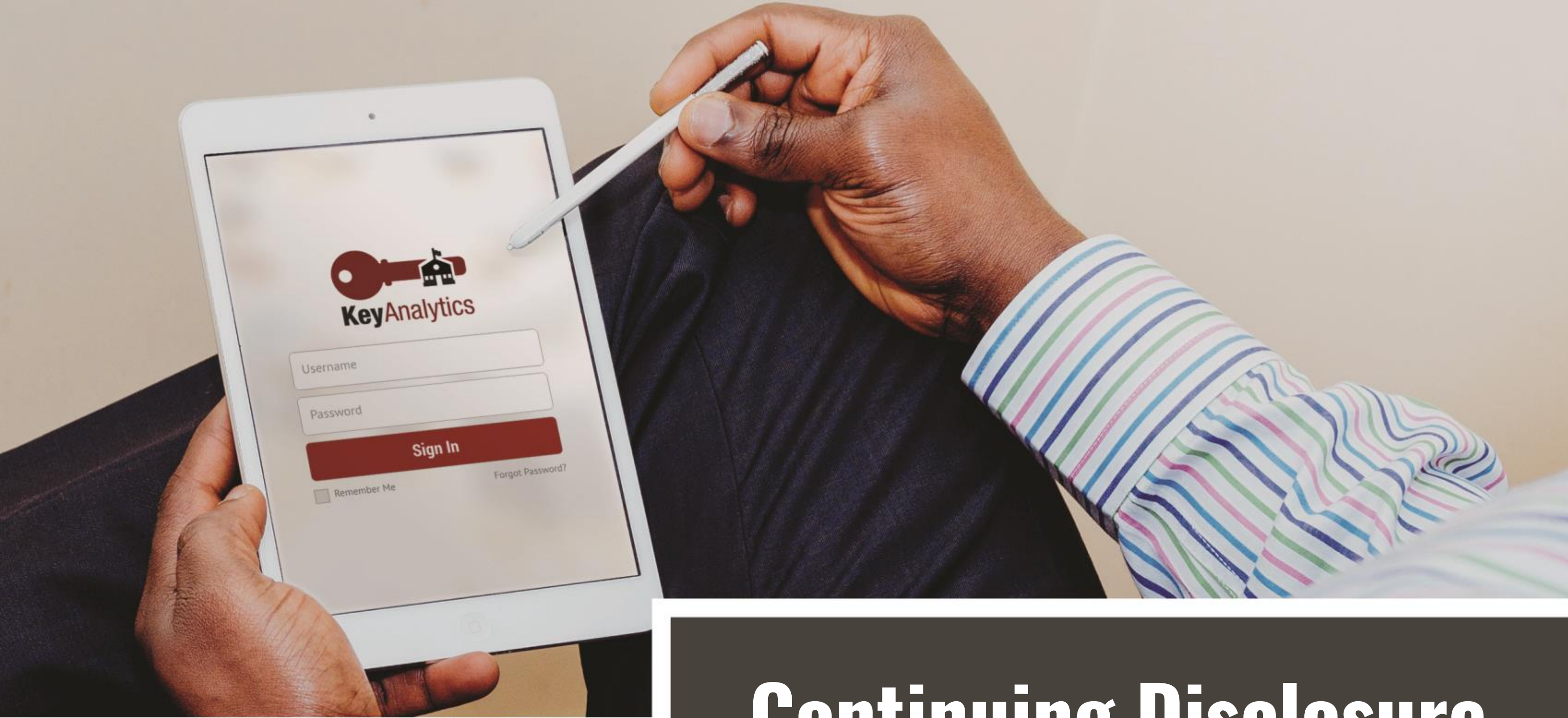

2023 / 2024

Continuing Disclosure Annual Report

Fiscal Year Ending June 30, 2024

Submitted March 31, 2025

Lake Elsinore Unified School District

Improvement Area A of Community Facilities District No. 2017-1

Series 2019 Special Tax Bonds

KeyAnalytics

A division of California Financial Services

$3,137,249
Lake Elsinore Unified School District
Improvement Area A of Community Facilities District No. 2017-1
2019 Special Tax Bonds

MATURITY DATE	CUSIP*
Current Interest Serial Bonds	
09/01/2049	NA [1]

[1] Private Placement, therefore there are no CUSIPs associated with this issuance.

CUSIP® is a registered trademark of the American Bankers Association.

List of Participants

Issuer

Improvement Area A of Community Facilities District No. 2017-1

Lake Elsinore Unified School District

545 Chaney Street

Lake Elsinore, CA 92530

T. (951) 253-7000

https://www.leusd.k12.ca.us

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KeyAnalytics

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Fiscal Agent

Zions Bancorporation, National Association

550 South Hope Street, Suite 300

Los Angeles, CA 90071

Table of Contents

I. Introduction

This Annual Report ("Report") has been prepared pursuant to Covenant 16: Reports to the Series 2019 Bond Purchaser as described in Section 5.17 of the Fiscal Agent Agreement ("Disclosure Covenant") executed in connection with the issuance of the following debt:

- 2019 Special Tax Bonds of Improvement Area A of Community Facilities District No. 2017-1 issued on December 20, 2019 in the par amount of $3,137,249 ("Bonds").

Under the Disclosure Covenant, the Lake Elsinore Unified School District ("School District") has agreed to annually provide certain information related to the security of the Bonds. This Report has been prepared by KeyAnalytics at the direction of the School District to provide the required information.

Any information contained herein which involves estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representation of fact. The information set forth herein has been furnished by the School District, or other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Report nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the School District or Improvement Area A of Community Facilities District ("IA A of CFD") No. 2017-1 since the date hereof. Capitalized terms used herein which are not otherwise defined shall have the meaning given to them in the respective financing documents.

If there are any questions regarding the information provided herein, please contact KeyAnalytics at (949) 282-1077.

II. Audited Financial Statements

As of the date of this Report, the Board of Trustees of the Lake Elsinore Unified School District (the "Board") has approved the final Audited Financial Statements for the Fiscal Year ending June 30, 2024. The Audited Financial Statements have been included in this Report as Exhibit A.

III. Special Taxes

IA A of CFD No. 2017-1 has covenanted to annually levy the Special Tax in accordance with the First Amended Rate and Method of Apportionment ("RMA"), attached as Exhibit A, so long as the Bonds are outstanding. The items below summarize information required by the Disclosure Covenant.

A. Summary of Special Tax

A summary of the Fiscal Year 2024/2025 Assigned Special Tax levy is outlined below. The Assigned Special Tax was enrolled with the County of Riverside Tax Collector for Fiscal Year 2024/2025.

Fiscal Year 2024/2025
Special Tax by Tax Rate Category

Tax Class/ Land Use	Sq. Footage	Number of Units/Acres/ Lots	Assigned Annual Special Tax Rate	Total Assigned Annual Special Taxes
1	< 1,851 Sq. Ft.	1 Unit	$2,011.90 Per Unit	$2,011.90
2	1,851 Sq. Ft. to 2,225 Sq. Ft.	71 Units	$2,169.84 Per Unit	154,058.64
3	2,226 Sq. Ft. to 2,600 Sq. Ft.	45 Units	$2,327.78 Per Unit	104,750.10
4	2,601 Sq. Ft. to 2,975 Sq. Ft.	64 Units	$2,519.32 Per Unit	161,236.48
5	2,976 Sq. Ft. to 3,350 Sq. Ft.	12 Units	$2,662.76 Per Unit	31,953.12
6	3,351 Sq. Ft. to 3,725 Sq. Ft.	3 Units	$2,926.02 Per Unit	8,778.06
7	> 3,725 Sq. Ft.	0 Units	$3,189.28 Per Unit	0.00
Developed Property		***196 Units***	***NA***	***$462,788.30***
Undeveloped Property		***52.15 Acres***	***$0.00 Per Acre***	***$0.00***
Total		**196 Units**		**$462,788.30**

B. Special Tax Collections

Delinquent Special Taxes for IA A of CFD No. 2017-1, as of June 30, 2024, for Fiscal Year 2023/2024 and prior Fiscal Years are summarized in the table below. There are no parcels who are delinquent in the payment of Special Taxes representing more than 10% of the aggregate Special Tax levy.

Special Tax Levies and Collections

Fiscal Year	Subject Fiscal Year					June 30, 2024	
	Aggregate Special Tax	Parcels Delinquent	Amount Collected	Amount Delinquent	Delinquency Rate	Remaining Amount Delinquent	Remaining Delinquency Rate
2018/2019	$164,989.24	0	$164,989.24	$0.00	0.00%	$0.00	0.00%
2019/2020	170,254.46	2	166,989.99	3,264.47	1.92%	0.00	0.00%
2020/2021	173,659.22	0	173,659.22	0.00	0.00%	0.00	0.00%
2021/2022	177,132.80	1	176,110.45	1,022.35	0.58%	0.00	0.00%
2022/2023	180,674.66	1	179,631.87	1,042.79	0.58%	0.00	0.00%
2023/2024	184,288.44	0	184,288.44	0.00	0.00%	0.00	0.00%

C. Foreclosure Update

IA A of CFD No. 2017-1 has covenanted that it will commence judicial foreclosure proceedings against all parcels with aggregate delinquent Special Taxes in excess of 5% of the total Special Tax Levy by the September 29th following the close of each Fiscal Year in which such Special Taxes were due. Additionally, IA A of CFD No. 2017-1 has also covenanted that it will commence judicial foreclosure proceedings against any parcel that is delinquent in the payment of five (5) or more installments of the Special Tax Levy or an individual owner of multiple parcels in excess of $15,000 by September 29th following the close of each Fiscal Year in which such Special Taxes were due.

After reviewing the level of delinquencies within IA A of CFD No. 2017-1 as of June 30, 2024, it was determined that IA A of CFD No. 2017-1 was not required to initiate foreclosure proceedings for Fiscal Year 2023/2024.

IV. Assessed Value and Land Secured Bonded Indebtedness

The items below summarize information required by the Disclosure Covenant regarding outstanding debt and Assessed Valuations.

A. Debt Service Schedule

The current debt service schedule of the Bonds is attached as Exhibit B.

B. Assessed Value

A summary of the assessed values, based on the Fiscal Year 2024/2025 equalized tax roll of the County of Riverside, of the property within IA A of CFD No. 2017-1 is shown in the table below.

Fiscal Year 2024/2025
Assessed Value [1]

Tax Class/ Land Use	Sq. Footage	Number of Units/Acres	Assessed Value Land	Assessed Value Improvement	Assessed Value Other	Assessed Value Total
Improved						
1	< 1,851 Sq. Ft.	1	$82,021	$337,935	$0	$419,956
2	1,851 Sq. Ft. to 2,225 Sq. Ft.	71	7,894,680	13,526,261	0	21,420,941
3	2,226 Sq. Ft. to 2,600 Sq. Ft.	45	5,262,438	10,944,275	0	16,206,713
4	2,601 Sq. Ft. to 2,975 Sq. Ft.	64	7,404,955	6,875,574	0	14,280,529
5	2,976 Sq. Ft. to 3,350 Sq. Ft.	12	1,344,612	0	0	1,344,612
6	3,351 Sq. Ft. to 3,725 Sq. Ft.	3	336,153	0	0	336,153
7	> 3,725 Sq. Ft.	0	0	0	0	0
U	Undeveloped	0	0	0	0	0
Subtotal Improved		*196 Units*	*$22,324,859*	*$31,684,045*	*$0.00*	*$54,008,904*
Unimproved						
1	< 1,851 Sq. Ft.	0	$0	$0	$0	$0
2	1,851 Sq. Ft. to 2,225 Sq. Ft.	0	0	0	0	0
3	2,226 Sq. Ft. to 2,600 Sq. Ft.	0	0	0	0	0
4	2,601 Sq. Ft. to 2,975 Sq. Ft.	0	0	0	0	0
5	2,976 Sq. Ft. to 3,350 Sq. Ft.	0	0	0	0	0
6	3,351 Sq. Ft. to 3,725 Sq. Ft.	0	0	0	0	0
7	> 3,725 Sq. Ft.	0	0	0	0	0
U	Undeveloped	230	25,771,730	0	0	25,771,730
Subtotal Unimproved		*230 Units*	*$25,771,730*	*$0*	*$0.00*	*$25,771,730*
Total		**426 Units**	**$48,096,589**	**$31,684,045**	**$0**	**$79,780,634**

[1] Total Assessed Value as represented by the Fiscal Year 2024/2025 equalized tax roll of the County of Riverside.

C. Value to Lien

A summary of the value-to-lien ratios for IA A of CFD No. 2017-1 is found in the table below.

Fiscal Year 2024/2025
Secured Assessed Valuation to Lien

Tax Class / Land Use	Sq. Footage	Number of Units/Acres	Assessed Value [1]	2019 Special Tax Bonds	Value-to-Lien Ratio	Fiscal Year 2024/2025 Special Tax	Percentage Share of Special Tax
1	< 1,851 Sq. Ft.	1	$419,956.00	$12,859.65	32.66:1	$2,011.90	0.43%
2	1,851 Sq. Ft. to 2,225 Sq. Ft.	71	21,420,941.00	984,710.93	21.75:1	154,058.64	33.29%
3	2,226 Sq. Ft. to 2,600 Sq. Ft.	45	16,206,713.00	669,540.95	24.21:1	104,750.10	22.63%
4	2,601 Sq. Ft. to 2,975 Sq. Ft.	64	14,280,529.00	1,030,590.20	13.86:1	161,236.48	34.84%
5	2,976 Sq. Ft. to 3,350 Sq. Ft.	12	1,344,612.00	204,237.73	6.58:1	31,953.12	6.90%
6	3,351 Sq. Ft. to 3,725 Sq. Ft.	3	336,153.00	56,107.54	5.99:1	8,778.06	1.90%
7	> 3,725 Sq. Ft.	0	0.00	0.00	NA	0.00	0.00%
Developed Property		*196 Units*	*$54,008,904*	*$2,958,047*	*18.26:1*	*$462,788*	*100.00%*
Undeveloped Property		*52.15 Acres*	*$25,771,730*	*$0*	*NA*	*$0*	*0.00%*
Total		**196 Units**	**$79,780,634.00**	**$2,958,047.00**	**26.97:1**	**$462,788.30**	**100.00%**

[1] Total Assessed Value as represented by the Fiscal Year 2024/2025 equalized tax roll of the County of Riverside.

V. Reports and Additional Information

Below is information regarding the Bonds as required by the Disclosure Covenant.

A. Report to the California Debt and Investment Advisory Commission

A copy of the Yearly Fiscal Status Report filed to the California Debt and Investment Advisory Commission ("CDIAC") filed on or before October 30, 2024, and the Annual Debt and Transparency Reports filed to CDIAC on or before January 31, 2025, are also attached as Exhibit C.

B. Listed Events

Pursuant to the Disclosure Covenant, CFD No. 2017-1 IA A shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds:

(i) Principal and interest payment delinquencies;
(ii) Non-payment related defaults,
(iii) Unscheduled draws on debt service reserves reflecting Financial difficulties;
(iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
(v) Substitution of credit or liquidity provider, or their failure to perform;
(vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security or other material or events affecting the tax-exempt status of the security;
(vii) Modifications to rights of security holders, if material;

(viii) Bond calls, if material, and tender offers;
(ix) Defeasances;
(x) Release, substitution, or sale of property securing repayment of the securities;
(xi) Rating changes;
(xii) Bankruptcy, insolvency, receivership or similar event of the obligated person;
(xiii) The consummation of a merger, consolidation or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
(xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
(xv) Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and
(xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

None of these events occurred in Fiscal Year 2023/2024

C. Additional Information

Pursuant to the Disclosure Covenant the School District shall provide further information, if any, as may be necessary to make the specifically required statements, considering the circumstances under which they are made, not misleading.

After a thorough review, the School District has determined that no additional information is needed for Fiscal Year 2023/2024.

https://calschools.sharepoint.com/CFS/UNREGULATED/Lake Elsinore/Developer Revenue/CFD Admin/CFD No. 2017-1 IA A/FY 2023-24/Cont Disc/LEUSD CFD 2017-1 IA A_FY 202324_ContDisc_D1.docx

Exhibit A

Audited Financial Statements for

Fiscal Year 2023/2024

Financial Statements
June 30, 2024

Lake Elsinore Unified School District

eidebailly.com

Independent Auditor's Report

To the Governing Board
Lake Elsinore Unified School District
Lake Elsinore, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lake Elsinore 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, each major fund, and the aggregate remaining fund information of the Lake Elsinore 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.

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.

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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 22, 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.

Eide Bailly LLP

Rancho Cucamonga, California
November 22, 2024

This section of Lake Elsinore Unified School District's (the District) (2023-2024) 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 ending 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 General 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. The District reports all activities as governmental activities. 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 Lake Elsinore Unified School District.

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

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

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

The relationship between revenues and expenses is the District's operating results. Since the 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 report all of the District activities as follows:

Governmental Activities – All 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 finance these activities.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

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

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.

The District utilizes the internal service 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, such as our funds for community facility district (CFD) activities. The District's fiduciary activities are reported in the *Statement of Net Position – Fiduciary Funds and Statement of Changes in Net Position – Fiduciary Funds*. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE DISTRICT AS A WHOLE

Net Position

The District's net position was $399,659,897 for the fiscal year ended June 30, 2024. Of this amount, $(59,616,648) was unrestricted deficit. Restricted net position is reported separately to show legal constraints from debt covenants, constitutional provisions, and enabling legislation that limit the Governing Board's ability to use that net position for day-to-day operations. Our analysis below, in summary form, focuses on the net position (Table 1) and changes in net position (Table 2) of the District's activities.

Table 1

	Governmental Activities	
	2024	2023
Assets		
Current and other assets	$ 325,842,651	$ 251,452,935
Receivable - long term	37,535,000	39,255,000
Capital assets	410,708,649	409,134,148
Total assets	774,086,300	699,842,083
Deferred outflows of resources	95,708,133	75,205,560
Liabilities		
Current liabilities	20,672,484	28,952,270
Long-term liabilities	427,621,591	382,047,189
Total liabilities	448,294,075	410,999,459
Deferred inflows of resources	21,840,461	34,097,945
Net Position		
Net investment in capital assets	317,077,933	311,685,053
Restricted	142,198,612	119,494,747
Unrestricted (deficit)	(59,616,648)	(101,229,561)
Total net position	$ 399,659,897	$ 329,950,239

The $(59,616,648) in unrestricted (deficit) net position represents the accumulated results of all past years' operations. Unrestricted net (deficit) – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – decreased by 41.1% ($(59,616,648) compared to $(101,229,561)).

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 15 . Table 2 takes the information from the Statement, rounds off the numbers, and rearranges them slightly so you can see our total revenues for the year.

