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MURRIETA VALLEY UNIFIED SCHOOL DISTRICT

AUDIT REPORT

Fiscal Year Ended June 30, 2024

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
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JUNE 30, 2024

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Murrieta Valley Unified School District
Murrieta, California

Report on Audit of Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the fiduciary activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 misstatements, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Required Supplementary Information section as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



San Diego, California
October 25, 2024

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2024

This section of Murrieta Valleys Unified School District's ("the District") annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended June 30, 2024, with comparative information for the fiscal year ended June 30, 2023. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

The financial statements presented herein include all of the activities of the District and its component units using the integrated approach as prescribed by Government Accounting Standards Board (GASB) Statement No. 34. The Government-wide Financial Statements present the financial picture of the District from the economic resources measurement focus using the accrual basis of accounting. These statements include all assets of the District (including capital assets, right-of-use leased assets, and right-of-use subscription IT assets), deferred outflows, as well as all liabilities (including long-term liabilities) and deferred inflows. Additionally, certain eliminations have occurred as prescribed by the statement in regard to interfund activity, payables, and receivables.

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

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

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

The Primary unit of the government is the Murrieta Valley Unified School District.

**MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

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

These two statements report the District's net position and changes in them. Net position is the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources, which is one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position will serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Other factors to consider are changes in the District's property tax base and the condition of the District's facilities. Further, net position will be impacted by conditions and assumptions of the CalSTRS and CalPERS pension systems, whose operations are outside of the direct control of the District.

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

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

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

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

**MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS (continued)

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

THE DISTRICT AS A TRUSTEE

Reporting the District's Fiduciary Responsibilities

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

FINANCIAL HIGHLIGHTS OF THE PAST YEAR

- Total net position increased by \$50.67 million over the prior year for a new net position of \$300,504,831.
- For 2023-2024 the General Fund's revenues and other financing sources totaled \$351.05 million and expenditures and other uses totaled \$340.16 million.
- The District filed a positive certification with the County Superintendent of Schools for both its First and Second Interim reports in 2023-2024.

**MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position

The District's net position was \$300,540,831 and \$249,871,991 for the fiscal years ended June 30, 2024 and 2023, respectively. Of this amount, \$(215,222,400) was unrestricted net position/(deficit) at June 30, 2024. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the District's ability to use net position for day-to-day operations. The analysis below focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

Table 1

| | Governmental Activities | | |
|-----------------------------------|-------------------------|----------------|---------------|
| | 2024 | 2023 | Net Change |
| Assets | | | |
| Current assets | \$ 263,257,314 | \$ 237,778,427 | \$ 25,478,887 |
| Non-current assets | 502,038,469 | 483,877,758 | 18,160,711 |
| Total assets | 765,295,783 | 721,656,185 | 43,639,598 |
| Deferred outflows of resources | 106,620,825 | 86,267,091 | 20,353,734 |
| Liabilities | | | |
| Current liabilities | 39,347,461 | 18,592,317 | 20,755,144 |
| Non-current liabilities | 515,533,156 | 511,102,902 | 4,430,254 |
| Total liabilities | 554,880,617 | 529,695,219 | 25,185,398 |
| Deferred inflows of resources | 16,495,160 | 28,356,066 | (11,860,906) |
| Net Position | | | |
| Investment in capital assets, net | 357,297,897 | 331,052,957 | 26,244,940 |
| Restricted | 158,465,334 | 104,352,743 | 54,112,591 |
| Unrestricted | (215,222,400) | (185,533,709) | (29,688,691) |
| Total net position | \$ 300,540,831 | \$ 249,871,991 | \$ 50,668,840 |

The \$(215,222,400) in unrestricted net position/(deficit) of governmental activities represents the accumulated results of all past years' operations.

**MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE, continued

Changes in Net Position

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

Table 2

| | Governmental Activities | | |
|--|-------------------------|----------------|---------------|
| | 2024 | 2023 | Net Change |
| Revenues | | | |
| Program revenues | | | |
| Charges for services | \$ 7,490,904 | \$ 6,218,971 | \$ 1,271,933 |
| Operating grants and contributions | 118,094,168 | 91,827,925 | 26,266,243 |
| Capital grants and contributions | 5,067,731 | - | 5,067,731 |
| General revenues | | | |
| Federal and state aid not restricted for specific purposes | 196,768,274 | 186,886,920 | 9,881,354 |
| Property taxes | 103,241,049 | 94,460,078 | 8,780,971 |
| Other general revenues | 13,309,435 | 39,369,265 | (26,059,830) |
| Total revenues | 443,971,561 | 418,763,159 | 25,208,402 |
| Expenses | | | |
| Instruction | 220,695,898 | 205,838,199 | 14,857,699 |
| Instruction-related services | 30,489,106 | 9,437,992 | 21,051,114 |
| Pupil services | 48,404,941 | 41,947,616 | 6,457,325 |
| General administration | 22,580,293 | 20,033,423 | 2,546,870 |
| Plant services | 28,643,137 | 31,752,646 | (3,109,509) |
| Ancillary services | 9,067,102 | 9,484,929 | (417,827) |
| Community services | 4,780,236 | 3,493,180 | 1,287,056 |
| Enterprise services | 245,005 | 251,926 | (6,921) |
| Interest on long-term debt | 8,831,568 | 8,602,814 | 228,754 |
| Other outgo | 227,431 | 89,328 | 138,103 |
| Depreciation & amortization (unallocated) | 19,146,842 | 17,972,166 | 1,174,676 |
| Total expenses | 393,111,559 | 348,904,219 | 44,207,340 |
| Change in net position | 50,860,002 | 69,858,940 | (18,998,938) |
| Net Position - Beginning | 249,871,991 | 180,013,051 | 69,858,940 |
| Prior Period Adjustment (Note 16) | (191,162) | - | (191,162) |
| Net Position - Ending | \$ 300,540,831 | \$ 249,871,991 | \$ 50,668,840 |

**MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE, continued

Governmental Activities

As reported in the *Statement of Activities* on page 14, the cost of all of our governmental activities this year was \$393,111,559. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only \$103,241,049 because the cost was paid by those who benefited from the programs \$7,490,904 or by other governments and organizations who subsidized certain programs with grants and contributions of \$118,094,168. We paid for the remaining "public benefit" portion of our governmental activities, \$196,768,274 in Federal and State aid, and \$13,309,435 in other general revenues, like interest and investment earnings, interagency revenues, miscellaneous and special and extraordinary items.

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

Table 3

| | Governmental Activities | | | |
|---|-------------------------|----------------|----------------------|------------------|
| | Total Cost of Services | | Net Cost of Services | |
| | 2024 | 2023 | 2024 | 2023 |
| Instruction | 220,695,898 | 205,838,199 | (152,747,563) | (154,873,689) |
| Instruction-related services | 30,489,106 | 9,437,992 | (25,903,661) | (5,360,286) |
| Pupil services | 48,404,941 | 41,947,616 | (21,118,016) | (17,938,315) |
| General administration | 22,580,293 | 20,033,423 | (19,911,693) | (17,816,041) |
| Plant services | 28,643,137 | 31,752,646 | (18,483,045) | (30,402,194) |
| Ancillary services | 9,067,102 | 9,484,929 | (3,261,835) | (4,033,763) |
| Community services | 4,780,236 | 3,493,180 | (261,204) | 1,145,921 |
| Enterprise services | 245,005 | 251,926 | (236,682) | (249,216) |
| Interest on long-term debt | 8,831,568 | 8,602,814 | (8,831,568) | (8,602,814) |
| Other outgo | 227,431 | 89,328 | 7,443,353 | 5,245,240 |
| Depreciation & amortization (Unallocated) | 19,146,842 | 17,972,166 | (19,146,842) | (17,972,166) |
| Total | \$ 393,111,559 | \$ 348,904,219 | \$ (262,458,756) | \$ (250,857,323) |

**MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of \$244,142,423 (Table 4) in 2024, compared to \$221,118,485 in 2023.

Table 4

| | Governmental Fund Balances and Activity | | | |
|-----------------------------------|--|--|---|----------------|
| | June 30, 2023 | Revenues and Other Financing Sources | Expenditures and Other Financing Uses | June 30, 2024 |
| | | | | |
| General Fund | \$ 119,123,065 | 351,048,883 | 340,158,950 | 130,012,998 |
| County School Facilities Fund | - | 5,067,731 | 5,067,731 | - |
| Bond Interest and Redemption Fund | 29,010,356 | 25,754,615 | 21,728,431 | 33,036,540 |
| Non-Major Governmental Funds | 72,985,064 | 74,641,383 | 66,533,562 | 81,092,885 |
| Total | \$ 221,118,485 | \$ 456,512,612 | \$ 433,488,674 | \$ 244,142,423 |

CAPITAL ASSETS, RIGHT-OF-USE ASSETS AND LONG-TERM LIABILITIES

Capital Assets and Right-of-Use Assets

At June 30, 2024, the District had \$502,038,469 in a broad range of capital assets and right-of-use assets (net of depreciation and amortization), including land, construction in progress, land improvements, buildings, furniture, and equipment, right-of-use leased assets, and right-of-use subscription IT assets. This amount represents a net increase (including additions, deductions, and depreciation) of \$18,160,711, or 3.75%, from last year (Table 5).

Table 5

| | Governmental Activities | | |
|--|-------------------------|----------------|---------------|
| | 2024 | 2023 | Net Change |
| Land and construction in progress | \$ 58,234,545 | \$ 42,347,885 | \$ 15,886,660 |
| Land improvements, net | 51,526,196 | 52,335,156 | (808,960) |
| Buildings, net | 368,220,696 | 377,169,254 | (8,948,558) |
| Furniture and equipment, net | 11,464,012 | 6,323,228 | 5,140,784 |
| Right-of-use leased assets, net | 10,489,655 | 5,207,499 | 5,282,156 |
| Right-of-use subscription IT assets, net | 2,103,365 | 494,736 | 1,608,629 |
| Total | \$ 502,038,469 | \$ 483,877,758 | \$ 18,160,711 |

This year's additions of \$16,867,002 included several vehicles, cafeteria equipment and classroom equipment such as computers. The District presents more detailed information about our capital assets in Note 4 to financial statements.

**MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

CAPITAL ASSETS, RIGHT-OF-USE ASSETS AND LONG-TERM LIABILITIES, continued

Long-Term Liabilities

At the end of this year, the District had \$533,907,220 in outstanding long-term liabilities. The long-term liabilities consisted of:

Table 6

| | Governmental Activities | | |
|------------------------------------|-------------------------|----------------|-----------------|
| | 2024 | 2023 | Net Change |
| Long-Term Liabilities | | | |
| General obligation bonds | \$ 182,218,137 | \$ 195,145,952 | \$ (12,927,815) |
| Certificates of participation | 20,360,000 | 21,005,000 | (645,000) |
| Unamortized debt premiums | 8,744,997 | 10,003,790 | (1,258,793) |
| Unamortized debt discounts | (239,581) | (253,674) | 14,093 |
| Leases | 11,033,504 | 5,351,238 | 5,682,266 |
| Subscription-based IT arrangements | 2,209,716 | 478,543 | 1,731,173 |
| Supplemental early retirement plan | - | 2,031,227 | (2,031,227) |
| Compensated absences | 597,731 | 571,961 | 25,770 |
| Net OPEB liability | 26,828,997 | 18,703,033 | 8,125,964 |
| Net pension liability | 282,153,719 | 258,065,832 | 24,087,887 |
| Total | \$ 533,907,220 | \$ 511,102,902 | \$ 22,804,318 |

The District presents more detailed information about long-term liabilities in Note 8 to financial statements.

**MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

FACTORS BEARING ON THE DISTRICT'S FUTURE

In considering the District budget for the 2024-25 fiscal year and beyond, the District Board of Education and management utilized the Governor's May Revise assumptions. Select criteria used at adoption were:

- Funded ADA projected at 21,020
- LCFF Cost of Living Adjustment of 1.07%
- CalSTRS contribution rate of 19.10%
- Increase of 0.37% to CalPERS contribution rate, 26.68% to 27.05%
- Negotiated salary increases for employee groups
- Step and column increases for employees

In the past few years, the District received significant amounts of one-time funding related to the COVID-19 pandemic from the federal and state government. This one-time funding related to COVID-19 was fully encumbered as of June 30, 2024. Due to the expiration of these funds and changing economic factors, the District will analyze and assess necessary programmatic changes. Going forward the District may implement new programs and make changes to existing programs in accordance with legislative changes. These changes impact the District's operations and have significant budget impacts.

The District will continue to update its budget projections at each reporting interval using the best information available at that time.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the District's Chief Financial Officer, James L. Whittington, CPA, CFE at jwhittington@murrieta.k12.ca.us.

FINANCIAL SECTION

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2024

| | Governmental Activities |
|---|----------------------------|
| ASSETS | |
| Current assets: | |
| Cash and equivalents | \$ 238,838,038 |
| Accounts receivable | 23,843,707 |
| Prepaid expenditures | 278,534 |
| Inventory | 297,035 |
| Non-current assets: | |
| Capital assets not being depreciated | 58,234,545 |
| Capital assets being depreciated, net | |
| Right-of-use assets being amortized, net | 443,803,924 |
| Total Assets | <u>765,295,783</u> |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Deferred outflows related to debt refunding | 5,339,805 |
| Deferred outflows related to OPEB | 8,711,700 |
| Deferred outflows related to pensions | 92,569,320 |
| Total Deferred Outflows of Resources | <u>106,620,825</u> |
| LIABILITIES | |
| Current liabilities: | |
| Accrued liabilities | 16,299,522 |
| Unearned revenue | 2,815,369 |
| Interest payable | 1,858,506 |
| Long-term liabilities, current portion | 18,374,064 |
| Non-current liabilities: | |
| Net pension liability | 282,153,719 |
| Net OPEB liability | 26,828,997 |
| Long-term liabilities, non-current portion | 206,550,440 |
| Total Liabilities | <u>554,880,617</u> |
| DEFERRED INFLOWS OF RESOURCES | |
| Deferred inflows related to pensions | 13,660,297 |
| Deferred inflows related to OPEB | 2,834,863 |
| Total Deferred Inflows of Resources | <u>16,495,160</u> |
| NET POSITION | |
| Net investment in capital assets | 357,297,897 |
| Restricted: | |
| Educational Programs | 51,646,741 |
| Debt service | 33,065,085 |
| Capital projects | 53,237,692 |
| Child nutrition | 15,022,247 |
| Student activity funds | 2,469,502 |
| Other restrictions | 3,024,067 |
| Unrestricted | (215,222,400) |
| Total Net Position | <u>\$ 300,540,831</u> |

The notes to financial statements are an integral part of this statement.

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

| Function/Programs | Expenses | Program Revenues | | | Net (Expense) |
|--|----------------|------------------|----------------|----------------|------------------|
| | | Charges for | Operating | Capital Grants | Revenues and |
| | | Services | Grants and | and | Changes in |
| | | | Contributions | Contributions | Net Position |
| | | | | | Governmental |
| | | | | | Activities |
| Governmental Activities | | | | | |
| Instruction | \$ 220,695,898 | \$ 656,766 | \$ 62,223,838 | \$ 5,067,731 | \$ (152,747,563) |
| Instruction-related services | | | | | |
| Instructional supervision and administration | 8,238,556 | 69,581 | 2,666,086 | - | (5,502,889) |
| Instructional library, media, and technology | 2,472,073 | - | 418,856 | - | (2,053,217) |
| School site administration | 19,778,477 | 675 | 1,430,247 | - | (18,347,555) |
| Pupil services | | | | | |
| Home-to-school transportation | 7,269,487 | - | 385 | - | (7,269,102) |
| Food services | 15,084,629 | 584,989 | 19,533,658 | - | 5,034,018 |
| All other pupil services | 26,050,825 | 808 | 7,167,085 | - | (18,882,932) |
| General administration | | | | | |
| Centralized data processing | 4,627,955 | - | - | - | (4,627,955) |
| All other general administration | 17,952,338 | 213,305 | 2,455,295 | - | (15,283,738) |
| Plant services | 28,643,137 | 2,528,684 | 7,631,408 | - | (18,483,045) |
| Ancillary services | 9,067,102 | - | 5,805,267 | - | (3,261,835) |
| Community services | 4,780,236 | 1,497,827 | 3,021,205 | - | (261,204) |
| Enterprise services | 245,005 | - | 8,323 | - | (236,682) |
| Interest on long-term debt | 8,831,568 | - | - | - | (8,831,568) |
| Other outgo | 227,431 | 1,938,269 | 5,732,515 | - | 7,443,353 |
| Depreciation (unallocated) | 17,728,239 | - | - | - | (17,728,239) |
| Amortization (unallocated) | 1,418,603 | - | - | - | (1,418,603) |
| Total Governmental Activities | \$ 393,111,559 | \$ 7,490,904 | \$ 118,094,168 | \$ 5,067,731 | (262,458,756) |
| General revenues | | | | | |
| Taxes and subventions | | | | | |
| Property taxes, levied for general purposes | | | | | 77,281,652 |
| Property taxes, levied for debt service | | | | | 24,495,985 |
| Property taxes, levied for other specific purposes | | | | | 1,463,412 |
| Federal and state aid not restricted for specific purposes | | | | | 196,768,274 |
| Interest and investment earnings | | | | | 6,777,641 |
| Interagency revenues | | | | | 608,453 |
| Miscellaneous | | | | | 5,910,065 |
| Special and extraordinary items | | | | | 13,276 |
| Subtotal, General Revenue | | | | | 313,318,758 |
| Change in Net Position | | | | | 50,860,002 |
| Net Position - Beginning | | | | | 249,871,991 |
| Prior Period Adjustment (Note 16) | | | | | (191,162) |
| Net Position - Ending | | | | | \$ 300,540,831 |

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2024

| | General Fund | County School Facilities Fund | Bond Interest and Redemption Fund | Non-Major Governmental Funds | Total Governmental Funds |
|--|----------------|----------------------------------|--------------------------------------|------------------------------------|--------------------------------|
| ASSETS | | | | | |
| Cash and equivalents | \$ 135,115,178 | \$ 5,131,268 | \$ 33,036,540 | \$ 65,555,052 | \$ 238,838,038 |
| Accounts receivable | 15,393,666 | 58,638 | - | 8,391,403 | 23,843,707 |
| Due from other funds | 1,085,953 | - | - | 15,151,072 | 16,237,025 |
| Inventory | - | - | - | 297,035 | 297,035 |
| Prepaid expenditures | 241,154 | - | - | 37,380 | 278,534 |
| Total Assets | \$ 151,835,951 | \$ 5,189,906 | \$ 33,036,540 | \$ 89,431,942 | \$ 279,494,339 |
| LIABILITIES | | | | | |
| Accounts Payable | \$ 12,468,526 | \$ - | \$ - | \$ 3,830,996 | \$ 16,299,522 |
| Due to other funds | 7,172,716 | 5,189,906 | - | 3,874,403 | 16,237,025 |
| Unearned revenue | 2,181,711 | - | - | 633,658 | 2,815,369 |
| Total Liabilities | 21,822,953 | 5,189,906 | - | 8,339,057 | 35,351,916 |
| FUND BALANCES | | | | | |
| Nonspendable | 256,153 | - | - | 363,291 | 619,444 |
| Restricted | 50,022,732 | - | 33,036,540 | 75,406,062 | 158,465,334 |
| Committed | 32,000,000 | - | - | 3,530,171 | 35,530,171 |
| Assigned | 4,190,507 | - | - | 1,793,361 | 5,983,868 |
| Unassigned | 43,543,606 | - | - | - | 43,543,606 |
| Total Fund Balances | 130,012,998 | - | 33,036,540 | 81,092,885 | 244,142,423 |
| Total Liabilities and Fund Balances | \$ 151,835,951 | \$ 5,189,906 | \$ 33,036,540 | \$ 89,431,942 | \$ 279,494,339 |

