

City of Perris Housing Authority

Perris, California

Basic Financial Statements and Independent Auditors' Report

For the Year Ended June 30, 2020



City of Perris Housing Authority
For the Year Ended June 30, 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of the City of Perris Housing Authority
Perris, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the City of Perris Housing Authority (the "Housing Authority"), a component unit of the City of Perris, California (the "City"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedule, the Schedule of Proportionate Share of Net Pension Liability and Related Ratios, the Schedule of Contributions – Pensions, the Schedule of Proportionate Share of Net OPEB Liability and Related Ratios, and the Schedule of Contributions – Other Postemployment Benefits on pages 41 to 46 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the Management’s Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 2, 2021, on our consideration of the Housing Authority’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Housing Authority’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 Housing Authority’s internal control over financial reporting and compliance.

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

Santa Ana, California
April 2, 2021



**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***

Independent Auditors' Report

To the Board of Directors
of the City of Perris Housing Authority
Perris, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the City of Perris Housing Authority (the "Housing Authority"), a component unit of the City of Perris, California (the "City"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements, and have issued our report thereon dated April 2, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Housing Authority'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 Housing Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Housing Authority'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 statement. 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*.

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To the Board of Directors
of the City of Perris Housing Authority
Perris, California
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Purpose of this Report

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

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

Santa Ana, California
April 2, 2021

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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City of Perris Housing Authority
Statement of Net Position
June 30, 2020

ASSETS	Governmental Activities
Current assets:	
Cash and investments	\$ 846,339
Interest receivable	872
Total current assets	847,211
Noncurrent assets:	
Notes and loans	3,677,047
Land	500,902
Total noncurrent assets	4,177,949
Total Assets	5,025,160
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pensions	718,247
Deferred outflows of resources related to other postemployment benefits	61,709
Total deferred outflows of resources	779,956
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	127,833
Compensated absences, due in one year	15,280
Total current liabilities	143,113
Noncurrent liabilities:	
Compensated absences, due in more than one year	61,122
Net pension liability	537,050
Net other postemployment benefits liability	359,516
Total noncurrent liabilities	957,688
Total liabilities	1,100,801
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	42,614
Deferred inflows of resources related to other postemployment benefits	163
Total deferred inflows of resources	42,777
NET POSITION	
Investment in capital assets	500,902
Unrestricted	4,160,636
Total net position	\$ 4,661,538

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City of Perris Housing Authority
Statement of Activities
For the Year Ended June 30, 2020

	<u>Expenses</u>	<u>Program Revenues</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
Functions/Programs:	Expenses	Charges for Services	Governmental Activities
Governmental activities:			
Community development	\$ 964,914	\$ 90,640	\$ (874,274)
Total Governmental Activities	<u>\$ 964,914</u>	<u>\$ 90,640</u>	<u>(874,274)</u>
General Revenues:			
Investment income			42,872
Total General Revenues			<u>42,872</u>
Change in net position			(831,402)
Net position - beginning of year			5,492,940
Net position - end of year			<u>\$ 4,661,538</u>

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FUND FINANCIAL STATEMENTS

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

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City of Perris Housing Authority
Balance Sheet
Governmental Fund
June 30, 2020

	General Fund
ASSETS	
Cash and investments	\$ 846,339
Interest receivable	872
Notes and loans	3,677,047
Total Assets	4,524,258
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable and accrued liabilities	\$ 127,833
Total Liabilities	127,833
Fund Balance:	
Nondisposable	3,677,047
Unassigned	719,378
Total Fund Balance	4,396,425
Total Liabilities and Fund Balance	\$ 4,524,258

City of Perris Housing Authority
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2020

Total Fund Balances - Total Governmental Funds \$ 4,396,425

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets net of depreciation have not been included as financial resources. Therefore, they are not reported in governmental funds. Those assets consist of amount reported in the Statement of Net Position:

Land	500,902
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Compensated absences that have not been included in the governmental fund activity.	(76,402)
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Net pension liability and related deferred outflows and inflows of resources are not due and payable in the current period; therefore, are not reported as government funds' liabilities. They are reported in the Statement of Net Position:

Deferred outflows of resources related to pensions	718,247	
Net pension liability	(537,050)	
Deferred inflows outflows of resources related to pensions	(42,614)	138,583

Net other postemployment benefits liability and related deferred outflows and inflows of resources are not due and payable in the current period; therefore, are not reported as government funds' liabilities. They are reported in the Statement of Net Position:

Deferred outflows of resources related to other postemployment benefits	61,709	
Net other postemployment benefits liability	(359,516)	
Deferred inflows outflows of resources related to other postemployment benefits	(163)	(297,970)

Net position of governmental activities	\$ 4,661,538
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City of Perris Housing Authority
Statement of Revenues, Expenditures, and Change in Fund Balance
Governmental Fund
For the Year Ended June 30, 2020

	General Fund
REVENUES:	
Charges for services	\$ 90,640
Investment earnings	42,872
Total Revenues	133,512
EXPENDITURES:	
Current:	
Community development	1,433,660
Total Expenditures	1,433,660
NET CHANGE IN FUND BALANCE	(1,300,148)
FUND BALANCE:	
Beginning of year	5,696,573
End of year	\$ 4,396,425

City of Perris Housing Authority
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Change
in Fund Balance to the Government-Wide Statement of Activities
For the Year Ended June 30, 2020

Net change in fund balances - total governmental funds: \$ (1,300,148)

Amounts reported for governmental activities in the Statement of Activities are different because:

Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (1,184)

Pension expenses is an expenditure in the governmental funds, but reduce the net pension liability in the Statement of Net Position, net of pension contribution made after measurement date in the amount of \$632,065. 497,500

Other postemployment expenses is an expenditure in the governmental funds, but reduce the net pension liability in the Statement of Net Position, net of pension contribution made during the measurement period in the amount of \$11,562. (27,570)

Change in net position of governmental activities \$ (831,402)

NOTES TO THE BASIC FINANCIAL STATEMENTS

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City of Perris Housing Authority
Notes to the Basic Financial Statements
For the Year Ended June 30, 2020

Note 1 – Summary of Significant Accounting Policies

The financial statements of the City of Perris Housing Authority (the “Housing Authority”), a component unit of the City of Perris, California (the “City”), have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) as applied to governmental agencies. The Governmental Accounting Standards Boards (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Housing Authority’s significant accounting policies are described below.

A. Description of the Reporting Entity

The Housing Authority was formed on March 29, 2011 and operates as a public authority whose primary goal is to provide decent, safe and sanitary housing in a suitable living environment for families that cannot afford private housing that comply with housing quality standards.

The Housing Authority’s office and records are located at City hall, 101 North “D” Street, Perris, California, telephone number (951) 943-6100.

The Housing Authority is a component unit of the City and, accordingly, the financial statements of the Housing Authority are included in the financial statements of the City of Perris. The Housing Authority is an integral part of the reporting entity of the City. The funds of the Housing Authority have been blended within the financial statements of the City because the City Council of the City is the governing board of the Housing Authority and exercise control over the operations of the Housing Authority. Only the funds of the Housing Authority are included herein, therefore, these financial statements do not purport to represent the financial position or results of operations of the City.

B. Basis of Accounting and Measurement Focus

The accounts of the Housing Authority are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

C. Government-Wide Financial Statements

The Housing Authority’s government-wide financial statements include a Statement of Net Position and a Statement of Activities. These financial statements present summaries of activities for the Housing Authority.

These financial statements are presented on an “*economic resources*” measurement focus and the accrual basis of accounting. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

D. Government Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all governmental funds. All governmental funds are accounted for using the “*current financial resources*” measurement focus and modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheets. The Statement of Revenues, Expenditures and Changes in Fund Balance presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

City of Perris Housing Authority
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 1 – Summary of Significant Accounting Policies (Continued)

D. Government Fund Financial Statements (Continued)

The Housing Authority reports the following major governmental fund:

- The General Fund is the main operating fund for the Housing Authority and accounts for aids to low-income families in obtaining decent, safe and sanitary housing through federal assistance programs and low/moderate income housing programs.

Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are reported when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. Expenditures are reported in the accounting period in which the related fund liability is incurred.

Unavailable revenue arises when potential revenues do not meet both the “measurable” and “available” criteria for recognition in the current period. Unearned revenue arises when the government receives resources before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods when both revenue recognition criteria are met or when the government has a legal claim to the resources, the unavailable revenue and unearned revenue are removed from the balance sheet and revenue is recognized.

Reconciliations of the Fund Financial Statements to the Government-Wide Financial Statements are provided to explain the differences.

E. Cash and Investments

The Housing Authority’s cash and investments consist of cash and investments pooled with the City. The Housing Authority cash balance is pooled with various other City funds for deposit and investment purposes. The share of each fund in the pooled cash is separately maintained and interest income is apportioned to the participating funds based on the relationships of their average quarter-end cash balances to the total of the pooled cash and investments.