Table 2

	Governmental Activities	
	2024	2023
Revenues		
Program revenues		
Charges for services and sales	$ 3,857,127	$ 3,860,878
Operating grants and contributions	142,249,832	145,093,685
Capital grants and contributions	1,799	211
General revenues		
Federal and State aid not restricted	240,682,713	206,669,050
Property taxes	59,798,246	59,148,647
Other general revenues	10,420,307	(2,519,346)
Total revenues	457,010,024	412,253,125
Expenses		
Instruction-related	269,900,700	235,656,585
Pupil services	43,891,153	37,422,450
Administration	20,684,356	18,924,671
Plant services	41,496,255	34,309,799
All other services	11,327,902	10,368,258
Total expenses	387,300,366	336,681,763
Change in net position	$ 69,709,658	$ 75,571,362

Governmental Activities

As reported in the *Statement of Activities* on page 15, the cost of all of our governmental activities this year was $387,300,366. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only $59,798,246 because the cost was paid by those who benefited from the programs ($3,857,127) or by other governments and organizations who subsidized certain programs with grants and contributions ($142,251,631). The District paid for the remaining "public benefit" portion of our governmental activities with $251,103,020 in Federal and State funds and with other revenues, like interest and general entitlements.

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

Table 3

	Total Cost of Services		Net Cost of Services	
	2024	2023	2024	2023
Instruction-related	$ 269,900,700	$ 235,656,585	$ (184,012,116)	$ (134,442,899)
Pupil services	43,891,153	37,422,450	(17,560,850)	(12,644,180)
Administration	20,684,356	18,924,671	(15,343,532)	(16,301,213)
Plant services	41,496,255	34,309,799	(29,755,137)	(29,324,764)
All other services	11,327,902	10,368,258	5,480,027	4,986,067
Total	$ 387,300,366	$ 336,681,763	$ (241,191,608)	$ (187,726,989)

THE DISTRICT'S FUNDS

As the District completed this fiscal year, the governmental funds reported a combined fund balance of $279,692,026, which is an increase of $81,468,177.

Table 4

	Balances and Activity			
Governmental Fund	July 1, 2023	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2024
General Fund	$ 156,239,594	$ 393,090,613	$ 356,078,516	$ 193,251,691
Building Fund	1,112,099	14,926,873	681,073	15,357,899
Student Activity Fund	1,267,964	1,996,387	1,911,440	1,352,911
Adult Education Fund	696,178	1,778,068	1,663,715	810,531
Child Development Fund	254,235	7,145,249	6,193,616	1,205,868
Cafeteria Fund	13,823,767	19,386,018	13,995,222	19,214,563
Capital Facilities Fund	7,148,272	4,974,716	3,729,646	8,393,342
County School Facilities Fund	7,616	930	-	8,546
Special Reserve Fund for Capital Outlay Projects	1,067,056	17,325,942	709,584	17,683,414
Capital Project Fund for Blended Component Units	5,178,746	6,106,352	3,853,562	7,431,536
Bond Interest and Redemption Fund	3,960,965	4,238,254	2,262,984	5,936,235
Debt Service Fund for Blended Component Units	7,467,357	6,249,005	4,670,872	9,045,490
Total	$ 198,223,849	$ 477,218,407	$ 395,750,230	$ 279,692,026

Under District terminology, the term "General Fund" is used to indicate the unrestricted and restricted funds of the District. However, the California State Accounting Manual, upon which this report is based, used the term "General Fund" in a different way. The State definition of a General Fund includes numerous funds, which are not available for the District's discretionary use.

a. The fund balance in the District's General Fund increase is the result of increased revenues exceeding an increase in expenditures.
b. The fund balance in the Building Fund increase is the result of the receipt of state matching funds for the construction of Alberhill Elementary School.
c. The fund balance in the Cafeteria Fund increase is the result of increased revenues exceeding an increase in expenditures.
d. The fund balance in the Capital Facilities Fund increase is the result of increased developer fees received.
e. The fund balance in the Special Reserve Fund for Capital Outlay Projects increase is the result of an increase in revenues exceeding the expense of the completion of various projects.
f. The Capital Project Fund for Blended Component Units increased due to the net impact of the issuance of CFD(s) as well as the completion of a variety of capital projects.
g. The Child Development fund increase is the result of increased revenues exceeding an increase in expenditures.
h. The Student Activity Fund, Adult Education Fund, the County School Facilities Fund, the Bond Interest and Redemption Fund, and the Debt Service Fund for Blended Component Units remained relatively stable with minimal activity.

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. (A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report on page 70.)

- When "on behalf" payments are excluded, revenue revisions made to the 2022-2023 Budget were due to an increase in the receipt of LCFF funding, State mandated block grant funds, as well as one-time increases in State and Federal grants and programs such as Expanded Learning, Pandemic, and Learning Recovery funds.

- Unrestricted budgeted salary and benefit expenditures, when excluding "on behalf" payments and adjusting for increases due to increased compensation, staffing, STRS, PERS and Workers' Compensation rate increases remained stable and consistent when comparing the final budget to actual expenditures. Variance in budgeted salary and benefit expenditures occurred due to vacancies of budgeted positions and unspent restricted funds caused by changes in plans. Funds will be utilized in subsequent fiscal years.

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

At June 30, 2024, the District had $410,708,649 in a broad range of capital assets (net of depreciation and amortization), including land and construction in progress, buildings and land improvements, furniture and equipment, right-to-use leased assets, and right-to-use subscription IT assets. This amount represents a net increase of (including additions, deductions, depreciation, and amortization expenses) $1,574,501, or 0.4%, from last year.

Table 5

	Governmental Activities	
	2024	2023
Land and construction in progress	$ 41,739,602	$ 34,286,612
Buildings and improvements	350,902,233	363,130,802
Furniture and equipment	16,525,090	10,490,015
Right-to-use leased assets	1,144,104	376,003
Right-to-use subscription IT assets	397,620	850,716
Total	$ 410,708,649	$ 409,134,148

Detailed information about the District's capital assets is reflected in Note 6 to the financial statements.

Long-Term Liabilities

At the end of this year, the District had $427,621,591 long-term liabilities versus $382,047,189 last year, an increase of 11.9%.

Table 6

	Governmental Activities	
	2024	2023
Long-Term Liabilities		
General obligation bonds	$ 62,005,000	$ 47,410,000
Lake Elsinore School Financing Authority bonds	44,735,000	46,585,000
Unamortized debt premiums	7,766,857	7,774,101
Finance purchase agreements	544,548	1,071,919
Leases	1,311,937	386,869
Subscription-based IT arrangements	363,518	842,353
Compensated absences	1,529,788	1,390,922
Claims liability	7,128,000	6,618,000
Other postemployment benefit (OPEB) liability	35,333,386	34,716,166
Aggregate net pension liability	266,903,557	235,251,859
Total	$ 427,621,591	$ 382,047,189

More detailed information regarding our long-term liabilities is presented in Notes 11, 12 and 16 of the Financial Statements.

SIGNIFICANT EVENTS OF FISCAL YEAR 2023-2024 ARE NOTED BELOW:

The District's P2 average daily attendance (ADA) increased from 18,994.24 (2022-2023) to 19,179.47 in 2023-2024.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the District's budget for the 2024-2025 year, the District's Governing Board and management used the following criteria:

The key assumptions in our revenue forecast are as follows:

1. Local Control Funding Formula (LCFF), Expanded Learning Opportunity Program funds, one-time funds (Pandemic & Learning Recovery) and ongoing funding.
2. Enrollment projections, Average Daily Attendance, and Unduplicated Pupil Counts.
3. Developer fees and CFD collections are based on approximate new housing units to be constructed.

Expenditures are based on the following estimated forecasts:

	Staffing Ratio	Regular Enrollment
Grades TK through third	24:1	6,195
Grades four through five	33:1	3,023
Grades six through twelve	36:1	11,432

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Fiscal Support Services Office, Julie Edmunds, at Lake Elsinore Unified School District, 545 Chaney Street, Lake Elsinore, California 92530.

	Governmental Activities
Assets	
Deposits and investments	$ 299,602,043
Receivables	25,687,593
Stores inventories	552,926
Other current assets	89
Receivables - long term	37,535,000
Capital assets not depreciated or amortized	41,739,602
Capital assets, net of accumulated depreciation and amortization	368,969,047
Total assets	774,086,300
Deferred Outflows of Resources	
Deferred charge on refunding	306,709
Deferred outflows of resources related to OPEB	2,291,192
Deferred outflows of resources related to pensions	93,110,232
Total deferred outflows of resources	95,708,133
Liabilities	
Accounts payable	15,498,876
Interest payable	1,338,306
Unearned revenue	3,835,302
Long-term liabilities	
Long-term liabilities other than OPEB and pensions due within one year	4,979,729
OPEB liability due in one year	1,662,266
Long-term liabilities other than OPEB and pensions due in more than one year	120,404,919
Other postemployment benefits (OPEB) liabilitiy	33,671,120
Aggregate net pension liability	266,903,557
Total liabilities	448,294,075
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	8,417,619
Deferred inflows of resources related to pensions	13,422,842
Total deferred inflows of resources	21,840,461
Net Position	
Net investment in capital assets	317,077,933
Restricted for	
Debt service	13,643,419
Capital projects	8,426,373
Educational programs	78,003,413
Self-insurance	19,688,447
Other activities	22,436,960
Unrestricted (deficit)	(59,616,648)
Total net position	$ 399,659,897

Functions/Programs	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities
Governmental Activities					
Instruction	$ 235,864,622	$ 122,291	$ 78,121,821	$ 1,799	$ (157,618,711)
Instruction-related activities					
Supervision of instruction	11,803,729	-	5,218,829	-	(6,584,900)
Instructional library, media, and technology	1,591,805	-	35,106	-	(1,556,699)
School site administration	20,640,544	-	2,388,738	-	(18,251,806)
Pupil services					
Home-to-school transportation	7,238,964	-	83,105	-	(7,155,859)
Food services	13,864,237	293,326	18,669,916	-	5,099,005
All other pupil services	22,787,952	32,340	7,251,616	-	(15,503,996)
Administration					
Data processing	4,365,417	-	1,858,175	-	(2,507,242)
All other administration	16,318,939	214,802	3,267,847	-	(12,836,290)
Plant services	41,496,255	1,083,692	10,657,426	-	(29,755,137)
Ancillary services	5,061,514	-	2,078,013	-	(2,983,501)
Community services	1,490,574	22,472	706,924	-	(761,178)
Enterprise services	479	-	-	-	(479)
Interest on long-term liabilities	4,588,509	-	-	-	(4,588,509)
Other outgo	186,826	2,088,204	11,912,316	-	13,813,694
Total governmental activities	$ 387,300,366	$ 3,857,127	$ 142,249,832	$ 1,799	(241,191,608)
General Revenues and Subventions					
Property taxes, levied for general purposes					53,157,897
Property taxes, levied for debt service					3,614,240
Taxes levied for other specific purposes					3,026,109
Federal and State aid not restricted to specific purposes					240,682,713
Interest, investment earnings and change in fair market valuations					8,590,162
Miscellaneous					1,830,145
Subtotal, general revenues and subventions					310,901,266
Change in Net Position					69,709,658
Net Position - Beginning					329,950,239
Net Position - Ending					$ 399,659,897

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets				
Deposits and investments	$ 189,267,364	$ 15,316,856	$ 68,543,591	$ 273,127,811
Receivables	18,879,425	41,043	6,331,906	25,252,374
Due from other funds	1,687,311	-	112,977	1,800,288
Stores inventories	408,013	-	144,913	552,926
Other current assets	-	-	89	89
Total assets	$ 210,242,113	$ 15,357,899	$ 75,133,476	$ 300,733,488
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$ 14,691,289	$ -	$ 705,222	$ 15,396,511
Due to other funds	37,484	-	1,772,165	1,809,649
Unearned revenue	2,261,649	-	1,573,653	3,835,302
Total liabilities	16,990,422	-	4,051,040	21,041,462
Fund Balances				
Nonspendable	434,013	-	146,913	580,926
Restricted	78,003,413	15,357,899	53,276,594	146,637,906
Committed	79,311,123	-	-	79,311,123
Assigned	21,267,103	-	17,658,929	38,926,032
Unassigned	14,236,039	-	-	14,236,039
Total fund balances	193,251,691	15,357,899	71,082,436	279,692,026
Total liabilities and fund balances	$ 210,242,113	$ 15,357,899	$ 75,133,476	$ 300,733,488

Total Fund Balance - Governmental Funds		$ 279,692,026
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	$ 684,404,060	
Accumulated depreciation and amortization is	(273,695,411)	
Net capital assets		410,708,649
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.		(1,338,306)
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.		19,688,447
Lake Elsinore School Financing Authority's long-term receivable will not be received in the near term and therefore, is not reported as a receivable in the governmental funds.		37,535,000
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 charge on refunding	306,709	
Other postemployment benefits (OPEB) liability	2,291,192	
Aggregate net pension liability	93,110,232	
Total deferred outflows of resources		95,708,133
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) liability	(8,417,619)	
Aggregate net pension liability	(13,422,842)	
Total deferred inflows of resources		(21,840,461)
Aggregate net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		(266,903,557)

The District's OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.		$ (35,333,386)
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	$ (62,005,000)	
Lake Elsinore School Financing Authority bonds	(44,735,000)	
Unamortized debt premiums	(7,766,857)	
Finance purchase agreement	(544,548)	
Leases	(1,311,937)	
Subscription-based IT arrangements	(363,518)	
Compensated absences (vacations)	(1,529,788)	
Total long-term liabilities		(118,256,648)
Total net position - governmental activities		$ 399,659,897

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues				
Local Control Funding Formula (LCFF)	$ 273,302,044	$ -	$ -	$ 273,302,044
Federal sources	35,344,175	-	16,490,358	51,834,533
Other State sources	47,382,254	-	28,441,230	75,823,484
Other local sources	35,604,378	(73,127)	22,832,264	58,363,515
Total revenues	391,632,851	(73,127)	67,763,852	459,323,576
Expenditures				
Current				
Instruction	218,927,018	-	5,524,918	224,451,936
Instruction-related activities				
Supervision of instruction	10,864,894	-	993,038	11,857,932
Instructional library, media, and technology	1,589,424	-	-	1,589,424
School site administration	20,292,288	-	468,485	20,760,773
Pupil services				
Home-to-school transportation	6,966,245	-	-	6,966,245
Food services	544,916	-	13,627,213	14,172,129
All other pupil services	22,358,135	-	144,117	22,502,252
Administration				
Data processing	8,757,665	-	-	8,757,665
All other administration	16,250,128	-	1,493,934	17,744,062
Plant services	39,672,146	-	292,668	39,964,814
Ancillary services	3,256,749	-	1,911,440	5,168,189
Community services	1,013,236	-	474,013	1,487,249
Other outgo	186,826	-	-	186,826
Facility acquisition and construction	3,817,941	381,134	6,103,739	10,302,814
Debt service				
Principal	1,512,081	-	2,319,801	3,831,882
Interest and other	68,824	299,939	4,682,275	5,051,038
Total expenditures	356,078,516	681,073	38,035,641	394,795,230
Excess (Deficiency) of Revenues Over Expenditures	35,554,335	(754,200)	29,728,211	64,528,346
Other Financing Sources (Uses)				
Transfers in	-	-	955,000	955,000
Other sources - leases	1,265,463	-	37,982	1,303,445
Other sources - SBITAs	192,299	-	-	192,299
Other sources - proceeds from issuance of GO Bonds	-	15,000,000	-	15,000,000
Other sources - premium on issuance of GO Bonds	-	-	444,087	444,087
Transfers out	-	-	(955,000)	(955,000)
Net Financing Sources (Uses)	1,457,762	15,000,000	482,069	16,939,831
Net Change in Fund Balances	37,012,097	14,245,800	30,210,280	81,468,177
Fund Balance - Beginning	156,239,594	1,112,099	40,872,156	198,223,849
Fund Balance - Ending	$ 193,251,691	$ 15,357,899	$ 71,082,436	$ 279,692,026

Total Net Change in Fund Balances - Governmental Funds		$ 81,468,177
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because		
Capital outlay to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation and amortization expense in the Statement of Activities.		
This is the amount by which capital outlay exceeds depreciation and amortization expense in the period.		
Capital outlay	$ 17,239,608	
Depreciation and amortization expense	(15,665,107)	
Net expense adjustment		1,574,501
Right-to-use leased assets acquired this year were financed with leases. The amount financed by the leases is reported in the governmental funds as a source of financing. On the other hand, the leases are not revenues in the Statement of Activities, but rather constitute long-term liabilities in the Statement of Net Position.		(1,303,445)
Right-to-use subscription IT assets acquired this year were financed with Subscription-Based IT Arrangements (SBITAs). The amount financed by the SBITAs is reported in the governmental funds as a source of financing. On the other hand, the SBITAs are not revenues in the Statement of Activities, but rather constitute long-term liabilities in the Statement of Net Position.		(192,299)
In the Statement of Activities, certain operating expenses, such as compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This amount is the difference between vacation earned and used.		(138,866)
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 aggregate net pension liability during the year.		522,109

In the governmental funds, OPEB costs are based on employer contributions made to OPEB plans during the year. However, in the Statement of Activities, OPEB expense is the net effect of all changes in the deferred outflows, deferred inflows, and OPEB liability during the year.	$ (35,006)
Proceeds received from general obligation bonds is a revenue in the governmental funds, but it increases long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.	(15,000,000)
Governmental funds report the effect of premiums, discounts, and the deferred charge on a refunding when the debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities.	
Premium on issuance recognized	(444,087)
Premium amortization	451,331
Deferred charge on refunding amortization	(23,593)
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	405,000
Lake Elsinore School Financing Authority bonds	1,850,000
Finance purchase agreements	527,371
Leases	378,377
Subscription-based IT arrangements	671,134
The collection of tax assessments are revenues in the governmental funds, but it reduces long-term receivables in the Statement of Net Position and does not affect the Statement of Activities.	(1,720,000)
Interest on long-term liabilities is recorded as an expenditure in the funds when it is due; however, in the Statement of Activities, interest expense is recognized as the interest accretes or accrues, regardless of when it is due.	34,791
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.	684,163
Change in net position of governmental activities	$ 69,709,658

	Governmental Activities - Internal Service Fund
Assets	
Current assets	
Deposits and investments	$ 26,474,232
Receivables	435,219
Due from other funds	9,361
Total current assets	26,918,812
Liabilities	
Current liabilities	
Accounts payable	102,365
Current portion of claims liabilities	1,378,579
Total current liabilities	1,480,944
Noncurrent liabilities	
Noncurrent portion of claims liabilities	5,749,421
Total liabilities	7,230,365
Net Position	
Restricted	$ 19,688,447

	Governmental Activities - Internal Service Fund
Operating Revenues	
Charges for services	$ 2,265,388
Operating Expenses	
Payroll costs	180,821
Supplies and materials	20,068
Professional and contract services	2,755,696
Total operating expenses	2,956,585
Operating Loss	(691,197)
Nonoperating Revenues	
Fair market value adjustments	248,278
Interest income	1,127,082
Total nonoperating revenues	1,375,360
Change in Net Position	684,163
Total Net Position - Beginning	19,004,284
Total Net Position - Ending	$ 19,688,447

	Governmental Activities - Internal Service Fund
Operating Activities	
Cash received from assessments made to other funds	$ 2,144,443
Cash payments to employees for services	(180,821)
Cash received from vendors providing goods and services	(17,856)
Cash payments to claims and claims administration	(2,245,696)
Net Cash Used for Operating Activities	(299,930)
Investing Activities	
Interest and loss on investments	1,496,170
Net Change in Cash and Cash Equivalents	1,196,240
Cash and Cash Equivalents, Beginning	25,277,992
Cash and Cash Equivalents, Ending	$ 26,474,232
Reconciliation of Operating Loss to Net Cash Used for Operating Activities	
Operating loss	$ (691,197)
Adjustments to reconcile operating loss to net cash used for operating activities	
Changes in assets and liabilities	
Receivables	(133,423)
Due from other fund	12,478
Accrued liabilities	2,212
Claims liability	510,000
Net Cash Used for Operating Activities	$ (299,930)

	Custodial Funds
Assets	
Deposits and investments	$ 17,384,174
Net Position	
Restricted for individuals, organizations, and other governments	$ 17,384,174

	Custodial Funds
Additions	
Contributions	
Special tax assessment	$ 6,727,485
Interest	521,504
Other	5,234,477
Total additions	12,483,466
Deductions	
Payment to bond holders	5,297,446
Payments to other governments	1,711,320
Total deductions	7,008,766
Change in Net Position	5,474,700
Net Position - Beginning	11,909,474
Net Position - Ending	$ 17,384,174

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The Lake Elsinore Unified School District (the District) was unified on July 1, 1989, under the laws of the State of California. The District operates under a locally elected five-member Board form of government and provides educational services to grades TK-12 as mandated by the State and/or Federal agencies. The District operates thirteen K-5 schools, two K-8 schools, four grade 6-8 schools, three traditional high schools, a continuation high school, an independent study school, and an adult education school.