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2024

Total Fund Balances - Governmental Funds \$ 244,142,423

Amounts reported for assets and liabilities for governmental activities in the statement of net position are different from amounts reported in governmental funds because:

Capital assets:

In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation/amortization:

| | | |
|---|----------------|-------------|
| Capital assets not being depreciated and being depreciated, gross | \$ 755,063,708 | |
| Right-of-use assets being amortized, gross | 15,029,091 | |
| Accumulated depreciation | (265,618,259) | |
| Accumulated amortization | (2,436,071) | 502,038,469 |

Deferred outflows related to debt refunding:

In governmental funds, the net effect of refunding bonds is recognized when debt is issued, where as this amount is deferred and amortized in the government-wide financial statements:

5,339,805

Unmatured interest on long-term debt:

In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatrued interest owing at the end of the period was:

(1,858,506)

Long-term liabilities:

In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:

| | | |
|------------------------------------|-------------|---------------|
| General obligation bonds | 182,218,137 | |
| Certificates of participation | 20,360,000 | |
| Unamortized debt premiums | 8,744,997 | |
| Unamortized debt discounts | (239,581) | |
| Leases | 11,033,504 | |
| Subscription-based IT arrangements | 2,209,716 | |
| Net pension liability | 282,153,719 | |
| Net OPEB liability | 26,828,997 | |
| Compensated absences | 597,731 | (533,907,220) |

Deferred outflows and inflows of resources relating to pensions:

In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported:

| | | |
|---------------------------------------|--------------|------------|
| Deferred outflows related to pensions | 92,569,320 | |
| Deferred inflows related to pensions | (13,660,297) | 78,909,023 |

Deferred outflows and inflows of resources related to other postemployment benefits (OPEB):

In governmental funds, deferred outflows and inflows of resources relating to OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported:

| | | |
|-----------------------------------|-------------|-----------|
| Deferred outflows related to OPEB | 8,711,700 | |
| Deferred inflows related to OPEB | (2,834,863) | 5,876,837 |

Total Net Position - Governmental Activities \$ 300,540,831

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2024

| | General Fund | County School Facilities Fund | Bond Interest and Redemption Fund | Non-Major Governmental Funds | Total Governmental Funds |
|--|----------------|----------------------------------|--------------------------------------|------------------------------------|--------------------------------|
| REVENUES | | | | | |
| LCFF sources | \$ 261,182,668 | \$ - | \$ - | \$ 3,530,171 | \$ 264,712,839 |
| Federal sources | 20,987,124 | - | - | 9,814,127 | 30,801,251 |
| Other state sources | 33,411,023 | 5,067,731 | 120,469 | 27,366,366 | 65,965,589 |
| Other local sources | 35,468,068 | - | 25,633,594 | 22,566,995 | 83,668,657 |
| Total Revenues | 351,048,883 | 5,067,731 | 25,754,063 | 63,277,659 | 445,148,336 |
| EXPENDITURES | | | | | |
| Current | | | | | |
| Instruction | 212,289,184 | - | - | 7,543,823 | 219,833,007 |
| Instruction-related services | | | | | |
| Instructional supervision and administration | 7,782,797 | - | - | 516,957 | 8,299,754 |
| Instructional library, media, and technology | 2,429,818 | - | - | - | 2,429,818 |
| School site administration | 19,541,139 | - | - | 253,530 | 19,794,669 |
| Pupil services | | | | | |
| Home-to-school transportation | 7,129,873 | - | - | - | 7,129,873 |
| Food services | - | - | - | 14,933,108 | 14,933,108 |
| All other pupil services | 26,057,399 | - | - | 156,457 | 26,213,856 |
| General administration | | | | | |
| Centralized data processing | 4,528,682 | - | - | - | 4,528,682 |
| All other general administration | 15,742,258 | - | - | 1,948,505 | 17,690,763 |
| Plant services | 32,932,020 | - | - | 352,523 | 33,284,543 |
| Facilities acquisition and maintenance | 1,258,058 | - | - | 29,330,812 | 30,588,870 |
| Ancillary services | 3,985,102 | - | - | 5,114,387 | 9,099,489 |
| Community services | 159,827 | - | - | 4,547,578 | 4,707,405 |
| Enterprise activities | - | - | - | 246,953 | 246,953 |
| Debt service | | | | | |
| Principal | 315,000 | - | 1,107,000 | 330,000 | 1,752,000 |
| Interest and other | 46,266 | - | 20,621,431 | 710,163 | 21,377,860 |
| Total Expenditures | 334,258,950 | - | 21,728,431 | 66,150,700 | 422,138,081 |
| Excess/(Deficiency) of Revenues | | | | | |
| Over Expenditures | 16,789,933 | 5,067,731 | 4,025,632 | (2,873,041) | 23,010,255 |
| OTHER FINANCING SOURCES/(USES) | | | | | |
| Other sources | - | - | 552 | 13,131 | 13,683 |
| Transfers in | - | - | - | 11,350,593 | 11,350,593 |
| Transfers out | (5,900,000) | (5,067,731) | - | (382,862) | (11,350,593) |
| Net Financing Sources/(Uses) | (5,900,000) | (5,067,731) | 552 | 10,980,862 | 13,683 |
| NET CHANGES IN FUND BALANCE | 10,889,933 | - | 4,026,184 | 8,107,821 | 23,023,938 |
| Fund Balance - Beginning | 119,123,065 | - | 29,010,356 | 72,985,064 | 221,118,485 |
| Fund Balance - Ending | \$ 130,012,998 | \$ - | \$ 33,036,540 | \$ 81,092,885 | \$ 244,142,423 |

**MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024**

Net Changes in Fund Balances - Governmental Funds \$ 23,023,938

Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds because:

Capital outlay:

In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:

| | | |
|--|---------------|-----------|
| Expenditures for capital outlay: | \$ 28,998,572 | |
| Depreciation expense: | (17,728,239) | |
| Amortization expense (leased assets): | (782,592) | |
| Amortization expense (subscription-based IT assets): | (636,011) | 9,851,730 |

Debt service:

In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were:

18,097,111

Deferred outflows related to debt refunding:

In governmental funds, deferred amounts on refunding are recognized in the period they are incurred. In the government-wide statements, the deferred amounts on refunding are amortized over the life of the debt. The net effect of the deferred amount on refunding during the period was:

(593,092)

Gain or loss from the disposal of capital assets:

In governmental funds, the entire proceeds from disposal of capital assets are reported as revenue. In the statement of activities, only the resulting gain or loss is reported. The difference between the proceeds from disposal of capital assets and the resulting gain or loss is:

(407)

Unmatured interest on long-term debt:

In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period, was:

73,869

Accreted interest on long-term debt:

In governmental funds, accreted interest on capital appreciation bonds is not recorded as an expenditure from current sources. In the government-wide statement of activities, however, this is recorded as interest expense for the period.

(3,437,185)

**MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024**

Compensated absences:

In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amount earned. The difference between compensated absences paid and compensated absences earned, was:

(25,770)

Pensions:

In government funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was:

1,460,867

Postemployment benefits other than pensions (OPEB):

In governmental funds, OPEB expenses are recognized when employer contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis. This year, the difference between OPEB costs and actual employer contributions was:

(866,986)

Other liabilities not normally liquidated with current financial resources:

In the government-wide statements, expenses must be accrued in connection with any liabilities incurred during the period that are not expected to be liquidated with current financial resources. Examples include special termination benefits such as retirement incentives financed over time, and structured legal settlements. This year, expenses incurred for such obligations were:

2,031,227

Amortization of debt issuance premium or discount:

In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount is amortized over the life of the debt. Amortization of premium or discount for the period is:

1,244,700

Change in Net Position of Governmental Activities

\$ 50,860,002

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
FIDUCIARY FUND
STATEMENT OF NET POSITION
JUNE 30, 2024

| | Custodial Funds |
|---|--------------------|
| ASSETS | |
| Cash and equivalents | \$ 25,227,280 |
| Total Assets | 25,227,280 |
| NET POSITION | |
| Restricted for individuals, organizations, and other governments | 25,227,280 |
| Total Net Position | \$ 25,227,280 |

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
FIDUCIARY FUND
STATEMENT OF CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2024

| | Custodial Funds |
|-----------------------------------|----------------------|
| Additions | |
| Investment earnings | |
| Special tax assessment | \$ 21,873,411 |
| Interest | (511,148) |
| Payments from other governments | 779,655 |
| Total Additions | <u>22,141,918</u> |
| Deductions | |
| Debt service - principal | 6,091,187 |
| Debt service - interest and other | 4,101,781 |
| Administrative expense | 61,300 |
| Payments to other governments | 12,849,911 |
| Total Deductions | <u>23,104,179</u> |
| Changes in Net Position | (962,261) |
| Net Position, Beginning of Year | 27,184,496 |
| Prior Period Adjustment (Note 16) | (994,955) |
| Net Position, End of Year | <u>\$ 25,227,280</u> |

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

Murrieta Valley Unified School District (the District) was organized on July 1, 1989, under the laws of the State of California. The District operates under a locally elected five-member Board form of government and provides educational services to grades K-12 as mandated by the State and/or Federal agencies. The District currently operates eleven elementary schools, four middle schools, three high schools, one continuation school, one independent study school, and one adult school.

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

Component Units

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

The Murrieta Valley Unified School District Educational Facilities Corporation (the Corporation) financial activity is presented in the Governmental Funds financial statements as the Capital Projects Fund for Blended Component Units and the Educational Facilities Corporation Debt Service Fund. Certificates of participation issued by the Corporation are included in the long-term liabilities in the government-wide financial statements. Individually prepared financial statements are not prepared for Educational Facilities Corporation.

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

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Basis of Presentation - Fund Accounting

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The District's funds are grouped into two broad fund categories: governmental and fiduciary.

