

# **City of Perris Housing Authority**

Perris, California

## **Basic Financial Statements and Independent Auditors' Report**

*For the Year Ended June 30, 2019*





**City of Perris Housing Authority**  
**For the Year Ended June 30, 2019**

**Table of Contents**

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	<u>Page</u>
<b>Independent Auditors' Reports:</b>	
<b>Report on the Financial Statements</b> .....	1
<b>Report on Internal Control Over Financial Reporting and on Compliance and     Other Matters Based on an Audit of Financial Statements     Performed in Accordance with <i>Government Auditing Standards</i></b> .....	3
<b>Basic Financial Statements:</b>	
<b>Government-Wide Financial Statements:</b>	
Statement of Net Position .....	9
Statement of Activities .....	11
<b><i>Governmental Fund Financial Statements:</i></b>	
Balance Sheet .....	17
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position .....	18
Statement of Revenues, Expenditures, and Change in Governmental Fund .....	19
Reconciliation of the Governmental Fund Statement of Revenues, Expenditures, and Change in Fund Balance to the Government-Wide Statement of Activities .....	20
<b>Notes to the Basic Financial Statements</b> .....	23
<b>Required Supplementary Information (Unaudited):</b>	
Budgetary Comparison Schedule – General Fund .....	41
Notes to the Budgetary Comparison Schedule .....	42
Schedule of Proportionate Share of Net Pension Liability and Related Ratios .....	43
Schedule of Contributions – Pensions .....	44
Schedule of Proportionate Share of Net OPEB Liability and Related Ratios .....	45
Schedule of Contributions – Other Postemployment Benefits .....	46

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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, 2019, 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, 2019, 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.

***Emphasis of Matter***

*Prior Period Adjustments*

As described in Note 9 to the Financial Statements, the net position at July 1, 2018 for the Housing Authority was restated as a result of allocating net pension liabilities and net other postemployment benefit liabilities and related deferral amounts and presenting the Housing Authority's operating fund (General Fund) as governmental fund. Our opinions are not modified with respect to this matter.

***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 December 20, 2019, 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.



Santa Ana, California  
December 20, 2019



**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, 2019, 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 December 20, 2019.

**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") to determine the 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 determination of financial statement amounts. 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*.

To the Board of Directors  
of the City of Perris Housing Authority  
Perris, California  
Page 2

**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.

*The PwC Group, LLP*

Santa Ana, California  
December 20, 2019



## **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, 2019**

<b>ASSETS</b>	<b>Governmental Activities</b>
Current assets:	
Cash and investments	\$ 1,864,630
Interest receivable	2,976
<b>Total current assets</b>	<b>1,867,606</b>
Noncurrent assets:	
Notes and loans	3,842,080
Land	500,902
<b>Total noncurrent assets</b>	<b>4,342,982</b>
<b>Total Assets</b>	<b>6,210,588</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows of resources related to pensions	141,382
Deferred outflows of resources related to other postemployment benefits	3,389
<b>Total deferred outflows of resources</b>	<b>144,771</b>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable and accrued liabilities	11,779
Due to City of Perris	1,334
<b>Total current liabilities</b>	<b>13,113</b>
Noncurrent liabilities:	
Compensated absences, due in more than one year	75,218
Net pension liability	461,612
Net other postemployment benefits liability	273,561
<b>Total noncurrent liabilities</b>	<b>810,391</b>
<b>Total liabilities</b>	<b>823,504</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows of resources related to pensions	38,687
Deferred inflows of resources related to other postemployment benefits	228
<b>Total deferred inflows of resources</b>	<b>38,915</b>
<b>NET POSITION</b>	
Investment in Capital Assets	500,902
Restricted:	
Low and moderate housing	4,992,038
<b>Total net position</b>	<b>\$ 5,492,940</b>

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**City of Perris Housing Authority**  
**Statement of Activities**  
**For the Year Ended June 30, 2019**

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
Functions/Programs:	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental activities:				
Community development	\$ 525,171	\$ 168,800	\$ 267,212	\$ (89,159)
<b>Total Governmental Activities</b>	<b>\$ 525,171</b>	<b>\$ 168,800</b>	<b>\$ 267,212</b>	<b>(89,159)</b>
<b>General Revenues:</b>				
Investment income				39,415
<b>Total General Revenues</b>				<b>39,415</b>
Change in net position				(49,744)
Net position - beginning of year, as restated (Note 9)				5,542,684
Net position - end of year				<b>\$ 5,492,940</b>

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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, 2019**