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

Other Related Entities

The District has approved a charter for the Sycamore Academy of Science and Arts pursuant to *Education Code* Section 47605. The Sycamore Academy of Science and Arts is operated by a separate governing board and is not considered a component unit of the District. The Sycamore Academy of Science and Arts receives Federal and State funds for specific purposes that is subject to review and audit by grantor agencies.

Component Units

Component units are legally separate organizations for which the District is financially accountable. Component units may 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. 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, D*etermining Whether Certain Organizations are Component Units*, and GASB Statement No. 80, *Blending Requirements for Certain Component Units*. and thus are included in the financial statements of the District. The component units, although legally separate entities, are reported in the financial statements using the blended presentation method as if they were part of the District's operations because the governing board of the component units is essentially the same as the governing board of the District and because their purpose is to finance the construction of facilities to be used for the benefit of the District.

The Lake Elsinore Unified School District and the Lake Elsinore School Financing Authority (the Authority) have a financial and operational relationship which meets the reporting entity definition criteria of the GASB Statement No. 14, as amended by GASB Statement No. 39, *The Financial Reporting Entity*, for inclusion of the Authority as a component unit of the District. Accordingly, the financial activities of the Authority has been included in the financial statements of the District. The financial statements present the Authority’s financial activities within the Debt Service Fund for Blended Component Units and Capital Project Fund for Blended Units.

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.

One fund currently defined as a special revenue funds in the California State Accounting Manual (CSAM) does not meet the GASB Statement No. 54 special revenue fund definition. Specifically, Fund 14, Deferred Maintenance Fund, is not substantially composed of restricted or committed revenue sources. While this fund is authorized by statute and will remain open for internal reporting purposes, this fund functions effectively as extensions of the General Fund, and accordingly has 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 $1,520,248 as of June 30, 2024.

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

Non-Major Governmental Funds

Special Revenue Funds The Special Revenue funds are established 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 and that compose a substantial portion of the inflows of the fund, and that are reasonably expected to continue. Additional resources that are restricted, committed, or assigned to the purpose of the fund may also be reported in the fund.

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

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

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

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

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

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

- **County School Facilities Fund** The County School Facilities Fund is established pursuant to *Education Code* Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), the 2004 State School Facilities Fund (Proposition 55), the 2006 State School Facilities Fund (Proposition 1D), or the 2016 State School Facilities Fund (Proposition 51) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code* Section 17070.10 et seq.).

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

- **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 is used for the repayment of bonds issued for the District (*Education Code* Sections 15125-15262).

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

- **Internal Service Fund** Internal service funds may be used to account for goods or services provided to other funds of the District on a cost-reimbursement basis. The District operates a self-insured workers' compensation program 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 are used to account for various 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 financial statement of activities presents a comparison between direct expenses and program revenues for each governmental program and excludes 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 leased assets and subscription IT assets. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District. Eliminations have been made to minimize the double counting of internal activities.

Net position should be reported as restricted when constraints placed on net asset use 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 purposes result from special revenue funds and the internal service fund and the restrictions on their net asset use.

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

- **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 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 general long-term liabilities, which has not matured, are recognized when paid in the governmental funds as expenditures. Allocations of costs, such as depreciation and amortization expenses, are not recognized in the governmental funds but are recognized in the government-wide statements.

Cash and Cash Equivalents

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

Investments

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

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

Stores Inventories

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

Capital Assets, Depreciation, and Amortization

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. 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 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 government funds.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 45 years; improvements, five to 20 years; equipment, five to 20 years.

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

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

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

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental activities column of the statement of net position.

Compensated Absences

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

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

Accrued Liabilities and Long-Term Liabilities

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

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

Debt Issuance Costs, Premiums and Discounts

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

In the fund financial statements, governmental funds recognize premiums and discounts as other financing sources and uses, respectively, and issuance costs as debt service expenditures. Issuance costs, whether or not withheld from the actual debt proceeds received, 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 pension related items, and for OPEB related items.

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

Pensions

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

Postemployment Benefits Other Than Pensions (OPEB)

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

Leases

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

Subscriptions

The District recognizes a subscription liability and an intangible right-to-use subscription IT asset (subscription IT asset) in the government-wide financial statements. At commencement of the subscription term, the District measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription IT asset is initially measured as the initial amount of the subscription liability, plus certain initial direct costs. Subsequently, the subscription IT asset is amortized on a straight-line basis over shorter of the subscription term or useful life of the underlying asset. The amortization period varies from two to four 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 including the District's adopted budget and/or interim, estimated actuals and unaudited actual financial reports 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 the Director of Fiscal Services may assign amounts for specific purposes.

Unassigned - all other spendable amounts.

Spending Order Policy

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

Minimum Fund Balance Policy

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

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position net of investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report $142,198,612 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 food service sales and charges to other funds. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating 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. Interfund transfers are eliminated in the governmental activities columns of the statement of activities.

Estimates

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

Property Tax

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

Note 2 - Deposits and Investments

Summary of Deposits and Investments

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

Governmental funds	$ 273,127,811
Proprietary funds	26,474,232
Fiduciary funds	17,384,174
Total deposits and investments	$ 316,986,217

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

Cash on hand and in banks	$ 16,761,351
Cash with fiscal agent	2,887,246
Cash in revolving	28,000
Investments	297,309,620
Total deposits and investments	$ 316,986,217

Policies and Practices

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

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

General Authorizations

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

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

Authorized Under Debt Agreements

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
Local Agency Bonds, Notes, Warrants	N/A	None	None
Registered State Bonds, Notes, Warrants	N/A	None	None
U.S. Treasury Obligations	3 years	None	None
U.S. Agency Securities	3 years	None	None
Banker's Acceptance	N/A	None	None
Commercial Paper	180 days	30%	10%
Repurchase Agreements	N/A	None	None
Investment Agreement	N/A	20%	10%
Money Market Mutual Funds	120 days	None	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None

Interest Rate Risk

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

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

Investment Type	Reported Amount	Maturity Date
Fidelity Institutional Money Market Fund - Governmental Portfolio - Class III	$ 31,273,954	31 Days
Riverside County Treasury Investment Pool	266,035,666	464 Days
Total	$ 297,309,620	

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investments with the Fidelity Institutional Money Market Fund – Government Portfolio and the Riverside County Treasury Investment Pool are rated Aaa by Moody's Investor Service.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California *Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2024, the District had a bank balance of $15,149,564 that was exposed to custodial credit risk because it was uninsured and uncollateralized.

Note 3 - Fair Value Measurements

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

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

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

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

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

Investment Type	Reported Amount	Fair Value Measurement Using Level 2 Inputs
Fidelity Institutional Money Market Fund - Governmental Portfolio - Class III	$ 31,273,954	$ 31,273,954

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	Non-Major Governmental Funds	Internal Service Fund	Total Governmental Activities
Federal Government					
Categorical aid	$ 12,934,124	$ -	$ 3,751,343	$ -	$ 16,685,467
State Government					
LCFF apportionment	1,713	-	-	-	1,713
Categorical aid	1,308,585	-	1,702,979	-	3,011,564
Lottery	1,286,956	-	-	-	1,286,956
Local Government					
Interest	2,036,575	41,043	323,153	301,796	2,702,567
Other local sources	1,311,472	-	554,431	133,423	1,999,326
Total	$ 18,879,425	$ 41,043	$ 6,331,906	$ 435,219	$ 25,687,593

Note 5 - Long-Term Receivables

The proceeds from the issuance of Special Tax Revenue Bonds issued by the Lake Elsinore Schools Financing Authority (the SFA) were used to refund existing debt obligations of various Community Facilities Districts (CFDs). In accordance with the agreement between the SFA and CFDs, special tax assessments collected from taxpayers residing in the areas of CFDs that benefitted will be used to repay a portion of the outstanding special tax bonds issued by the SFA. The total amount of benefit provided by the SFA through the issuance of special tax bonds was $80,585,000. Current year payments totaling $1,720,000 were made leaving a total of $37,535,000 due from the CFDs as of June 30, 2024.

Note 6 - Capital Assets

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

	Balance July 1, 2023	Additions	Deductions	Balance June 30, 2024
Governmental Activities				
Capital assets not being depreciated or amortized				
Land	$ 23,818,013	$ -	$ -	$ 23,818,013
Construction in progress	10,468,599	7,452,990	-	17,921,589
Total capital assets not being depreciated or amortized	34,286,612	7,452,990	-	41,739,602
Capital assets being depreciated and amortized				
Land improvements	53,733,014	675,025	-	54,408,039
Buildings and improvements	532,610,979	409,577	-	533,020,556
Furniture and equipment	45,440,932	7,206,272	-	52,647,204
Right-to-use leased furniture and equipment	1,010,562	1,303,445	(675,266)	1,638,741
Right-to-use subscription IT assets	1,440,085	192,299	(682,466)	949,918
Total capital assets being depreciated and amortized	634,235,572	9,786,618	(1,357,732)	642,664,458
Total capital assets	668,522,184	17,239,608	(1,357,732)	684,404,060
Accumulated depreciation and amortization				
Land improvements	(14,044,353)	(2,304,750)	-	(16,349,103)
Buildings and improvements	(209,168,838)	(11,008,421)	-	(220,177,259)
Furniture and equipment	(34,950,917)	(1,171,197)	-	(36,122,114)
Right-to-use leased furniture and equipment	(634,559)	(535,344)	675,266	(494,637)
Right-to-use subscription IT assets	(589,369)	(645,395)	682,466	(552,298)
Total accumulated depreciation and amortization	(259,388,036)	(15,665,107)	1,357,732	(273,695,411)
Net depreciable and amortizable capital assets	374,847,536	(5,878,489)	-	368,969,047
Governmental activities capital assets, net	$ 409,134,148	$ 1,574,501	$ -	$ 410,708,649

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

Governmental Activities	
Instruction	$ 13,053,571
Home-to-school transportation	724,218
All other pupil services	434,533
All other administration	697,054
Plant services	755,731
Total depreciation and amortization expense governmental activities	$ 15,665,107

Note 7 - Lease Receivables

The District has entered into a lease agreement with a lessee. The lease receivable is summarized below:

Lease Receivable	July 1, 2023	Addition	Deletion	June 30, 2024
Sandia Services	$ 27,629	$ -	$ (27,629)	$ -

Sandia Services

The District leases a portion of its facilities located at the main Administration Building. The lease is for a term of 30 years. The agreement allows for 3.10 to 7.50% annual CPI increases to lease payments. Through the length of the lease, the lessee is required to provide on-going maintenance to the facilities. During the year, the District recognized $27,629 in lease revenue and $451 in interest revenue related to this agreement. At June 30, 2024, the District recorded $0 in lease receivable and deferred inflows of resources for this arrangement. The District used an interest rate of 3.00% based on the rates available to finance real estate or machinery and equipment over the same time periods.

Note 8 - 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 the internal service fund are as follows:

	Due From		
Due To	General Fund	Non-Major Governmental Funds	Total
General Fund	$ -	$ 1,687,311	$ 1,687,311
Non-Major Governmental Funds	28,245	84,732	112,977
Internal Service Fund	9,239	122	9,361
Total	$ 37,484	$ 1,772,165	$ 1,809,649

A balance of $332,527 due to the General Fund from the Adult Education Non-Major Governmental Fund resulted from a temporary operating loan and amounts due for other operating costs.

A balance of $740,665 due to the General Fund from the Child Development Non-Major Governmental Fund resulted from a temporary operating loan and amounts due for other operating costs, including indirect costs.

A balance of $614,119 due to the General Fund from the Cafeteria Non-Major Governmental Fund resulted from amounts due for payroll, indirect costs, and other operating costs.

A balance of $84,732 due to the Special Reserve Non-Major Governmental Fund for Capital Outlay Projects from the County School Facilities Non-Major Governmental Fund resulted from interest earnings.

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 Capital Facilities Non-Major Governmental Fund transferred to the Capital Projects Non-Major Governmental Fund for Blended Component Units for transfer of developer fees to a Community Facilities District account.	$ 955,000

Note 9 - Accounts Payable

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

	General Fund	Non-Major Governmental Funds	Internal Service Fund	Total Governmental Activities
Salaries & benefits	$ 2,264,456	$ 29,862	$ -	$ 2,294,318
LCFF apportionment	5,623,079	-	-	5,623,079
Other	6,803,754	675,360	102,365	7,581,479
Total	$ 14,691,289	$ 705,222	$ 102,365	$ 15,498,876

Note 10 - Unearned Revenue

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

	General Fund	Non-Major Governmental Funds	Total
Federal financial assistance	$ 656,113	$ 568,117	$ 1,224,230
State categorical aid	1,605,536	941,614	2,547,150
Other local	-	63,922	63,922
Total	$ 2,261,649	$ 1,573,653	$ 3,835,302

Note 11 - Long-Term Liabilities Other than OPEB and Pensions

Summary

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

	Balance July 1, 2023	Additions	Deductions	Balance June 30, 2024	Due in One Year
Long-Term Liabilities					
General obligation bonds	$ 47,410,000	$ 15,000,000	$ (405,000)	$ 62,005,000	$ 485,000
Lake Elsinore School Financing Authority bonds	46,585,000	-	(1,850,000)	44,735,000	1,985,000
Unamortized debt premiums	7,774,101	444,087	(451,331)	7,766,857	-
Finance purchase agreements	1,071,919	-	(527,371)	544,548	544,548
Leases	386,869	1,303,445	(378,377)	1,311,937	309,299
Subscription-based IT arrangements	842,353	192,299	(671,134)	363,518	277,303
Compensated absences	1,390,922	138,866	-	1,529,788	-
Claims liability	6,618,000	1,888,579	(1,378,579)	7,128,000	1,378,579
Total	$ 112,079,164	$ 18,967,276	$ (5,661,792)	$ 125,384,648	$ 4,979,729

Payments on the general obligation bonds are made by the Bond Interest and Redemption Fund with local revenues. Payments on the Lake Elsinore School Financing Authority Bonds are made by the Debt Service Fund for Blended Component Units. Finance purchase agreement payments are made from the General Fund. Lease payments are made from the General Fund and the Capital Facilities Fund. Subscription-based IT arrangement payments are made from the General Fund. The compensated absences will be paid primarily by the General Fund. Claim liabilities are paid from the Internal Service Fund.

General Obligation Bonds

The outstanding general obligation bonded debt is as follows:

Issuance Date	Final Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2023	Issued	Redeemed	Bonds Outstanding June 30, 2024
4/20/17	8/1/2041	2.00-5.00%	$ 32,415,000	$ 27,760,000	$ -	$ (405,000)	$ 27,355,000
9/17/19	8/1/2049	3.00-4.00%	21,500,000	19,650,000	-	-	19,650,000
6/13/24	8/1/2053	4.00-5.00%	15,000,000	-	15,000,000	-	15,000,000
				$ 47,410,000	$ 15,000,000	$ (405,000)	$ 62,005,000

2016 General Obligation Bonds, Series A

On April 20, 2017, the District issued the 2016 General Obligation Bonds, Series A in the amount of $32,415,000 with interest rates ranging from 2.00 to 5.00%. The bonds were issued as current interest bonds and have a final maturity to occur on August 1, 2041. The proceeds from the issuance will be used to finance school facilities projects, including instructional technology, energy efficiency, and other authorized purposes relating to various school facilities and to pay costs of issuing the bonds. At June 30, 2024, the principal balance outstanding was $27,355,000. Unamortized premium received on issuance of the bonds amounted to $910,779 as of June 30, 2024.

2016 General Obligation Bonds, Series B

On September 17, 2019, the District issued the 2016 General Obligation Bonds, Series B in the amount of $21,500,000 with interest rates ranging from 3.00 to 4.00%. The bonds were issued as current interest bonds and have a final maturity to occur on August 1, 2049. The proceeds were used to finance school facilities projects, including instructional technology, energy efficiency, and other authorized purposes relating to various school facilities and to pay costs of issuing the bonds. At June 30, 2024, the principal balance outstanding was $19,650,000. Unamortized premium received on issuance of the bonds amounted to $1,992,758 as of June 30, 2024.

2016 General Obligation Bonds, Series C

On June 13, 2024, the District issued the 2016 General Obligation Bonds, Series C in the amount of $15,000,000 with interest rates ranging from 4.00 to 5.00%. The bonds were issued as current interest bonds and have a final maturity to occur on August 1, 2053. The proceeds were used to finance the renovation, construction and improvement of public school facilities. At June 30, 2024, the principal balance outstanding was $15,000,000. Unamortized premium received on issuance of the bonds amounted to $444,087 as of June 30, 2024.