Governmental Funds

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

Major Governmental Funds

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

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

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

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Non-Major Governmental Funds

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

- **Student Activity Fund:** The Student Activity Fund is used to account separately for the operating activities of the associated student body accounts that are not fiduciary in nature, including student clubs, general operations, athletics, and other student body activities.
- **Adult Education Fund:** The Adult Education Fund is used to account separately for Federal, State, and local revenues that are restricted or committed for adult education programs and is to be expended for adult education purposes only.
- **Child Development Fund:** The Child Development Fund is used to account separately for Federal, State, and local revenues to operate child development programs and is to be used only for expenditures for the operation of child development programs.
- **Cafeteria Fund:** The Cafeteria Fund is used to account separately for Federal, State, and local resources to operate the food service program (*Education Code* Sections 38090-38093) and is used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code* Sections 38091 and 38100).
- **Deferred Maintenance Fund:** This fund is used to account separately for revenues that are restricted or committed for deferred maintenance purposes (*Education Code* Section 17582).

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Non-Major Governmental Funds, continued

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

- **Building Fund:** The Building Fund exists primarily to account separately for proceeds from the sale of bonds (*Education Code* Section 15146) and may not be used for any purposes other than those for which the bonds were issued.
- **Capital Facilities Fund:** The Capital Facilities Fund is used primarily to account separately for monies received from fees levied on developers or other agencies as a condition of approval (*Education Code* Sections 17620- 17626 and *Government Code* Section 65995 et seq.). Expenditures are restricted to the purposes specified in *Government Code* Sections 65970-65981 or to the items specified in agreements with the developer (*Government Code* Section 66006).
- **Special Reserve Fund for Capital Outlay Projects:** The Special Reserve Fund for Capital Outlay Projects exists primarily to provide for the accumulation of General Fund monies for capital outlay purposes (*Education Code* Section 42840).
- **Capital Projects Fund for Blended Component Units:** The Capital Projects Fund for Blended Component Units is used to account for capital projects financed by Mello-Roos Community Facilities Districts and similar entities that are considered blended component units of the District under generally accepted accounting principles (GAAP).

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

- **Debt Service Fund:** The Debt Service Fund is used to account for the interest and redemption of principal of Certificates of Participation and Qualified Zone Academy Bonds.

Fiduciary Funds

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

Trust funds are used to account for resources held by the District under a trust agreement for individuals, private organizations, or other governments. The District's custodial funds account for the accumulation of resources for the payment of the principal and interest on the Special Tax Bonds issued by the Community Facilities Districts and funds held on behalf of other agencies. The District does not have any trust funds.

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Basis of Accounting - Measurement Focus

Government-Wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the fiduciary fund financial statements but differs from the manner in which governmental fund financial statements are prepared.

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

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

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

- **Governmental Funds** All governmental funds are accounted for using the flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting, and the governmental fund financial statements, prepared using the flow of current financial resources measurement focus and the modified accrual basis of accounting.
- **Fiduciary Funds** Fiduciary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are excluded from the government-wide financial statements because they do not represent resources of the District.

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Basis of Accounting - Measurement Focus, continued

Revenues – Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available.

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

Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. The District considers revenues to be available if they are collected within one year after year-end, except for property taxes, which are considered available if collected within 60 days. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

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

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

Cash and Equivalents

The District's cash and equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. For purposes of the statement of cash flows, cash and equivalents also include cash in county treasury and state investment pools, which may have investments with original maturities greater one year. Fair values of cash in county treasury and state investment pools are determined by the program sponsor.

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Accounts Receivable

Accounts receivable include amounts due from the Local Control Fund Formula (LCFF), Federal, State and/or local governments, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. Accounts receivable also consist of charges for other services. The District does not provide for an allowance for uncollectible accounts as an estimation of amounts that may not be received. Accounts receivable at June 30, 2024 are deemed fully collectible.

Prepaid Expenditures

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

Inventory

Inventory consists of expendable food and supplies held for consumption. Inventory is stated at cost, on the weighted average basis. The costs of inventory items are recorded as expenditures in the governmental funds and expenses in the fiduciary funds when consumed rather than when purchased.

Capital Assets, Right-of-use Assets, Depreciation and Amortization

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets are long-lived assets of the District. The District maintains a capitalization threshold of \$10,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized but are expensed as incurred.

When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in the government-wide statement of net position. The valuation basis for capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Donated capital assets are capitalized at acquisition value on the date donated.

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

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

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

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Capital Assets, Right-of-use Assets, Depreciation and Amortization, continued

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

Compensated Absences

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

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

Accounts Payable, Accrued Liabilities and Long-term Liabilities

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

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

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Debt Issuance Costs, Premiums and Discounts

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

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

Deferred Outflows/Inflows of Resources

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

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

Pensions

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

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Postemployment Benefits Other Than Pensions (OPEB)

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

Leases

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

Subscriptions

The District recognizes a subscription liability and an intangible right-of-use subscription-based IT asset in the government-wide financial statements. The District measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription IT asset is initially measured as the initial amount of the subscription liability, plus certain initial direct costs. Subsequently, the subscription IT asset is amortized on a straight-line basis over the subscription term or useful life of the underlying asset. The amortization period varies from 2 to 5 years.

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Fund Balances - Governmental Funds

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

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

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

Committed - amounts that can be used only for specific purposes determined by a formal action of the governing board. The governing board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions or other action as approved by the governing board. The District currently does not have any committed funds.

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

Unassigned - all other spendable amounts.

Spending Order Policy

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

Minimum Fund Balance Policy

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

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets and deferred charges on refunding bonds that are attributable capital activity. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report \$158,465,334 of restricted net position, of which is restricted by enabling legislation.

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Interfund transfers are eliminated in the governmental activities column of the statement of activities.

Estimates

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

Property Tax

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

Budgetary Data

The budgetary process is prescribed by provisions of the *California Education Code* and requires the governing board to hold a public hearing and adopt an operating budget no later than July 1 of each year. The District governing board satisfied these requirements. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Budgetary Data, continued

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for. For purposes of the budget, on-behalf payments have not been included as revenue and expenditures as required under generally accepted accounting principles.

Adoption of New Accounting Standards

The following GASB Pronouncements were adopted by the District during the year ending June 30, 2024:

GASB Statement No. 100 – In June 2022, GASB issued GASB Statement No. 100 which focuses on accounting changes and error corrections, providing clarity and guidance on how these should be handled in financial statements. It aims to improve the consistency and transparency of reporting such changes. This statement is effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

Upcoming GASB Pronouncements

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that may impact future financial presentations. Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements of the District.

GASB Statement No. 101 – In June 2022, GASB issued GASB Statement No. 101 which addresses compensated absences, revising the recognition and measurement of liabilities related to employee leave benefits. It aims to standardize how these liabilities are reported across different governmental entities. This statement is effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

GASB Statement No. 102 – In June 2022, GASB issued GASB Statement No. 102 which pertains to the disclosure of noncurrent liabilities, including guidance on how these liabilities should be presented in financial statements to enhance the relevance and comparability of the information. This statement is effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter.

GASB Statement No. 103 – In June 2022, GASB issued GASB Statement No. 103 which introduces changes to the presentation model for business-type activities (BTAs). It revises the required sections and subtotals in financial statements, particularly affecting the presentation of operating and nonoperating activities. One significant change is the separate identification of noncapital subsidies within nonoperating activities. This statement is effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2 – CASH AND EQUIVALENTS

Summary of Cash and Equivalents

Cash and equivalents as of June 30, 2024, are classified in the accompanying financial statements and consist of the following:

| | Governmental Activities | Fiduciary Funds | Total |
|----------------------------------|----------------------------|--------------------|----------------|
| Cash in county treasury | \$ 218,566,620 | \$ - | \$ 218,566,620 |
| FMV adjustment to cash in county | (2,455,033) | - | (2,455,033) |
| Cash on hand and in banks | 9,226,088 | - | 9,226,088 |
| Cash with fiscal agent | 12,933,234 | - | 12,933,234 |
| Cash in revolving fund | 43,876 | - | 43,876 |
| Cash awaiting deposit | 523,253 | - | 523,253 |
| Investments | - | 25,227,280 | 25,227,280 |
| Total | \$ 238,838,038 | \$ 25,227,280 | \$ 264,065,318 |

Policies and Practices

The District is authorized under Governing Board Policy 3430 to make direct investments in the County Investment Pool; local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; commercial paper, and certificates of deposit placed with commercial banks and/or savings and loan companies.

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

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2 – CASH AND EQUIVALENTS, continued

General Authorizations

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

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by primarily investing in the Riverside County Treasury Investment Pool.

Weighted Average Maturity

The District monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. Information about the weighted average maturity of the District's portfolio is presented in the following schedule:

| Investment Type | Reported Amount | Weighted Average Maturity |
|---------------------------|-----------------------|------------------------------|
| Money Market Mutual Funds | \$ 38,160,514 | 365 days |
| County Investment Pool | 216,111,587 | 462 days |
| Total | <u>\$ 254,272,101</u> | |

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2 – CASH AND EQUIVALENTS, continued

Credit Risk

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

| Investment Type | Rating | Rating Agency | Amount |
|---------------------------|--------|----------------|-----------------------|
| Money Market Mutual Funds | Aaa-mf | Not Applicable | \$ 38,160,514 |
| County Investment Pool | Aaa-bf | Not Applicable | 216,111,587 |
| | | | <u>\$ 254,272,101</u> |

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the *California Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2024, approximately \$10,293,231 of the District's bank balance was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2024, consisted of inter-governmental grants, entitlements, interest and other local sources. All receivables are considered collectible in full.

| | General Fund | County School Facilities Fund | Non-Major Governmental Funds | Total Governmental Funds |
|---------------------|----------------------|----------------------------------|------------------------------------|--------------------------------|
| Federal Government | | | | |
| Categorical aid | \$ 9,539,196 | \$ - | \$ 4,476,023 | \$ 14,015,219 |
| State Government | | | | |
| Categorical aid | 704,753 | - | 712,892 | 1,417,645 |
| Lottery | 1,457,388 | - | - | 1,457,388 |
| LCFF | 3,513 | - | - | 3,513 |
| Local Government | | | | |
| Interest | 1,499,780 | 58,638 | 547,059 | 2,105,477 |
| Other local sources | 2,189,036 | - | 2,655,429 | 4,844,465 |
| Total | <u>\$ 15,393,666</u> | <u>\$ 58,638</u> | <u>\$ 8,391,403</u> | <u>\$ 23,843,707</u> |