F. Capital Assets

The Housing Authority’s capital assets include land, and are reported in the government-wide financial statements. Capital assets are recorded at cost where historical records are available and at an estimated historical cost where no historical records exist. Capital assets are purchased in excess of \$5,000.

City of Perris Housing Authority
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 1 – Summary of Significant Accounting Policies (Continued)

G. *Deferred Outflows and Inflows of Resources*

The Statement of Net Position and Balance Sheet reports separate sections for deferred outflows of resources and deferred inflows of resources, when applicable.

Deferred Outflows of Resources represent outflows of resources (consumption of net position) that apply to future periods; therefore, will not be recognized as an expense until that time.

Deferred Inflows of Resources represent inflows of resources (acquisition of net position) that apply to future periods; therefore, are not recognized as a revenue until that time.

H. *Compensated Absences*

Accumulated vacation and sick leave benefits and compensatory time payable in future years when used by the Housing Authority employees amounted to \$76,402 at June 30, 2020. These amounts are payable from future resources and therefore have been recorded in long-term liabilities in the financial statements. Vacation benefits, sick leave, and compensatory time are recorded as expenses when used.

I. *Pensions*

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's California Public Employees' Retirement System ("CalPERS") plan (Plan) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The following timeframes are used for pension reporting:

<u>CalPERS</u>	
Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Measurement Period	July 1, 2018 to June 30, 2019

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and inflows of sources related to pensions and are to be recognized in further pension expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized over five years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

J. *Other Postemployment Benefits ("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 City's OPEB plan and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

City of Perris Housing Authority
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 1 – Summary of Significant Accounting Policies (Continued)

J. Other Postemployment Benefits (“OPEB”) (Continued)

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

Other Postemployment Benefits

Valuation Date	July 1, 2019
Measurement Date	June 30, 2020
Measurement Period	July 1, 2019 to June 30, 2020

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. The first amortized amounts are recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The gains and losses are amortized on a straight-line basis over the average expected remaining service lives of all members.

K. Net Position

In the Government-Wide Financial Statements, net position are classified as follows:

Investment in Capital Assets – This amount consists of capital assets.

Restricted – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted – This amount is all net position that does not meet the definition of “investment in capital assets” or “restricted net position.”

When expenses are incurred for purposes for which both restricted and unrestricted net position are available, the Housing Authority’s policy is to apply restricted net position first, then unrestricted net position as they are needed.

L. Fund Balance

Fund balance in the governmental fund are reported in classifications that comprise a hierarchy based primarily on the extent to which the Housing Authority is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The Housing Authority considers restricted fund balance to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Similarly, when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the Housing Authority considers committed amounts to be reduced first, followed by assigned amounts and then unassigned amounts. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable Fund Balance - Includes amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reasons, must be kept intact.

City of Perris Housing Authority
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 1 – Summary of Significant Accounting Policies (Continued)

L. Fund Balance (Continued)

Restricted Fund Balance - Constraints placed on the use of these resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors or other governments; or are imposed by law (through constitutional provisions or enabling legislation).

Committed Fund Balance - Amounts that can only be used for specific purposes because of a formal action (ordinance) by the government's highest level of decision-making authority. The Board of Directors of the Housing Authority is the highest level of decision-making authority for the Housing Authority that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken to remove or revise the limitation.

Assigned Fund Balance - Amounts that are constrained by the Housing Authority's intent to be used for specific purposes, but that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body, another body, or by an official to whom the authority has been given. The Board of Directors of the Housing Authority has by resolution authorized the Finance Director to assign fund balance. The Board of Directors of the Housing Authority may also assign fund balance, however, unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment.

Unassigned Fund Balance - These are either residual positive net resources of the General Fund in excess of what can properly be classified in one of the other categories, or negative balances in all other funds.

M. Use of Estimates

The preparation of basic financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ.

Note 2 – Cash and Investments

Cash and investments of the Housing Authority at June 30, 2020 was in the amount of \$846,339. Cash is deposited in the City's internal investment pool, which is reported at amortized cost. The Housing Authority does not own specifically identifiable securities in the City pool. Interest income is allocated based on average cash balances. Investment policies and associated risk factors applicable to the Housing Authority are those of the City and are included in the City's basic financial statements.

