Administrative expense	32,524
Payments to other governments	9,965,398
	15,682,710
Net Change in Fiduciary Net Position	3,326,873
Total Net Position - Beginning	9,084,222
Net Position - Ending	\$ 12,411,095

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The Hemet Unified School District (the District) was established on July 1, 1966, under the laws of the State of California. The District operates under a locally elected seven-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 thirteen elementary schools, two K-8 schools, one K-8 dual language academy, four middle schools, one 6-12 school, three high schools, one continuation high school, one alternative independent study school, an adult education school, and one charter school.

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

Component Units

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

The Hemet Unified School District Public Financing Authority (the Authority) and the Hemet Unified School District School Facilities Corporation (the Corporation) financial activity are presented in the financial statements as the Capital Projects Fund for Blended Component Units and the Debt Service Fund for Blended Component Units, respectively. Certificates of participation and other debt issued by the Authority and the Corporation are included as long-term liabilities in the government-wide financial statements. Individually prepared financial statements are prepared for the Authority.

The Hemet Unified School District Community Facilities Districts (CFDs) and Public Financing Authorities (PFAs) financial activity is presented in the Fiduciary Fund financial statements as the Custodial Funds and in the Governmental Funds financial statements as the Capital Project Fund for Blended Component Units. Special tax bonds issued by the CFDs and special tax revenue bonds issued for the PFAs are not included in the long-term liabilities of the Statement of Net Position as they are not obligations of the District. Individually prepared financial statements are not prepared for each of the CFDs.

Charter School

The District has approved a charter for the Western Center Academy 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 out specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The District's funds are grouped into three broad fund categories: governmental, proprietary, and fiduciary.

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

Major Governmental Funds

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

Two funds 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 14, Deferred Maintenance Fund and Fund 20, Special Reserve Fund for Postemployment Benefits, are 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 an extension of the General Fund, and accordingly have been combined with the General Fund for presentation in these audited financial statements.

As a result, the General Fund reflects an increase in fund balance of \$34,733,133.

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

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

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 is used by the District 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 for restricted or committed 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).

- **County School Facilities Fund** The County School Facilities Fund is established pursuant to *Education Code* Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), the 2004 State School Facilities Fund (Proposition 55), the 2006 State School Facilities Fund (Proposition 1D), or the 2016 State School Facilities Fund (Proposition 51) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code* Section 17070.10 et seq.).
- **Special Reserve Fund for Capital Outlay Projects** The Special Reserve Fund for Capital Outlay Projects exists primarily to provide for the accumulation of General Fund monies for capital outlay purposes (*Education Code* Section 42840).
- **Capital Projects Fund for Blended Component Units** The Capital Projects Fund for Blended Component Units is used to account for capital projects financed by Mello-Roos Community Facilities Districts and similar entities that are considered blended component units of the District under generally accepted accounting principles (GAAP).

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

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

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 funds:

- **Enterprise Funds** Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. These funds of the District account for the financial transactions related to the Transportation activities of the District.
- **Internal Service Fund** Internal service funds may be used to account for goods or services provided to other funds of the District in return for a fee to cover the cost of operations. The District operates a Self-Insurance program for other postemployment benefits and workers' compensation services that is accounted for in an internal service fund.

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

Custodial funds are used to account for resources, not in a trust, that are held by the District for other parties outside the District's reporting entity. The District's custodial funds account for the levying of special taxes by the Community Facilities Districts.

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, and program revenues for each segment of the business-type 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 of capital assets and amortization of subscription IT assets. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District. Eliminations have been made to minimize the double counting of internal activities.

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

Fund Financial Statements Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major governmental funds are aggregated and presented in a single column. 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 a 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 reconciliation 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 statements for the governmental funds on a modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.
- **Proprietary Funds** Proprietary funds are accounted for using a 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 revenues, expenses and changes in net position presents increases (revenues) and decreases (expenses) in net position. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary fund.
- **Fiduciary Funds** Fiduciary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are excluded from the government-wide financial statements because they do not represent resources of the District.

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

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received.

Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose requirements. 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. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds but are recognized in the governmental-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.

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

Stores Inventories

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

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.

Capital Assets, Depreciation, and Amortization

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General 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 financial Statement of Net Position. The valuation basis for general 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 of capital assets 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, 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, 2024.

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

Interfund Balances

In the 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 columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

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 0.004 year of service credit for each day of unused sick leave.

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

Debt Issuance Costs, Premiums, and Discounts

In the government-wide financial statements, 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. All other bond issuance costs are expensed when incurred.

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, for OPEB related items, 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 OPEB related items and for pension related items.

Pensions

For purposes of measuring the aggregate net pension liability, 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 Program (MPP) 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.

Subscription-based IT Arrangements

The District recognizes a subscription-based IT arrangement liability and an intangible right-to-use subscription IT asset (subscription IT asset) in the government-wide financial statements. At the commencement of the subscription term, the District measures the subscription-based IT arrangement liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription-based IT arrangement liability is reduced by the principal portion of subscription payments made. The subscription IT asset is initially measured as the initial amount of the subscription-based IT arrangement liability, plus certain initial direct costs. Subsequently, the subscription IT asset is amortized on a straight-line basis over shorter of the subscription term or useful life of the underlying asset. The amortization period varies from 2 to 3 years.

Fund Balances - Governmental Funds

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

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

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

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

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

Unassigned - all other spendable amounts.

Spending Order Policy

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

Minimum Fund Balance Policy

The governing board adopted a minimum fund balance policy for the General Fund in order to protect the District against revenue shortfalls or unpredicted one-time expenditures. The policy requires a Reserve for Economic Uncertainties consisting of unassigned amounts equal to no less than five 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 and amortization, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. The District has related debt outstanding as of June 30, 2024. 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 \$170,564,293 of net position restricted by enabling legislation, and the fiduciary fund financial statements report \$12,411,095 of restricted net position.

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 for transportation services and charges to other funds for self-insurance. 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 on the financial statements.

Estimates

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

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.

Adoption of New Accounting Standard

Implementation of GASB Statement No. 100

As of July 1, 2023, the District adopted GASB Statement No. 100, *Accounting Changes and Error Corrections*. The implementation of this standard requires additional presentation and disclosure requirements for accounting changes and error corrections. The financial statements have been updated to conform to the presentation requirements related to the accounting change in the financial statements for the year ended June 30, 2024. Additional disclosures required by this standard are included in Note 17.

Note 2 - Deposits and Investments

Summary of Deposits and Investments

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

Governmental activities	\$ 413,699,731
Business-type activities	3,103,991
Fiduciary activities	<u>12,411,095</u>
Total deposits and investments	<u><u>\$ 429,214,817</u></u>

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

Cash on hand and in banks	\$	1,931,575
Cash with fiscal agent		6,858,714
Cash in revolving		12,970
Investments		<u>420,411,558</u>
 Total deposits and investments		 <u><u>\$ 429,214,817</u></u>

Policies and Practices

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

Investment in County Treasury - The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (*Education Code* Section 41001). The fair value of the District’s investment in the pool is reported in the 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

Authorized Under Debt Agreements

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California *Government Code*.

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
Governmental Activities		
U.S. Treasuries	\$ 15,036,132	39
Riverside County Investment Pool	<u>383,034,787</u>	464
Subtotal	<u>398,070,919</u>	
Business-Type Activities		
Riverside County Investment Pool	<u>14,450,785</u>	464
Fiduciary Activities		
U.S. Treasuries	7,401,251	39
U.S. Agencies	<u>488,603</u>	130
Subtotal	<u>7,889,854</u>	
Total	<u><u>\$ 420,411,558</u></u>	

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by the California *Government Code*, the District's investment policy, or debt agreements, and the actual rating as of the year-end for each investment type.

Investment Type	Reported Amount	Minimum Legal Rating	Rating as of Year End		
			Moody's Aaa-bf	Moody's Aaa	Moody's A
Governmental Activities					
U.S. Treasuries	\$ 15,036,132	N/A	\$ -	\$ -	\$ 15,036,132
Riverside County Investment Pool	<u>383,034,787</u>	N/A	<u>383,034,787</u>	-	-
Subtotal	<u>398,070,919</u>		<u>383,034,787</u>		<u>15,036,132</u>
Business-Type Activities					
Riverside County Investment Pool	<u>14,450,785</u>	N/A	<u>14,450,785</u>	-	-
Fiduciary Activities					
U.S. Treasuries	7,401,251	N/A	-		7,401,251
U.S. Agencies	<u>488,603</u>	N/A	-	488,603	-
Subtotal	<u>7,889,854</u>		<u>-</u>	<u>488,603</u>	<u>7,401,251</u>
Total	<u>\$420,411,558</u>		<u>\$397,485,572</u>	<u>\$ 488,603</u>	<u>\$ 22,437,383</u>

N/A - Not applicable

Concentration of 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%.

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, 2024, the District's bank balance of \$6.6 million 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 reasonable available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

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

Investment Type	Reported Amount	Fair Value Measurements Using Level 2 Inputs
Governmental Activities		
U.S. Treasuries	\$ 15,036,132	\$ 15,036,132
Fiduciary Activities		
U.S. Treasuries	7,401,251	7,401,251
U.S. Agencies	488,603	488,603
Subtotal	7,889,854	7,889,854
Total	\$ 22,925,986	\$ 22,925,986

All assets have been valued using a market approach, with quoted market prices.