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	<u>General Fund</u>
<b>ASSETS</b>	
Cash and investments	\$ 1,864,630
Interest receivable	2,976
Notes and loans	<u>3,842,080</u>
<b>Total Assets</b>	<u><u>5,709,686</u></u>
<b>LIABILITIES AND FUND BALANCES</b>	
<b>Liabilities:</b>	
Accounts payable and accrued liabilities	\$ 11,779
Due to City of Perris	<u>1,334</u>
<b>Total Liabilities</b>	<u>13,113</u>
<b>Fund Balances:</b>	
<b>Restricted</b>	
Low and moderate housing	<u>5,696,573</u>
<b>Total Liabilities and Fund Balances</b>	<u><u>\$ 5,709,686</u></u>

See accompanying Notes to the Basic Financial Statements.

**City of Perris Housing Authority**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Government-Wide Statement of Net Position**  
**June 30, 2019**

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**Total Fund Balances - Total Governmental Funds** \$ 5,696,573

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.		(75,218)
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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 related to pensions	141,382	
Net pension liability	(461,612)	
Deferred inflows related to pensions	(38,687)	(358,917)

Net other postemployment benefits liability and related deferred outflows 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 related to other postemployment benefits	3,389	
Net other postemployment benefits liability	(273,561)	
Deferred inflows related to other postemployment benefits	(228)	(270,400)

<b>Net position of governmental activities</b>		<b>\$ 5,492,940</b>
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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, 2019**

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	General Fund
<b>REVENUES:</b>	
Charges for services	\$ 168,800
Investment earnings	39,415
Contributions	267,212
<b>Total Revenues</b>	475,427
<b>EXPENDITURES:</b>	
Current:	
Community development	667,615
<b>Total Expenditures</b>	667,615
<b>NET CHANGE IN FUND BALANCE</b>	(192,188)
<b>FUND BALANCE:</b>	
Beginning of year, as restated (Note 9)	5,888,761
End of year	\$ 5,696,573

**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, 2019**

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<b>Net change in fund balances - total governmental funds:</b>	\$ (192,188)
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.	43,024
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 \$51,624.	107,247
Other postemployment benefits expense net of \$10,609 other postemployment benefits contribution during fiscal year, and measurement period.	<u>(7,827)</u>
<b>Change in net position of governmental activities</b>	<u><u>\$ (49,744)</u></u>



**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, 2019**

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

The Authority is a component unit of the City and, accordingly, the financial statements of the Authority are included in the financial statements of the City of Perris. The Authority is an integral part of the reporting entity of the City. The funds of the 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, 2019**

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**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. Uncollectible Accounts Receivable***

The Authority uses the allowance method for uncollectible accounts receivable but deemed no allowance is necessary based on prior experience.

***G. 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 purchased in excess of \$5,000.

**City of Perris Housing Authority**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

**H. *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.

**I. *Compensated Absences***

Accumulated vacation and sick leave benefits and compensatory time payable in future years when used by the Housing Authority employees amounted to \$75,218 at June 30, 2019. 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.

**J. *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, 2017
Measurement Date	June 30, 2018
Measurement Period	July 1, 2017 to June 30, 2018

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.

**K. *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, 2019**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

**K. 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, 2017
Measurement Date	June 30, 2019
Measurement Period	July 1, 2018 to June 30, 2019

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.

**L. 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.

**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, 2019 was in the amount of \$1,864,630. 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.

**City of Perris Housing Authority**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

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**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 \$34,580 in the current year. The receivable balance of \$3,842,080 is not expected to be collected within one year.

**Note 4 – Capital Assets**

The summary of change in capital asset for the year ended June 30, 2019 was as follows:

	Balance July 1, 2018 (As restated)	Additions	Deletions	Balance June 30, 2019
Land	\$ 500,902	\$ -	\$ -	\$ 500,902

**Note 5 – Compensated Absences**

The summary of changes in compensated absences for the year ended June 30, 2019 was a follows:

	Balance July 1, 2018 (As restated)	Additions	Deletions	Balance June 30, 2019	Due within One Year	Due in More Than One Year
Compensated absences	\$ 118,242	\$ 10,071	\$ (53,095)	\$ 75,218	\$ -	\$ 75,218

**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.

**City of Perris Housing Authority**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 6 – Net Pension Liabilities (Continued)**

**A. General Information about the Pension Plan (Continued)**

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.