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 4 – CAPITAL ASSETS AND RIGHT-OF-USE ASSETS

Capital assets and right-of-use assets activity for the fiscal year ended June 30, 2024, was as follows:

| | Balance July 1, 2023 | Adjustments | Adjusted Balance July 1, 2023 | Additions | Deductions | Balance June 30, 2024 |
|---|-------------------------|--------------|-------------------------------------|---------------|------------|--------------------------|
| <i>Governmental Activities</i> | | | | | | |
| Capital assets not being depreciated | | | | | | |
| Land | \$ 36,041,932 | \$ - | \$ 36,041,932 | \$ - | \$ - | \$ 36,041,932 |
| Construction in progress | 6,305,953 | - | 6,305,953 | 16,199,143 | 312,483 | 22,192,613 |
| Total Capital Assets not Being Depreciated | 42,347,885 | - | 42,347,885 | 16,199,143 | 312,483 | 58,234,545 |
| Capital assets being depreciated | | | | | | |
| Land improvements | 81,920,278 | - | 81,920,278 | 3,375,985 | 575 | 85,295,688 |
| Buildings | 583,280,803 | - | 583,280,803 | 3,399,579 | - | 586,680,382 |
| Furniture and equipment | 19,618,033 | - | 19,618,033 | 6,336,348 | 1,101,288 | 24,853,093 |
| Total Capital Assets Being Depreciated | 684,819,114 | - | 684,819,114 | 13,111,912 | 1,101,863 | 696,829,163 |
| Total Capital Assets | 727,166,999 | - | 727,166,999 | 29,311,055 | 1,414,346 | 755,063,708 |
| Less Accumulated Depreciation | | | | | | |
| Land improvements | 29,585,122 | - | 29,585,122 | 4,184,538 | 168 | 33,769,492 |
| Buildings | 206,111,549 | - | 206,111,549 | 12,348,137 | - | 218,459,686 |
| Furniture and equipment | 13,294,805 | - | 13,294,805 | 1,195,564 | 1,101,288 | 13,389,081 |
| Total Accumulated Depreciation | 248,991,476 | - | 248,991,476 | 17,728,239 | 1,101,456 | 265,618,259 |
| Capital Assets, net | 478,175,523 | - | 478,175,523 | 11,582,816 | 312,890 | 489,445,449 |
| Right-of-use assets being amortized | | | | | | |
| Leased assets - buildings | 6,997,158 | 755,402 | 7,752,560 | 3,769,453 | - | 11,522,013 |
| Leased assets - equipment | - | - | - | 688,696 | - | 688,696 |
| Subscription-based IT assets | 657,817 | - | 657,817 | 2,244,640 | 84,075 | 2,818,382 |
| Right-of-use Assets Being Amortized | 7,654,975 | 755,402 | 8,410,377 | 6,702,789 | 84,075 | 15,029,091 |
| Less Accumulated Amortization | | | | | | |
| Leased assets - buildings | 1,789,659 | (851,197) | 938,462 | 667,809 | - | 1,606,271 |
| Leased assets - equipment | - | - | - | 114,783 | - | 114,783 |
| Subscription-based IT assets | 163,081 | - | 163,081 | 636,011 | 84,075 | 715,017 |
| Total Accumulated Amortization | 1,952,740 | (851,197) | 1,101,543 | 1,418,603 | 84,075 | 2,436,071 |
| Right-of-use Assets, net | 5,702,235 | 1,606,599 | 7,308,834 | 5,284,186 | - | 12,593,020 |
| Capital Assets and Right-of-use Assets, net | \$ 483,877,758 | \$ 1,606,599 | \$ 485,484,357 | \$ 16,867,002 | \$ 312,890 | \$ 502,038,469 |

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 5 – INTERFUND TRANSACTIONS

Interfund Receivables/(Payables) or Due To/(Due From)

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

| Due To | Due From | | |
|-------------------------------|------------------------|---------------|---------------|
| | Non-Major Governmental | | |
| | General Fund | Funds | Total |
| General Fund | \$ - | \$ 7,172,716 | \$ 7,172,716 |
| County School Facilities Fund | - | 5,189,906 | 5,189,906 |
| Non-Major Governmental Funds | 1,085,953 | 2,788,450 | 3,874,403 |
| Total | \$ 1,085,953 | \$ 15,151,072 | \$ 16,237,025 |

| | |
|--|---------------|
| Due to the General Fund from the Adult Education for cal-card expenditures and indirect costs. | \$ 21,635 |
| Due to the General Fund from the Child Development Fund for payroll, inter-program charges, and indirect costs. | 704,412 |
| Due to the General Fund from the Cafeteria Special Revenue Fund for inter-program charges and indirect costs. | 358,975 |
| Due to the General Fund from the Capital Facilities Fund for cal-card expenses. | 931 |
| Due to the Adult Education Fund from the General Fund for payroll expenses. | 48 |
| Due to the Child Development Fund from the General Fund for payroll expenses. | 11,161 |
| Due to the Cafeteria Special Revenue Fund from the General Fund for payroll expenses. | 2,015 |
| Due to the Deferred Maintenance Fund from the General Fund for LCFF transfer for deferred maintenance. | 3,530,171 |
| Due to the Building Fund from the General Fund for capital projects. | 16,499 |
| Due to the Building Fund from the Capital Facilities Fund for capital projects. | 2,786,700 |
| Due to the Capital Facilities Fund from the General Fund for capital projects. | 112,822 |
| Due to the Capital Facilities Fund from the County School Facilities Fund for capital projects. | 5,189,906 |
| Due to the Special Reserve for Capital Outlay Projects Fund from the General Fund for capital purchases. | 3,500,000 |
| Due to the Special Reserve for Capital Outlay Projects Fund from the Capital Facilities Fund for capital projects. | 1,750 |
| Total | \$ 16,237,025 |

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 5 – INTERFUND TRANSACTIONS, continued

Operating Transfers

Interfund transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund transfers for the year ended June 30, 2024, consisted of the following:

| Interfund Transfer Out | Interfund Transfer In | |
|-------------------------------|------------------------------|---------------|
| | Non-Major Governmental Funds | Total |
| General Fund | \$ 5,900,000 | \$ 5,900,000 |
| County School Facilities Fund | 5,067,731 | 5,067,731 |
| Non-Major Governmental Funds | 382,862 | 382,862 |
| Total | \$ 11,350,593 | \$ 11,350,593 |

| | |
|--|----------------------|
| The Adult Education Fund transferred to the Student Activity Special Revenue Fund for summer athletic camps. | \$ 33,262 |
| The County School Facilities Fund transferred to the Capital Facilities Fund for state reimbursement project at Murrieta Mesa High School. | 5,067,731 |
| The General Fund transferred to the Special Reserve for Capital Outlay Projects Fund for furniture, infrastructure, and technology replacement programs. | 5,900,000 |
| The Capital Projects for Blended Component Units Fund transferred to the Capital Facilities Fund for reimbursement of construction costs. | 349,600 |
| Total | <u>\$ 11,350,593</u> |

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 6 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

| | General Fund | Non-Major Governmental Funds | Total Governmental Funds | Government- Wide | Total Governmental Activities |
|---------------------------|---------------|------------------------------------|--------------------------------|---------------------|-------------------------------------|
| Payroll and related | \$ 85,311 | \$ 237,150 | \$ 322,461 | \$ - | \$ 322,461 |
| Vendors payable | 12,333,215 | 3,320,767 | 15,653,982 | - | 15,653,982 |
| Due to grantor government | 50,000 | 273,079 | 323,079 | - | 323,079 |
| Unmatured interest | - | - | - | 1,858,506 | 1,858,506 |
| Total | \$ 12,468,526 | \$ 3,830,996 | \$ 16,299,522 | \$ 1,858,506 | \$ 18,158,028 |

NOTE 7 – UNEARNED REVENUE

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

| | General Fund | Non-Major Governmental Funds | Total Governmental Funds |
|---------------------|--------------|------------------------------------|--------------------------------|
| Federal Government | | | |
| Categorical aid | \$ 42,964 | \$ 189,467 | \$ 232,431 |
| State Government | | | |
| Other state sources | 2,138,747 | 444,191 | 2,582,938 |
| | \$ 2,181,711 | \$ 633,658 | \$ 2,815,369 |

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 8 – LONG-TERM LIABILITIES OTHER THAN OPEB AND PENSIONS

Summary

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

| | Balance | | Adjusted | | | Balance | Due in |
|------------------------------------|----------------|--------------|----------------|---------------|---------------|----------------|---------------|
| | July 1, 2023 | Adjustments | Balance | Additions | Deductions | June 30, 2024 | One Year |
| Long-Term Liabilities | | | | | | | |
| General obligation bonds | \$ 195,145,952 | \$ - | \$ 195,145,952 | \$ 3,437,185 | \$ 16,365,000 | \$ 182,218,137 | \$ 14,390,000 |
| Certificates of participation | 21,005,000 | - | 21,005,000 | - | 645,000 | 20,360,000 | 640,000 |
| Unamortized debt premiums | 10,003,790 | - | 10,003,790 | - | 1,258,793 | 8,744,997 | 1,221,063 |
| Unamortized debt discounts | (253,674) | - | (253,674) | - | (14,093) | (239,581) | (14,093) |
| Leases | 5,351,238 | 1,797,761 | 7,148,999 | 4,458,149 | 573,644 | 11,033,504 | 757,001 |
| Subscription-based IT arrangements | 478,543 | - | 478,543 | 2,244,640 | 513,467 | 2,209,716 | 782,362 |
| Supplemental early retirement plan | 2,031,227 | - | 2,031,227 | - | 2,031,227 | - | - |
| Compensated absences | 571,961 | - | 571,961 | 25,770 | - | 597,731 | 597,731 |
| Total | \$ 234,334,037 | \$ 1,797,761 | \$ 236,131,798 | \$ 10,165,744 | \$ 21,373,038 | \$ 224,924,504 | \$ 18,374,064 |

Payments for bonds associated with general obligation bonds are made in the Bond Interest and Redemption Fund. Payments on certificates of participations are made in the General Fund. Payments for capital leases are made in the Capital Facilities Fund. Payments for compensated absences are typically liquidated in the General Fund and Non-Major Governmental Funds. Payments for the supplemental employee retirement plan are made in the General Fund.