Debt Service Requirements to Maturity

The bonds mature through 2054 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2025	$ 485,000	$ 2,269,420	$ 2,754,420
2026	2,675,000	2,442,394	5,117,394
2027	1,190,000	2,345,769	3,535,769
2028	1,400,000	2,281,019	3,681,019
2029	1,615,000	2,209,994	3,824,994
2030-2034	9,080,000	9,783,519	18,863,519
2035-2039	10,365,000	7,953,975	18,318,975
2040-2044	13,055,000	5,680,647	18,735,647
2045-2049	14,180,000	3,166,300	17,346,300
2050-2054	7,960,000	610,325	8,570,325
Total	$ 62,005,000	$ 38,743,362	$ 100,748,362

Lake Elsinore School Financing Authority Bonds

The Lake Elsinore School Financing Authority (SFA) was created to refinance the Community Facilities Districts (CFD) debt. 2012 SFA Special Tax Bonds refinanced the debt for CFD 88-1, 90-1, SFA 1997, and SFA 1998. The interest rates of the bonds range from 2.00 to 3.00% and the bonds have a final maturity to occur on September 1, 2027. 2017 SFA Special Tax Bonds refinanced the debt for CFD 2004-4, 2005-6, 1A A, 2005-7, 2006-3, 1A A, 2006-4, and 2006-6. The interest rates of the bonds range from 2.00 to 5.00% and the bonds have a final maturity to occur on September 1, 2044. 2019 SFA Special Tax Bonds refinanced the debt for the 2007 SFA which refinanced debt for CFD 99-1, 2000-1, 2001-1, 2001-2, 2001-3, 2002 1, 2003-1A, and 2003-1B. The interest rate of the bonds is 5.00%, and the bonds have a final maturity to occur on October 1, 2037. On June 30, 2024, the principal balance outstanding on the Lake Elsinore School Financing Authority Bonds was $44,735,000. Unamortized premium received on issuance of the bonds amounted to $4,419,233.

The outstanding debt incurred through bonds issued in connection with the SFA at June 30, 2024, is as follows:

Year Ending June 30,	Principal	Interest	Total
2025	$ 1,985,000	$ 1,910,456	$ 3,895,456
2026	2,125,000	1,807,706	3,932,706
2027	2,270,000	1,697,831	3,967,831
2028	2,425,000	1,580,456	4,005,456
2029	2,590,000	1,455,081	4,045,081
2030-2034	15,010,000	5,236,572	20,246,572
2035-2039	13,715,000	2,016,153	15,731,153
2040-2044	4,055,000	378,316	4,433,316
2045	560,000	10,150	570,150
Total	$ 44,735,000	$ 16,092,721	$ 60,827,721

Finance Purchase Agreements

The District has entered into an agreement to finance the purchase of equipment. The annual interest rate charged on the agreement was 3.04%. At June 30, 2024, the principal balance outstanding was $544,548. The finance purchase agreement matures through 2025 as follows:

Year Ending June 30,	Principal	Interest	Total
2025	$ 544,548	$ 17,736	$ 562,284

Leases

The District has entered into agreements to lease various facilities and equipment. As of June 30, 2024, the District recognized a right-to-use leased asset of $1,144,104 and a lease liability of $1,311,937 related to these agreements. The District is required to make principal and interest payments through December 2028. The lease agreements have interest rates ranging from 3.00 to 6.00%.

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

Year Ending June 30,	Principal	Interest	Total
2025	$ 309,299	$ 75,012	$ 384,311
2026	229,195	60,158	289,353
2027	242,946	46,407	289,353
2030-2034	257,523	31,830	289,353
2035-2039	272,974	16,378	289,352
Total	$ 1,311,937	$ 229,785	$ 1,541,722

Subscriptions-Based Information Technology Arrangements (SBITAs)

The District has entered into SBITA agreements for various software. At June 30, 2024, the District has recognized a right-to-use subscriptions IT asset of $397,620 and a SBITA liability of $363,518 related to these agreements. During the fiscal year, the District recorded $645,395 in amortization expense. The District is required to make annual principal and interest payments through November 2026. The subscription agreements have interest rates ranging from 3.00 to 6.00%.

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	$ 277,303	$ 14,643	$ 291,946
2026	61,456	4,771	66,227
2027	24,759	1,281	26,040
Total	$ 363,518	$ 20,695	$ 384,213

Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2024, amounted to $1,529,788.

Claims Liability

Liabilities associated with workers' compensation claims are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are based upon estimated ultimate cost of settling the claims, considering recent claim settlement trends including the frequency and amount of payouts and other economic and social factors. The liability for workers' compensation claims is reported in the Internal Service Fund. The outstanding claims liability at June 30, 2024, amounted to $7,128,000 and was discounted at a rate of 2.00%.

Note 12 - Other Post Employment Benefit (OPEB) Liability

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

OPEB Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	$ 34,321,154	$ 2,291,192	$ 8,417,619	$ 1,993,947
Medicare Premium Payment (MPP) Program	1,012,232	-	-	(57,783)
Total	$ 35,333,386	$ 2,291,192	$ 8,417,619	$ 1,936,164

The details of each plan are as follows:

District Plan

Plan Administration

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

Plan Membership

At June 30, 2024, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	142
Active employees	1,997
Total	2,139

Benefits Provided

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

Contributions

The benefit payment requirements of the Plan members and the District are established and may be amended by the District, the Lake Elsinore Teachers Association (LETA), the local California Service Employees Association (CSEA), and unrepresented groups. The benefit payment is based on projected pay-as-you-go financing requirements as determined annually through the agreements with the District, LETA, CSEA, and the unrepresented groups. For measurement period of June 30, 2024, the District paid $1,901,158 in benefits.

Total OPEB Liability of the District

The District's total OPEB liability of $34,321,154 was measured as of June 30, 2024, and the total OPEB liability was determined by an actuarial valuation as of June 30, 2024.

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%, average, including inflation
Discount rate	3.93% for 2024
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 Mortality for Miscellaneous and Schools Employees table for classified employees.

The actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actual experience study for the period July 1, 2023 to June 30, 2024.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance, June 30, 2023	$ 33,646,151
Service cost	1,911,709
Interest	1,228,277
Differences between expected and actual experience	544,078
Changes of assumptions	(1,107,903)
Benefit payments	(1,901,158)
Net change in total OPEB liability	675,003
Balance, June 30, 2024	$ 34,321,154

Changes of assumptions and other inputs reflect a change in the discount rate from 3.65% in 2023 to 3.93% in 2024 and changes in rates of termination, retirement, and mortality.

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%)	$ 36,721,947
Current discount rate (3.93%)	34,321,154
1% increase (4.93%)	32,048,850

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

Healthcare Cost Trend Rate	Total OPEB Liability
1% decrease (3.00%)	$ 30,751,425
Current healthcare cost trend rate (4.00%)	34,321,154
1% increase (5.00%)	38,499,078

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

For the year ended June 30, 2024, the District recognized OPEB expense of $1,993,947. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 2,114,240	$ -
Changes of assumptions	176,952	8,417,619
Total	$ 2,291,192	$ 8,417,619

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ (1,113,777)
2025	(1,228,847)
2026	(1,228,847)
2027	(1,228,847)
2028	(236,480)
Thereafter	(1,089,629)
Total	$ (6,126,427)

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 $1,012,232 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2023 and June 30, 2022, , respectively, was 0.3336%, and 0.3248%, resulting in a net increase in the proportionate share of 0.0088%.

For the year ended June 30, 2024, the District recognized OPEB expense of $(57,783).

Actuarial Methods and Assumptions

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

Measurement Date	June 30, 2023	June 30, 2022
Valuation Date	June 30, 2022	June 30, 2021
Experience Study	July 1, 2015 through June 30, 2018	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal	Entry age normal
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%)	$ 1,100,087
Current discount rate (3.65%)	1,012,232
1% increase (4.65%)	935,840

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)	$ 931,353
Current Medicare costs trend rates (4.50% Part A and 5.40% Part B)	1,012,232
1% increase (5.50% Part A and 6.40% Part B)	1,103,540

Note 13 - Non-Obligatory Debt

Non-obligatory debt relates to debt issuances issued by the Community Facility Districts (CFDs), as authorized by the Mello-Roos Community Facilities Act of 1982 as amended and are payable from special taxes levied on property within the Community Facilities Districts according to a methodology approved by the voters within the District. Neither the faith and credit nor taxing power of the District is pledged to the payment of the bonds. Reserves have been established from the bond proceeds to meet delinquencies should they occur. If delinquencies occur beyond the amounts held in those reserves, the District has no duty to pay the delinquency out of any available funds of the District. The District acts solely as an agent for those paying taxes levied and the bondholders.

In the current year, special tax bonds in the amount of $6,895,000 and $3,065,000 were issued by CFD 2017-2 and CFD 2005-6, respectively. The Community Facilities District Special Tax Bonds currently active include several Community Facilities Districts with a remaining balance as of June 30, 2024, of $39,207,289.

Note 14 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Building Fund	Non-Major Governmental Funds	Total
Nonspendable				
Revolving cash	$ 26,000	$ -	$ 2,000	$ 28,000
Stores inventories	408,013	-	144,913	552,926
Total nonspendable	434,013	-	146,913	580,926
Restricted				
Legally restricted programs	78,003,413	-	-	78,003,413
Student activity	-	-	1,350,911	1,350,911
Adult education	-	-	810,531	810,531
Child development	-	-	1,205,868	1,205,868
Food service	-	-	19,069,650	19,069,650
Capital projects	-	15,357,899	15,857,909	31,215,808
Debt service	-	-	14,981,725	14,981,725
Total restricted	78,003,413	15,357,899	53,276,594	146,637,906
Committed				
Curriculum adoption	10,000,000	-	-	10,000,000
Declining enrollment stabilization	5,000,000	-	-	5,000,000
Deferred maintenance projects	5,000,000	-	-	5,000,000
Instructional materials	7,000,000	-	-	7,000,000
Lakeland Village School modernization	12,000,000	-	-	12,000,000
Loss mitigation	5,000,000	-	-	5,000,000
Other postemployment benefits trust	5,000,000	-	-	5,000,000
Site safety upgrades	4,802,894	-	-	4,802,894
Staffing/student enrollment alignment	10,840,000	-	-	10,840,000
Technology replacement	8,000,000	-	-	8,000,000
Workforce liability increase	6,668,229	-	-	6,668,229
Total committed	79,311,123	-	-	79,311,123
Assigned				
Cash preservation	19,746,855	-	-	19,746,855
Deferred maintenance	1,520,248	-	-	1,520,248
Capital projects	-	-	17,658,929	17,658,929
Total assigned	21,267,103	-	17,658,929	38,926,032
Unassigned				
Reserve for economic uncertainties	14,236,039	-	-	14,236,039
Total	$ 193,251,691	$ 15,357,899	$ 71,082,436	$ 279,692,026

Note 15 - Risk Management

Property and Liability

The District is exposed to various risks of loss related to torts; theft, damage, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2024, the District participated in Self-Insured Schools of California (SISC II) public entity risk pools for property and liability insurance coverage. Settled claims have not exceeded the insured coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

The District has established a fund to self-insure itself for workers' compensation coverage. The workers' compensation experience of the District was calculated and applied to a premium rate, which was utilized for the purchase of an insurance product that provided the required coverage. Excess liability coverage for workers' compensation claims is provided through participation in the California Public Entity Insurance Authority (CPEIA).

	Workers' Compensation
Liability Balance, July 1, 2022	$ 6,300,000
Claims and changes in estimates	1,423,704
Claims payments	(1,105,704)
Liability Balance, July 1, 2023	6,618,000
Claims and changes in estimates	1,888,579
Claims payments	(1,378,579)
Liability Balance, June 30, 2024	$ 7,128,000
Assets available to pay claims at June 30, 2024	$ 26,918,812

Employee Medical Benefits

The District has contracted with the Self-Insured Schools of California III (SISC III) and Riverside Employer/Employee Partnership for Benefits (REEP) to provide employee medical benefits. SISC III and REEP are shared risk pools comprised of local educational agencies. Rates are set through an annual process. The District pays a monthly contribution, which is placed in a common fund from which claim payments are made for all participating members.

Note 16 - 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	$ 171,766,340	$ 55,084,547	$ 11,552,580	$ 25,882,512
CalPERS	95,137,217	38,025,685	1,870,262	16,353,456
Total	$ 266,903,557	$ 93,110,232	$ 13,422,842	$ 42,235,968

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

Contributions

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2024, are presented above and the District's total contributions were $27,745,463.

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

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

Total net pension liability, including State share:	
Proportionate share of net pension liability	$ 171,766,340
State’s proportionate share of the net pension liability	82,298,084
Total	$ 254,064,424

The net pension liability was measured as of June 30, 2023. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2023 and June 30, 2022, respectively, was 0.2255% and 0.2164%, resulting in a net increase in the proportionate share of 0.0091%.

For the year ended June 30, 2024, the District recognized pension expense of $25,882,512. In addition, the District recognized pension expense and revenue of $11,194,813 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	$ 27,745,463	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	12,111,259	2,362,209
Differences between projected and actual earnings on pension plan investments	735,230	-
Differences between expected and actual experience in the measurement of the total pension liability	13,498,005	9,190,371
Changes of assumptions	994,590	-
Total	$ 55,084,547	$ 11,552,580

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

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

Year Ended June 30,	Deferred Outflows of Resources
2025	$ (5,403,901)
2026	(8,468,860)
2027	13,917,305
2028	690,686
Total	$ 735,230

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	$ 2,729,030
2026	1,888,029
2027	2,282,756
2028	1,557,836
2029	3,234,315
Thereafter	3,359,308
Total	$ 15,051,274

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-2020) 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%	0.1%

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%)	$ 288,124,329
Current discount rate (7.10%)	171,766,340
1% increase (8.10%)	75,117,468

California Public Employees Retirement System (CalPERS)

Plan Description

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

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

Benefits Provided

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

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

	School Employer Pool (CalPERS)	
Hire date	On or before December 31, 2012	On or after January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	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 be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2024, are presented above and the total District contributions were $15,012,614.

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

As of June 30, 2024, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $95,137,217. The net pension liability was measured as of June 30, 2023. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2023 and June 30, 2022, respectively, was 0.2628% and 0.2466%, resulting in a net increase in the proportionate share of 0.0162%.

For the year ended June 30, 2024, the District recognized pension expense of $16,353,456. 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	$ 15,012,614	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	4,996,296	409,094
Differences between projected and actual earnings on pension plan investments	10,162,015	-
Differences between expected and actual experience in the measurement of the total pension liability	3,471,826	1,461,168
Changes of assumptions	4,382,934	-
Total	$ 38,025,685	$ 1,870,262

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

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

Year Ended June 30,	Deferred Outflows of Resources
2025	$ 1,895,612
2026	1,123,008
2027	6,827,143
2028	316,252
Total	$ 10,162,015

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2025	$ 4,472,657
2026	4,175,931
2027	2,332,206
Total	$ 10,980,794

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:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global Equity - cap-weighted	30%	4.54%
Global Equity non-cap-weighted	12%	3.84%
Private Equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed Securities	5%	0.50%
Investment Grade Corporates	10%	1.56%
High Yield	5%	2.27%
Emerging Market Debt	5%	2.48%
Private Debt	5%	3.57%
Real Assets	15%	3.21%
Leverage	(5%)	(0.59%)

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (5.90%)	$ 137,543,824
Current discount rate (6.90%)	95,137,217
1% increase (7.90%)	60,089,121

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 $13,163,725 (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 17 - 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 the following commitments with respect to the unfinished capital projects:

Capital Project	Remaining Construction Commitment	Expected Date of Completion
Jean Hayman Site Conversion Phase 3	$ 32,386	September 2024
Elsinore ES Admin Building	740,651	October 2024
Total	$ 773,037	

Note 18 - Participation in Public Entity Risk Pools, Joint Power Authorities, and Other Related Party Transactions

The District is a member of the Self-Insured Schools of California II (SISC II), Riverside Employer/Employee Partnership for Benefits (REEP), Public Risk Innovation, Solutions, and Management (PRISM), and the Self-Insured Schools of California III (SISC III) public entity risk pools. The District pays an annual premium to the SISC II, REEP, PRISM, and SISC III for property and liability coverage, medical benefits, excess liability coverage for workers' compensation, and medical benefits, respectively. The payments to REEP are paid to provide additional medical benefits. The relationships between the District, the pools and the JPA are such that they are not component units of the District for financial reporting purposes.

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

During the year ended June 30, 2024, the District made payments of $2,646,194, $239,055, $581,836, and $28,743,322 to the SISC II, REEP, PRISM, and SISC III, respectively, for the services noted above.

Required Supplementary Information
June 30, 2024

Lake Elsinore Unified School District

	Budgeted Amounts			Variances - Positive (Negative)
	Original	Final	Actual	Final to Actual
Revenues				
Local Control Funding Formula	$ 270,939,144	$ 273,302,044	$ 273,302,044	$ (0)
Federal sources	45,320,179	51,239,673	35,344,175	(15,895,498)
Other State sources	37,133,054	45,899,667	47,382,254	1,482,587
Other local sources	20,044,954	35,081,183	35,604,378	523,195
Total revenues [1]	373,437,331	405,522,567	391,632,851	(13,889,716)
Expenditures				
Current				
Certificated salaries	159,962,626	159,162,553	148,527,055	10,635,498
Classified salaries	54,871,168	53,909,640	50,939,815	2,969,825
Employee benefits	89,095,639	87,805,837	81,405,998	6,399,839
Books and supplies	21,583,191	28,171,251	21,164,999	7,006,252
Services and operating expenditures	35,275,717	49,203,905	43,142,018	6,061,887
Other outgo	(176,283)	(188,236)	(852,798)	664,562
Capital outlay	13,366,102	20,101,107	10,170,524	9,930,583
Debt service				
Debt service - principal	345,400	184,291	1,512,081	(1,327,790)
Debt service - interest and other	5,300	5,300	68,824	(63,524)
Total expenditures [1]	374,328,860	398,355,648	356,078,516	42,277,132
Excess (Deficiency) of Revenues Over Expenditures	(891,529)	7,166,919	35,554,335	28,387,416
Other Financing Sources (Uses)				
Other sources - leases	-	-	1,265,463	1,265,463
Other sources - SBITAs	-	-	192,299	192,299
Transfers out	(1,000,000)	(3,000,000)	-	3,000,000
Net Financing Sources (Uses)	(1,000,000)	(3,000,000)	1,457,762	4,457,762
Net Change in Fund Balances	(1,891,529)	4,166,919	37,012,097	32,845,178
Fund Balance - Beginning	156,239,594	156,239,594	156,239,594	-
Fund Balance - Ending	$ 154,348,065	$ 160,406,513	$ 193,251,691	$ 32,845,178

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

	2024	2023	2022	2021
Total OPEB Liability				
Service cost	$ 1,911,709	$ 1,894,637	$ 2,274,204	$ 2,200,093
Interest	1,228,277	1,154,482	721,223	696,225
Difference between expected and actual experience	544,078	-	892,961	-
Changes of assumptions	(1,107,903)	(266,402)	(3,017,700)	94,890
Benefit payments	(1,901,158)	(1,603,472)	(1,313,301)	(1,256,430)
Net change in total OPEB liability	675,003	1,179,245	(442,613)	1,734,778
Total OPEB Liability - Beginning	$ 33,646,151	$ 32,466,906	$ 32,909,519	$ 31,174,741
Total OPEB Liability - Ending	$ 34,321,154	$ 33,646,151	$ 32,466,906	$ 32,909,519
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

	2020	2019	2018
Total OPEB Liability			
Service cost	$ 2,134,323	$ 2,072,158	$ 2,035,331
Interest	1,230,122	1,334,434	1,259,248
Difference between expected and actual experience	2,124,731	-	-
Changes of assumptions	(11,056,034)	805,472	(225,807)
Benefit payments	(2,485,439)	(2,079,088)	(1,952,195)
Net change in total OPEB liability	(8,052,297)	2,132,976	1,116,577
Total OPEB Liability - Beginning	39,227,038	37,094,062	35,977,485
Total OPEB Liability - Ending	$ 31,174,741	$ 39,227,038	$ 37,094,062
Covered Payroll	N/A[1]	N/A[1]	N/A[1]
Total OPEB Liability as a Percentage of Covered Payroll	N/A[1]	N/A[1]	N/A[1]
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018

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

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

Year ended June 30,	2024	2023	2022	2021
Proportion of the net OPEB liability	0.3336%	0.3248%	0.3145%	0.3197%
Proportionate share of the net OPEB liability	$ 1,012,232	$ 1,070,015	$ 1,254,261	$ 1,557,679
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	0.3609%	0.3639%	0.3530%
Proportionate share of the net OPEB liability	$ 1,344,070	$ 1,392,923	$ 1,485,099
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.