Below is the summary of the plans' provisions and benefits in effect at June 30, 2019:

	<b>Plans</b>		
	<b>Miscellaneous</b>		
	<b>Classic</b>	<b>Tire II</b>	<b>PEPRA</b>
		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 eligbile compension	2.0% to 2.7%	1.092% to 2.418%	1.0% to 2.5%
Employee contribution rate	8.00%	7.00%	6.25%
Employer contribution rate (Measurement period)	11.68%	7.20%	6.53%
Employer contribution rate (current fiscal year)	12.21%	7.63%	6.84%

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, 2019**

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**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, 2017, 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, 2018, the total pension liability was determined by rolling forward the June 30, 2017 total pension liability. The June 30, 2017 valuation was rolled forward to determine the June 30, 2018 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 <sup>1</sup>	Derived using CalPERS’ Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

<sup>1</sup>The mortality table used in 2018 was developed based on CalPERS’ specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to December 2017 Experience Study Report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website at [www.calpers.ca.gov](http://www.calpers.ca.gov) under Forms and Publications.

Change 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.

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.

**City of Perris Housing Authority**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**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 (Continued)

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 <sup>1</sup>	Assumed Assets Allocation	Real Return Years 1 - 10 <sup>2</sup>	Real Return Years 11+ <sup>3</sup>
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%
	<u>100.00%</u>		

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

<sup>2</sup> An expected inflation of 2.00% used for this period

<sup>3</sup> An expected inflation of 2.92% used for this period

Discount Rate

The discount rate used to measure the 2018 total pension liabilities was 7.15 percent. 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, 2019**

**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:

	<b>Plan's Net Pension Liability</b>		
	<b>Discount Rate</b>	<b>Current Discount</b>	<b>Discount Rate</b>
	<b>- 1% (6.15%)</b>	<b>Rate (7.15%)</b>	<b>+ 1% (8.15%)</b>
Measurement Date June 30, 2018	\$ 731	\$ 461,612	\$ 227

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 2017-2018 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, 2018.

	<b>Increase (Decrease)</b>		
	<b>Total Pension</b>	<b>Plan Fiduciary Net</b>	<b>Net Pension</b>
	<b>Liability</b>	<b>Position</b>	<b>Liability</b>
	<b>(a)</b>	<b>(b)</b>	<b>(c) = (a) - (b)</b>
Balance at June 30, 2017 (Valuation Date)	\$ 2,569,861	\$ 1,919,957	\$ 649,904
Balance at June 30, 2018 (Measurement Date)	1,930,288	1,468,676	461,612
Net Changes during 2017-2018	\$ (639,573)	\$ (451,281)	\$ (188,292)

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, 2017). 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, 2018). 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, 2018 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (2017-18).

**City of Perris Housing Authority**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**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, 2017	0.0066%
June 30, 2018	<u>0.0048%</u>
Change - Increase (Decrease)	<u><u>-0.0018%</u></u>

For the year ended June 30, 2019, the Housing Authority recognized pension credit in the amounts of \$55,623.

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 2017-18 measurement period is 3.8 years, which was obtained by dividing the total service years of 516,147 (the sum of remaining service lifetimes of the active employees) by 135,474 (the total number of participants: active, inactive, and retired).

As of measurement date of June 30, 2018, the Housing Authority reported deferred outflows and deferred inflows of resources related to pensions as follows:

	<b>Deferred outflows of Resources</b>	<b>Deferred inflows of Resources</b>
Contribution made after the measurement date	\$ 51,624	\$ -
Changes of assumptions	52,625	(12,897)
Difference between expected and actual experience	17,711	(6,027)
Net difference between projected and actual earning on pension plan investments	2,282	-
Adjustment due to differences in proportions	17,140	-
Difference between the City’s contributions and proportionate share of contributions	-	(19,763)
Total	\$ 141,382	\$ (38,687)

**City of Perris Housing Authority**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

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**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 2017-18 measurement period expense.

\$51,624 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, 2020. 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,	<b>Deferred Outflows/(Inflows) of Resources Miscellaneous Plan</b>
2020	\$ 45,009
2021	24,587
2022	(14,373)
2023	(4,152)
2024	-
Thereafter	-
	\$ 51,071

**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, 2019**

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**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
\$ 907	\$ 1,815	\$ 1,676

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, 2019.