Note 3 – Notes and Loans Receivable

The former Redevelopment Agency for the City of Perris made long-term rehabilitation and acquisition loans to owner-occupants of substandard homes who would otherwise be unable to obtain sufficient public or private financing to rehabilitate or acquire their homes. These loans were transferred to the Housing Authority subsequently to the dissolution of the redevelopment agency in accordance with Assembly Bill 1X 26. The loans are payable upon the sale or change in ownership of the property. Included in a portion of these loans are provisions for forgiving the balances if certain criteria is met. The amounts forgiven are reflected as loan amortizations on the financial statements which amounted to \$55,754 in the current year. The receivable balance of \$3,677,047 is not expected to be collected within one year.

City of Perris Housing Authority
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 4 – Capital Assets

The summary of change in capital assets for the year ended June 30, 2020 was as follows:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Land	\$ 500,902	\$ -	\$ -	\$ 500,902

Note 5 – Compensated Absences

The summary of changes in compensated absences for the year ended June 30, 2020 was a follows:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020	Due within One Year	Due in More Than One Year
Compensated absences	\$ 75,218	\$ 5,907	\$ (4,723)	\$ 76,402	\$ 15,280	\$ 61,122

Note 6 – Net Pension Liabilities

A. General Information about the Pension Plan

Plan Description

The Housing Authority participates in the City’s miscellaneous plan, a cost-sharing multiple-employer defined benefit pension plan for miscellaneous employees. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and City ordinance. A full description of the pension plan regarding number of employees covered, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in annual actuarial valuation report. This report and CalPERS’ audited financial statements are publicly available reports that can be obtained at CalPERS’ website under Forms and Publications.

Benefits Provided

CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are based on years of credited service, equal to one year of fulltime employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

City of Perris Housing Authority
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 6 – Net Pension Liabilities (Continued)

A. General Information about the Pension Plan (Continued)

Benefits Provided (Continued)

Below is the summary of the plans' provisions and benefits in effect at June 30, 2020:

	Plans		
	Miscellaneous		
	Classic	Tire II	PEPRA
		January 1, 2010	
Hire date	Prior to January 1, 2013	but prior to January 1, 2013	January 1, 2013 and after
Benefit formula	2.7% @ 55	2.0% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	Minimum 50 yrs	Minimum 50 yrs	Minimum 52 yrs
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.092% to 2.418%	1.0% to 2.5%
Employee contribution rate	8.000%	7.000%	6.250%
Employer contribution rate (Measurement period)	12.212%	7.634%	6.842%
Employer contribution rate (current fiscal year)	13.182%	8.081%	6.985%

Participant is eligible for non-industrial disability retirement if he/she becomes disabled and has at least 5 years of credited service. There is no special age requirement. The standard non-industrial disability retirement benefit is a monthly allowance equal to 1.8 percent of final compensation, multiplied by service. Industrial disability benefits are not offered.

An employee's beneficiary may receive the basic death benefit if the employee dies while actively employed. A member's survivor who is eligible for any other pre-retirement death benefit may choose to receive that death benefit instead of this basic death benefit. The basic death benefit is a lump sum in the amount of the employee's accumulated contributions, where interest is currently credited at 7.5 percent per year, plus a lump sum in the amount of one month salary for each completed year of current service, up to a maximum of six months' salary. For purposes of this benefit, one month's salary is defined as the member's average monthly full-time rate of compensation during the 12 or 36 months preceding death.

Upon the death of a retiree, a one-time lump sum payment of \$500 will be made to the retiree's designated survivor(s), or to the retiree's estate.

Benefit terms provide for annual cost-of-living adjustments to each employee's retirement allowance. Beginning the second calendar year after the year of retirement, retirement and survivor allowances will be annually adjusted on a compound basis by 2 percent.

City of Perris Housing Authority
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 6 – Net Pension Liabilities (Continued)

A. General Information about the Pension Plan (Continued)

Employees Covered by Benefit Terms

Please refer to the City’s Comprehensive Annual Financial Report for numbers of employees covered by benefit terms at June 30, 2018, the valuation date.

Contribution Description

Section 20814(c) of the California Public Employees’ Retirement Law (“PERL”) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through 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 employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

B. Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For measurement period ended June 30, 2019, the total pension liability was determined by rolling forward the June 30, 2018 total pension liability. The June 30, 2018 valuation was rolled forward to determine the June 30, 2019 total pension liability, based on following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table ¹	Derived using CalPERS’ Membership Data for all Funds
Post Retirement Benefit Increase	The lesser of contract COLA or 2.50% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.50% thereafter

¹The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

Change of Assumptions

In 2019, there were no changes in assumptions.