CalSTRS	2024	2023	2022	2021	2020
Proportion of the net pension liability	0.2255%	0.2164%	0.2092%	0.2109%	0.2040%
Proportionate share of the net pension liability	$ 171,766,340	$ 150,392,795	$ 95,201,778	$ 204,425,220	$ 184,267,796
State's proportionate share of the net pension liability	82,298,084	75,316,124	47,901,842	105,381,225	100,530,384
Total	$ 254,064,424	$ 225,708,919	$ 143,103,620	$ 309,806,445	$ 284,798,180
Covered payroll	$ 140,749,377	$ 124,692,417	$ 116,779,232	$ 115,240,889	$ 111,779,638
Proportionate share of the net pension liability as a percentage of its covered payroll	122.04%	120.61%	81.52%	177.39%	164.85%
Plan fiduciary net position as a percentage of the total pension liability	81%	81%	87%	72%	73%
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019

	2019	2018	2017	2016	2015
Proportion of the net pension liability	0.2027%	0.1950%	0.1971%	0.2050%	0.2005%
Proportionate share of the net pension liability	$ 186,337,244	$ 180,319,104	$ 159,424,083	$ 138,006,714	117152290.00
State's proportionate share of the net pension liability	106,686,787	106,675,259	90,757,287	72,990,338	70,741,611
Total	$ 293,024,031	$ 286,994,363	$ 250,181,370	$ 210,997,052	187893901.00
Covered payroll	$ 109,146,833	$ 103,818,180	$ 99,515,983	$ 95,144,932	87,597,480
Proportionate share of the net pension liability as a percentage of its covered payroll	170.72%	173.69%	160.20%	145.05%	133.74%
Plan fiduciary net position as a percentage of the total pension liability	71%	69%	70%	74%	77%
Measurement Date	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

CalPERS	2024	2023	2022	2021	2020
Proportion of the net pension liability	0.2628%	0.2466%	0.2552%	0.2519%	0.2529%
Proportionate share of the net pension liability	$ 95,137,217	$ 84,859,064	$ 51,901,452	$ 77,297,516	$ 73,707,399
Covered payroll	$ 52,546,330	$ 45,116,006	$ 37,043,372	$ 36,285,574	$ 35,356,694
Proportionate share of the net pension liability as a percentage of its covered payroll	181.05%	188.09%	140.11%	213.03%	208.47%
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

	2019	2018	2017	2016	2015
Proportion of the net pension liability	0.2489%	0.2538%	0.2514%	0.2596%	0.2530%
Proportionate share of the net pension liability	$ 66,367,461	$ 60,597,986	$ 49,660,597	$ 38,268,587	$ 28,274,406
Covered payroll	$ 33,877,175	$ 31,436,794	$ 29,616,266	$ 28,980,384	26,652,652
Proportionate share of the net pension liability as a percentage of its covered payroll	195.91%	192.76%	167.68%	132.05%	106.08%
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

CalSTRS	2024	2023	2022	2021	2020
Contractually required contribution	$ 27,745,463	$ 26,883,131	$ 21,097,957	$ 18,859,846	$ 19,706,192
Less contributions in relation to the contractually required contribution	27,745,463	26,883,131	21,097,957	18,859,846	19,706,192
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 145,264,204	$ 140,749,377	$ 124,692,417	$ 116,779,232	$ 115,240,889
Contributions as a percentage of covered payroll	19.10%	19.10%	16.92%	16.15%	17.10%

	2019	2018	2017	2016	2015
Contractually required contribution	$ 18,197,725	$ 15,749,888	$ 13,060,327	$ 10,678,065	$ 8,448,870
Less contributions in relation to the contractually required contribution	18,197,725	15,749,888	13,060,327	10,678,065	8,448,870
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 111,779,638	$ 109,146,833	$ 103,818,180	$ 99,515,983	$ 95,144,932
Contributions as a percentage of covered payroll	16.28%	14.43%	12.58%	10.73%	8.88%

CalPERS	2024	2023	2022	2021	2020
Contractually required contribution	$ 15,012,614	$ 13,331,004	$ 10,336,077	$ 7,667,978	$ 7,155,878
Less contributions in relation to the contractually required contribution	15,012,614	13,331,004	10,336,077	7,667,978	7,155,878
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 56,269,168	$ 52,546,330	$ 45,116,006	$ 37,043,372	$ 36,285,574
Contributions as a percentage of covered payroll	26.680%	25.370%	22.910%	20.700%	19.721%

	2019	2018	2017	2016	2015
Contractually required contribution	$ 6,386,126	$ 5,261,464	$ 4,365,942	$ 3,508,639	$ 3,411,281
Less contributions in relation to the contractually required contribution	6,386,126	5,261,464	4,365,942	3,508,639	3,411,281
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 35,356,694	$ 33,877,175	$ 31,436,794	$ 29,616,266	$ 28,980,384
Contributions as a percentage of covered payroll	18.0620%	15.5310%	13.8880%	11.8470%	11.7710%

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 States of America as prescribed by the Governmental Accounting Standards Board and provisions of the California Education Code. The governing board is required to hold a public hearing and adopt an operating budget no later than July 1 of each year. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

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

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

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

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

- *Changes in Benefit Terms* – There were no changes in benefit terms in the current year.
- *Changes of Assumptions* –Changes of assumptions and other inputs reflect a change in the discount rate from 3.65% in 2023 to 3.93% in 2024 and changes in rates of termination, retirement, and mortality.

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

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

Schedule of the District's Contributions

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

Supplementary Information
June 30, 2024

Lake Elsinore Unified School District

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Passed Through California Department of Education (CDE)			
Adult Secondary Education	84.002	13978	$ 263,138
Integrated English Literacy and Civics Education	84.002A	14109	200,281
Adult Basic Education & English Language Acquisition	84.002A	14508	372,431
Subtotal			835,850
Title I, Part A, Basic Grants Low Income and Neglected	84.010	14329	5,479,349
School Improvement Funding for LEAs	84.010	15438	104,771
Subtotal			5,584,120
Strengthening Career and Technical Education for the 21st Century (Perkins V): Secondary, Section 131	84.048	14894	246,990
Title III, English Learner Student Program	84.365	14346	138,251
Title II, Part A, Supporting Effective Instruction	84.367	14341	1,352,238
Title IV, Part A, Student Support and Academic Enrichment	84.424	15396	508,866
Education Stabilization Fund			
COVID-19 Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U	10155	2,879,187
COVID-19 Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U	15559	15,536,050
COVID-19 ESSER III State Reserve Emergency Needs	84.425U	15620	802,776
COVID-19 ESSER III State Reserve Learning Loss	84.425U	15621	2,443,034
COVID-19 American Rescue Plan – Homeless Children and Youth II (ARP HCY II)	84.425W	15566	120,347
Subtotal			21,781,394
Passed Through Riverside County SELPA			
Special Education (IDEA) Cluster			
Local Assistance, Part B, Sec 611, Private School Individual Service Plans	84.027	10115	20,696
Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	4,585,050
Mental Health Allocation Plan, Part B, Sec 611	84.027A	15197	944,580
Subtotal			5,550,326
Preschool Grants, Part B, Sec 619	84.173	13430	95,455
Preschool Staff Development, Part B, Sec 619	84.173A	13431	980
Subtotal			96,435
Total Special Education (IDEA) Cluster			5,646,761
Total U.S. Department of Education			36,094,470

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services Human Services			
Passed Through Riverside County Office of Education			
Head Start Cluster			
Early Head Start	93.600	10016	$ 101,927
Head Start	93.600	10016	2,634,133
Total Head Start Cluster			2,736,060
Child Care and Development Fund Cluster			
COVID-19 ARP California State Preschool Program One-time Stipend	93.575	15640	138,628
Total Child Care and Development Fund Cluster			138,628
Total U.S. Department of Health and Human Services Human Services			2,874,688
U.S. Department of Defense			
Junior Reserve Office Training Corps	12.000	[1]	84,005
Total U.S. Department of Defense			84,005
U.S. Department of Agriculture			
Passed Through CDE			
Child Nutrition Cluster			
School Lunch - Section 4	10.555	13523	1,165,657
Commodities	10.555	13524	964,347
School Lunch - Section 11	10.555	13524	6,898,898
Meal Supplements	10.555	13755	314,218
Supply Chain Assistance Funds	10.555	15655	636,519
Subtotal			9,979,639
School Breakfast Basic	10.553	13525	166
School Breakfast Needy	10.553	13526	2,612,443
Subtotal			2,612,609
NSLP Equipment Assistance Grants	10.582	14968	90,000
Total Child Nutrition Cluster			12,682,248
Fresh Fruit and Vegatable Program	10.579	14906	236,200
Forest Service Schools and Roads Cluster			
Forest Reserve	10.665	10044	10,142
Total Forest Service Schools and Roads Cluster			10,142
Total U.S. Department of Agriculture			12,928,590
Total Federal Financial Assistance			$ 51,981,753

[1] PCA number not available

	Final Report	
	Second Period Report E2761465	Annual Report E940AC98
Regular ADA		
Transitional kindergarten through third	5,784.82	5,789.10
Fourth through sixth	4,273.18	4,270.06
Seventh and eighth	2,941.48	2,937.46
Ninth through twelfth	6,166.32	6,081.89
Total Regular ADA	19,165.80	19,078.51
Extended Year Special Education		
Transitional kindergarten through third	8.47	8.47
Fourth through sixth	3.04	3.04
Seventh and eighth	1.69	1.69
Ninth through twelfth	3.83	3.83
Total Extended Year Special Education	17.03	17.03
Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	-	0.21
Fourth through sixth	2.36	2.66
Seventh and eighth	2.93	2.98
Ninth through twelfth	15.63	15.62
Total Special Education, Nonpublic, Nonsectarian Schools	20.92	21.47
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	-	-
Fourth through sixth	0.19	0.19
Seventh and eighth	0.09	0.09
Ninth through twelfth	0.76	0.76
Total Extended Year Special Education, Nonpublic, Nonsectarian Schools	1.04	1.04
Total ADA	19,204.79	19,118.05

					Traditional Calendar			Multitrack Calendar			
Grade Level	1986-1987 Minutes Requirement	2023-2024 Actual Minutes	Number of Minutes Credited Form J-13A	Total Minutes Offered	Number of Actual Days	Number of Days Credited Form J-13A	Total Days Offered	Number of Actual Days	Number of Days Credited Form J-13A	Total Days Offered	Status
Kindergarten	36,000	36,000	-	36,000	180	-	180	N/A	N/A	N/A	Complied
Grades 1 - 3	50,400										
Grade 1		50,760	-	50,760	180	-	180	N/A	N/A	N/A	Complied
Grade 2		50,760	-	50,760	180	-	180	N/A	N/A	N/A	Complied
Grade 3		50,400	-	50,400	180	-	180	N/A	N/A	N/A	Complied
Grades 4 - 8	54,000										
Grade 4		54,000	-	54,000	180	-	180	N/A	N/A	N/A	Complied
Grade 5		54,000	-	54,000	180	-	180	N/A	N/A	N/A	Complied
Grade 6		55,620	-	55,620	180	-	180	N/A	N/A	N/A	Complied
Grade 7		55,620	-	55,620	180	-	180	N/A	N/A	N/A	Complied
Grade 8		55,620	-	55,620	180	-	180	N/A	N/A	N/A	Complied
Grades 9 - 12	64,800										
Grade 9		65,217	-	65,217	180	-	180	N/A	N/A	N/A	Complied
Grade 10		65,217	-	65,217	180	-	180	N/A	N/A	N/A	Complied
Grade 11		65,217	-	65,217	180	-	180	N/A	N/A	N/A	Complied
Grade 12		65,217	-	65,217	180	-	180	N/A	N/A	N/A	Complied

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

	(Budget) 2025 [1]	2024	2023 [1]	2022 [1]
General Fund [3]				
Revenues	$ 368,323,736	$ 391,609,426	$ 378,431,769	$ 320,363,297
Other sources	-	1,457,762	-	-
Total revenues and other sources	368,323,736	393,067,188	378,431,769	320,363,297
Expenditures	375,084,855	354,171,906	318,034,424	289,359,591
Other uses	1,000,000	3,186,826	1,238,509	678,140
Total expenditures and other uses	376,084,855	357,358,732	319,272,933	290,037,731
Increase/(Decrease) in Fund Balance	(7,761,119)	35,708,456	60,082,907	30,325,566
Ending Fund Balance	$ 183,970,324	$ 191,731,443	$ 156,022,987	$ 95,940,080
Available Reserves [2]	$ 15,043,394	$ 14,236,039	$ 12,733,954	$ 11,577,217
Available Reserves as a Percentage of Total Outgo	4.00%	3.98%	3.99%	3.99%
Long-Term Liabilities	N/A	$ 427,621,591	$ 382,047,189	$ 296,260,735
K-12 Average Daily Attendance at P-2	18,906	19,205	19,021	17,515

The General Fund balance has increased by $95,791,363 over the past two years. The fiscal year 2024-2025 budget projects a decrease of $7,761,119 (4.0%). For a district this size, the State recommends available reserves of at least three percent of total General Fund expenditures and other uses (total outgo).

The District has incurred operating surpluses in each of the past three years but anticipates incurring an operating deficit during the 2024-2025 fiscal year. Total long-term liabilities have increased by $131,360,856 over the past two years.

Average daily attendance has increased by 1,690 over the past two years. However, a decline of 299 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 with the General Fund.
[3] General Fund amounts do not include activity related to the consolidation of the Deferred Maintenance Fund (Fund 14) as required by GASB Statement No. 54.

Name of Charter School	Charter Number	Included in Audit Report
Sycamore Academy of Science and Cultural Arts	1118	No

	Student Activity Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund
Assets						
Deposits and investments	$ 1,353,301	$ 785,281	$ 2,131,754	$ 16,128,857	$ 8,192,661	$ 92,203
Receivables	-	372,213	824,503	4,344,045	585,208	1,075
Due from other funds	-	1	101	28,143	-	-
Stores inventories	-	-	-	144,913	-	-
Other current assets	89	-	-	-	-	-
Total assets	$ 1,353,390	$ 1,157,495	$ 2,956,358	$ 20,645,958	$ 8,777,869	$ 93,278
Liabilities and Fund Balances						
Liabilities						
Accounts payable	$ 479	$ 14,377	$ 68,149	$ 185,237	$ 384,527	$ -
Due to other funds	-	332,587	740,727	614,119	-	84,732
Unearned revenue	-	-	941,614	632,039	-	-
Total liabilities	479	346,964	1,750,490	1,431,395	384,527	84,732
Fund Balances						
Nonspendable	2,000	-	-	144,913	-	-
Restricted	1,350,911	810,531	1,205,868	19,069,650	8,393,342	8,546
Assigned	-	-	-	-	-	-
Total fund balances	1,352,911	810,531	1,205,868	19,214,563	8,393,342	8,546
Total liabilities and fund balances	$ 1,353,390	$ 1,157,495	$ 2,956,358	$ 20,645,958	$ 8,777,869	$ 93,278

	Special Reserve Fund for Capital Outlay Projects	Capital Projects Fund for Blended Component Units	Bond Interest and Redemption Fund	Debt Service Fund for Blended Component Units	Total Non-Major Governmental Funds
Assets					
Deposits and investments	$ 17,446,273	$ 7,431,536	$ 5,936,235	$ 9,045,490	$ 68,543,591
Receivables	204,862	-	-	-	6,331,906
Due from other funds	84,732	-	-	-	112,977
Stores inventories	-	-	-	-	144,913
Other current assets	-	-	-	-	89
Total assets	$ 17,735,867	$ 7,431,536	$ 5,936,235	$ 9,045,490	$ 75,133,476
Liabilities and Fund Balances					
Liabilities					
Accounts payable	$ 52,453	$ -	$ -	$ -	$ 705,222
Due to other funds	-	-	-	-	1,772,165
Unearned revenue	-	-	-	-	1,573,653
Total liabilities	52,453	-	-	-	4,051,040
Fund Balances					
Nonspendable	-	-	-	-	146,913
Restricted	24,485	7,431,536	5,936,235	9,045,490	53,276,594
Assigned	17,658,929	-	-	-	17,658,929
Total fund balances	17,683,414	7,431,536	5,936,235	9,045,490	71,082,436
Total liabilities and fund balances	$ 17,735,867	$ 7,431,536	$ 5,936,235	$ 9,045,490	$ 75,133,476