Note 4 - Receivables

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

	General Fund	Building Fund	Capital Facilities Fund	Non-Major Governmental Funds	Internal Service Fund	Total Governmental Activities	Business- Type Activities
Federal Government							
Categorical aid	\$ 16,377,218	\$ -	\$ -	\$ 2,406,844	\$ -	\$ 18,784,062	\$ -
State Government							
LCFF apportionment	6,787	-	-	265	-	7,052	-
Categorical aid	2,004,004	-	-	1,869,603	-	3,873,607	-
Lottery	1,308,127	-	-	47,797	-	1,355,924	-
Local Government							
Interest	2,635,693	441,510	472,684	292,492	128,734	3,971,113	52,789
Other local sources	526,618	-	5,287	20,427	-	552,332	2,797,004
Total	<u>\$ 22,858,447</u>	<u>\$ 441,510</u>	<u>\$ 477,971</u>	<u>\$ 4,637,428</u>	<u>\$ 128,734</u>	<u>\$ 28,544,090</u>	<u>\$ 2,849,793</u>

Note 5 - Capital Assets

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

	Balance July 1, 2023	Additions	Deductions	Balance June 30, 2024
Governmental Activities				
Capital assets not being depreciated or amortized				
Land	\$ 24,843,807	\$ -	\$ -	\$ 24,843,807
Construction in progress	85,111,725	44,798,762	(8,436,883)	121,473,604
Total capital assets not being depreciated or amortized	109,955,532	44,798,762	(8,436,883)	146,317,411
Capital assets being depreciated or amortized				
Buildings and improvements	631,084,827	17,917,918	-	649,002,745
Furniture and equipment	29,350,932	3,511,100	(707,413)	32,154,619
Right-to-use subscription IT assets	653,647	-	(305,046)	348,601
Total capital assets being depreciated and amortized	661,089,406	21,429,018	(1,012,459)	681,505,965
Total capital assets	771,044,938	66,227,780	(9,449,342)	827,823,376
Accumulated depreciation and amortization				
Buildings and improvements	(265,003,352)	(18,390,833)	-	(283,394,185)
Furniture and equipment	(18,432,337)	(1,565,731)	693,864	(19,304,204)
Right-to-use subscription IT assets	(275,288)	(275,288)	305,046	(245,530)
Total accumulated depreciation and amortization	(283,710,977)	(20,231,852)	998,910	(302,943,919)
Net depreciable and amortizable capital assets	377,378,429	1,197,166	(13,549)	378,562,046
Governmental activities capital assets, net	\$ 487,333,961	\$ 45,995,928	\$ (8,450,432)	\$ 524,879,457
Business-Type Activities				
Capital assets being depreciated or amortized				
Vehicles and equipment	\$ 32,676,143	\$ 2,360,356	\$ -	\$ 35,036,499
Less accumulated depreciation	(20,427,454)	(2,183,565)	-	(22,611,019)
Business-type activities capital assets, net	12,248,689	176,791	-	12,425,480
Total	\$ 499,582,650	\$ 46,172,719	\$ (8,450,432)	\$ 537,304,937

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

Governmental Activities	
Instruction	\$ 16,711,482
School site administration	546,262
Food services	950,897
Data processing	275,288
All other administration	1,193,678
Plant services	554,245
Total depreciation and amortization expense governmental activities	20,231,852
Business-Type Activities	
Home-to-school transportation	2,183,565
Total depreciation and amortization expense all activities	\$ 22,415,417

Note 6 - Interfund Transactions

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivable and payable balances at June 30, 2024, between major and non-major governmental funds, and proprietary funds are as follows:

Due To	Due From						Total
	General Fund	Capital Facilities Fund	Non-Major Governmental Funds	Internal Service Fund	Total Governmental Activities	Enterprise Fund	
General Fund	\$ -	\$ 215,172	\$ 1,749,021	\$ 139,568	\$ 2,103,761	\$ 9,805	\$ 2,113,566
Building Fund	227,097	-	-	-	227,097	-	227,097
Capital Outlay Fund	11,834	-	20,530	-	32,364	-	32,364
Non-Major Governmental Funds	1,419,398	-	-	-	1,419,398	-	1,419,398
Internal Service Fund	2,260	-	-	-	2,260	-	2,260
Total governmental activities	1,660,589		1,769,551	139,568	3,784,880	9,805	3,794,685
Enterprise Fund	8,758,910	-	21,305	-	8,780,215	-	8,780,215
Total	\$10,419,499	\$ 215,172	\$ 1,790,856	\$ 139,568	\$12,565,095	\$ 9,805	\$12,574,900

The balance of \$215,172 is due to the General Fund from the Capital Facilities Fund for the reimbursement of administrative fees.

The balance of \$227,097 is due to the Building Fund from the General Fund for reimbursement of capital projects costs.

A balance of \$871,170 is due to the Charter Schools Non-Major Governmental Fund from the General fund for revenues received in the General Fund, but earned by the other fund.

A balance of \$500,000 is due to the Special Reserve Non-Major Governmental Fund for Capital Outlay Projects from the General Fund for capital projects.

A balance of \$1,431,042 is due to the General Fund from the Charter School Non-Major Governmental Fund for reimbursement of costs.

The balance of \$8,758,910 is due to the Transportation Enterprise Fund from the General Fund for transportation chargeback costs.

All remaining 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, 2024, consisted of the following:

The General Fund transferred to the Capital Facilities Fund for project costs.	\$ 1,747,674
The General Fund transferred to the Special Reserve Non-Major Governmental Fund for Capital Outlay Project for project costs.	500,000
The General Fund transferred to the Debt Service Non-Major Governmental Fund for Blended Component Units for debt service payments.	3,769,277
The Charter Schools Non-Major Governmental Fund transferred to the General Fund for transportation and special education encroachment.	835,372
The Cafeteria Non-Major Governmental Fund transferred to the Debt Service Non-Major Governmental Fund for Blended Component Units for debt service payments.	284,489
The Capital Projects Non-Major Governmental Fund for Blended Component Units transferred to the Capital Facilities Fund for capital projects.	286,994
The Capital Facilities Fund transferred to the General Fund for administrative fees.	176,333
The County School Facilities Non-Major Governmental Fund transferred to the Capital Facilities Fund for capital projects.	<u>9,380,651</u>
Total	<u><u>\$ 16,980,790</u></u>

Note 7 - Accounts Payable

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

	General Fund	Building Fund	Capital Facilities Fund	Non-Major Governmental Funds	Internal Service Fund	Total Governmental Activities	Business- Type Activities
Vendor payables	\$13,424,106	\$ -	\$4,235,733	\$ 681,498	\$ 145,077	\$18,486,414	\$ 754,270
LCFF apportionment	5,903,277	-	-	100,643	-	6,003,920	-
Salaries and benefits	2,373,510	-	-	8,519	-	2,382,029	3,969
Capital outlay	6,307,618	4,757,318	3,629,829	2,315,927	-	17,010,692	-
Total	\$28,008,511	\$4,757,318	\$7,865,562	\$3,106,587	\$ 145,077	\$43,883,055	\$ 758,239

Note 8 - Unearned Revenue

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

	General Fund	Non-Major Governmental Funds	Total Governmental Activities
Federal financial assistance	\$ 362,009	\$ -	\$ 362,009
State categorical aid	1,344,949	1,745,382	3,090,331
Other local	4,869,866	-	4,869,866
Total	\$ 6,576,824	\$ 1,745,382	\$ 8,322,206

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

Summary

A schedule of changes in long-term liabilities other than OPEB and pensions for the year ended June 30, 2024, is shown below:

	Balance July 1, 2023	Additions	Deductions	Balance June 30, 2024	Due in One Year
Long-Term Liabilities					
Governmental Activities					
General obligation bonds	\$ 252,580,000	\$ -	\$ (8,440,000)	\$ 244,140,000	\$ 9,560,000
Certificates of participation	35,945,000	-	(2,625,000)	33,320,000	2,820,000
Unamortized debt premiums	14,606,301	-	(1,195,721)	13,410,580	-
Unamortized debt discounts	(76,614)	-	11,274	(65,340)	-
Subscription-based IT arrangements	363,130	-	(261,490)	101,640	101,640
Supplemental early retirement plan	3,432,555	-	(1,144,185)	2,288,370	1,144,185
Compensated absences	636,775	101,051	-	737,826	-
Claims liability	10,189,130	-	(1,283,285)	8,905,845	552,300
Subtotal	<u>317,676,277</u>	<u>101,051</u>	<u>(14,938,407)</u>	<u>302,838,921</u>	<u>14,178,125</u>
Business-Type Activities					
Financed purchase agreements	1,472,702	-	(611,075)	861,627	492,868
Compensated absences	87,865	-	(29,271)	58,594	-
Subtotal	<u>1,560,567</u>	<u>-</u>	<u>(640,346)</u>	<u>920,221</u>	<u>492,868</u>
Total	<u>\$ 319,236,844</u>	<u>\$ 101,051</u>	<u>\$ (15,578,753)</u>	<u>\$ 303,759,142</u>	<u>\$ 14,670,993</u>

Payments on general obligation bonds are made by the Bond Interest and Redemption Fund with local revenues. Payments on the certificates of participation are made by the Debt Service Fund for Blended Component Units. Payments for subscription-based IT arrangements and supplemental early retirement plan are made by the General Fund. Payments for financed purchase agreements are made by the Transportation Enterprise Fund. The claims liability is to be paid by the Internal Service Fund. Compensated absences will be paid by the fund for which the employee worked.