City of Perris Housing Authority
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 6 – Net Pension Liabilities (Continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The expected real rates of return by asset class are as follows:

Asset Class ¹	Assumed Assets Allocation	Real Return Years 1 - 10 ²	Real Return Years 11+ ³
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
	100.00%		

¹ In the CalPERS' CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

² An expected inflation of 2.00% used for this period

³ An expected inflation of 2.92% used for this period

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members 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 those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

City of Perris Housing Authority
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 6 – Net Pension Liabilities (Continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Housing Authority’s proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the Housing Authority’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

	Plan's Net Pension Liability		
	Discount Rate	Current Discount	Discount Rate
	- 1% (6.15%)	Rate (7.15%)	+ 1% (8.15%)
Measurement Date June 30, 2019	\$ 861,456	\$ 537,050	\$ 269,275

Pension Plan Fiduciary Net Position

Detailed information about the plan’s fiduciary net position is available in the separately issued CalPERS financial report.

Proportionate Share of Net Pension Liability and Pension Expense

The Housing Authority proportionate share of net pension liability of the City’s miscellaneous plan is determined by the City’s CalPERS fiscal year 2018-2019 contribution made by the Housing Authority over the total miscellaneous plan contribution. The following table shows the Housing Authority’s proportionate share of the City’s miscellaneous plan net pension liability over the measurement periods ended June 30, 2019.

	Increase (Decrease)		
	Total Pension	Plan Fiduciary Net	Net Pension
	Liability	Position	Liability
	(a)	(b)	(c) = (a) - (b)
Balance at June 30, 2018 (Valuation Date)	\$ 1,930,288	\$ 1,468,676	\$ 461,612
Balance at June 30, 2019 (Measurement Date)	2,199,258	1,662,208	537,050
Net Changes during 2018-2019	\$ 268,970	\$ 193,532	\$ 75,438

The following is the approach established by the plan actuary to allocate the net pension liability and pension expense to the individual employers within the risk pool.

- (1) In determining a cost-sharing plan’s proportionate share, total amounts of liabilities and assets are first calculated for the risk pool as a whole on the valuation date (June 30, 2018). The risk pool’s fiduciary net position (“FNP”) subtracted from its total pension liability (“TPL”) determines the net pension liability (“NPL”) at the valuation date.
- (2) Using standard actuarial roll forward methods, the risk pool TPL is then computed at the measurement date (June 30, 2019). Risk pool FNP at the measurement date is then subtracted from this number to compute the NPL for the risk pool at the measurement date. For purposes of FNP in this step and any later reference thereto, the risk pool’s FNP at the measurement date denotes the aggregate risk pool’s FNP at June 30, 2019 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (2018-19).

City of Perris Housing Authority
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 6 – Net Pension Liabilities (Continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Proportionate Share of Net Pension Liability and Pension Expense (Continued)

- (3) The individual plan’s TPL, FNP and NPL are also calculated at the valuation date.
- (4) Two ratios are created by dividing the plan’s individual TPL and FNP as of the valuation date from (3) by the amounts in step (1), the risk pool’s total TPL and FNP, respectively.
- (5) The plan’s TPL as of the measurement date is equal to the risk pool TPL generated in (2) multiplied by the TPL ratio generated in (4). The plan’s FNP as of the Measurement Date is equal to the FNP generated in (2) multiplied by the FNP ratio generated in (4) plus any additional side fund (or unfunded liability) contributions made by the employer on behalf of the plan during the measurement period.
- (6) The plan’s NPL at the Measurement Date is the difference between the TPL and FNP calculated in (5).

Deferred outflows of resources, deferred inflows of resources, and pension expense is allocated based on the City’s share of net pension liability at the measurement date.

The Housing Authority’s proportionate shares of the net pension liabilities are as follows:

June 30, 2018	0.0048%
June 30, 2019	<u>0.0052%</u>
Change - Increase (Decrease)	<u><u>0.0005%</u></u>

For the year ended June 30, 2020, the Housing Authority recognized pension credit in the amounts of \$134,565.

The expected average remaining service lifetime (“EARSL”) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired). The EARSL for the miscellaneous plan for the 2018-19 measurement period is 3.8 years, which was obtained by dividing the total service years of 530,470 (the sum of remaining service lifetimes of the active employees) by 140,593 (the total number of participants: active, inactive, and retired).