**City of Perris Housing Authority**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

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

**B. Net OPEB Liability**

Actuarial Assumptions

The total OPEB liability as of June 30, 2019 was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	July 1, 2017
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 (4.5124)
Actuarial Assumptions:	
Discount Rate	3.50%, net of investment expense, including inflation
Inflation	2.25% per annum
Salary Increases	3.0% per annum, in aggregate
Healthcare cost trend rates	8.00% for 2017-18, decreasing to 5.00% for 2020-21 and after
Retiree's share of cost	Retirees pay the balance of the premium after City contribution which varies by calendar year and date of hire.
Mortality <sup>1</sup>	Mortality rates were based on the RP-2014 Employee and Healthy Annuitant Mortality Tables for Males or Females, as appropriate, projected using a generational projection based on 100% of scale MP-2016 for years 2014 through 2029, 50% of MP-2016 for years 2030 through 2049, and 20% of MP-2016 for

Change of Assumptions

The discount rate decreased from 3.6% at June 30, 2018 to 3.5% at June 30, 2019.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.5 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, 2019.

	<b>Increase (Decrease)</b>		
	<b>Total OPEB Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net OPEB Liability (c) = (a) - (b)</b>
Balance at June 30, 2018	\$ 262,573	\$ -	\$ 262,573
Balance at June 30, 2019 (Measurement Date)	273,561	-	273,561
Net Changes	\$ 10,988	\$ -	\$ 10,988

**City of Perris Housing Authority**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**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, 2019.

June 30, 2018	1.63%
June 30, 2019	<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 (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current discount rate:

	<b>Plan's Net OPEB Liability</b>		
	<b>Discount Rate</b>	<b>Current Discount</b>	<b>Discount Rate</b>
	<b>- 1% (2.50%)</b>	<b>Rate (3.50%)</b>	<b>+ 1% (4.50%)</b>
Measurement Date June 30, 2019	<u>\$ 321,168</u>	<u>\$ 273,561</u>	<u>\$ 235,796</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:

	<b>Plan's Net OPEB Liability</b>		
	<b>Current Healthcare</b>		
	<b>Cost Trend Rates</b>		
	<b>1% Decrease (7.0% decreasing to 4.0%)</b>	<b>8.00% decreasing to 5.0%</b>	<b>1% Increase (9.0% decreasing to 6.0%)</b>
Measurement Date June 30, 2019	<u>\$ 230,131</u>	<u>\$ 273,561</u>	<u>\$ 328,972</u>

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

For the fiscal year ended June 30, 2019, the Housing Authority recognized OPEB expenses in the amount of \$18,436. At June 30, 2019, the Housing Authority reported deferred outflows of resources related to OPEB from the following sources:

	<b>Deferred outflows of Resources</b>	<b>Deferred inflows of Resources</b>
Changes of assumptions	\$ 3,389	\$ -
Difference between expected and actual experience	-	(228)
Total	<u>\$ 3,389</u>	<u>\$ (228)</u>



**City of Perris Housing Authority**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

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**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 2018-19 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	<b>Deferred Outflows/(Inflows) of Resources of OPEB Plan</b>
2020	\$ 900
2021	900
2022	900
2023	461
2024	-
Thereafter	-
Total	<u>\$ 3,161</u>

**Note 8 – Commitments and Contingencies**

As of June 30, 2019, in the opinion of Housing Authority management, there was no outstanding matter that would have a significant effect on the financial position of the Housing Authority.

**Note 9 - Prior Period Adjustments**

**A. Government-Wide Financial Statements**

The net position at July 1, 2018 for the government-wide financial statements was restated as following:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>
Net position at July 1, 2018		
as previously reported	\$ -	\$ 6,271,421
Fund type correction	5,888,761	(5,888,761)
Land	500,902	(500,902)
Compensated absences	(118,242)	118,242
Deferred outflows of resources related to pensions	232,442	-
Net pension liability	(649,904)	-
Deferred inflows of resources related to pensions	(48,702)	-
Other postemployment benefits liabilities	(262,573)	-
Net Position at July 1, 2018,		
as restated	<u>\$ 5,542,684</u>	<u>\$ -</u>

**City of Perris Housing Authority**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

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**Note 9 - Prior Period Adjustments (Continued)**

***B. Fund Financial Statements***

	<b>Governmental Fund</b>	<b>Proprietary Fund</b>
Fund Balance/Net position at July 1, 2018		
as previously reported	\$ -	\$ 6,271,421
Fund type correction	5,888,761	(5,888,761)
Land	-	(500,902)
Compensated absences	-	118,242
Fund Balance/Net position at July 1, 2018,		
as restated	\$ 5,888,761	\$ -

The fund type correction was to present the Housing Authority's operating fund as a governmental fund instead of an enterprise fund. It was determined that the Housing Authority did not meet the criteria as an enterprise to correct pensions and other postemployment benefits amounts.