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, 2023	Issued	Redeemed	Bonds Outstanding June 30, 2024
07/18/12	08/01/23	1.25%-4.00%	\$ 21,260,000	\$ 1,685,000	\$ -	\$ (1,685,000)	\$ -
12/16/14	08/01/33	3.00% - 5.00%	93,170,000	34,610,000	-	(3,530,000)	31,080,000
05/19/15	08/01/40	3.13% - 5.00%	49,000,000	45,900,000	-	(925,000)	44,975,000
02/26/19	08/01/46	2.25% - 5.00%	27,500,000	25,900,000	-	-	25,900,000
07/15/20	08/01/46	2.00% - 5.00%	26,500,000	25,990,000	-	(115,000)	25,875,000
07/15/20	08/01/26	5.00%	7,790,000	5,450,000	-	(1,265,000)	4,185,000
09/15/21	08/01/46	2.50% - 5.00%	35,000,000	35,000,000	-	(400,000)	34,600,000
09/15/21	08/01/38	0.35% - 2.50%	49,075,000	48,045,000	-	(520,000)	47,525,000
12/22/22	08/01/46	4.00% - 5.00%	30,000,000	30,000,000	-	-	30,000,000
				<u>\$ 252,580,000</u>	<u>\$ -</u>	<u>\$ (8,440,000)</u>	<u>\$ 244,140,000</u>

The outstanding certificates of participation debt is as follows:

Issuance Date	Final Maturity Date	Interest Rate	Original Issue	Certificates of Participation Outstanding July 1, 2023	Issued	Redeemed	Certificates of Participation Outstanding June 30, 2024
09/30/15	10/01/28	2.00% - 5.00%	\$ 16,690,000	\$ 8,565,000	\$ -	\$ (1,320,000)	\$ 7,245,000
09/30/16	10/01/34	3.00% - 5.00%	23,965,000	23,965,000	-	(680,000)	23,285,000
09/30/16	10/01/23	1.59% - 2.74%	6,225,000	560,000	-	(560,000)	-
11/06/19	10/01/31	3.00% - 4.00%	2,925,000	2,855,000	-	(65,000)	2,790,000
				<u>\$ 35,945,000</u>	<u>\$ -</u>	<u>\$ (2,625,000)</u>	<u>\$ 33,320,000</u>

Debt Service Requirements to Maturity

The current interest bonds mature as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2025	\$ 9,560,000	\$ 7,919,163	\$ 17,479,163
2026	9,065,000	7,575,544	16,640,544
2027	9,290,000	7,265,327	16,555,327
2028	8,805,000	6,992,785	15,797,785
2029	9,105,000	6,723,709	15,828,709
2030-2034	51,930,000	29,066,941	80,996,941
2035-2039	66,585,000	19,065,014	85,650,014
2040-2044	48,265,000	8,794,704	57,059,704
2045-2047	31,535,000	1,570,466	33,105,466
Total	<u>\$ 244,140,000</u>	<u>\$ 94,973,653</u>	<u>\$ 339,113,653</u>

The current interest certificates of participation mature as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2025	\$ 2,820,000	\$ 1,313,063	\$ 4,133,063
2026	3,030,000	1,181,838	4,211,838
2027	3,250,000	1,049,513	4,299,513
2028	3,465,000	907,738	4,372,738
2029	3,710,000	751,444	4,461,444
2030-2034	14,035,000	1,865,400	15,900,400
2035	3,010,000	45,150	3,055,150
Total	<u>\$ 33,320,000</u>	<u>\$ 7,114,146</u>	<u>\$ 40,434,146</u>

Financed Purchase Agreement

The District's liability for financed purchase agreements mature as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2025	\$ 492,868	\$ 17,746	\$ 510,614
2026	368,759	7,926	376,685
Total	<u>\$ 861,627</u>	<u>\$ 25,672</u>	<u>\$ 887,299</u>

Supplemental Employee Retirement Plan (SERP)

The District offered an early retirement incentive to qualified employees under a qualified plan of Section 401(A) of the *Internal Revenue Code*. This benefit is paid to the retiree in equal installments annually for a period of up to five year. There are 124 employees participating in the plan and the District's obligation to those retirees as of June 30, 2024, is \$2,288,370.

Future payments are as follows:

<u>Year Ending June 30,</u>	<u>Annual Payment</u>
2025	\$ 1,144,185
2026	1,144,185
Total	<u>\$ 2,288,370</u>

Claims Liability

The District has an outstanding long-term liability for claims for the District's Workers' Compensation Insurance Program in the amount of \$8,905,845. Further detail about the claims liability can be found in Note 13.

Subscriptions-Based Information Technology Arrangements (SBITAs)

The District entered into three SBITA contracts for the use of digital curriculum software, platform as a service, and safety software. At June 30, 2024, the District has recognized a right-to-use subscription IT assets of \$103,071 and SBITA liabilities of \$101,640 related to these agreements. During the year ended June 30, 2024, the District recorded \$275,288 in amortization expense and \$1,286 in interest expense for SBITAs. The District is required to make annual principal and interest payments of \$102,000 through July 2024. The subscriptions have an interest rate of 4.25% based on the estimated incremental borrowing rate for financing over a similar time period.

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

Year Ending June 30,	Principal	Interest	Total
2025	\$ 101,640	\$ 360	\$ 102,000

Note 10 - Net Other Postemployment Benefits (OPEB) Liability

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

OPEB Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan - Governmental Activities	\$ 32,251,388	\$ 2,005,616	\$ 11,103,789	\$ 1,453,014
District Plan - Business-Type Activities	2,481,746	104,532	577,255	77,876
Medicare Premium Payment (MPP) Program	1,083,656	-	-	(1,348)
Total	<u>\$ 35,816,790</u>	<u>\$ 2,110,148</u>	<u>\$ 11,681,044</u>	<u>\$ 1,529,542</u>

The details of each plan are as follows:

District Plan

Plan Administration

The District's Governing Board administers the Postemployment Benefits Plan (the Plan). The Plan is a single-employer defined benefit plan that is used to provide healthcare benefits 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, 2024, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	172
Active employees	<u>2,985</u>
Total	<u><u>3,157</u></u>

Benefits Provided

The Plan provides medical, dental, and vision 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 Hemet Teachers Association (HTA), the local California School Employees Association (CSEA), and unrepresented groups. The benefit payment is based on projected pay-as-you-go financing requirements as determined annually through the agreements with the District, HTA, CSEA, and the unrepresented groups and is based on availability of funds. For the measurement period ending June 30, 2024, the District paid \$1,175,097 in benefits.

Total OPEB Liability

The total OPEB liability of \$34,733,134 was measured as of June 30, 2024 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total OPEB liability in the June 30, 2024 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	2.75%
Discount rate	3.93%
Healthcare cost trend rates	4.00%

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

Mortality rates were based on the 2020 CalSTRS Mortality Table for certificated employees and the 2021 CalPERS Active Mortality for Miscellaneous Employees Table for classified employees. Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or 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, 2024 valuation were based on the results of an actual experience study as of August 2024.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance, June 30, 2023	\$ 33,133,559
Service cost	2,237,379
Interest	1,228,762
Differences between expected and actual experience	399,949
Changes of assumptions	(1,091,418)
Benefit payments	(1,175,097)
Net change in total OPEB liability	1,599,575
Balance, June 30, 2024	\$ 34,733,134

Change in assumptions reflect a change in the discount rate from 3.65% to 3.93% since the previous valuation. There were no changes in benefit terms since the previous valuation.

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

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

Discount Rate	Total OPEB Liability
1% decrease (2.93%)	\$ 37,502,470
Current discount rate (3.93%)	34,733,134
1% increase (4.93%)	32,148,373

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 a healthcare cost trend rate that are one percent lower or higher than the current healthcare costs trend rate:

Healthcare Cost Trend Rate	Total OPEB Liability
1% decrease (3.00%)	\$ 30,751,642
Current healthcare cost trend rate (4.00%)	34,733,134
1% increase (5.00%)	39,455,948

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

For the year ended June 30, 2024, the government-wide financial statements and business-type activity financial statements recognized OPEB expense of \$1,453,014 and \$77,876, respectively. At June 30, 2024, District reported deferred outflows of resources and deferred inflows of resources related to the OPEB from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 376,422	\$ 7,725,263
Changes of assumptions	1,733,726	3,955,781
Total	\$ 2,110,148	\$ 11,681,044

Deferred outflows of resources and deferred inflows of resources related to OPEB will be amortized over the Expected Average Remaining Service Life (EARSL) of plan members. The EARSL for the measurement period is 15 years, and the balance will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2025	\$ (760,154)
2026	(760,154)
2027	(760,154)
2028	(760,154)
2029	(760,154)
Thereafter	(5,770,126)
Total	\$ (9,570,896)

Medicare Premium Payment (MPP) Program

Plan Description

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

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2022 annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Benefits Provided

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

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

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

Net OPEB Liability and OPEB Expense

At June 30, 2024, the District reported a liability of \$1,083,656 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period ending June 30, 2023 and June 30, 2022, was 0.3571% and 0.3294%, respectively, resulting in a net increase in the proportionate share of 0.0277%.

For the year ended June 30, 2024, the District recognized OPEB expense of \$(1,348).

Actuarial Methods and Assumptions

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

Measurement Date	June 30, 2023	June 30, 2022
Valuation Date	June 30, 2022	June 30, 2021
Experience Study	July 1, 2015 through June 30, 2018	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	3.65%	3.54%
Medicare Part A Premium Cost Trend Rate	4.50%	4.50%
Medicare Part B Premium Cost Trend Rate	5.40%	5.40%

For the valuation as of June 30, 2022, CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

Assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 179 or an average of 0.13% of the potentially eligible population (138,780).