As of measurement date of June 30, 2019, the Housing Authority reported deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred outflows of Resources	Deferred inflows of Resources
Contribution made after the measurement date	\$ 632,065	\$ -
Changes of assumptions	25,609	(9,078)
Difference between expected and actual experience	37,300	(2,890)
Net difference between projected and actual earning on pension plan investments	-	(9,389)
Adjustment due to differences in proportions	23,273	-
Difference between the City’s contributions and proportionate share of contributions	-	(21,257)
Total	\$ 718,247	\$ (42,614)

City of Perris Housing Authority
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 6 – Net Pension Liabilities (Continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Proportionate Share of Net Pension Liability and Pension Expense (Continued)

The amounts above are net of deferred outflows and inflows of resources recognized in the 2018-19 measurement period expense.

\$632,065 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the collective net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30,	Deferred Outflows/(Inflows) of Resources Miscellaneous Plan
2021	\$ 39,341
2022	(3,372)
2023	5,701
2024	1,898
2025	-
Thereafter	-
	\$ 43,568

Note 7 – Other Postemployment Benefits (“OPEB”)

A. General Information about the OPEB Plan

Plan Description

The Housing Authority participates in the City of Perris Retiree Healthcare Plan (“CPRHP”). The City provides medical benefits to eligible retired employees and qualified dependents. CPRHP is part of the Public Agency portion of the California Employers’ Retiree Benefit Trust Fund (“CERBT”), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements is established by State statute within the Public Employees’ Retirement Law. CPRHP selects optional benefit provisions from the benefit menu by contract with CalPERS. CalPERS issues a Comprehensive Annual Financial Report (“CAFR”). The CAFR is issued in aggregate and includes the sum of all CalPERS plans. Copies of the CalPERS CAFR may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

City of Perris Housing Authority
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 7 – Other Postemployment Benefits (“OPEB”) (Continued)

A. General Information about the OPEB Plan (Continued)

Funding Policy

The contribution requirements of plan members and the City are established and may be amended by the City Council. Retirees hired prior to June 26, 2007 are covered by an “equal contribution method” resolution. The City contributes 100% of the retiree and dependent premiums up to the average of the family premiums for the two median-cost plans.

Retirees hired after June 25, 2008 are covered under a “vesting” resolution. A summary of the vesting resolution is as follows:

Contribution (Maximum)		
Employee Only	Employee and 1 dependent	Employee and 2+ dependent
\$ 931	\$ 1,862	\$ 1,733

Years of Service	Vesting %
Less than 10	0%
10	50%
11	55%
12	60%
13	65%
14	70%
15	75%
16	80%
17	85%
18	90%
19	95%
20 or more	100%

Contributions

The City currently finances benefits on a pay-as-you-go basis.

Employee Covered

Please refer to the City’s Comprehensive Annual Financial Report for numbers of employees covered by the plan at June 30, 2020.

City of Perris Housing Authority
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 7 – Other Postemployment Benefits (“OPEB”) (Continued)

B. Net OPEB Liability

Actuarial Assumptions

The total OPEB liability as of June 30, 2020 was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal, Level of Percentage of Pay
Amortization Method	Straight-line amortization over a closed period equal to the average expected remaining service lives of all members (6.5 years).
Actuarial Assumptions:	
Discount Rate	2.20%, net of investment expense, including inflation
Inflation	2.75% per annum
Salary Increases	2.75% per year
Healthcare cost trend rates	4.00%
Retiree's share of cost	Retiree liabilities are based on actual retiree premium plus an implicit rate subsidy of 93.4% of non-Medicare medical premium. Liabilities for active participants are based on the first year costs shown below, which include the implicit rate subsidy. Subsequent years' costs are based on first year costs adjusted for trend and limited by any City contribution caps.
Mortality	2017 CalPERS Mortality for Miscellaneous and Schools Employees

Change of Assumptions

The discount rate decreased from 3.5% at June 30, 2019 to 2.2% at June 30, 2020.

Discount Rate

The discount rate used to measure the total OPEB liability was 2.2 percent. The discount rate was based on the Bond Buyer 20-bond General Obligation Index. Currently, the City contributes based on a pay-as-you-go method.

C. Change in the Net OPEB Liability

Proportionate Share of Net OPEB Liability

The following table shows the Housing Authority's proportionate share of the City's CPRHP net OPEB liability over the measurement period ended June 30, 2020.