General Obligation Bonds

The outstanding general obligation bonded debts are as follows:

| | Issuance | Final | Interest | Original | Balance | | | Balance | Due in |
|--------------------------------|----------|---------------|-------------|----------------|----------------|--------------|---------------|----------------|---------------|
| Description | Date | Maturity Date | Rate | Issue | July 1, 2023 | Additions | Deductions | June 30, 2024 | One Year |
| 1998 Series A | 09/01/98 | 09/01/23 | 4.05%-5.30% | \$ 25,999,501 | \$ 4,281,087 | \$ 108,913 | \$ 4,390,000 | \$ - | \$ - |
| 1998 Series B | 08/29/01 | 09/01/23 | 2.25%-5.31% | 11,499,326 | 738,207 | 21,793 | 760,000 | - | - |
| Election of 2002, Series A | 05/29/03 | 09/01/27 | 2.00%-5.12% | 11,884,284 | 725,772 | 115,653 | - | 841,425 | - |
| Election of 2006, Series 2008 | 09/10/08 | 09/01/33 | 3.50%-5.70% | 24,996,844 | 46,425,886 | 3,190,826 | 1,055,000 | 48,561,712 | 3,695,000 |
| Election of 2002, Series 2013* | 06/20/13 | 09/01/29 | 2.00%-3.50% | 15,640,000 | 1,080,000 | - | 1,080,000 | - | - |
| Election of 2014, Series 2015 | 07/30/15 | 09/01/44 | 1.50%-5.11% | 38,401,818 | 5,700,000 | - | 1,160,000 | 4,540,000 | 1,265,000 |
| Series 2015* | 07/30/15 | 09/01/26 | 2.00%-5.00% | 40,090,000 | 23,895,000 | - | 5,365,000 | 18,530,000 | 5,685,000 |
| Series 2016* | 04/27/16 | 09/01/30 | 2.00%-3.50% | 32,945,000 | 30,145,000 | - | - | 30,145,000 | - |
| Election 2014, Series 2017 | 06/22/17 | 09/01/46 | 2.00%-4.00% | 6,755,000 | 1,625,000 | - | - | 1,625,000 | - |
| Election 2014, Series 2020 | 01/30/20 | 09/01/49 | 2.50%-4.00% | 12,000,000 | 10,610,000 | - | 1,015,000 | 9,595,000 | 60,000 |
| Election 2014, Series 2021 | 07/28/21 | 09/01/50 | 3.01%-4.00% | 12,000,000 | 11,695,000 | - | 375,000 | 11,320,000 | 1,410,000 |
| Series 2021* | 07/28/21 | 09/01/44 | 0.28%-2.93% | 39,955,000 | 39,225,000 | - | 1,165,000 | 38,060,000 | 2,275,000 |
| Election 2014, Series 2022 | 07/28/22 | 09/01/51 | 4.00%-5.25% | 19,000,000 | 19,000,000 | - | - | 19,000,000 | - |
| Total | | | | \$ 291,166,773 | \$ 195,145,952 | \$ 3,437,185 | \$ 16,365,000 | \$ 182,218,137 | \$ 14,390,000 |

*Refunding

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 8 – LONG-TERM LIABILITIES OTHER THAN OPEB AND PENSIONS, continued

General Obligation Bonds, continued

Debt Service Requirements of Maturity

The general obligation bonds mature as follows:

| Fiscal Year | Principal | Interest | Accreted Interest | Total |
|-------------------|----------------|---------------|-------------------|----------------|
| 2025 | \$ 12,284,663 | \$ 5,148,241 | \$ 2,105,337 | \$ 19,538,241 |
| 2026 | 11,891,710 | 4,738,712 | 2,248,290 | 18,878,712 |
| 2027 | 12,083,661 | 4,314,100 | 2,396,339 | 18,794,100 |
| 2028 | 11,257,421 | 3,929,699 | 3,667,580 | 18,854,700 |
| 2029 | 11,643,884 | 3,546,374 | 2,921,116 | 18,111,374 |
| 2030-2034 | 34,648,866 | 12,426,146 | 35,891,134 | 82,966,146 |
| 2035-2039 | 7,915,000 | 10,403,247 | - | 18,318,247 |
| 2040-2044 | 15,425,000 | 8,833,479 | - | 24,258,479 |
| 2045-2049 | 19,955,000 | 6,059,079 | - | 26,014,079 |
| 2050-2052 | 15,830,000 | 1,566,523 | - | 17,396,523 |
| Accreted Interest | 29,282,932 | - | (29,282,932) | - |
| Total | \$ 182,218,137 | \$ 60,965,600 | \$ 19,946,864 | \$ 263,130,601 |

Certificates of Participation

The outstanding certificates of participation are as follows:

| Description | Issuance Date | Final Maturity Date | Interest Rate | Original Issue | Balance July 1, 2023 | Additions | Deductions | Balance June 30, 2024 | Due in One Year |
|--------------|---------------|---------------------|---------------|----------------|----------------------|-----------|------------|-----------------------|-----------------|
| Series 2012 | 05/01/12 | 08/01/27 | 3.20% | \$ 7,495,000 | \$ 2,770,000 | \$ - | \$ 515,000 | \$ 2,255,000 | \$ 535,000 |
| Series 2016* | 11/10/16 | 05/01/41 | 2.00%-4.00% | 19,405,000 | 18,235,000 | - | 130,000 | 18,105,000 | 105,000 |
| Total | | | | \$ 26,900,000 | \$ 21,005,000 | \$ - | \$ 645,000 | \$ 20,360,000 | \$ 640,000 |

*Refunding

The annual requirement to amortize certificates of participation as June 30, 2024, are as follows:

Certificate of Participation Series 2012

| Fiscal Year | Principal | Interest | Total |
|-------------|--------------|------------|--------------|
| 2025 | \$ 535,000 | \$ 73,140 | \$ 608,140 |
| 2026 | 555,000 | 54,510 | 609,510 |
| 2027 | 570,000 | 35,276 | 605,276 |
| 2028 | 595,000 | 10,264 | 605,264 |
| Total | \$ 2,255,000 | \$ 173,190 | \$ 2,428,190 |

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 8 – LONG-TERM LIABILITIES OTHER THAN OPEB AND PENSIONS, continued

Certificate of Participation, continued

Certificate of Participation Series 2016 Refunding

| Fiscal Year | Principal | Interest | Total |
|-------------|---------------|--------------|---------------|
| 2025 | \$ 105,000 | \$ 660,063 | \$ 765,063 |
| 2026 | 270,000 | 655,863 | 925,863 |
| 2027 | 280,000 | 645,063 | 925,063 |
| 2028 | 155,000 | 633,863 | 788,863 |
| 2029 | 135,000 | 627,663 | 762,663 |
| 2030-2034 | 2,680,000 | 3,048,144 | 5,728,144 |
| 2035-2039 | 10,355,000 | 2,062,388 | 12,417,388 |
| 2040-2041 | 4,125,000 | 231,000 | 4,356,000 |
| Total | \$ 18,105,000 | \$ 8,564,047 | \$ 26,669,047 |

Leases

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

| Description | Balance July 1, 2023 | Adjustments | Adjusted Balance July 1, 2023 | Additions | Deductions | Balance June 30, 2024 |
|-----------------------------------|-------------------------|--------------|-------------------------------------|--------------|------------|--------------------------|
| Building - McAlby Unit A | \$ 3,238,769 | \$ 1,234,069 | \$ 4,472,838 | \$ - | \$ 203,083 | \$ 4,269,755 |
| Building - McAlby Unit E | 1,682,936 | 563,692 | 2,246,628 | - | 82,140 | 2,164,488 |
| Building - 41840 McAlby Court LLC | - | - | - | 3,769,453 | 51,879 | 3,717,574 |
| Building - Jefferson Warehouse | 429,533 | - | 429,533 | - | 124,043 | 305,490 |
| Vehicle - School Buses | - | - | - | 688,696 | 112,499 | 576,197 |
| Total | \$ 5,351,238 | \$ 1,797,761 | \$ 7,148,999 | \$ 4,458,149 | \$ 573,644 | \$ 11,033,504 |

The District entered an agreement to lease office space and warehouse facilities and vehicles. At June 30, 2024, the District has recognized right-of-use leased assets, net of accumulated amortization, of \$10,489,655 and lease liabilities of \$11,033,504 related to these agreements. During the fiscal year, the district recorded \$782,592 in amortization expense. The district is required to make annual principal and interest payments through June 2044. The District used a discount rate ranges from 2.426% to 3.314%, based on the District's borrowing rate.

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 8 – LONG-TERM LIABILITIES OTHER THAN OPEB AND PENSIONS, continued

Leases, continued

The leases have minimum lease payments as follows:

| Fiscal Year | Principal | Interest | Total |
|-------------|---------------|--------------|---------------|
| 2025 | \$ 757,001 | \$ 328,737 | \$ 1,085,738 |
| 2026 | 800,018 | 306,920 | 1,106,938 |
| 2027 | 598,370 | 285,681 | 884,051 |
| 2028 | 488,599 | 270,301 | 758,900 |
| 2029 | 523,071 | 254,802 | 777,873 |
| 2030-2034 | 3,185,157 | 1,001,854 | 4,187,011 |
| 2035-2039 | 3,360,075 | 455,890 | 3,815,965 |
| 2040-2044 | 1,321,213 | 104,724 | 1,425,937 |
| Total | \$ 11,033,504 | \$ 3,008,909 | \$ 14,042,413 |

Supplemental Employee Retirement Plan (SERP)

The District offered an early retirement incentive to qualified employees under a qualified plan of Section 401 A of the Internal Revenue Code. This benefit is paid out annually to the retiree in equal installments annually for a period up to five year. Currently, there are 170 employees participating in the plan and the District paid all obligations for those retirees as of June 30, 2024.