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2023, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

Discount Rate

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

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

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

Discount Rate	Net OPEB Liability
1% decrease (2.65%)	\$ 1,177,711
Current discount rate (3.65%)	1,083,656
1% increase (4.65%)	1,001,874

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

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

Medicare Costs Trend Rates	Net OPEB Liability
1% decrease (3.50% Part A and 4.40% Part B)	\$ 997,071
Current Medicare costs trend rate (4.50% Part A and 5.40% Part B)	1,083,656
1% increase (5.50% Part A and 6.40% Part B)	1,181,407

Note 11 - Non-Obligatory Debt

Non-obligatory debt relates to debt issuances by the Community Facility Districts, as authorized by the Mello-Roos Community Facilities Act of 1982 as amended, and the Mark-Roos Local Bond Pooling Act of 1985, and are payable from special taxes levied on property within the Community Facilities Districts according to a methodology approved by the voters within the District. Neither the faith and credit nor taxing power of the District is pledged to the payment of the bonds. Reserves have been established from the bond proceeds to meet delinquencies should they occur. If delinquencies occur beyond the amounts held in those reserves, the District has no duty to pay the delinquency out of any available funds of the District. The District acts solely as an agent for those paying taxes levied and the bondholders and may initiate foreclosure proceedings. Special assessment debt outstanding of \$58,840,000 as of June 30, 2024, does not represent debt of the District and, as such, does not appear in the accompanying basic financial statements.

Note 12 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Building Fund	Capital Facilities Fund	Non-Major Governmental Funds	Total
Nonspendable					
Revolving cash	\$ 12,770	\$ -	\$ -	\$ 200	\$ 12,970
Prepaid expenditures	21,498	-	-	6,276	27,774
Stores inventories	233,588	-	-	663,749	897,337
Total nonspendable	<u>267,856</u>	<u>-</u>	<u>-</u>	<u>670,225</u>	<u>938,081</u>
Restricted					
Legally restricted programs	80,605,546	-	-	16,478,868	97,084,414
Capital projects	-	31,688,192	40,857,453	17,370,886	89,916,531
Debt service	-	-	-	34,009,901	34,009,901
Total restricted	<u>80,605,546</u>	<u>31,688,192</u>	<u>40,857,453</u>	<u>67,859,655</u>	<u>221,010,846</u>
Committed					
Health and Welfare HTA Reserve	2,237,788	-	-	-	2,237,788
Supplemental and concentration Grant carryover for LCAP Priorities	13,315,775	-	-	-	13,315,775
Reserve for deficit spending	45,270,030	-	-	-	45,270,030
Total committed	<u>60,823,593</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,823,593</u>
Assigned					
Capital projects	-	-	-	9,521,335	9,521,335
Other postemployment benefits	34,733,135	-	-	-	34,733,135
Other	19,524,605	-	-	-	19,524,605
Total assigned	<u>54,257,740</u>	<u>-</u>	<u>-</u>	<u>9,521,335</u>	<u>63,779,075</u>
Unassigned					
Reserve for economic uncertainties	24,405,757	-	-	-	24,405,757
Total	<u>\$ 220,360,492</u>	<u>\$ 31,688,192</u>	<u>\$ 40,857,453</u>	<u>\$ 78,051,215</u>	<u>\$ 370,957,352</u>

Note 13 - Risk Management

Description

The District's risk management activities are recorded in the General and Self-Insurance Funds. Employee life, medical, vision, dental, disability, and workers' compensation insurance 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

During the year ended June 30, 2024, 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 since the prior year.

Employee Medical Benefits

The District has contracted with California Schools Employee Benefits Association (CSEBA) to provide employee medical benefits. CSEBA is a shared risk pool comprised of districts state-wide. 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 of CSEBA 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 Liability

The District records an estimated liability for workers' compensation 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 Liability

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 represents the changes in the claims liability for the District from July 1, 2022 to June 30, 2024:

	<u>Workers' Compensation</u>
Liability Balance, July 1, 2022	\$ 8,927,764
Claims and changes in estimates	4,960,317
Claims payments	(3,698,951)
Liability Balance, June 30, 2023	10,189,130
Claims and changes in estimates	(486,603)
Claims payments	(796,682)
Liability Balance, June 30, 2024	\$ 8,905,845
Assets available to pay claims at June 30, 2024	\$ 11,520,554

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, 2024, the District reported its proportionate share of net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	\$ 183,886,341	\$ 67,086,150	\$ 15,529,718	\$ 28,141,017
CalPERS	157,088,003	60,959,555	2,997,251	25,861,976
Total	\$ 340,974,344	\$ 128,045,705	\$ 18,526,969	\$ 54,002,993

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2022, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Benefits Provided

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

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

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

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

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

Contributions

Required member, District, and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers’ Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2024, are presented above and the District’s total contributions were \$32,782,218.

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

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

Total net pension liability, including State share	
Proportionate share of net pension liability	\$ 183,886,341
State’s proportionate share of the net pension liability	88,105,117
Total	\$ 271,991,458

The net pension liability was measured as of June 30, 2023. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District’s proportionate share for the measurement period June 30, 2023 and June 30, 2022, was 0.2414% and 0.2195%, respectively, resulting in a net increase in the proportionate share of 0.0219%.

For the year ended June 30, 2024, the District recognized pension expense of \$28,141,017. In addition, the District recognized pension expense and revenue of \$11,984,730 for support provided by the State. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 32,782,218	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	18,001,618	5,690,865
Differences between projected and actual earnings on pension plan investments	787,108	-
Differences between expected and actual experience in the measurement of the total pension liability	14,450,437	9,838,853
Changes of assumptions	1,064,769	-
Total	\$ 67,086,150	\$ 15,529,718

The deferred outflows/(inflows) 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
2025	\$ (5,785,206)
2026	(9,066,432)
2027	14,899,323
2028	739,423
Total	\$ 787,108

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2025	\$ 3,569,829
2026	2,172,576
2027	2,405,960
2028	1,958,205
2029	3,082,655
Thereafter	4,797,881
Total	\$ 17,987,106

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2022, and rolling forward the total pension liability to June 30, 2023. The financial reporting actuarial valuation as of June 30, 2022, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2022
Measurement date	June 30, 2023
Experience study	July 1, 2015 through June 30, 2018
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of expected 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2023, are summarized in the following table:

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

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	\$ 308,454,663
Current discount rate (7.10%)	183,886,341
1% increase (8.10%)	80,417,830

California Public Employees Retirement System (CalPERS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2022, annual actuarial valuation reports and the Schools Pool Actuarial Valuation. These reports and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Publications at: <https://www.calpers.ca.gov/page/forms-publications>.

Benefits Provided

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

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

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

Contributions

Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2024, are presented previously, and the total District contributions were \$24,423,812.

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

As of June 30, 2024, the District reported a net pension liability for its proportionate share of the CalPERS net pension liability totaling \$157,088,003. The net pension liability was measured as of June 30, 2023. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District’s proportionate share for the measurement period June 30, 2023 and June 30, 2022, was 0.4340% and 0.4024%, respectively, resulting in a net increase in the proportionate share of 0.0316%.

For the year ended June 30, 2024, the District recognized pension expense of \$25,861,976. At June 30, 2024, the District reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 24,423,812	\$ -
Change in proportion and differences between contributions made and District’s proportionate share of contributions	6,786,931	584,610
Differences between projected and actual earnings on pension plan investments	16,779,245	-
Differences between expected and actual experience in the measurement of the total pension liability	5,732,585	2,412,641
Changes of assumptions	7,236,982	-
Total	\$ 60,959,555	\$ 2,997,251

The deferred outflows/(inflows) 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
2025	\$ 3,129,983
2026	1,854,281
2027	11,272,796
2028	522,185
Total	\$ 16,779,245

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and District's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 3.8 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2025	\$ 6,500,216
2026	6,744,530
2027	3,514,501
Total	\$ 16,759,247

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2022, and rolling forward the total pension liability to June 30, 2023. The financial reporting actuarial valuation as of June 30, 2022, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2022
Measurement date	June 30, 2023
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	6.90%
Investment rate of return	6.90%
Consumer price inflation	2.30%
Wage growth	Varies by entry age and service

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

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

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global equity - cap-weighted	30%	4.54%
Global equity - non-cap-weighted	12%	3.84%
Private equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed securities	5%	0.50%
Investment grade corporates	10%	1.56%
High yield	5%	2.27%
Emerging market debt	5%	2.48%
Private debt	5%	3.57%
Real assets	15%	3.21%
Leverage	(5%)	(0.59%)

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (5.90%)	\$ 227,108,647
Current discount rate (6.90%)	157,088,003
1% increase (7.90%)	99,217,534

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 \$14,092,546 (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, 2024.

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, 2024.

Construction Commitments

As of June 30, 2024, the District had committed under various capital expenditure purchase agreements for various projects totaling approximately \$47.6 million to be funded through general obligation bonds and capital project apportionments from California Department of General Services.

Note 16 - Participation in Joint Powers Authority

The District is a member of the California Schools Employee Benefits Association (CSEBA) and the Southern California Regional Liability Excess Fund (SoCal ReLiEF), 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, 2024, the District made payments of \$34,910,777 and \$2,324,473 to CSEBA and SoCal ReLiEF, respectively, for its health coverage and property liability.

Note 17 - Restatement – Change within the Reporting Entity

The year ended June 30, 2024, there was a change within the financial reporting entity which resulted in the Capital Facilities Fund being reported as a major fund instead of as a non-major governmental fund, which resulted in adjustments to and restatements of beginning fund balance as follows:

	Governmental Funds	
	Capital Facilities Fund	Non-Major Governmental Funds
Beginning fund balance, as previously reported on June 30, 2023		\$ 90,842,067
Change within the financial reporting entity	\$ 30,573,556	(30,573,556)
Beginning, as restated on July 1, 2023	\$ 30,573,556	\$ 60,268,511

Note 18 - Subsequent Events

In October 2024, the District issued the Election of 2018, 2024 Series E General Obligation Bonds in the amount of \$31,000,000. The bonds were issued to finance specific construction and improvements to the facilities of the District. The bonds require annual principal payments and semi-annual interest payments beginning February 2025 through August 2046, with annual interest rates ranging from 4.00% to 5.00%.