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (c) = (a) - (b)
Balance at June 30, 2019	\$ 273,561	\$ -	\$ 273,561
Balance at June 30, 2020 (Measurement Date)	359,516	-	359,516
Net Changes	\$ 85,955	\$ -	\$ 85,955

City of Perris Housing Authority
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 7 – Other Postemployment Benefits (“OPEB”) (Continued)

C. Change in the Net OPEB Liability (Continued)

Proportionate Share of Net OPEB Liability (Continued)

The Housing Authority’s proportionate shares of the net OPEB liabilities is 1.63% at the measurement date of June 30, 2020:

June 30, 2019	1.63%
June 30, 2020	<u>1.63%</u>
Change - Increase (Decrease)	<u><u>0.00%</u></u>

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

The following presents the Housing Authority’s proportionate share of the net OPEB liability of the City, as well as what the Housing Authority’s proportionate share of net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.20 percent) or 1-percentage-point higher (3.20 percent) than the current discount rate:

	Plan's Net OPEB Liability		
	Discount Rate	Current Discount	Discount Rate
	- 1% (1.20%)	Rate (2.20%)	+ 1% (3.20%)
Measurement Date June 30, 2020	<u>\$ 423,442</u>	<u>\$ 359,516</u>	<u>\$ 309,033</u>

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the Housing Authority’s proportionate share of the net OPEB liability of the City, as well as what the Housing Authority’s proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	Plan's Net OPEB Liability		
	Current Healthcare		
	1% Decrease	Cost Trend Rates	1% Increase
	(3.00%)	4.00%	(5.00%)
Measurement Date June 30, 2020	<u>\$ 302,696</u>	<u>\$ 359,516</u>	<u>\$ 433,742</u>

D. OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the fiscal year ended June 30, 2020, the Housing Authority recognized OPEB expenses in the amount of \$39,132. At June 30, 2020, the Housing Authority reported deferred outflows of resources related to OPEB from the following sources:

	Deferred outflows of Resources	Deferred inflows of Resources
Changes of assumptions	\$ 36,376	\$ -
Difference between expected and actual experience	<u>25,333</u>	<u>(163)</u>
Total	<u><u>\$ 61,709</u></u>	<u><u>\$ (163)</u></u>

City of Perris Housing Authority
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 7 – Other Postemployment Benefits (“OPEB”) (Continued)

D. OPEB Expense and Deferred Outflows of Resources Related to OPEB (Continued)

The amounts above are net of outflows recognized in the 2019-20 measurement period.

The amounts reported as deferred outflows of resources related to OPEB will be recognized in future OPEB expense as follows:

Year Ending June 30	Deferred Outflows/(Inflows) of Resources of Resources OPEB Plan
2021	\$ 11,679
2022	12,140
2023	10,779
2024	10,779
2025	10,779
Thereafter	5,390
Total	<u>\$ 61,546</u>

Note 8 – Commitments and Contingencies

As of June 30, 2020, there was no outstanding matter that would have a significant effect on the financial position of the Housing Authority.

**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**

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City of Perris Housing Authority
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2020

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Charges for services	\$ 23,500	\$ 45,369	\$ 90,640	\$ 45,271
Investment earnings	-	-	42,872	42,872
Contributions	711,463	711,463	-	(711,463)
Total revenues	<u>734,963</u>	<u>756,832</u>	<u>133,512</u>	<u>(623,320)</u>
EXPENDITURES:				
Current:				
Community development	<u>1,384,691</u>	<u>1,461,124</u>	<u>1,433,660</u>	<u>27,464</u>
NET CHANGE IN FUND BALANCE	<u>\$ (649,728)</u>	<u>\$ (704,292)</u>	(1,300,148)	<u>\$ (595,856)</u>
FUND BALANCE:				
Beginning of year			<u>5,696,573</u>	
End of year			<u>\$ 4,396,425</u>	

City of Perris Housing Authority
Required Supplementary Information (Unaudited)
Notes to the Budgetary Comparison Schedule
For the Year Ended June 30, 2020

Budget and Budgetary Accounting

The Housing Authority adopts an annual budget on a basis consistent with generally accepted accounting principles in the United States and utilizes an encumbrance system as a management control technique to assist in controlling expenditures and enforcing revenue provisions.