**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, 2019**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Charges for services	23,500	23,500	\$ 168,800	\$ 145,300
Investment earnings	0	0	39,415	39,415
Contributions	711,463	711,463	267,212	(444,251)
<b>Total revenues</b>	<u>734,963</u>	<u>734,963</u>	<u>475,427</u>	<u>(259,536)</u>
<b>EXPENDITURES:</b>				
Current:				
Community development	<u>1,029,959</u>	<u>1,029,959</u>	<u>667,615</u>	<u>362,344</u>
<b>NET CHANGES IN FUND BALANCE</b>	<u>\$ (294,996)</u>	<u>\$ (294,996)</u>	(192,188)	<u>\$ 102,808</u>
<b>FUND BALANCE:</b>				
Beginning of year, as restated (Note 9)			<u>5,888,761</u>	
End of year			<u>\$ 5,696,573</u>	

**City of Perris Housing Authority**  
**Required Supplementary Information (Unaudited)**  
**Notes to the Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2019**

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**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, 2019**

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Last Ten Fiscal Years

**California Public Employees' Retirement System**

Measurement period	June 30, 2017 <sup>1</sup>	June 30, 2018
Housing Authority's Proportion of the Net Pension Liability	0.0066%	0.0048%
Housing Authority's Proportionate Share of the Net Pension Liability	\$ 649,904	\$ 461,612
Housing Authority's Covered Payroll	\$ 421,740	\$ 334,965
Housing Authority's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	154.10%	137.81%
Housing Authority's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	74.71%	76.09%

<sup>1</sup> Historical information is presented only for measurement periods for which GASB 68 is available. The City started allocating net pension liabilities to the Housing Authority 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 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. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

**City of Perris Housing Authority**  
**Required Supplementary Information (Unaudited) (Continued)**  
**Schedule of Contributions - Pensions**  
**For the Year Ended June 30, 2019**

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**Last Ten Fiscal Years**

**California Public Employees' Retirement System**

Fiscal year	2017-2018	2018-2019 <sup>1</sup>
Actuarially determined contribution	\$ 59,536	\$ 51,624
Contributions in relation to the actuarially determined contribution	(59,536)	(51,624)
Contribution deficiency (excess)	\$ -	\$ -
Covered payroll <sup>2</sup>	\$ 334,965	\$ 345,014
Contributions as a percentage of covered payroll	17.77%	14.96%

<sup>1</sup> Historical information is presented only for measurement periods for which GASB 68 is available. The City started allocating net pension liabilities to the Housing Authority during measurement period ended June 30, 2017. Additional years of information will be presented as it becomes available.

<sup>2</sup> Includes one year's payroll growth using 3.00 percent payroll assumption from 2017-18 to 2018-19.

**Notes to Schedule:**

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

Changes of Assumptions: In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.



**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, 2019**

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**Last Ten Fiscal Years**

	June 30, 2018	June 30, 2019 <sup>1</sup>
Measurement period		
Housing Authority's Proportion of the Net OPEB Liability	1.6300%	1.6300%
Housing Authority's Proportionate Share of the Net OPEB Liability	\$ 262,573	\$ 273,561
Housing Authority's Covered Payroll <sup>2</sup>	\$ 334,965	\$ 345,014
Housing Authority's Proportionate Share of the Net OPEB Liability as a Percentage of Its Covered Payroll	78.39%	79.29%
Housing Authority's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.00%	0.00%

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

<sup>2</sup> Includes one year's payroll growth using 3.00 percent payroll assumption from 2017-18 to 2018-19.

**Notes to Schedule:**

Changes of Assumptions: 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, 2019**

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**Last Ten Fiscal Years**

**Other Postemployment Benefits Plan**

Fiscal year	2017-18	2018-19 <sup>1</sup>
Actuarially determined contribution	\$ 8,344	\$ 8,579
Contributions in relation to the actuarially determined contribution	(10,269)	(10,610)
Contribution deficiency (excess)	\$ (1,924)	\$ (2,031)
Covered payroll	\$ 334,965	\$ 345,014
Contributions as a percentage of covered payroll	3.07%	3.08%

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

**Notes to Schedule:**

Methods and assumptions used to determine contribution rates:

Valuation date	July 1, 2017
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level Percent Payroll
Asset valuation method	Market Value
Inflation	2.25% per annum
Discount rate	3.50%
Payroll Growth	3.0% per annum, in aggregate
Individual salary growth	N/A
Medical Trend Rates	8.00% for 2017-18, decreasing to 5.00% for 2020-21 and after