Required Supplementary Information
June 30, 2024

Hemet Unified School District

Hemet Unified School District
 Budgetary Comparison Schedule – General Fund
 Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variances - Positive (Negative)
	Original	Final		Final to Actual
Revenues				
Local Control Funding Formula	\$ 308,336,998	\$ 311,651,835	\$ 311,188,102	\$ (463,733)
Federal sources	33,910,950	46,238,351	45,828,279	(410,072)
Other State sources	56,500,003	66,951,142	71,210,812	4,259,670
Other local sources	22,866,287	40,677,714	51,459,991	10,782,277
Total revenues ¹	<u>421,614,238</u>	<u>465,519,042</u>	<u>479,687,184</u>	<u>14,168,142</u>
Expenditures				
Current				
Certificated salaries	173,210,792	176,941,656	177,432,577	(490,921)
Classified salaries	73,581,066	77,907,261	78,034,493	(127,232)
Employee benefits	100,003,715	103,067,294	101,103,166	1,964,128
Books and supplies	54,619,072	27,135,525	25,913,157	1,222,368
Services and operating expenditures	58,527,226	58,320,781	55,238,425	3,082,356
Other outgo	(745,980)	(564,488)	(415,681)	(148,807)
Capital outlay	29,736,521	36,460,655	28,903,273	7,557,382
Debt service				
Debt service - principal	2,375,869	2,375,869	261,490	2,114,379
Debt service - interest and other	1,367,468	1,367,468	1,286	1,366,182
Total expenditures ¹	<u>492,675,749</u>	<u>483,012,021</u>	<u>466,472,186</u>	<u>16,539,835</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(71,061,511)</u>	<u>(17,492,979)</u>	<u>13,214,998</u>	<u>30,707,977</u>
Other Financing Sources (Uses)				
Transfers in	6,074,389	986,475	1,011,705	25,230
Transfers out	(500,000)	(744,397)	(6,016,951)	(5,272,554)
Net financing sources (uses)	<u>5,574,389</u>	<u>242,078</u>	<u>(5,005,246)</u>	<u>(5,247,324)</u>
Net Change in Fund Balances	(65,487,122)	(17,250,901)	8,209,752	25,460,653
Fund Balance - Beginning	<u>212,150,740</u>	<u>212,150,740</u>	<u>212,150,740</u>	<u>-</u>
Fund Balance - Ending	<u><u>\$ 146,663,618</u></u>	<u><u>\$ 194,899,839</u></u>	<u><u>\$ 220,360,492</u></u>	<u><u>\$ 25,460,653</u></u>

¹ Due to the consolidation of Fund 14, Deferred Maintenance Fund and Fund 20, Special Reserve Fund for Postemployment Benefits 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.

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

	2024	2023	2022	2021
Total OPEB Liability				
Service cost	\$ 2,237,379	\$ 2,216,368	\$ 3,019,256	\$ 2,920,515
Interest	1,228,762	1,121,357	843,568	797,112
Difference between expected and actual experience	399,949	-	(6,501,909)	-
Changes of assumptions	(1,091,418)	(292,855)	(3,315,141)	121,685
Benefit payments	(1,175,097)	(959,751)	(1,083,593)	(1,050,343)
Net change in total OPEB liability	1,599,575	2,085,119	(7,037,819)	2,788,969
Total OPEB Liability - Beginning	33,133,559	31,048,440	38,086,259	35,297,290
Total OPEB Liability - Ending	\$ 34,733,134	\$ 33,133,559	\$ 31,048,440	\$ 38,086,259
Covered Payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Total OPEB Liability as a Percentage of Covered Payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021

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.

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Service cost	\$ 3,189,197	\$ 2,958,458	\$ 2,879,278
Interest	1,222,862	1,088,299	1,068,087
Difference between expected and actual experience	(3,722,688)	-	-
Changes of assumptions	1,806,063	755,071	-
Benefit payments	<u>(1,084,900)</u>	<u>(1,060,211)</u>	<u>(1,019,434)</u>
Net change in total OPEB liability	1,410,534	3,741,617	2,927,931
Total OPEB Liability - Beginning	<u>33,886,756</u>	<u>30,145,139</u>	<u>27,217,208</u>
Total OPEB Liability - Ending	<u>\$ 35,297,290</u>	<u>\$ 33,886,756</u>	<u>\$ 30,145,139</u>
Covered Payroll	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>
Total OPEB Liability as a Percentage of Covered Payroll	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018

¹ The 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.

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

Year ended June 30,	2024	2023	2022	2021
Proportion of the net OPEB liability	0.3571%	0.3294%	0.3419%	0.3895%
Proportionate share of the net OPEB liability	\$ 1,083,656	\$ 1,085,004	\$ 1,363,524	\$ 1,650,620
Covered payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Plan fiduciary net position as a percentage of the total OPEB liability	(0.96%)	(0.94%)	(0.80%)	(0.71%)
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020
Year ended June 30,	2020	2019	2018	
Proportion of the net OPEB liability	0.3878%	0.3887%	0.3691%	
Proportionate share of the net OPEB liability	\$ 1,444,124	\$ 1,487,816	\$ 1,552,626	
Covered payroll	N/A ¹	N/A ¹	N/A ¹	
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A ¹	N/A ¹	N/A ¹	
Plan fiduciary net position as a percentage of the total OPEB liability	(0.81%)	(0.40%)	0.01%	
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017	

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

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

Hemet Unified School District
Schedule of the District's Proportionate Share of the Net Pension Liability - CalSTRS
Year Ended June 30, 2024

CalSTRS	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Proportion of the net pension liability	0.2414%	0.2195%	0.2274%	0.2235%	0.2192%
Proportionate share of the net pension liability	\$ 183,886,341	\$ 152,499,529	\$ 103,495,149	\$ 216,622,626	\$ 197,984,969
State's proportionate share of the net pension liability	<u>88,105,117</u>	<u>76,371,168</u>	<u>52,074,745</u>	<u>111,668,989</u>	<u>108,014,018</u>
Total	<u>\$ 271,991,458</u>	<u>\$ 228,870,697</u>	<u>\$ 155,569,894</u>	<u>\$ 328,291,615</u>	<u>\$ 305,998,987</u>
Covered payroll	<u>\$ 146,914,969</u>	<u>\$ 134,100,083</u>	<u>\$ 124,983,325</u>	<u>\$ 123,919,474</u>	<u>\$ 121,734,902</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>125.17%</u>	<u>113.72%</u>	<u>82.81%</u>	<u>174.81%</u>	<u>162.64%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>81%</u>	<u>81%</u>	<u>87%</u>	<u>72%</u>	<u>73%</u>
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability	0.2166%	0.2038%	0.2081%	0.2040%	0.1826%
Proportionate share of the net pension liability	\$ 199,031,497	\$ 188,518,139	\$ 168,316,604	\$ 137,370,181	\$ 106,695,256
State's proportionate share of the net pension liability	<u>113,954,840</u>	<u>111,525,738</u>	<u>95,819,640</u>	<u>72,653,682</u>	<u>64,427,202</u>
Total	<u>\$ 312,986,337</u>	<u>\$ 300,043,877</u>	<u>\$ 264,136,244</u>	<u>\$ 210,023,863</u>	<u>\$ 171,122,458</u>
Covered payroll	<u>\$ 117,924,823</u>	<u>\$ 110,506,645</u>	<u>\$ 104,777,884</u>	<u>\$ 94,422,286</u>	<u>\$ 101,633,888</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>168.78%</u>	<u>170.59%</u>	<u>160.64%</u>	<u>145.48%</u>	<u>104.98%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>71%</u>	<u>69%</u>	<u>70%</u>	<u>74%</u>	<u>77%</u>
Measurement Date	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

Hemet Unified School District
Schedule of the District's Proportionate Share of the Net Pension Liability - CalPERS
Year Ended June 30, 2024

CalPERS	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Proportion of the net pension liability	0.4340%	0.4024%	0.4025%	0.4093%	0.4157%
Proportionate share of the net pension liability	\$ 157,088,003	\$ 138,456,978	\$ 81,837,989	\$ 125,574,879	\$ 121,156,596
Covered payroll	\$ 75,045,321	\$ 63,268,381	\$ 58,899,971	\$ 59,079,535	\$ 59,091,651
Proportionate share of the net pension liability as a percentage of its covered payroll	209.32%	218.84%	138.94%	212.55%	205.03%
Plan fiduciary net position as a percentage of the total pension liability	70%	70%	81%	70%	70%
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability	0.4001%	0.3950%	0.3874%	0.3753%	0.3178%
Proportionate share of the net pension liability	\$ 106,672,428	\$ 94,289,877	\$ 76,508,391	\$ 55,315,901	\$ 40,039,851
Covered payroll	\$ 65,038,729	\$ 54,065,452	\$ 66,483,861	\$ 41,568,601	\$ 42,763,912
Proportionate share of the net pension liability as a percentage of its covered payroll	164.01%	174.40%	115.08%	133.07%	93.63%
Plan fiduciary net position as a percentage of the total pension liability	71%	72%	74%	79%	83%
Measurement Date	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

CalSTRS	2024	2023	2022	2021	2020
Contractually required contribution	\$ 32,782,218	\$ 28,060,759	\$ 22,689,734	\$ 20,184,807	\$ 21,190,230
Less contributions in relation to the contractually required contribution	<u>32,782,218</u>	<u>28,060,759</u>	<u>22,689,734</u>	<u>20,184,807</u>	<u>21,190,230</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$171,634,649</u>	<u>\$146,914,969</u>	<u>\$134,100,083</u>	<u>\$124,983,325</u>	<u>\$123,919,474</u>
Contributions as a percentage of covered payroll	<u>19.10%</u>	<u>19.10%</u>	<u>16.92%</u>	<u>16.15%</u>	<u>17.10%</u>
	2019	2018	2017	2016	2015
Contractually required contribution	\$ 19,818,442	\$ 17,016,552	\$ 13,901,736	\$ 11,242,667	\$ 8,384,699
Less contributions in relation to the contractually required contribution	<u>19,818,442</u>	<u>17,016,552</u>	<u>13,901,736</u>	<u>11,242,667</u>	<u>8,384,699</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$121,734,902</u>	<u>\$117,924,823</u>	<u>\$110,506,645</u>	<u>\$104,777,884</u>	<u>\$ 94,422,286</u>
Contributions as a percentage of covered payroll	<u>16.28%</u>	<u>14.43%</u>	<u>12.58%</u>	<u>10.73%</u>	<u>8.88%</u>