City of Perris Housing Authority
Required Supplementary Information (Unaudited)
Schedule of Proportionate Share of Net Pension Liability and Related Ratios
For the Year Ended June 30, 2020

Last Ten Fiscal Years

California Public Employees' Retirement System

Measurement period	June 30, 2017 ¹	June 30, 2018	June 30, 2019
Housing Authority's Proportion of the Net Pension Liability	0.0066%	0.0048%	0.0052%
Housing Authority's Proportionate Share of the Net Pension Liability	\$ 649,904	\$ 461,612	\$ 537,050
Housing Authority's Covered Payroll	\$ 421,740	\$ 344,965	\$ 354,265
Housing Authority's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	154.10%	133.81%	151.60%
Housing Authority's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	74.71%	76.09%	75.58%

¹ Historical information is presented only for measurement periods for which GASB 68 is implemented for the period ended June 30, 2017. Additional years of information will be presented as it becomes available.

Notes to Schedule:

Change in Benefit Terms: There were no changes in benefit terms.

Changes of Assumptions: In 2019, there were no changes of assumptions. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the discount rate was reduced from 7.65 percent to 7.15 percent.

City of Perris Housing Authority
Required Supplementary Information (Unaudited) (Continued)
Schedule of Contributions - Pensions
For the Year Ended June 30, 2020

Last Ten Fiscal Years

California Public Employees' Retirement System

Fiscal year	2017-2018	2018-2019	2019-2020 ¹
Actuarially determined contribution	\$ 59,536	\$ 51,624	\$ 632,065
Contributions in relation to the actuarially determined contribution	(59,536)	(51,624)	(632,065)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered payroll	\$ 344,965	\$ 354,265	\$ 302,126
Contributions as a percentage of covered payroll	17.26%	14.57%	209.21%

¹ Historical information is presented only for measurement periods for which GASB 68 is implemented during measurement period ended June 30, 2017. Additional years of information will be presented as it becomes available.

Notes to Schedule:

Change in Benefit Terms: There were no changes in benefit terms.

Changes of Assumptions: In 2019, there were no changes of assumptions. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the discount rate was reduced from 7.65 percent to 7.15 percent.

City of Perris Housing Authority
Required Supplementary Information (Unaudited)
Schedule of Proportionate Share of Net OPEB Liability and Related Ratios
For the Year Ended June 30, 2020

Last Ten Fiscal Years

Measurement period	June 30, 2018	June 30, 2019	June 30, 2020 ¹
Housing Authority's Proportion of the Net OPEB Liability	1.6300%	1.6300%	1.6300%
Housing Authority's Proportionate Share of the Net OPEB Liability	\$ 262,573	\$ 273,561	\$ 359,516
Housing Authority's Covered Employee Payroll	\$ 344,965	\$ 354,265	\$ 302,126
Housing Authority's Proportionate Share of the Net OPEB Liability as a Percentage of Its Covered Employee Payroll	76.12%	77.22%	119.00%
Housing Authority's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.00%	0.00%	0.00%

¹ Historical information is presented only for measurement periods for which GASB 75 is implemented. Additional years of information will be presented as it becomes available.

Notes to Schedule:

Changes of Assumptions: In 2020, the discount rate reduced from 3.5 percent to 2.2 percent. In 2019, the discount rate reduced from 3.6 percent to 3.5 percent.

City of Perris Housing Authority
Required Supplementary Information (Unaudited) (Continued)
Schedule of Contributions - Other Postemployment Benefits
For the Year Ended June 30, 2020

Last Ten Fiscal Years

Other Postemployment Benefits Plan

Fiscal year	2017-18	2018-19	2019-20 ¹
Actuarially determined contribution	\$ 8,344	\$ 8,579	N/A
Contributions in relation to the actuarially determined contribution	(10,269)	(10,610)	(11,562)
Contribution deficiency (excess)	\$ (1,924)	\$ (2,031)	\$ (11,562)
Covered employee payroll	\$ 344,965	\$ 354,265	\$ 302,126
Contributions as a percentage of covered employee payroll	2.98%	2.99%	3.83%

¹ Historical information is presented only for measurement periods after GASB 75 implementation in 2017-18. Additional years of information will be presented as it becomes available.

Notes to Schedule:

Methods and assumptions used to determine contribution rates:

Valuation date	June 30, 2019
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level Percent Payroll
Asset valuation method	Market Value
Inflation	2.75% per
Discount rate	2.20%
Payroll Growth	2.75% per annum, in aggregate
Individual salary growth	N/A
Medical Trend Rates	4.00%