	Student Activity Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund
Revenues						
Federal sources	$ -	$ 835,850	$ 2,736,060	$ 12,918,448	$ -	$ -
Other State sources	-	936,237	4,399,471	6,159,724	19,178	-
Other local sources	1,996,387	5,981	9,718	307,846	4,917,556	930
Total revenues	1,996,387	1,778,068	7,145,249	19,386,018	4,936,734	930
Expenditures						
Current						
Instruction	-	1,162,769	4,362,149	-	-	-
Instruction-related activities						
Supervision of instruction	-	-	993,038	-	-	-
School site administration	-	468,485	-	-	-	-
Pupil services						
Food services	-	-	2,384	13,624,829	-	-
All other pupil services	-	-	144,117	-	-	-
Administration						
All other administration	-	32,461	69,806	282,950	1,108,717	-
Plant services	-	-	148,109	87,443	57,116	-
Ancillary services	1,911,440	-	-	-	-	-
Community services	-	-	474,013	-	-	-
Facility acquisition and construction	-	-	-	-	1,547,593	-
Debt service						
Principal	-	-	-	-	58,582	-
Interest and other	-	-	-	-	2,638	-
Total expenditures	1,911,440	1,663,715	6,193,616	13,995,222	2,774,646	-
Excess of Revenues Over Expenditures	84,947	114,353	951,633	5,390,796	2,162,088	930
Other Financing Sources (Uses)						
Transfers in	-	-	-	-	-	-
Other sources - leases	-	-	-	-	37,982	-
Other sources - premium on issuance of GO Bonds	-	-	-	-	-	-
Transfers out	-	-	-	-	(955,000)	-
Net Financing Sources (Uses)	-	-	-	-	(917,018)	-
Net Change in Fund Balances	84,947	114,353	951,633	5,390,796	1,245,070	930
Fund Balance - Beginning	1,267,964	696,178	254,235	13,823,767	7,148,272	7,616
Fund Balance - Ending	$ 1,352,911	$ 810,531	$ 1,205,868	$ 19,214,563	$ 8,393,342	$ 8,546

	Special Reserve Fund for Capital Outlay Projects	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					
Federal sources	$ -	$ -	$ -	$ -	$ 16,490,358
Other State sources	16,906,704	-	19,916	-	28,441,230
Other local sources	419,238	5,151,352	3,774,251	6,249,005	22,832,264
Total revenues	17,325,942	5,151,352	3,794,167	6,249,005	67,763,852
Expenditures					
Current					
Instruction	-	-	-	-	5,524,918
Instruction-related activities					
Supervision of instruction	-	-	-	-	993,038
School site administration	-	-	-	-	468,485
Pupil services					
Food services	-	-	-	-	13,627,213
All other pupil services	-	-	-	-	144,117
Administration					
All other administration	-	-	-	-	1,493,934
Plant services	-	-	-	-	292,668
Ancillary services	-	-	-	-	1,911,440
Community services	-	-	-	-	474,013
Facility acquisition and construction	709,584	3,846,562	-	-	6,103,739
Debt service					
Principal	-	6,219	405,000	1,850,000	2,319,801
Interest and other	-	781	1,857,984	2,820,872	4,682,275
Total expenditures	709,584	3,853,562	2,262,984	4,670,872	38,035,641
Excess of Revenues Over Expenditures	16,616,358	1,297,790	1,531,183	1,578,133	29,728,211
Other Financing Sources (Uses)					
Transfers in	-	955,000	-	-	955,000
Other sources - leases	-	-	-	-	37,982
Other sources - premium on issuance of GO Bonds	-	-	444,087	-	444,087
Transfers out	-	-	-	-	(955,000)
Net Financing Sources (Uses)	-	955,000	444,087	-	482,069
Net Change in Fund Balances	16,616,358	2,252,790	1,975,270	1,578,133	30,210,280
Fund Balance - Beginning	1,067,056	5,178,746	3,960,965	7,467,357	40,872,156
Fund Balance - Ending	$ 17,683,414	$ 7,431,536	$ 5,936,235	$ 9,045,490	$ 71,082,436

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 Lake Elsinore Unified School District (the District) under programs of the federal government for the year ended June 30, 2024. The information is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position and 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 did not report any commodities as inventory.

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

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

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

Reconciliation of Annual Financial and Budget Report With Audited Financial Statements

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

Schedule of Financial Trends and Analysis

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

Schedule of Charter Schools

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

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

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

Other Information
June 30, 2024

Lake Elsinore Unified School District

ORGANIZATION

The District was formed through a unification vote during 1987-1988. The District conducts a transitional kindergarten through twelfth grade educational program for approximately 22,000 students through thirteen K-5 schools, two K-8 schools, four grades 6-8 schools, three traditional high schools, a continuation high school, an independent study school, and an adult education school. The District is located in Riverside County, and occupies the southern region of Corona, western region of Perris, and the cities of Lake Elsinore, Wildomar, and Canyon Lake. There were no boundary changes during the year.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Heidi Matthies Dodd	President	2026
Jennette Vanderpool	Clerk	2024
Juan Saucedo	Member	2024
Jill Leonard	Member	2026
April Purkiss	Member	2026

ADMINISTRATION

Dr. Ryan Lewis	Superintendent
Dr. Sarah Ragusa	Assistant Superintendent, Instructional Support Services
Julie Edmunds	Assistant Superintendent, Fiscal Support Services
Dr. Tricia Thompson	Assistant Superintendent, Student Support Services
Dr. Alain Guevara	Assistant Superintendent, Community and Family Engagement
Tracy Sepulveda	Assistant Superintendent, Personnel Support Services

Independent Auditor's Reports
June 30, 2024

Lake Elsinore 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
Lake Elsinore Unified School District
Lake Elsinore, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lake Elsinore 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 22, 2024.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2024-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

We noted certain matters that we reported to management of the District in a separate letter dated November 22, 2024.

District's Response to the Finding

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the finding identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Eide Bailly LLP

Rancho Cucamonga, California
November 22, 2024

CPAs & BUSINESS ADVISORS

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

To the Governing Board
Lake Elsinore Unified School District
Lake Elsinore, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Lake Elsinore 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, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

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

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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.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2024-002. Our opinion on each major federal program is not modified with respect to this matter.

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

Report on Internal Control over Compliance

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

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-002 to be a significant deficiency.

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

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

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

Eide Bailly LLP

Rancho Cucamonga, California
November 22, 2024

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

To the Governing Board
Lake Elsinore Unified School District
Lake Elsinore, California

Report on Compliance

Opinion on State Compliance

We have audited Lake Elsinore 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, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the laws and regulations of the state programs noted in the table below for the year ended June 30, 2024.

Basis for Opinion

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

2023-2024 K-12 Audit Guide Procedures	Procedures Performed
Local Education Agencies Other Than Charter Schools	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	No, see below
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratio 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	Yes
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	Not Applicable
Mode of Instruction	Not Applicable
Nonclassroom-Based Instruction/Independent Study	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
Annual Instructional Minutes – Classroom Based	Not Applicable
Charter School Facility Grant Program	Not Applicable

We did not perform testing for Independent Study because average daily attendance reported did not exceed the required ADA threshold for testing.

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.

Eide Bailly LLP

Rancho Cucamonga, California
November 22, 2024

Schedule of Findings and Questioned Costs
June 30, 2024

Lake Elsinore Unified School District

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified	Yes
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	Yes
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)	Yes

Identification of major programs

Name of Federal Program or Cluster	Federal Financial Assistance Listing
COVID-19 Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U
COVID-19 Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U
COVID-19 ESSER III State Reserve Emergency Needs	84.425U
COVID-19 ESSER III State Reserve Learning Loss	84.425U
COVID-19 American Rescue Plan – Homeless Children and Youth II (ARP HCY II)	84.425W

Dollar threshold used to distinguish between type A and type B programs	$1,559,453
Auditee qualified as low-risk auditee?	No

State Compliance

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

The following finding represents a material weakness related to the financial statements that is required to be reported in accordance with *Government Auditing Standards*. The finding has been coded as follows:

Five Digit Code	AB 3627 Finding Type
30000	Internal Control

2024-001 30000 – Internal Control over Financial Reporting (Material Weakness)

Criteria or Specific Requirements

Management is responsible for the design, implementation, and maintenance of internal controls to ensure that the financial statements are free from material misstatement, whether due to error or fraud. Such internal controls should include a review of all adjusting journal entries reclassifying journal entries, and conversion entries used in the preparation of the District's financial statements. Additionally, the District should ensure that all applicable accounting principles are adhered to when preparing the financial statements.

Condition

During the course of our engagement, we identified material misstatements and misclassifications of balances presented within the District's Cafeteria Non-Major Governmental Fund, as reported on the 2023-2024 unaudited financial statements. The description of the misstatements are as follows:

- Overstatement of federal revenue and food service expenditures of $101,913 related to certain state grant reimbursements from the District's General Fund which should have been recorded as abatement of food service expenditures in the Cafeteria Non-Major Governmental Fund
- Overstatement of receivables of $181,960 and corresponding understatement of cash in county treasury and cash collections awaiting deposit of $150,690 and $31,270, respectively, related to timing differences in transfers between the General Fund and Cafeteria Non-Major Governmental Fund due to the off-books nature of the Cafeteria Non-Major Governmental Fund
- Understatement of unearned revenues and cash in county treasury of $568,117 related to timing differences in recordings between the District's General Fund and Cafeteria Non-Major Governmental Fund due to the off-books nature of the Cafeteria Non-Major Governmental Fund
- Misclassification of federal revenues and other local revenues of $537 in the Cafeteria Non-Major Governmental Fund

Questioned Costs

There were no questioned costs associated with the condition identified.

Context

The condition was identified through inquiry with District personnel and through review of available District records related to balances reported in the District's 2023-2024 unaudited financial statements.

Effect

The effect of this error resulted in misstatements and misclassifications that were not detected or prevented by the District's internal control. As reported in the 2023-2024 financial statements, the District's Cafeteria Non-Major Governmental Fund revenues and expenditures were overstated by $101,913 and the District's Cafeteria Non-Major Governmental Fund assets and liabilities were understated by $568,117. Various account balances in the Cafeteria Non-Major Governmental Fund were also misclassified as noted in the condition above.

Cause

The cause of the condition identified appears to be due to inadequate review processes related to the preparation of the District's year-end financial statements, which includes the review of revenues/expenses and assets/liabilities to determine the proper period and account classification. This is also caused by timing issues that result from the Cafeteria Non-Major Governmental Fund's financial statements being reported in a separate financial accounting software from the rest of the District's funds.

Repeat Finding

Yes, see prior year finding 2023-001.

Recommendation

In light of condition identified, the District should exercise care during its annual year-end closing process. The District should implement a process to review all balances during its year-end closing process to determine the proper cut-off period for revenues and to ensure that all activities are recorded in the financial statements in the proper accounts. Due to the off-books nature of the District's Cafeteria Non-Major Governmental Fund, additional reconciliation procedures related to balances in this fund are required.

Corrective Action Plan and Views of Responsible Officials

The District's nutrition program operates on an independent financial system. During year-end, the Fiscal Department will work closely with the Food Services department to ensure that all year-end revenues and expenditures, including those involving a transaction between the District's General Fund and the Food Services accounting system, are reconciled to the proper fiscal year. The District will also explore incorporating the Food Services accounting into the District's financial system.

The following finding represents a significant deficiency and an instance of noncompliance which is required to be reported by the Uniform Guidance. The finding has been coded as follows:

Five Digit Code	AB 3627 Finding Type
50000	Federal Compliance

2024-002 50000 – Federal Equipment Inventory (Significant Deficiency, Noncompliance)

Federal Agency: Department of Education
Pass-Through Entity: California Department of Education
Program Name: COVID-19 Elementary and Secondary School Emergency Relief III (ESSER III) Fund
Federal Financial Assistance Listing: 84.425U
Compliance Requirement: Equipment
Type of Finding: Significant Deficiency in Internal Control Over Compliance, Noncompliance

Criteria or Specific Requirements

The Uniform Guidance in 2 CFR 200.313(d)(2) requires that a physical inventory of federally funded property be conducted at least every two years. The results of the inventory must be reconciled with the property records.

Condition

The District's last physical inventory of federally funded property did not take place within the last two years.

Cause

The cause appears to be due to delays in the District arranging for a physical inventory.

Effect

The District is not in compliance with the provisions of 2 CFR 200.313(d)(2).

Questioned Costs

None reported.

Context/Sampling

The condition was identified through inquiry with District personnel and through review of available District records related to physical inventory of equipment.

Repeat Finding

No.

Recommendation

The District should implement internal controls to ensure that physical inventories are performed at least every two years.

Corrective Action Plan and Views of Responsible Officials

The District will re-implement bi-annual physical inventory of inventoriable items by an independent third-party vendor, as required under the provisions of 2 CFR 200.313. This process will be under the direction of the Purchasing Services Department and will begin in Fiscal Year 2024-2025.

None reported.

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

Financial Statements Findings

2023-001 30000 – Internal Control over Financial Reporting (Material Weakness)

Criteria or Specific Requirements

Management is responsible for the design, implementation, and maintenance of internal controls to ensure that the financial statements are free from material misstatement, whether due to error or fraud. Such internal controls should include a review of all adjusting journal entries reclassifying journal entries, and conversion entries used in the preparation of the District's financial statements. Additionally, the District should ensure that all applicable accounting principles are adhered to when preparing the financial statements.

Condition

During the course of our engagement, we identified a material misstatement of beginning balances related to capital assets and long-term liabilities. The District overreported beginning construction in progress by $4,228,903, underreported beginning equipment net of accumulated depreciation by $2,249,136, and underreported beginning long-term liabilities related to finance purchase agreements by $1,582,655. This resulted in overstatement of beginning net position of governmental activities of $3,562,422.

Context

The condition was identified through inquiry with District personnel and through review of available District records related to balances reported in the District's 2022-2023 capital assets.

Cause

The cause of the condition identified appears to be due to inadequate internal controls over financial reporting related to capital assets and long-term liabilities. In the current year, the misstatements were identified by the District as a result of their reconciliation process for capital asset activities.

Effect

The effect of this error resulted in a misstatement that was not detected or prevents by the District's internal control. As reported in the 2021-2022 financial statements, the District's ending net position for governmental activities was overstated by $3,562,422.

Recommendation

The District should establish and enforce formalized procedures related to monitoring capital asset activities. Such procedures should include monthly review and reconciliation of capital asset additions, including those occurring in the CFD accounts, and input into capital asset system for depreciation; procedures for disposal of assets including timelines for when the inventory counts will be performed along with a process for reconciling physical inventory count information with the perpetual capital asset listing.

Current Status

Partially implemented, see current year finding 2024-001.

Management
Lake Elsinore Unified School District
Lake Elsinore, California

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

However, during our audit, we noted matters that are opportunities for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated November 22, 2024, on the government-wide financial statements of the District.

Associated Student Body (ASB)

<u>Luiseño School</u>

Observations

1. Based on review of the cash receipting procedures, it was noted that five of eight deposits tested contained cash that was not deposited in a timely manner. The delay in deposits ranged from 6 to 11 days from the dates of receipt. This could result in large cash balances being maintained at the sites, which can hinder the safeguarding of ASB assets.
2. Based on the review of the cash receipting procedures, it was noted that club advisors are not consistently providing adequate supporting documentation for cash collections. Two of eight deposits were not supported by adequate documentation or a paper trail. As a result, the completeness and timeliness of these deposits could not be verified.
3. Based on the review of the disbursement procedures, it was noted that one of five disbursements tested did not contain explicit receiving documentation to indicate that goods had been received. As a result, the vendor invoice was paid without direct confirmation that the goods being ordered had been received by the ASB.

Recommendations

1. The ASB, should, at a minimum, make their deposits once a week to minimize the amount of cash held at the site. During weeks of high cash activity, there may be a need to make more than one deposit. The District should communicate specific guidelines for this procedure, including the maximum cash on hand that should be maintained at the site.

2. Pre-numbered triplicate receipts or logs should be utilized when collecting money for all ASB events and transactions. If utilizing a log, the student's name and amount being turned in should be documented. If using a receipt book, the receipts should be issued in sequential order to all individuals turning in monies for ASB events. Teachers and administrators who collect monies should be equipped with a triplicate receipts book or log sheet. The white copy of the receipt should be issued to the person turning in the monies, the yellow receipt or log sheet should be utilized for deposit back-up, and the pink copy should be retained in the receipt book for audit purposes. When teachers are turning in monies for deposit, a cash count sheet should be turned in with the yellow copy of the receipts and monies to clearly identify the total amount being turned in.
3. All goods being ordered should be documented with explicit receiving documentation. Documentation should indicate the date that the goods have been received and documentation regarding whether or not the goods have been received intact, undamaged, and in the correct quantities. Payments for vendor invoices should only be made once the receiving documentation is available.

<u>Elsinore Middle School</u>

Observations

1. Based on review of the cash receipting procedures, it was noted that five of eight deposits tested contained cash that was not deposited in a timely manner. The delay in deposits ranged from 7 to 10 days from the dates of receipt. This could result in large cash balances being maintained at the sites, which can hinder the safeguarding of ASB assets.
2. Based on the review of the disbursement procedures, it was noted that one of seven disbursements tested did not contain explicit receiving documentation to indicate that goods had been received. As a result, the vendor invoice was paid without direct confirmation that the goods being ordered had been received by the ASB.
3. Based on the review of the disbursement procedures it was noted that one of seven disbursements tested consisted of amounts that were not approved prior to transactions taking place. This could potentially lead to spending in excess of available funds. Additionally, expenditures of a questionable nature could arise if disbursements are not pre-approved.

Recommendations

1. The ASB, should, at a minimum, make their deposits once a week to minimize the amount of cash held at the site. During weeks of high cash activity, there may be a need to make more than one deposit. The District should communicate specific guidelines for this procedure, including the maximum cash on hand that should be maintained at the site.
2. All goods being ordered should be documented with explicit receiving documentation. Documentation should indicate the date that the goods have been received and documentation regarding whether or not the goods have been received intact, undamaged, and in the correct quantities. Payments for vendor invoices should only be made once the receiving documentation is available.

3. In order to ensure proper internal controls over the ASB disbursements, the site should ensure that all disbursement transactions are pre-approved by authorized administrative personnel and the student council. This would allow the reviewing administrator and/or the student council to determine if the proposed activities are appropriate and to determine if sufficient funding is available to finance the activities or the purchases.

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

Eide Bailly LLP

Rancho Cucamonga, California
November 22, 2024

Exhibit B

First Amended Rate and Method of Apportionment of Special Taxes for

Improvement Area A of

Community Facilities District No. 2017-1

FIRST AMENDED RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES FOR

IMPROVEMENT AREA A OF COMMUNITY FACILITIES DISTRICT NO. 2017-1 OF THE LAKE ELSINORE UNIFIED SCHOOL DISTRICT

A Special Tax (as defined herein) shall be levied on and collected from all Assessor's Parcels within Improvement Area A of Community Facilities District No. 2017-1 ("CFD") of the Lake Elsinore Unified School District ("School District") each Fiscal Year commencing in Fiscal Year 2017/2018, in an amount determined by the Board through the application of the First Amended Rate and Method of Apportionment of Special Taxes ("First Amended RMA") described below. All of the real property within the District, unless exempted by law or by provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

SECTION A
DEFINITIONS

For purposes of this First Amended RMA, the terms hereinafter set forth have the following meanings:

"Acreage" means the number of acres of land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the Administrator may rely on the land area shown on the applicable Final Map.

"Act" means the Mello-Roos Communities Facilities Act of 1982, as amended, being Chapter 2.5, Division 2 of Title 5 of the Government Code of the State of California.