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

CalPERS	2024	2023	2022	2021	2020
Contractually required contribution	\$ 24,423,812	\$ 19,038,998	\$ 14,494,786	\$ 12,192,294	\$ 11,651,075
Less contributions in relation to the required contribution	<u>24,423,812</u>	<u>19,038,998</u>	<u>14,494,786</u>	<u>12,192,294</u>	<u>11,651,075</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 91,543,523</u>	<u>\$ 75,045,321</u>	<u>\$ 63,268,381</u>	<u>\$ 58,899,971</u>	<u>\$ 59,079,535</u>
Contributions as a percentage of covered payroll	<u>26.680%</u>	<u>25.370%</u>	<u>22.910%</u>	<u>20.700%</u>	<u>19.721%</u>
	2019	2018	2017	2016	2015
Contractually required contribution	\$ 10,673,134	\$ 10,101,165	\$ 7,508,610	\$ 7,876,343	\$ 4,893,040
Less contributions in relation to the contractually required contribution	<u>10,673,134</u>	<u>10,101,165</u>	<u>7,508,610</u>	<u>7,876,343</u>	<u>4,893,040</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 59,091,651</u>	<u>\$ 65,038,729</u>	<u>\$ 54,065,452</u>	<u>\$ 66,483,861</u>	<u>\$ 41,568,601</u>
Contributions as a percentage of covered payroll	<u>18.062%</u>	<u>15.531%</u>	<u>13.888%</u>	<u>11.847%</u>	<u>11.771%</u>

Note 1 - Purpose of Schedules

Budgetary Comparison Schedule

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

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

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

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

- *Change in Benefit Terms* – There were no changes in benefit terms since the previous valuation.
- *Change of Assumptions* – The discount rate assumption was changed from 3.65% to 3.93% since the previous valuation.

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 3.54% to 3.65% since the previous valuation.

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

This schedule presents information on the District's proportionate share of the net pension liability (NPL), the plans' fiduciary net position and, when applicable, the State's proportionate share of the NPL associated with the District.

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

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.



Supplementary Information
June 30, 2024

Hemet Unified School District

Hemet Unified School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Student Financial Assistance Cluster			
Federal Work Study Program	84.033	[1]	\$ 80,000
Subtotal Student Financial Assistance Cluster			<u>80,000</u>
Passed through Riverside County SELPA			
Special Education Cluster (IDEA)			
Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	5,762,952
Mental Health Allocation Plan, Part B, Sec 611	84.027A	15197	<u>630,308</u>
Subtotal			<u>6,393,260</u>
Preschool Grants, Part B, Sec 619	84.173	13430	91,373
Preschool Staff Development, Part B, Sec 619	84.173A	13431	<u>938</u>
Subtotal			<u>92,311</u>
Subtotal Special Education Cluster (IDEA)			<u>6,485,571</u>
Passed through California Department of Education			
COVID-19 Elementary and Secondary School Emergency Relief III (ESSER III) Fund:			
Learning Loss	84.425U	10155	9,804,079
COVID-19 Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U	15559	8,019,881
COVID-19 ESSER III State Reserve Emergency Needs	84.425U	15620	1,582,292
COVID-19 ESSER III State Reserve Learning Loss	84.425U	15621	2,638,122
COVID-19 ESSER III State Reserve Summer Learning Programs	84.425U	15752	100,597
COVID-19 American Rescue Plan – Homeless Children and Youth II (ARP HCY II)	84.425W	15566	<u>98,637</u>
Subtotal			<u>22,243,608</u>
Adult Secondary Education	84.002	13978	98,784
Adult Basic Education & English Language Acquisition	84.002A	14508	<u>104,208</u>
Subtotal			<u>202,992</u>
Title I, Part A, Basic Grants Low Income and Neglected School Improvement Funding for LEAs	84.010	14329	10,388,387
	84.010	15438	<u>470,963</u>
Subtotal			<u>10,859,350</u>
Strengthening Career and Technical Education for the 21st Century (Perkins V): Secondary, Section 131	84.048	15294	329,459
Indian Education	84.060	10011	26,114
Title IV, Part B, 21st Century Community Learning Centers Program	84.287	14349	532,047
Title III, English Learner Student Program	84.365	14346	405,835
Title II, Part A, Supporting Effective Instruction	84.367	14341	1,021,050
Title IV, Part A, Student Support and Academic Enrichment	84.424	15396	845,727
Passed through Alder Graduate School of Education			
Teacher Quality Partnership Grants	84.336S	S336S200017	<u>382,965</u>
Total U.S. Department of Education			<u>43,414,718</u>
U.S. Department of Agriculture			
Passed through California Department of Education			
Child Nutrition Cluster			
School Breakfast Needy	10.553	13526	2,855,353
School Breakfast Basic	10.553	13525	<u>12,355</u>
Subtotal			<u>2,867,708</u>

[1] Direct funded award.

Hemet Unified School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Federal Expenditures
Child Nutrition Cluster (Continued)			
Commodities	10.555	13524	\$ 939,061
School Lunch - Section 4	10.555	13523	1,357,689
School Lunch - Section 11	10.555	13524	9,446,765
Meal Supplements	10.555	13755	297,483
COVID-19 SNP Emergency Operational Costs Reimbursement (ECR)	10.555	15637	698,518
COVID-19 Supply Chain Assistance (SCA) Funds	10.555	15655	638,069
Local Food for Schools	10.555	15708	158,042
Subtotal			<u>13,535,627</u>
Fresh Fruit and Vegetable Program	10.582	14968	85,164
Subtotal Child Nutrition Cluster			<u>16,488,499</u>
Passed through California Department of Social Services			
CACFP Claims - Centers and Family Day Care Homes	10.558	13529	1,177,709
Cash in Lieu of Commodities	10.558	13534	78,846
COVID-19 CACFP Emergency Operational Costs Reimbursement (ECR)	10.558	15577	22,121
Subtotal			<u>1,278,676</u>
Passed through Riverside County Office of Education			
Forest Service Schools and Roads Cluster			
Forest Reserve Funds	10.665	10044	87,008
Subtotal Forest Service Schools and Roads Cluster			<u>87,008</u>
Total U.S. Department of Agriculture			<u>17,854,183</u>
U.S. Department of Defense			
Junior Reserve Officer Training Corp	12.UNK	[1]	279,219
Total U.S. Department of Defense			<u>279,219</u>
U.S. Department of Health and Human Services			
Passed through Riverside County Office of Education			
Head Start Cluster			
Head Start	93.600	10016	2,267,407
Subtotal Head Start Cluster			<u>2,267,407</u>
Passed through California Department of Social Services			
Child Care and Development Fund (CCDF) Cluster			
COVID-19 Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act- One-time Stipend	93.575	15555	32,384
COVID-19 ARP California State Preschool Program One-time Stipend	93.575	15640	70,207
Subtotal Child Care and Development Fund (CCDF) Cluster			<u>102,591</u>
Total U.S. Department of Health and Human Services			<u>2,369,998</u>
U.S. Department of Homeland Security			
Passed through Governor's Office of Emergency Services			
Federal Emergency Management Agency	97.036	10014	240,930
Total U.S. Department of Homeland Security			<u>240,930</u>
Total Federal Financial Assistance			<u>\$ 64,159,048</u>

[1] Direct funded award.

Hemet Unified School District
Schedule of Average Daily Attendance
Year Ended June 30, 2024

Hemet Unified School District

	Final Report	
	Second Period Report 49B6D34E	Annual Report D31B1831
Regular ADA		
Transitional kindergarten through third	6,337.84	6,348.11
Fourth through sixth	4,628.66	4,621.92
Seventh and eighth	2,884.51	2,863.25
Ninth through twelfth	6,130.04	6,075.83
Total Regular ADA	19,981.05	19,909.11
Extended Year Special Education		
Transitional kindergarten through third	-	6.36
Fourth through sixth	-	4.17
Seventh and eighth	-	2.83
Ninth through twelfth	-	5.87
Total Extended Year Special Education	-	19.23
Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	1.07	0.86
Fourth through sixth	5.56	4.59
Seventh and eighth	5.20	4.51
Ninth through twelfth	20.09	16.07
Total Special Education, Nonpublic, Nonsectarian Schools	31.92	26.03
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Fourth through sixth	0.20	0.20
Seventh and eighth	0.21	0.21
Ninth through twelfth	0.66	0.66
Total Extended Year Special Education, Nonpublic, Nonsectarian Schools	1.07	1.07
Total ADA	20,014.04	19,955.44

Western Center Academy

	Final Report	
	Second Period Report 3B3507EC	Annual Report 3090E01D
Regular ADA		
Fifth through sixth	122.97	122.68
Seventh and eighth	260.85	259.24
Ninth through twelfth	329.21	328.50
Total Regular ADA	713.03	710.42
Classroom-Based ADA		
Fourth through sixth	122.97	122.68
Seventh and eighth	260.85	259.24
Ninth through twelfth	329.21	328.50
Total Classroom-Based ADA	713.03	710.42

Hemet Unified School District
 Schedule of Instructional Time
 Year Ended June 30, 2024