Compensated Absences

The long-term portion of accumulated unpaid employee vacation for the District at June 30, 2024, amounted to \$597,731.

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 8 – LONG-TERM LIABILITIES OTHER THAN OPEB AND PENSIONS, continued

Subscription-Based Information Technology Arrangements (SBITAs)

The District entered into six SBITA contracts for the use of digital curriculum software, lease management, platform as a service, and safety software. At June 30, 2024, the District has recognized right-of-use subscription-based IT assets, net of accumulated amortization, of \$2,103,365 and SBITA liabilities of \$2,209,716 related to these agreements. During the fiscal year, the District recorded \$626,011 in amortization expense. The District is required to make annual principal and interest payments through June 2031. The subscriptions have an interest rate ranges from 2.024% to 3.238%, based on the District's borrowing rate.

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

| Fiscal Year | Principal | Interest | Total |
|-------------|--------------|------------|--------------|
| 2025 | \$ 782,362 | \$ 58,039 | \$ 840,401 |
| 2026 | 685,609 | 37,395 | 723,004 |
| 2027 | 519,763 | 19,047 | 538,810 |
| 2028 | 213,919 | 5,941 | 219,860 |
| 2029 | 3,979 | 217 | 4,196 |
| 2030-2031 | 4,084 | 110 | 4,194 |
| Total | \$ 2,209,716 | \$ 120,749 | \$ 2,330,465 |

NOTE 9 – OTHER POSTEMPLOYMENT BENEFIT (OPEB)

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

| OPEB Plan | Net OPEB Liability/(Asset) | Deferred Outflows of Resources | Deferred Inflows of Resources | OPEB Expense/(Benefit) |
|--|----------------------------|--------------------------------|-------------------------------|------------------------|
| District Plan | \$ 25,821,079 | \$ 9,842,043 | \$ 2,834,863 | \$ (1,991,352) |
| Medicare Premium Payment (MPP) Program | 1,007,918 | - | - | 75,429 |
| Total | \$ 26,828,997 | \$ 9,842,043 | \$ 2,834,863 | \$ (1,915,923) |

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 9 – OTHER POSTEMPLOYMENT BENEFIT (OPEB), continued

The details of each plan are as follows:

District Plan

Plan Administration

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

Plan Membership

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

| | Number of Participants |
|---------------------------------------|---------------------------|
| Inactive employees receiving benefits | 143 |
| Participating active employees | 2,202 |
| | <u>2,345</u> |

Benefits Provided

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

| | Classified | Certificated |
|------------------------|---------------------------------------|---------------------------------------|
| Benefit types provided | Medical, Dental, & Vision | Medical, Dental, & Vision |
| Duration of benefits | To age 65 | To age 65 |
| Required services | 15 years | 15 years |
| Minimum age | 55 | 5 |
| Dependent coverage | Yes | Yes |
| District contribution | 100% | 100% |
| District cap | Lowest cost employee only HMO premium | Lowest cost employee only HMO premium |

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 9 – OTHER POSTEMPLOYMENT BENEFIT (OPEB), continued

District Plan, continued

Contributions

The benefit payment requirements of Plan members and the District are established and may be amended by the District, the Murrieta Educators Association (MEA), the local California Service Employees Association (CSEA), and unrepresented groups. The benefit payment is based on projected pay-as-you-go financing requirements as determined annually through the agreements with the District, MEA, CSEA, and the unrepresented groups. For the measurement period of June 30, 2024, the District paid \$1,114,050 in benefits.

Total OPEB Liability of the District

The District’s total OPEB liability/(asset) of \$25,821,079 was measured as of June 30, 2024, and the total OPEB liability/(asset) used to calculate the total OPEB liability/(asset) was determined by an actuarial valuation as of June 30, 2024.

Actuarial Assumptions

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

| | |
|----------------------------|---|
| Valuation date | June 30, 2024 |
| Measurement date | June 30, 2024 |
| Census data | The census was provided by the District |
| Actuarial cost methods | Entry age |
| Inflation rate | 2.50% |
| Discount rate | 3.93% |
| Healthcare cost trend rate | 4.00% |
| Payroll increase | 2.75% |
| Mortality | For certificated employees the 2020 CalSTRS mortality tables were used. For classified employees the 2021 CalPERS active mortality for miscellaneous and school employees were used. |

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

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 9 – OTHER POSTEMPLOYMENT BENEFIT (OPEB), continued

District Plan, continued

Changes in the Net OPEB Liability/(Asset)

| | Increase/(Decrease) | | |
|--|---------------------------------|---------------------------------|-------------------------------|
| | Total OPEB Liability/(Asset) | Total Fiduciary Net Position | Net OPEB Liability/(Asset) |
| | (a) | (b) | (a) - (b) |
| Balance July 1, 2023 | \$ 17,619,686 | \$ - | \$ 17,619,686 |
| Changes for the year: | | | |
| Service cost | 923,265 | - | 923,265 |
| Interest | 639,637 | - | 639,637 |
| Employer contributions | - | 1,114,050 | (1,114,050) |
| Difference between expected and actual experience | 7,547,859 | - | 7,547,859 |
| Changes of assumptions | 204,682 | - | 204,682 |
| Expected benefit payments | (1,114,050) | (1,114,050) | - |
| Net change | 8,201,393 | - | 8,201,393 |
| Balance June 30, 2024 | \$ 25,821,079 | \$ - | \$ 25,821,079 |

Changes of assumptions and other inputs reflect a change in the discount rate from 3.65 percent in 2023 to 3.93 percent in 2024.

Sensitivity of the Net OPEB Liability/(Asset) to Changes in the Discount Rate

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

| | 1% Decrease (2.93%) | Current Discount Rate (3.93%) | 1% Increase (4.93%) |
|----------------------------|------------------------|-------------------------------------|------------------------|
| Net OPEB liability/(asset) | \$ 27,598,995 | \$ 25,821,079 | \$ 24,136,865 |

Sensitivity of the Net OPEB Liability/(Asset) to Changes in the Healthcare Cost Trend Rate

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

| | 1% Decrease (3.00%) | Healthcare Cost Trend Rate (4.00%) | 1% Increase (5.00%) |
|----------------------------|------------------------|--|------------------------|
| Net OPEB liability/(asset) | \$ 23,213,886 | \$ 25,821,079 | \$ 28,857,272 |

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 9 – OTHER POSTEMPLOYMENT BENEFIT (OPEB), continued

District Plan, continued

OPEB Expense/(Benefit), Deferred Outflows of Resource, and Deferred Inflows of Resources Related to OPEB

At June 30,2024, the District reported deferred outflows of resources and deferred inflow of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ 8,350,267 | \$ - |
| Change in assumptions | 361,433 | 2,834,863 |
| Total | <u>\$ 8,711,700</u> | <u>\$ 2,834,863</u> |

For the year ended June 30, 2024, the District recognized OPEB expense/(benefit) of \$(1,991,352). Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense/(benefit) as follows:

| Year Ending June 30, | Deferred Outflows/(Inflows) of Resources |
|----------------------|--|
| 2025 | \$ 493,563 |
| 2026 | 493,563 |
| 2027 | 493,563 |
| 2028 | 493,563 |
| 2029 | 493,563 |
| Thereafter | 3,409,022 |
| Total | <u>\$ 5,876,837</u> |

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 9 – OTHER POSTEMPLOYMENT BENEFIT (OPEB), continued

Medicare Premium Payment (MPP) Program

Plan Description

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

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

Benefits Provided

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

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

Contributions

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

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 9 – OTHER POSTEMPLOYMENT BENEFIT (OPEB), continued

Medicare Premium Payment (MPP) Program, continued

Net OPEB Liability/(Asset) and OPEB Expense/(Benefit)

At June 30, 2024, the District reported a liability of \$1,007,918 for its proportionate share of the net OPEB liability/(asset) for the MPP Program. The net OPEB liability/(asset) was measured as of June 30, 2023, and the total OPEB liability/(asset) used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation as of June 30, 2022. The District's proportion of the net OPEB liability/(asset) was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2023 and June 30, 2022, respectively, was 0.3322 % and 0.3289%, resulting in a net increase in the proportionate share of 0.0033%.

For the year ended June 30, 2024, the District recognized OPEB expense/(benefit) of \$75,429.

Actuarial Methods and Assumptions

The June 30, 2024 net OPEB liability/(asset) was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2022, and rolling forward the net OPEB liability/(asset) to June 30, 2023, using the assumptions listed in the following table:

| | |
|-------------------------|--|
| Valuation Date | June 30, 2022 |
| Measurement Date | June 30, 2023 |
| Actuarial Cost Method | Entry Age Normal |
| Discount Rate | 3.65% |
| Medicare Part A Premium | |
| Cost Trend Rate* | 4.50% |
| Medicare Part B Premium | |
| Cost Trend Rate* | 5.40% |
| Mortality Rate Table* | Derived Using CalSTRS' Membership Data |

*The assumed increase in the Medicare Part A and Part B Cost Trend Rates vary by year; however, the increases are approximately equivalent to a 4.5% and 5.4% increase each year for Medicare Part A and Part B, respectively.

The discount rate was based on the Bond Buyer 20-Bond GO Index from Bondbuyer.com.