"Administrative Expenses" means any ordinary and necessary expense incurred by the School District on behalf of the District related to the determination of the amount of the levy of Special Taxes, the collection of Special Taxes, including, but not limited to, the reasonable expenses of collecting delinquencies, the administration of Bonds, the proportionate payment of salaries and benefits of any School District employee whose duties are directly related to the administration of the District, and reasonable costs otherwise incurred in order to carry out the authorized purposes of the District including a proportionate amount of School District general administrative overhead related thereto.

"Administrator" means an official of the School District, or designee thereof, responsible for determining the levy and collection of the Special Taxes.

"Annual Special Tax" means the Special Tax actually levied in any Fiscal Year on any Assessor's Parcel.

"Approved Property" means all Assessor's Parcels of Taxable Property that (i) are associated with a Lot in a Final Map that was recorded prior to the January 1st preceding the Fiscal Year in which the Special Tax is being levied and (ii) have not been issued a building permit on or before the May 1st preceding the Fiscal Year in which the Special Tax is being levied.

"Assessor's Parcel" means a parcel of land designated on an Assessor's Parcel Map with an assigned Assessor's Parcel Number within the boundaries of the District.

"Assessor's Parcel Map" means an official map of the Assessor of the County designating parcels by Assessor's Parcel Number.

"Assessor's Parcel Number" means that number assigned to an Assessor's Parcel by the County for purposes of identification.

"Assigned Annual Special Tax" means the Special Tax of that name described in Section D hereof.

"Backup Annual Special Tax" means the Special Tax of that name described in Section E hereof.

"Board" means the Governing Board of the School District, or its designee, acting as the Legislative Body of the District.

"Bond Index" means the national Bond Buyer Revenue Index, commonly referenced as the 25-Bond Revenue Index. In the event the Bond Index ceases to be published, the index used shall be based on a comparable index for revenue bonds maturing in 30 years with an average rating equivalent to Moody's "A1" and/or Standard & Poor's "A+", as determined by the Board.

"Bond Yield" means the yield of the last series of Bonds issued. For purposes of this calculation the yield of the Bonds shall be the yield calculated at the time such Bonds are issued, pursuant to Section 148 of the Internal Revenue Code of 1986, as amended, for the purpose of the Non-Arbitrage (Tax) Certificate or other similar bond issuance document.

"Bonds" means any obligation to repay a sum of money, including obligations in the form of bonds, notes, certificates of participation, long-term leases, loans from government agencies, loans from banks, other financial institutions, private businesses, or individuals, or long-term contracts, or any refunding thereof, to which the Special Taxes have been pledged for repayment.

"Building Square Footage" or **"BSF"** means the square footage of assessable internal living space of a Unit, exclusive of any carports, walkways, garages, overhangs, patios, enclosed patios, detached accessory structure, other structures not used as living space, or any other square footage excluded under Government Code Section 65995 as determined by reference to the building permit(s) for such Unit.

"District" means Improvement Area A of Community Facilities District No. 2017-1 of the School District.

"County" means the County of Riverside.

"Developed Property" means all Assessor's Parcels of Taxable Property for which building permit(s) were issued on or before May 1 of the prior Fiscal Year, provided that such Assessor's Parcels were created on or before January 1 of the prior Fiscal Year, as reasonably determined by the Administrator.

"Exempt Property" means all Assessor's Parcels within the District designated as being exempt from Special Taxes pursuant to Section K hereof.

"Final Map" means a final tract map, parcel map, lot line adjustment, or functionally equivalent map or instrument that creates individual Lots, recorded in the Office of the County Recorder.

"Fiscal Year" means the period commencing on July 1 of any year and ending on the following June 30.

"Land Use Class or Classes" means the tax class classifications depicted in Table 1 for all Assessor's Parcels of Developed Property based on the Building Square Footage of the Units permitted on such Assessor's Parcel.

"Lot" means an individual legal lot created by a Final Map for which a building permit for residential construction has been or could be issued.

"Maximum Special Tax" means for each Assessor's Parcel, the maximum Special Tax, determined in accordance with Section C, which can be levied by the District in a given Fiscal Year on such Assessor's Parcel.

"Mitigation Agreement" means the "School Facilities Funding and Mitigation Agreement" dated as of May 11, 2017, as it may be amended, and as applicable to the territory included within the District.

"Net Taxable Acreage" means the total Acreage of Developed Property expected to exist in the District after all Final Maps are recorded.

"Partial Prepayment Amount" means the amount required to prepay a portion of the Special Tax obligation for an Assessor's Parcel as described in Section H hereof.

"Prepayment Administrative Fees" means any fees or expenses of the School District or the District associated with the prepayment of the Special Tax obligation of an Assessor's Parcel. Prepayment Administrative Fees shall include among other things the cost of computing the Prepayment Amount, redeeming Bonds, and recording any notices to evidence the prepayment and redemption of Bonds.

"Prepayment Amount" means the amount required to prepay the Special Tax obligation in full for an Assessor's Parcel as described in Section G hereof.

"Present Value of Taxes" means for any Assessor's Parcel the present value of (i) the unpaid portion, if any, of the Annual Special Tax applicable to such Assessor's Parcel in the current Fiscal Year and (ii) the Special Taxes expected to be levied on such Assessor's Parcel in each remaining Fiscal Year, as determined by the Administrator, until the termination date specified in Section J, but in no event longer than 33 Fiscal Years. The discount rate used for this calculation shall be equal to (a) the Bond Yield after Bond issuance or (b) the most recently published Bond Index prior to Bond issuance.

"Proportionately" means that the ratio of the actual Annual Special Tax levy to the applicable Assigned Annual Special Tax is equal for all applicable Assessor's Parcels. In the case of Developed Property subject to apportionment of the Annual Special Tax under Step Four of Section F, "Proportionately" shall mean that the quotient of (i) the Annual Special Tax less the Assigned Annual Special Tax divided by (ii) the Backup Annual Special Tax less the Assigned Annual Special Tax is equal for all applicable Assessor's Parcels.

"Provisional Undeveloped Property" means all Assessor's Parcels of Taxable Property that would otherwise be classified as Exempt Property pursuant to Section K, but which cannot be classified as Exempt Property because to do so would reduce the Net Taxable Acreage below the required Minimum Taxable Acreage set forth in Section K, as applicable.

"Reserve Fund Credit" means an amount equal to the lesser of (i) the reduction in the applicable reserve fund requirement(s) resulting from the redemption of Bonds with the Prepayment Amount or (ii) ten percent (10%) of the amount of Bonds which will be redeemed.

In the event that a surety bond or other credit instrument satisfies the reserve requirement or the reserve requirement is underfunded at the time of the prepayment, no Reserve Fund Credit shall be given.

"School District" means the Lake Elsinore Unified School District, a public school district organized and operating pursuant to the Constitution and laws of the State of California.

"Special Tax" means any of the special taxes authorized to be levied by the CFD pursuant to the Act and this First Amended RMA.

"Special Tax Requirement" means the amount required in any Fiscal Year to pay (i) the debt service or the periodic costs on all outstanding Bonds, (ii) Administrative Expenses, (iii) the costs associated with the release of funds from an escrow account or accounts established in association with the Bonds, (iv) any amount required to establish or replenish any reserve funds (or accounts thereof) established in association with the Bonds, and (v) the collection or accumulation of funds for the acquisition or construction of eligible facilities and certain costs associated with the maintenance and operations of school facilities authorized by the District provided that the inclusion of such amount does not cause an increase in the levy of Special Tax on Approved Property, Undeveloped Property, or Provisional Undeveloped Property as set forth in Steps Two through Four of Section F, less (vi) any amount(s) available to pay debt service or other periodic costs on the Bonds pursuant to any applicable bond indenture, fiscal agent agreement, trust agreement, or equivalent agreement or document. In arriving at the Special Tax Requirement the Administrator shall take into account the reasonably anticipated delinquent Special Taxes, provided that the amount included cannot cause the Annual Special Tax of an Assessor Parcel of Developed Property to increase by greater than ten percent (10%) of what would have otherwise been levied.

"Taxable Property" means all Assessor’s Parcels within the District which are not Exempt Property.

"Undeveloped Property" means all Assessor’s Parcels of Taxable Property within the District which are not Developed Property or Approved Property.

"Unit" means each separate residential dwelling unit, including but not limited to a single family attached or detached unit, condominium, an apartment unit, mobile home, or otherwise, excluding hotel and motels.

SECTION B
CLASSIFICATION OF ASSESSOR'S PARCELS

Each Fiscal Year, commencing with Fiscal Year 2017/2018, all Assessor's Parcels within the District shall be classified as either Taxable Property or Exempt Property. In addition, each Assessor's Parcel of Taxable Property shall be classified as Developed Property, Approved Property, Undeveloped Property or Provisional Undeveloped Property. Developed Property shall be further assigned to a Land Use Class, according to Table 1 below, based on the Building Square Footage of each Unit.

Table 1
Land Use Classification

Land Use Class	Building Square Footage
1	< 1,851 sq. ft.
2	1,851 – 2,225 sq. ft.
3	2,226 – 2,600 sq. ft.
4	2,601 – 2,975 sq. ft.
5	2,976 – 3,350 sq. ft.
6	3,351 – 3,725 sq. ft.
7	> 3,725 sq. ft.

SECTION C
MAXIMUM SPECIAL TAX RATE

Prior to the issuance of Bonds, the Maximum Special Tax and Assigned Annual Special Tax on Developed Property, Approved Property, Undeveloped Property and Provisional Undeveloped Property may be reduced in accordance with and subject to the conditions set forth in this Section C without the need for any proceedings to make changes as permitted under the Act. If it is reasonably determined by the Administrator that the maximum tax burden in the District exceeds the School District's maximum tax burden objective set forth in the Mitigation Agreement, the Maximum Special Tax and Assigned Annual Special Tax on Developed Property for a Land Use Class may be reduced. The Maximum Special Tax and Assigned Annual Special Tax may be reduced to the amount necessary to equal such maximum tax burden level with the written consent of the Administrator and without the need for any additional Board proceedings.

The Maximum Special Tax and Assigned Annual Special Tax for Approved Property, Undeveloped Property and Provisional Undeveloped Property may also be reduced in accordance with the Maximum Special Tax reductions for Developed Property, if the Administrator reasonably determines that such reductions are necessary. Each Maximum Special Tax and Assigned Annual Special Tax reduction for a Land Use Class shall be calculated separately, as reasonably determined by the Administrator, and it shall not be required that such reduction be proportionate among Land Use Classes. The reductions permitted pursuant to this Section C shall be reflected in an amended notice of Special Tax lien which the School District shall cause to be recorded by executing a certificate in substantially the form attached herein as Exhibit A.

1. <u>Developed Property</u>

The Maximum Special Tax for each Assessor's Parcel classified as Developed Property shall be the greater of the amount derived by the application of the (a) Assigned Annual Special Tax or (b) Backup Annual Special Tax.

2. <u>Approved Property</u>

The Maximum Special Tax for each Assessor's Parcel classified as Approved Property shall be derived by the application of the Assigned Annual Special Tax.

3. Undeveloped Property

The Maximum Special Tax for each Assessor's Parcel classified as Undeveloped Property or Provisional Undeveloped Property shall be derived by the application of the Assigned Annual Special Tax.

SECTION D
ASSIGNED ANNUAL SPECIAL TAXES

1. Developed Property

The Assigned Annual Special Tax for each Assessor's Parcel of Developed Property will be determined in accordance with Table 2 below according to the Land Use Class of the Unit, subject to the increases as described below.

Table 2
Assigned Annual Special Taxes for Developed Property

Land Use Class	Building Square Footage	Assigned Annual Special Tax
1	< 1,851 sq. ft.	$1,751.49 per Unit
2	1,851 – 2,225 sq. ft.	$1,888.98 per Unit
3	2,226 – 2,600 sq. ft.	$2,026.47 per Unit
4	2,601 – 2,975 sq. ft.	$2,193.22 per Unit
5	2,976 – 3,350 sq. ft.	$2,318.10 per Unit
6	3,351 – 3,725 sq. ft.	$2,547.28 per Unit
7	> 3,725 sq. ft.	$2,776.46 per Unit

2. Approved Property, Undeveloped Property and Provisional Undeveloped Property

The Assigned Annual Special Tax for each Assessor's Parcel of Approved Property, Undeveloped Property, or Provisional Undeveloped Property shall be $10,827.00 per acre of Acreage, subject to increases as described below.

3. Increases in the Assigned Annual Special Tax

a. Developed Property

On each July 1, commencing July 1, 2018, the Assigned Annual Special Tax rate applicable to Developed Property shall be increased by two percent (2%).

b. Approved Property, Undeveloped Property and Provisional Undeveloped Property

On each July 1, commencing July 1, 2018, the Assigned Annual Special Tax rate per acre of Acreage for Approved Property, Undeveloped Property and Provisional Undeveloped Property shall be increased by two percent (2%).

SECTION E
BACKUP ANNUAL SPECIAL TAX

Each Fiscal Year, each Assessor's Parcel of Developed Property shall be subject to a Backup Annual Special Tax.

1. <u>Calculation of the Backup Annual Special Tax Rate</u>

The Backup Annual Special Tax rate for an Assessor's Parcel of Developed Property within a Final Map shall be the rate per Lot calculated in accordance with the following formula in Fiscal Year 2017/2018 or such later Fiscal Year in which such Final Map is created, subject to increases as described below:

$$B = (U \times A) / L$$

The terms above have the following meanings:

B	=	Backup Annual Special Tax per Lot for the applicable Fiscal Year
U	=	Assigned Annual Special Tax per Acre of Undeveloped Property in the Fiscal Year the calculation is performed
A	=	Acreage of Taxable Property expected to exist within such Final Map at the time of calculation, as determined by the Administrator
L	=	Number of Lots within the applicable Final Map at the time of calculation

2. <u>Changes to a Final Map</u>

If the Final Map(s) described in the preceding paragraph are subsequently changed or modified, then the Backup Annual Special Tax for each Assessor's Parcel of Developed Property changed or modified in each such Final Map shall be a rate per square foot of Acreage calculated as follows:

a. Determine the total Backup Annual Special Tax revenue anticipated to apply to the changed or modified Assessor's Parcels prior to the change or modification.

b. The result of paragraph a above shall be divided by the Acreage of Taxable Property of the modified Assessor's Parcels, as reasonably determined by the Administrator.

c. The result of paragraph b above shall be divided by 43,560. The result is the Backup Annual Special Tax per square foot of Acreage that shall be applicable to the modified Assessor's Parcels, subject to increases as described below.

3. Increase in the Backup Annual Special Tax

Each July 1, commencing the July 1 following the initial calculation of the Backup Annual Special Tax rate for Developed Property within a Final Map, the Backup Annual Special Tax for each Lot within such Final Map shall be increased by two percent (2%) of the amount in effect the prior Fiscal Year.

SECTION F
METHOD OF APPORTIONMENT OF THE ANNUAL SPECIAL TAX

Commencing Fiscal Year 2017/2018 and for each subsequent Fiscal Year, the Board shall levy Annual Special Taxes on all Taxable Property in accordance with the following steps:

Step One: The Annual Special Tax shall be levied on each Assessor's Parcel of Developed Property at the Assigned Annual Special Tax applicable to each such Assessor's Parcel.

Step Two: If additional moneys are needed to satisfy the Special Tax Requirement after the first step has been completed, the Annual Special Tax shall be levied Proportionately on each Assessor's Parcel of Approved Property up to 100% of the Assigned Annual Special Tax applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement.

Step Three: If additional moneys are needed to satisfy the Special Tax Requirement after the second step has been completed, the Annual Special Tax shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property up to 100% of the Assigned Annual Special Tax applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement.

Step Four: If additional moneys are needed to satisfy the Special Tax Requirement after the third step has been completed, the Annual Special Tax on each Assessor's Parcel of Developed Property, for which the Maximum Special Tax is the Backup Annual Special Tax, shall be increased Proportionately from the Assigned Annual Special Tax up to 100% of the Backup Annual Special Tax applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement.

Step Five: If additional moneys are needed to satisfy the Special Tax Requirement after the fourth step has been completed, the Annual Special Tax shall be levied Proportionately on each Assessor's Parcel of Provisional Undeveloped Property up to 100% of the Assigned Annual Special Tax applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement.

SECTION G
PREPAYMENT OF SPECIAL TAXES

1. Special Tax Prepayment Times and Conditions

The Special Tax obligation of an Assessor’s Parcel of Taxable Property may be prepaid, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor’s Parcel. An owner of an Assessor's Parcel intending to prepay the Special Tax shall provide the School District with written notice of intent to prepay. Within thirty (30) days of receipt of such written notice, the Administrator shall determine the Prepayment Amount for such Assessor's Parcel and shall notify such owner of such Prepayment Amount.

2. Special Tax Prepayment Calculation

The Prepayment Amount shall be calculated according to the following formula:

$$P = PVT - RFC + PAF$$

The terms above have the following meanings:

P	=	Prepayment Amount
PVT	=	Present Value of Taxes
RFC	=	Reserve Fund Credit
PAF	=	Prepayment Administrative Fees

3. Special Tax Prepayment Procedures and Limitations

The amount representing the Present Value of Taxes attributable to the prepayment less the Reserve Fund Credit attributable to the prepayment shall, prior to the issuance of Bonds, be deposited into a separate account held with the School District and disbursed in accordance with the Mitigation Agreement and after the issuance of Bonds be deposited into the applicable account or fund established under the trust agreement or indenture agreement or fiscal agent agreement and used to pay debt service or redeem Bonds. The amount representing the Prepayment Administrative Fees attributable to the prepayment shall be retained and deposited into the applicable account by the School District, on behalf of the CFD.

With respect to any Assessor's Parcel for which the Special Tax is prepaid, the Board shall indicate in the records of the District that there has been a prepayment of the Special Tax obligation and shall cause a suitable notice to be recorded in compliance with the Act to indicate the prepayment of the Special Tax obligation and the release of the Special Tax lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay such Special Tax shall cease.

Notwithstanding the foregoing, no prepayment will be allowed unless the amount of Assigned Annual Special Taxes that may be levied on Taxable Property, excluding Provisional Undeveloped Property, after such prepayment net of Administrative Expenses, shall be at least 1.1 times the regularly scheduled annual interest and principal payments on all currently outstanding Bonds in each future Fiscal Year and such prepayment will not impair the security of all currently outstanding Bonds, as reasonably determined by the Administrator. Such determination shall include identifying all Assessor's Parcels that are expected to be classified as Exempt Property.

Notwithstanding the above, the ability to prepay the Annual Special Tax obligation of an Assessor’s Parcel may be suspended, by the Administrator, acting in his or her absolute and sole discretion for and on behalf of the CFD, without notice to the owners of property within the District for a period of time, not to exceed sixty (60) days, prior to the scheduled issuance of Bonds by the CFD, on behalf of the District, to assist in the efficient preparation of the required bond market disclosure.