Hemet Unified School District

Grade Level	1986-1987 Minutes Requirement	2023-2024 Actual Minutes	Number of Minutes Credited Form J-13A*	Total Minutes Offered	Traditional Calendar			Multitrack Calendar			Status
					Number of Actual Days	Number of Days Credited Form J-13A*	Total Days Offered	Number of Actual Days	Number of Days Credited Form J-13A*	Total Days Offered	
Kindergarten	36,000	45,438	281	45,719	179	1	180	-	-	-	Complied
Grades 1 - 3	50,400										
Grade 1		54,135	325	54,460	179	1	180	-	-	-	Complied
Grade 2		54,135	325	54,460	179	1	180	-	-	-	Complied
Grade 3		54,135	325	54,460	179	1	180	-	-	-	Complied
Grades 4 - 8	54,000										
Grade 4		55,598	336	55,934	179	1	180	-	-	-	Complied
Grade 5		55,598	336	55,934	179	1	180	-	-	-	Complied
Grade 6		58,452	376	58,828	179	1	180	-	-	-	Complied
Grade 7		58,452	376	58,828	179	1	180	-	-	-	Complied
Grade 8		58,452	376	58,828	179	1	180	-	-	-	Complied
Grades 9 - 12	64,800										
Grade 9		65,050	-	65,050	180	-	180	-	-	-	Complied
Grade 10		65,050	-	65,050	180	-	180	-	-	-	Complied
Grade 11		65,050	-	65,050	180	-	180	-	-	-	Complied
Grade 12		65,050	-	65,050	180	-	180	-	-	-	Complied

* The District received an approved J-13A for one day, for 281 minutes for kindergarten, 325 minutes for grades 1-3, 336 minutes for grades 4-5, and 376 minutes for grades 6-8.

Hemet Unified School District
 Schedule of Instructional Time
 Year Ended June 30, 2024

Western Center Academy

Grade Level	1986-1987 Minutes Requirement	2023-2024 Actual Minutes	Number of Minutes Credited Form J-13A	Total Minutes Offered	Traditional Calendar			Multitrack Calendar			Status
					Number of Actual Days	Number of Days Credited Form J-13A	Total Days Offered	Number of Actual Days	Number of Days Credited Form J-13A	Total Days Offered	
Grades 6 - 8	54,000										
Grade 6		58,828	-	58,828	180	-	180	-	-	-	Complied
Grade 7		58,828	-	58,828	180	-	180	-	-	-	Complied
Grade 8		58,828	-	58,828	180	-	180	-	-	-	Complied
Grades 9 - 12	64,800										
Grade 9		65,050	-	65,050	180	-	180	-	-	-	Complied
Grade 10		65,050	-	65,050	180	-	180	-	-	-	Complied
Grade 11		65,050	-	65,050	180	-	180	-	-	-	Complied
Grade 12		65,050	-	65,050	180	-	180	-	-	-	Complied

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

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

Hemet Unified School District
Schedule of Financial Trends and Analysis
Year Ended June 30, 2024

	(Budget)			
	2025 ¹	2024	2023 ¹	2022 ¹
General Fund				
Revenues ³	\$ 436,061,855	\$ 479,687,184	\$ 475,572,739	\$ 387,943,032
Other sources	828,743	1,011,705	6,639,676	552,346
Total Revenues and Other Sources	<u>436,890,598</u>	<u>480,698,889</u>	<u>482,212,415</u>	<u>388,495,378</u>
Expenditures ³	489,652,335	466,472,186	386,746,065	329,478,716
Other uses	500,000	6,016,951	4,476,626	21,213,599
Total Expenditures and Other Uses	<u>490,152,335</u>	<u>472,489,137</u>	<u>391,222,691</u>	<u>350,692,315</u>
Increase/(Decrease) in Fund Balance	<u>(53,261,737)</u>	<u>8,209,752</u>	<u>90,989,724</u>	<u>37,803,063</u>
Ending Fund Balance	<u>\$ 167,098,755</u>	<u>\$ 220,360,492</u>	<u>\$ 212,150,740</u>	<u>\$ 121,161,016</u>
Available Reserves ^{2, 3}	<u>\$ 24,507,617</u>	<u>\$ 24,405,757</u>	<u>\$ 19,705,673</u>	<u>\$ 18,038,118</u>
Available Reserves as a Percentage of Total Outgo	<u>5.00%</u>	<u>5.17%</u>	<u>5.04%</u>	<u>5.14%</u>
Long-Term Liabilities ⁴	<u>N/A</u>	<u>\$ 656,504,387</u>	<u>\$ 619,891,834</u>	<u>\$ 506,996,135</u>
K-12 Average Daily Attendance at P-2 ⁵	<u>20,242</u>	<u>20,014</u>	<u>19,322</u>	<u>18,293</u>

The General Fund balance has increased by \$99,199,476 over the past two years. The fiscal year 2024-2025 budget projects a decrease of \$53,261,737 (24.17%). For a district this size, the State recommends available reserves of at least 3% of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in all of the past three years but anticipates incurring an operating deficit during the 2024-2025 fiscal year. Total long-term liabilities have increased by \$149,508,252 over the past two years.

Average daily attendance has increased by 1,721 over the past two years. Growth of 228 ADA is anticipated during fiscal year 2024-2025.

¹ Financial information for 2025, 2023, and 2022 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 within the General Fund.

³ Due to the consolidation of Fund 14, Deferred Maintenance Fund and Fund 20, Special Reserve Fund for Postemployment Benefits 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.

⁴ Long-term liabilities are related to governmental activities and do not include business-type activities.

⁵ Excludes charter school ADA.

Hemet Unified School District
Schedule of Charter Schools
Year Ended June 30, 2024

<u>Name of Charter School</u>	<u>Charter Number</u>	<u>Included in Audit Report</u>
Western Center Academy	1144	Yes

Hemet Unified School District
Combining Balance Sheet – Non-Major Governmental Funds
June 30, 2024

	Student Activity Fund	Charter Schools Fund	Adult Education Fund	Child Development Fund
Assets				
Deposits and investments	\$ 1,819,412	\$ 2,405,023	\$ 64,036	\$ 3,380,668
Receivables	-	953,750	256,470	176,121
Due from other funds	-	871,170	680	5,712
Prepaid expenditures	-	6,276	-	-
Stores inventories	-	-	-	-
Total assets	\$ 1,819,412	\$ 4,236,219	\$ 321,186	\$ 3,562,501
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ -	\$ 319,782	\$ 4,063	\$ 389,598
Due to other funds	-	1,431,042	159,480	9,200
Unearned revenue	-	-	-	1,745,382
Total liabilities	-	1,750,824	163,543	2,144,180
Fund Balances				
Nonspendable	-	6,276	-	-
Restricted	1,819,412	2,479,119	157,643	1,418,321
Assigned	-	-	-	-
Total fund balances	1,819,412	2,485,395	157,643	1,418,321
Total liabilities and fund balances	\$ 1,819,412	\$ 4,236,219	\$ 321,186	\$ 3,562,501

Hemet Unified School District
Combining Balance Sheet – Non-Major Governmental Funds
June 30, 2024

	Cafeteria Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Capital Projects Fund for Blended Component Units
Assets				
Deposits and investments	\$ 7,784,603	\$ -	\$ 11,132,660	\$ 17,370,886
Receivables	3,100,099	20,530	130,458	-
Due from other funds	41,836	-	500,000	-
Prepaid expenditures	-	-	-	-
Stores inventories	663,749	-	-	-
Total assets	<u>\$11,590,287</u>	<u>\$ 20,530</u>	<u>\$ 11,763,118</u>	<u>\$ 17,370,886</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 151,361	\$ -	\$ 2,241,783	\$ -
Due to other funds	170,604	20,530	-	-
Unearned revenue	-	-	-	-
Total liabilities	<u>321,965</u>	<u>20,530</u>	<u>2,241,783</u>	<u>-</u>
Fund Balances				
Nonspendable	663,949	-	-	-
Restricted	10,604,373	-	-	17,370,886
Assigned	-	-	9,521,335	-
Total fund balances	<u>11,268,322</u>	<u>-</u>	<u>9,521,335</u>	<u>17,370,886</u>
Total liabilities and fund balances	<u>\$11,590,287</u>	<u>\$ 20,530</u>	<u>\$ 11,763,118</u>	<u>\$ 17,370,886</u>

Hemet Unified School District
Combining Balance Sheet – Non-Major Governmental Funds
June 30, 2024

	Bond Interest and Redemption Fund	Debt Service Fund for Blended Component Units	Total Non-Major Governmental Funds
Assets			
Deposits and investments	\$ 34,007,182	\$ 2,719	\$ 77,967,189
Receivables	-	-	4,637,428
Due from other funds	-	-	1,419,398
Prepaid expenditures	-	-	6,276
Stores inventories	-	-	663,749
	<u>34,007,182</u>	<u>2,719</u>	<u>84,694,040</u>
Total assets	\$ 34,007,182	\$ 2,719	\$ 84,694,040
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ -	\$ -	\$ 3,106,587
Due to other funds	-	-	1,790,856
Unearned revenue	-	-	1,745,382
	<u>-</u>	<u>-</u>	<u>6,642,825</u>
Total liabilities	-	-	6,642,825
Fund Balances			
Nonspendable	-	-	670,225
Restricted	34,007,182	2,719	67,859,655
Assigned	-	-	9,521,335
	<u>34,007,182</u>	<u>2,719</u>	<u>78,051,215</u>
Total fund balances	34,007,182	2,719	78,051,215
Total liabilities and fund balances	\$ 34,007,182	\$ 2,719	\$ 84,694,040