SECTION H
PARTIAL PREPAYMENT OF SPECIAL TAXES

1. Partial Prepayment Times and Conditions

The Special Tax obligation for Assessor's Parcels of Taxable Property may be partially prepaid in increments of ten (10) Units, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor's Parcels at the time the Special Tax obligation would be partially prepaid. An owner of an Assessor's Parcel(s) intending to partially prepay the Special Tax shall provide the District with written notice of their intent to partially prepay. Within thirty (30) days of receipt of such written notice, the Administrator shall determine the Partial Prepayment Amount of such Assessor's Parcel and shall notify such owner of such Partial Prepayment Amount.

2. Partial Prepayment Calculation

The Partial Prepayment Amount shall be calculated according to the following formula:

$$PP = PVT \times F - RFC + PAF$$

The terms above have the following meanings:

PP	=	the Partial Prepayment Amount
PVT	=	Present Value of Taxes
F	=	the percent by which the owner of the Assessor's Parcel is partially prepaying the Special Tax obligation
RFC	=	Reserve Fund Credit
PAF	=	Prepayment Administrative Fees

3. Partial Prepayment Procedures and Limitations

The amount representing the Present Value of Taxes attributable to the prepayment less the Reserve Fund Credit attributable to the prepayment shall, prior to the issuance of Bonds, be deposited into a separate account held with the School District and disbursed in accordance with the Mitigation Agreement and after the issuance of Bonds be deposited into the applicable account or fund established under the trust agreement or indenture agreement or fiscal agent agreement and used to pay debt service or redeem Bonds. The amount representing the Prepayment Administrative Fees attributable to the prepayment shall be retained and deposited into the applicable account by the School District, on behalf of the CFD.

With respect to any Assessor's Parcel for which the Special Tax obligation is partially prepaid, the Board shall indicate in the records of the District that there has been a partial prepayment of the Special Tax obligation and shall cause a suitable notice to be recorded in compliance with the Act to indicate the partial prepayment of the Special Tax obligation and the partial release of the Special Tax lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay such prepaid portion of the Special Tax shall cease. Additionally, the notice shall indicate that the Assigned Annual Special Tax and the Backup Annual Special Tax if applicable for the Assessor's Parcel has been reduced by an amount equal to the percentage which was partially prepaid.

Notwithstanding the foregoing, no partial prepayment will be allowed unless the amount of Special Taxes that may be levied on Taxable Property, excluding Provisional Undeveloped Property, after such partial prepayment, net of Administrative Expenses, shall be at least 1.1 times the regularly scheduled annual interest and principal payments on all currently outstanding Bonds in each future Fiscal Year and such partial prepayment will not impair the security of all currently outstanding Bonds, as reasonably determined by the Administrator. Such determination shall include identifying all Assessor's Parcels that are expected to be classified as Exempt Property.

Notwithstanding the above, the ability to prepay the Annual Special Tax obligation of an Assessor’s Parcel may be suspended, by the Administrator, acting in his or her absolute and sole discretion for and on behalf of the CFD, without notice to the owners of property within the District for a period of time, not to exceed sixty (60) days, prior to the scheduled issuance of Bonds by the CFD, on behalf of the District, to assist in the efficient preparation of the required bond market disclosure.

SECTION I
ANNUAL SPECIAL TAX REMAINDER

In any Fiscal Year which the Annual Special Taxes collected from Developed Property exceeds the amount needed to make regularly scheduled annual interest and principal payments on outstanding Bonds and pay Administrative Expenses, the School District may use such amount for acquisition, construction or financing of school facilities and certain costs associated with the maintenance and operations of school facilities in accordance with the Act, CFD proceedings and other applicable laws as determined by the Board.

SECTION J
TERMINATION OF SPECIAL TAX

The Annual Special Tax shall be levied for a term of five (5) Fiscal Years after the final maturity of the last series of Bonds, provided that the Annual Special Tax shall not be levied later than Fiscal Year 2060/2061. However, the Special Tax may cease to be levied in an earlier Fiscal Year if the Board has determined (i) that all required interest and principal payments on the Bonds have been paid, (ii) all authorized facilities of the CFD have been acquired and all reimbursements have been paid, and (iii) all other obligations of the CFD have been satisfied.

SECTION K
EXEMPTIONS

The Administrator shall classify as Exempt Property in the chronological order in which each Assessor Parcel becomes (i) owned by the State of California, federal or other local governments, (ii) used as places of worship and are exempt from *ad valorem* property taxes because they are owned by a religious organization, (iii) owned by a homeowners' association, (iv) burdened with a public or utility easements making impractical their utilization for other than the purposes set forth in the easement, or (v) any other Assessor’s Parcels at the reasonable discretion of the Board, provided that no such classification would reduce the Net Taxable Acreage to less than 85.6890 ("Minimum Taxable Acreage").

Notwithstanding the above, the Administrator or Board shall not classify an Assessor’s Parcel as Exempt Property if such classification would reduce the sum of all Taxable Property to less than the Minimum Taxable Acreage. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the Acreage of all Taxable Property to less than the Minimum Taxable Acreage will be classified as Provisional Undeveloped Property, as applicable, and will continue to be subject to Special Taxes accordingly.

SECTION L
APPEALS

Any property owner claiming that the amount or application of the Special Tax is not correct may file a written notice of appeal with the Administrator to be received by the Administrator not later than six (6) months after having paid the first installment of the Special Tax that is disputed. The reissuance or cancellation of a building permit is not an eligible reason for appeal. In order to be considered sufficient, any notice of appeal must (i) specifically identify the property by address and Assessor's Parcel Number, (ii) state the amount in dispute and whether it is the whole amount or only a portion of the Annual Special Tax, (iii) state all grounds on which the property owner is disputing the amount or application of the Annual Special Tax, including a reasonably detailed explanation as to why the amount or application of such Special Tax is incorrect, (iv) include all documentation, if any, in support of the claim, and (v) be verified under penalty of perjury by the person who paid the Special Tax or his or her guardian, executor or administrator. The Administrator shall promptly review the appeal, and if necessary, meet with the property owner, consider written and oral evidence regarding the amount of the Special Tax, and rule on the appeal. If the Administrator's decision requires that the Special Tax for an Assessor's Parcel be modified or changed in favor of the property owner, a cash refund shall not be made (except for the last year of levy), but an adjustment shall be made to the Annual Special Tax on that Assessor's Parcel in the subsequent Fiscal Year(s) as the representative's decision shall indicate.

SECTION M
MANNER OF COLLECTION

The Annual Special Tax shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes and shall be subject to the same penalties, the same procedure, sale and lien priority in the case of delinquency; provided, however, that the District may directly bill all or a portion of the Special Tax, may collect Special Taxes at a different time or in a different manner if necessary to meet its financial obligations, and if so collected, a delinquent penalty of ten percent (10%) of the Special Tax will attach at 5:00 p.m. on the date the Special Tax becomes delinquent and interest at 1.5% per month of the Special Tax will attach on the July 1 after the delinquency date and the first of each month thereafter until such Special Taxes are paid.

EXHIBIT A

CERTIFICATE TO AMEND SPECIAL TAX

DISTRICT CERTIFICATE

1. Pursuant to Section C of the First Amended Rate and Method of Apportionment, Improvement Area A of Community Facilities District No. 2017-1 of the Lake Elsinore Unified School District ("District") hereby approves a reduction in the Assigned Annual Special Tax for Developed Property, Approved Property, Undeveloped Property, and Provisional Undeveloped Property within the District.

    a. The information in Table 2 relating to the Fiscal Year 2017/2018 Assigned Annual Special Tax for Developed Property within the District shall be modified as follows:

Table 2
Assigned Annual Special Taxes for Developed Property

Land Use Class	Building Square Footage	Assigned Annual Special Tax Rate
1	< 1,851 sq. ft.	$_,___.__ per Unit
2	1,851 – 2,225 sq. ft.	$_,___.__ per Unit
3	2,226 – 2,600 sq. ft.	$_,___.__ per Unit
4	2,601 – 2,975 sq. ft.	$_,___.__ per Unit
5	2,976 – 3,350 sq. ft.	$_,___.__ per Unit
6	3,351 – 3,725 sq. ft.	$_,___.__ per Unit
7	> 3,725 sq. ft.	$_,___.__ per Unit

    b. The Fiscal Year 2017/2018 Assigned Annual Special Tax for each Assessor's Parcel of Approved Property, Undeveloped Property, and Provisional Undeveloped Property as adjusted annually pursuant to Section D.2 of the RMA shall be $[_____] per acre.

Date: _______________, 20___   By: ______________________________
Administrator

Exhibit C

Debt Service Schedule

2019 Special Tax Refunding Bonds

Improvement Area A of

Community Facilities District No. 2017-1

Lake Elsinore Unified School District
Improvement Area A of Community Facilities District No. 2017-1
Series 2019 Special Tax Bonds
Debt Service Schedule

Period	Series 2019 Special Tax Bonds		
	Principal	Interest	Total Debt Service
9/1/2020	$54,616.00	$77,432.54	$132,048.54
9/1/2021	25,565.00	109,125.20	134,690.20
9/1/2022	29,164.00	108,220.20	137,384.20
9/1/2023	32,944.00	107,187.80	140,131.80
9/1/2024	36,913.00	106,021.58	142,934.58
9/1/2025	41,078.00	104,714.86	145,792.86
9/1/2026	45,448.00	103,260.70	148,708.70
9/1/2027	50,031.00	101,651.84	151,682.84
9/1/2028	54,836.00	99,880.74	154,716.74
9/1/2029	59,871.00	97,939.56	157,810.56
9/1/2030	65,147.00	95,820.12	160,967.12
9/1/2031	70,673.00	93,513.92	164,186.92
9/1/2032	76,458.00	91,012.10	167,470.10
9/1/2033	82,514.00	88,305.48	170,819.48
9/1/2034	88,852.00	85,384.48	174,236.48
9/1/2035	95,482.00	82,239.12	177,721.12
9/1/2036	102,416.00	78,859.06	181,275.06
9/1/2037	109,667.00	75,233.54	184,900.54
9/1/2038	117,247.00	71,351.32	188,598.32
9/1/2039	125,170.00	67,200.78	192,370.78
9/1/2040	133,448.00	62,769.76	196,217.76
9/1/2041	142,097.00	58,045.70	200,142.70
9/1/2042	151,130.00	53,015.46	204,145.46
9/1/2043	160,563.00	47,665.46	208,228.46
9/1/2044	170,411.00	41,981.54	212,392.54
9/1/2045	180,692.00	35,948.98	216,640.98
9/1/2046	191,421.00	29,552.48	220,973.48
9/1/2047	202,617.00	22,776.18	225,393.18
9/1/2048	214,297.00	15,603.54	229,900.54
9/1/2049	226,481.00	8,017.42	234,498.42
Total	**$3,137,249.00**	**$2,219,731.46**	**$5,356,980.46**

Exhibit D

California Debt and Investment

Advisory Commission Report

Improvement Area A of

Community Facilities District No. 2017-1

MELLO ROOS REPORT
California Debt and Investment Advisory Commission, 915 Capitol Mall, Room 400, Sacramento, CA 95814 P.O. Box 942809, Sacramento, CA 94209-0001 Tel.: (916) 653-3269 Fax: (916) 654-7440

Information as of Reporting Year End: 6/30/2024

Issuance

Issuer Name:	Lake Elsinore Unified School District CFD No 2017-1
Issue Name:	2019 Special Tax Bonds
Project Name:	IA No A
Actual Sale Date:	12/20/2019
Settlement Date:	12/20/2019
Original Principal Amount:	$3,137,249.00
Date of Filing:	10/28/2024
Reserve Fund Minimum Balance:	Yes
Reserve Fund Minimum Balance Amount:	$105,524.29

Credit Rating from Report of Final Sale

Credit Rating:	Not Rated
Standard & Poor:	
Fitch:	
Moody's:	
Other:	

Credit Rating from Mello-Roos Last Yearly Fiscal Status Report

Credit Rating:	Not Rated
Standard & Poor:	
Fitch:	
Moody's:	
Other:	

Credit Rating for This Reporting Period

Credit Rating:	Not Rated
Standard & Poor:	

Fitch:

Moody's:

Other:

Fund Balance

Principal Amount of Bonds Outstanding:	$2,994,960.00
Bond Reserve Fund:	$99,600.44
Capitalized Interest Fund:	$0.00
Construction Fund(s):	$337.84

Assessed Value

Assessed or Appraised Value Reported as of:	1/1/2024
Use Appraised Value only in first year or before annual tax roll billing commences:	From Equalized Tax Roll
Total Assessed Value of All Parcels:	$79,780,634.00

Tax Collection

Total Amount of Special Taxes Due Annually:	$184,288.44
Total Amount of Unpaid Special Taxes Annually:	$0.00
Does this agency participate in the County's Teeter Plan?	No

Delinquent Reporting

Delinquent Parcel Information Reported as of Equalized Tax Roll of:	7/1/2024
Total Number of Delinquent Parcels:	0
Total Amount of Special Taxes Due on Delinquent Parcels:	$0.00

Delinquency Parcel Reporting

Document Type	Document Name	File Upload Date
Delinquent Parcel Detail Report	CFD 2017-1 IA A.pdf	10/28/2024

Foreclosure

Date Foreclosure Commenced	Total Number of Foreclosure Parcels	Total Amount of Tax on Foreclosure Parcels

Retired Issues

Indicate Reason for Retirement:	Not Retired

Filing Contact

Filing Contact Name:	Justin Bjorgan
Agency/Organization Name:	KeyAnalytics (California Financial Services)
Address:	555 Corporate Drive, Suite 100
City:	Ladera Ranch
State:	CA
Zip Code:	92694
Telephone:	949-2821077
Fax Number:	
E-mail:	jbjorgan@calschools.com

Comments

Issuer Comments:	The difference in the reserve requirement and balance on the reserve fund is due to an error in calculation and not the result of a draw on the reserve fund. The Fiscal Agent has been notified and will initiate the transfer as needed.

Submission Date: 10/28/2024

Lake Elsinore Unified School District
Riverside County
Improvement Area A of Community Facilities District No. 2017-1
Fiscal Year 2023/2024 Tax Roll Delinquent Parcel Detail Report

Assessor's Parcel Number	Tax Year	Total Delinquent	Total Special Tax Levied	Percentage Delinquent
No Parcels are Delinquent				

Information as of Reporting Year End: 6/30/2024

Issuance Information

Issuer Name:	Lake Elsinore Unified School District CFD No 2017-1
Issue Name:	2019 Special Tax Bonds
Project Name:	IA No A
Actual Sale Date:	12/20/2019
Settlement Date:	12/20/2019
Original Principal Amount:	$3,137,249.00
Net Original Issue Premium/Discount:	$0.00
Proceeds Used to Acquire Local Obligations (Marks-Roos Only):	$0.00
Total Reportable Proceeds:	$3,137,249.00
Total cost of issuance from Report of Final Sale:	$156,000.00

Issuance Authorization

Authorization (1):

Authorization Name:	CFD Special Combined Formation Election IA No A
Original Authorized Amount:	$23,000,000.00
Authorization Date:	5/11/2017
Amount Authorized - Beginning of the Reporting Period:	$19,862,751.00
Amount Authorized - During the Reporting Period:	$0.00
Total Debt Authorized:	$19,862,751.00
Debt Issued During the Reporting Period:	$0.00
Replenishment Reported During the Reporting Period:	$0.00
Total Debt Authorized but Unissued:	$19,862,751.00
Authorization Lapsed:	$0.00

Total Authorization Remaining - End of Reporting Period:	$19,862,751.00

Principal Outstanding

Principal Balance Upon Sale or at Beginning of the Reporting Period:	$3,027,904.00
Accreted Interest – During Reporting Period:	$0.00
Total Principal and Accreted Interest:	$3,027,904.00
Principal Paid with Proceeds from Other Debt Issues – During the Reporting Period:	$0.00
Principal Payments - During the Reporting Period (not reported as payments above):	$32,944.00
Principal Outstanding – End of Reporting Period:	$2,994,960.00

Refunding/Refinancing Issues

CDIAC #	Refunding/refinancing Amount	Redemption/Payment Date
No data available to display.		

Use of Proceeds

Report End Date	Begin Amount	Spent Amount	Remain Amount
6/30/2020	$3,137,249.00	$334,707.48	$2,802,541.52
6/30/2021	$2,802,541.52	$2,697,017.23	$105,524.29
6/30/2022	$105,524.29	$0.00	$105,524.29
6/30/2023	$105,524.29	$0.00	$105,524.29
6/30/2024	$105,524.29	$0.00	$105,524.29

Proceeds Spent/Unspent (Fund Level)

Fund Category	Total Reportable Proceeds Available	Proceeds Spent Current Reporting Period	Proceeds Spent Prior Reporting Period(s)	Proceeds Unspent / Remaining
Construction Fund	$2,875,724.71	$0.00	$2,875,724.71	$0.00

Cost of Issuance	$156,000.00	$0.00	$156,000.00	$0.00
Reserve Fund	$105,524.29	$0.00	$0.00	$105,524.29
TOTAL:	$3,137,249.00	$0.00	$3,031,724.71	$105,524.29

Expenditures of Current Reporting Period

Fund Category	Purpose	Expenditure Amount
	No data available to display.	
TOTAL:		$0.00

Expenditure Summary

Fund Category	Purpose	Expenditure In Current Reporting Period	Expenditure In Prior Reporting Period(s)	Total Expenditure All Periods
Construction Fund	Construction of facilities	$0.00	$2,875,724.71	$2,875,724.71
Cost of Issuance	Issuance costs	$0.00	$156,000.00	$156,000.00
TOTAL:		$0.00	$3,031,724.71	$3,031,724.71

Refunded/Refinanced Issues

CDIAC #	Refunding/refinancing Amount	Redemption/Payment Date
	No data available to display.	

Filing Contact

Filing Contact Name:	Justin Bjorgan
Agency/Organization Name:	KeyAnalytics (California Financial Services)
Address:	555 Corporate Drive, Suite 100
City:	Ladera Ranch
State:	CA
Zip Code:	92694

Telephone:	949-2821077
Fax Number:	
E-mail:	jbjorgan@calschools.com

Comments

Issuer Comments:	IN FISCAL YEAR 2023/2024 THE RESERVE FUND WAS UNDERFUNDED. THIS WAS DUE TO AN ERROR IN CALCULATION AND NOT A DRAW ON THE RESERVE FUND. THE FISCAL AGENT HAS BEEN NOTIFIED AND THE RESERVE FUND HAS BEEN REPLENISHED.

ADTR Reportable

Principal Outstanding – End of Reporting Period:	$2,994,960.00
Proceeds Unspent – End of Reporting Period:	$105,524.29
ADTR Reportable Next Reporting Year:	Yes

Submission Date:	11/23/2024