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

	Student Activity Fund	Charter Schools Fund	Adult Education Fund	Child Development Fund
Revenues				
Local Control Funding Formula	\$ -	\$ 8,636,300	\$ -	\$ -
Federal sources	-	11,608	202,992	-
Other State sources	-	2,019,898	902,681	3,424,255
Other local sources	3,745,128	1,027,879	37,168	19,056
Total revenues	<u>3,745,128</u>	<u>11,695,685</u>	<u>1,142,841</u>	<u>3,443,311</u>
Expenditures				
Current				
Instruction	-	6,761,931	734,266	2,025,033
Instruction-related activities				
Supervision of instruction	-	188,304	-	191,417
Instructional library, media, and technology	-	638	-	69,506
School site administration	-	1,093,461	340,232	160,174
Pupil services				
Food services	-	3,368	-	1,333
All other pupil services	-	327,121	5,705	40,000
Administration				
All other administration	-	574,042	41,014	80,703
Plant services	-	1,846,339	1,746	39,599
Ancillary services	3,850,366	153,126	-	-
Other outgo	-	-	-	123,446
Facility acquisition and construction	-	-	-	5,869
Debt service				
Principal	-	-	-	-
Interest and other	-	-	-	-
Total expenditures	<u>3,850,366</u>	<u>10,948,330</u>	<u>1,122,963</u>	<u>2,737,080</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(105,238)</u>	<u>747,355</u>	<u>19,878</u>	<u>706,231</u>
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	-	(835,372)	-	-
Net Financing Sources (Uses)	<u>-</u>	<u>(835,372)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(105,238)	(88,017)	19,878	706,231
Fund Balance - Beginning, as previously reported	<u>1,924,650</u>	<u>2,573,412</u>	<u>137,765</u>	<u>712,090</u>
Adjustments (Note 17)	-	-	-	-
Fund Balance - Beginning, as restated	<u>1,924,650</u>	<u>2,573,412</u>	<u>137,765</u>	<u>712,090</u>
Fund Balance - Ending	<u>\$ 1,819,412</u>	<u>\$ 2,485,395</u>	<u>\$ 157,643</u>	<u>\$ 1,418,321</u>

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

	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects
Revenues				
Local Control Funding Formula	\$ -		\$ -	\$ -
Federal sources	17,616,037		-	-
Other State sources	5,805,029		9,360,121	-
Other local sources	265,457		20,530	1,405,170
Total revenues	<u>23,686,523</u>		<u>9,380,651</u>	<u>1,405,170</u>
Expenditures				
Current				
Instruction	-		-	-
Instruction-related activities				
Supervision of instruction	-		-	-
Instructional library, media, and technology	-		-	-
School site administration	-		-	-
Pupil services				
Food services	18,188,659		-	-
All other pupil services	-		-	-
Administration				
All other administration	554,482		-	-
Plant services	393,857		-	467,547
Ancillary services	-		-	-
Other outgo	-		-	-
Facility acquisition and construction	326,453		-	4,618,029
Debt service				
Principal	-		-	-
Interest and other	-		-	-
Total expenditures	<u>19,463,451</u>		<u>-</u>	<u>5,085,576</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>4,223,072</u>		<u>9,380,651</u>	<u>(3,680,406)</u>
Other Financing Sources (Uses)				
Transfers in	-		-	500,000
Transfers out	(284,489)		(9,380,651)	-
Net Financing Sources (Uses)	<u>(284,489)</u>		<u>(9,380,651)</u>	<u>500,000</u>
Net Change in Fund Balances	3,938,583		-	(3,180,406)
Fund Balance - Beginning, as previously reported	7,329,739	30,573,556	-	12,701,741
Adjustments (Note 17)	-	(30,573,556)	-	-
Fund Balance - Beginning, as restated	7,329,739	-	-	12,701,741
Fund Balance - Ending	<u>\$ 11,268,322</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,521,335</u>

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

	Capital Projects Fund for Blended Component Units	Bond Interest and Redemption Fund	Debt Service Fund for Blended Component Units	Total Non-Major Governmental Funds
Revenues				
Local Control Funding Formula	\$ -	\$ -	\$ -	\$ 8,636,300
Federal sources	-	-	-	17,830,637
Other State sources	-	157,729	-	21,669,713
Other local sources	11,055,970	22,285,199	4,772	39,866,329
Total revenues	<u>11,055,970</u>	<u>22,442,928</u>	<u>4,772</u>	<u>88,002,979</u>
Expenditures				
Current				
Instruction	-	-	-	9,521,230
Instruction-related activities				
Supervision of instruction	-	-	-	379,721
Instructional library, media, and technology	-	-	-	70,144
School site administration	-	-	-	1,593,867
Pupil services				
Food services	-	-	-	18,193,360
All other pupil services	-	-	-	372,826
Administration				
All other administration	-	-	-	1,250,241
Plant services	-	-	-	2,749,088
Ancillary services	-	-	-	4,003,492
Other outgo	-	-	-	123,446
Facility acquisition and construction	-	-	-	4,950,351
Debt service				
Principal	-	8,440,000	2,625,000	11,065,000
Interest and other	-	8,281,813	1,431,956	9,713,769
Total expenditures	<u>-</u>	<u>16,721,813</u>	<u>4,056,956</u>	<u>63,986,535</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>11,055,970</u>	<u>5,721,115</u>	<u>(4,052,184)</u>	<u>24,016,444</u>
Other Financing Sources (Uses)				
Transfers in	-	-	4,053,766	4,553,766
Transfers out	(286,994)	-	-	(10,787,506)
Net Financing Sources (Uses)	<u>(286,994)</u>	<u>-</u>	<u>4,053,766</u>	<u>(6,233,740)</u>
Net Change in Fund Balances	10,768,976	5,721,115	1,582	17,782,704
Fund Balance - Beginning, as previously reported	<u>6,601,910</u>	<u>28,286,067</u>	<u>1,137</u>	<u>90,842,067</u>
Adjustments (Note 17)			-	(30,573,556)
Fund Balance - Beginning, as restated	<u>6,601,910</u>	<u>28,286,067</u>	<u>1,137</u>	<u>60,268,511</u>
Fund Balance - Ending	<u>\$ 17,370,886</u>	<u>\$ 34,007,182</u>	<u>\$ 2,719</u>	<u>\$ 78,051,215</u>

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, 2024. The information is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or fund balance of the District.

Summary of Significant Accounting Policies

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

Indirect Cost Rate

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

Food Donation

Nonmonetary assistance is reported in this schedule at the fair market value of the commodities received and disbursed. At June 30, 2024, the District had no food commodities in inventory.

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

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

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

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Schedule of Financial Trends and Analysis

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

Schedule of Charter Schools

This schedule lists all charter schools chartered by the District, and displays information for each charter school on whether or not the charter school is included in the District audit.

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

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



Other Information
June 30, 2024

Hemet Unified School District

Organization

The Hemet Unified School District was established on July 1, 1966, and consists of an area comprising approximately 640 square miles. The District operates thirteen elementary schools, two K-8 schools, one K-8 dual language academy, four middle schools, one 6-12 school, three high schools, one continuation high school, one alternative independent study school, an adult education school, and one charter school. There were no boundary changes during the year.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Jeremy Parsons	President	2026
Al Cordova	Vice President	2026
Stacey Bailey	Member	2024
Kenneth Prado	Member	2026
Patrick Searl	Member	2024
Jeffrey Slepski	Member	2024
Horacio "Ross" Valenzuela	Member	2026

ADMINISTRATION

NAME	TITLE
Dr. Christi Barrett	Superintendent
Darrin Watters	Deputy Superintendent, Business Services
Dr. Nereyda Gonzalez	Assistant Superintendent, Educational Services
Dr. Jennifer Martin	Assistant Superintendent, Improvement and Analytics
Dr. Mary Wendland	Assistant Superintendent, Student Services
Dr. Derek Jindra	Assistant Superintendent, Human Resources
Carolyn Yoakum	Director of Fiscal Services



Independent Auditor's Reports
June 30, 2024

Hemet 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
Hemet Unified School District
Hemet, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Hemet Unified School District (the District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements and have issued our report thereon dated November 1, 2024.

Change within the Financial Reporting Entity

As discussed in Note 17 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 100, *Accounting Changes and Error Corrections*, for the year ended June 30, 2024. Accordingly, the presentation and disclosure of the change within the financial reporting entity in the financial statements conform to the requirements of the new standard for the year ended June 30, 2024, to restate beginning fund balance. 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 District’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

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

Rancho Cucamonga, California
November 1, 2024



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

To the Governing Board
Hemet Unified School District
Hemet, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Hemet 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, 2024. The District’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, Hemet Unified School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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



Rancho Cucamonga, California
November 1, 2024



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

To the Governing Board
Hemet Unified School District
Hemet, California

Report on Compliance

Opinion on State Compliance

We have audited Hemet Unified School District's (the District) compliance with the requirements specified in the *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, applicable to the District's state program requirements identified below for the year ended June 30, 2024.

In our opinion, Hemet Unified School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the laws and regulations of the state programs noted in the table below for the year ended June 30, 2024.

Basis for Opinion

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

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

Responsibilities of Management for Compliance

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

Auditor’s Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District’s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District’s compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District’s compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances.
- Obtain an understanding of the District’s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal controls over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine the District’s compliance with the state laws and regulations applicable to the following items:

2023-2024 K-12 Audit Guide Procedures	Procedures Performed
Local Education Agencies Other Than Charter Schools	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes

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

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

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

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with 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.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.



Rancho Cucamonga, California
November 1, 2024



Schedule of Findings and Questioned Costs
June 30, 2024

Hemet 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	Federal Financial Assistance Listing
Child Nutrition Cluster	10.553, 10.555, 10.582
Head Start Cluster	93.600
Dollar threshold used to distinguish between type A and type B programs	\$1,924,771
Auditee qualified as low-risk auditee?	Yes

State Compliance

Internal control over state compliance programs	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for programs	Unmodified

None reported.

None reported.

None reported.

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