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 9 – OTHER POSTEMPLOYMENT BENEFIT (OPEB), continued

Medicare Premium Payment (MPP) Program, continued

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

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

| | 1% Decrease (2.65%) | Current Discount Rate (3.65%) | 1% Increase (4.65%) |
|----------------------------|------------------------|-------------------------------------|------------------------|
| Net OPEB Liability/(Asset) | \$ 1,095,401 | \$ 1,007,918 | \$ 931,852 |

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

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

| | 1% Decrease (3.50% Part A and 4.40% Part B) | Healthcare Cost Trend Rate (4.50% Part A and 5.40% Part B) | 1% Increase (5.50% Part A and 6.40% Part B) |
|----------------------------|---|---|---|
| Net OPEB Liability/(Asset) | \$ 927,384 | \$ 1,007,918 | \$ 1,098,839 |

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 10 – NON-OBLIGATORY DEBT

Non-obligatory debt relates to debt issuances by the Community Facilities Districts and the Public Financing Authorities, as authorized by the Mello-Roos Community Facilities Act of 1982 as amended, and the Mark-Roos Local Bond Pooling Act of 1985, and are payable from special taxes levied on property within the Community Facilities Districts according to a methodology approved by the voters within the District. Neither the faith and credit nor taxing power of the District is pledged to the payment of the bonds. Reserves have been established from the bond proceeds to meet delinquencies should they occur. If delinquencies occur beyond the amounts held in those reserves, the District has no duty to pay the delinquency out of any available funds of the District. The District acts solely as an agent for those paying taxes levied and the bond holders, and may initiate foreclosure proceedings. Special assessment debt of \$99,705,000 as of June 30, 2024, does not represent debt of the District and, as such, does not appear in the accompanying basic financial statements.

| Fiscal Year | | | | |
|-----------------|----------------------|----------------------|-----------------------|--|
| Ending June 30, | Principal | Interest | Total | |
| 2025 | \$ 5,735,000 | \$ 3,838,113 | \$ 9,573,113 | |
| 2026 | 5,720,000 | 3,607,134 | 9,327,134 | |
| 2027 | 5,985,000 | 3,367,210 | 9,352,210 | |
| 2028 | 6,215,000 | 3,115,896 | 9,330,896 | |
| 2029 | 6,520,000 | 2,852,513 | 9,372,513 | |
| 2030-2034 | 31,600,000 | 10,075,414 | 41,675,414 | |
| 2035-2039 | 21,025,000 | 4,638,533 | 25,663,533 | |
| 2040-2044 | 9,015,000 | 2,374,838 | 11,389,838 | |
| 2045-2049 | 6,715,000 | 725,609 | 7,440,609 | |
| 2050-2052 | 1,175,000 | 58,100 | 1,233,100 | |
| Total | <u>\$ 99,705,000</u> | <u>\$ 34,653,360</u> | <u>\$ 134,358,360</u> | |

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 11 – FUND BALANCES

Fund balances are composed of the following elements:

| | General Fund | Bond Interest and Redemption Fund | Non-Major Governmental Funds | Total Governmental Funds |
|--|-----------------------|--------------------------------------|------------------------------------|--------------------------------|
| Nonspendable | | | | |
| Revolving cash | \$ 15,000 | \$ - | \$ 28,876 | \$ 43,876 |
| Stores inventory | - | - | 297,035 | 297,035 |
| Prepaid expenditures | 241,153 | - | 37,380 | 278,533 |
| Total non-spendable | 256,153 | - | 363,291 | 619,444 |
| Restricted | | | | |
| Legally restricted programs | 42,558,404 | - | 9,088,337 | 51,646,741 |
| Debt service | - | 33,036,540 | 28,545 | 33,065,085 |
| Capital projects | 3,393,208 | - | 49,844,484 | 53,237,692 |
| Child nutrition | 1,047,053 | - | 13,975,194 | 15,022,247 |
| Student activity funds | - | - | 2,469,502 | 2,469,502 |
| Other restrictions | 3,024,067 | - | - | 3,024,067 |
| Total restricted | 50,022,732 | 33,036,540 | 75,406,062 | 158,465,334 |
| Committed | | | | |
| Other commitments | 32,000,000 | - | 3,530,171 | 35,530,171 |
| Total committed | 32,000,000 | - | 3,530,171 | 35,530,171 |
| Assigned | | | | |
| Medi-Cal Administrative Activities (MAA) | 698,850 | - | - | 698,850 |
| One-Time funds for outstanding mandates | 215,995 | - | - | 215,995 |
| Donations | 937,780 | - | - | 937,780 |
| Site discretionary program awards□ | 304,539 | - | - | 304,539 |
| Attendance programs | 84,913 | - | - | 84,913 |
| Insurance claims | 4,863 | - | - | 4,863 |
| Site facilities use agreements | 340,645 | - | - | 340,645 |
| Athletics and band support | 91,591 | - | - | 91,591 |
| Other grants | 19,652 | - | - | 19,652 |
| Special projects | 264,102 | - | - | 264,102 |
| Community engagement initiative | 98,729 | - | - | 98,729 |
| Unified sports | 20,049 | - | - | 20,049 |
| Non-resident student fees | 1,108,799 | - | - | 1,108,799 |
| Other assignments | - | - | 1,793,361 | 1,793,361 |
| Total assigned | 4,190,507 | - | 1,793,361 | 5,983,868 |
| Unassigned | | | | |
| Reserve for economic uncertainties | 10,204,769 | - | - | 10,204,769 |
| Remaining unassigned | 33,338,837 | - | - | 33,338,837 |
| Total unassigned | 43,543,606 | - | - | 43,543,606 |
| Total | \$ 130,012,998 | \$ 33,036,540 | \$ 81,092,885 | \$ 244,142,423 |

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 12 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft, damage and destruction of assets; errors and omissions; injuries to employees; life and health of employees; and natural disasters. The District is self-insured through a pooled joint powers authority (JPA) mechanism for Property damage with coverage up to a maximum of \$250 million and Liability coverage up to a maximum of \$50 million. The District is similarly self-insured through a pooled workers compensation JPA mechanism with coverage up to \$155 million. The District makes available health insurance benefits to all staff through a pooled JPA mechanism, contributing up to an annual cap per year per employee toward those benefits with the employee paying the balance, if any.

Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2024, the District contracted with Riverside Schools Insurance Authority (RSIA) for property and liability insurance coverage. Currently the JPA pools for the first \$50,000 of liability coverage and the first \$25,000 of property coverage. RSIA provides hazardous materials inventories, public records request act direction and other services for its members. Southern California Regional Liability Excess Fund (SCR) provides property and liability coverage to schools, county offices of education and special educational agencies located in Southern California. SCR members pool for the first \$1,000,000 of liability coverage and then purchases/risk transfers coverage for \$50,000,000 excess of \$1,000,000 through the Schools Association For Excess Risk (SAFER). SCR members pool for the first \$250,000 of property coverage and risk transfers/purchases property coverage for \$250,000,000 excess of \$250,000 from the Schools Association For Excess Risk. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

For fiscal year 2024, the District participated in the Riverside Schools' Risk Management Authority (RSRMA), a workers' compensation coverage purchasing pool. The intent of RSRMA is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants. RSRMA, in turn, pools for workers' compensation coverage through their membership in the Protected Insurance Program for Schools and Community Colleges (PIPS), a finite risk sharing pool. Pooling in this manner allows the member districts and joint powers authorities to take advantage of increased purchasing power and greater spread of risk. As a member of PIPS, RSRMA is assigned a rate based on the JPA's overall payroll and loss experience compared to the other members within PIPS. Each participant in RSRMA pays its workers' compensation premium based on its individual rate which is weighted based on their payroll and loss experience within RSRMA. This arrangement insures that each participant shares equally in the overall performance of RSRMA. Participation in RSRMA is limited to districts that can meet the selection criteria. The District also participates in the RSRMA Safety Credit Program to mitigate its Workers' Compensation Claims experience. As of June 30, 2024, the District had a balance of \$2,580,751 available for use pursuant to RSRMA Safety Credit Program guidelines.

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 12 – RISK MANAGEMENT, continued

Employee Medical Benefits

The District is a member of the Regional Employer/Employee Partnership (REEP) to provide employee health benefits. REEP is a shared risk pool comprised of various school districts. Rates are set through an annual calculation process. The District pays a monthly contribution, which is placed in a common fund from which claim payments are made for all participating districts. Claims are paid for all participants regardless of claims flow. The Board of Directors has a right to return monies to a district subsequent to the settlement of all expenses and claims if a district withdraws from the pool.

NOTE 13 – EMPLOYEE RETIREMENT SYSTEMS

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

For the fiscal year ended June 30, 2024, the District reported its proportionate share of net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

| Pension Plan | Collective Net Pension Liability | Collective Deferred Outflows of Resources | Collective Deferred Inflows of Resources | Collective Pension Expense |
|--------------|-------------------------------------|---|--|-------------------------------|
| CalSTRS | \$ 171,034,436 | \$ 53,011,980 | \$ 11,279,055 | \$ 25,305,040 |
| CalPERS | 111,119,283 | 39,557,340 | 2,381,242 | 18,307,764 |
| Total | \$ 282,153,719 | \$ 92,569,320 | \$ 13,660,297 | \$ 43,612,804 |

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

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

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 13 – EMPLOYEE RETIREMENT SYSTEMS, continued

California State Teachers' Retirement System (CalSTRS), continued

Benefits Provided

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

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

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

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

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

Contributions

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2024, are presented above and the District's total contributions were \$28,825,561.

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 13 – EMPLOYEE RETIREMENT SYSTEMS, continued

California State Teachers' Retirement System (CalSTRS), continued

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

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

| | |
|---|-----------------------|
| District's proportionate share of the net pension liability | \$ 171,034,436 |
| State's proportionate share of the net pension liability associated with the District | 81,948,889 |
| Total | <u>\$ 252,983,325</u> |

The net pension liability was measured as of June 30, 2023. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2023 and June 30, 2022, respectively was 0.2246 percent and 0.2191 percent, resulting in a increase of 0.0055 percent in the proportionate share.

For the year ended June 30, 2024, the District recognized pension expense of \$25,305,040. In addition, the District recognized pension expense and revenue of \$1,190,051 for support provided by the State. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Difference between projected and actual earnings on plan investments | \$ 723,562 | \$ - |
| Differences between expected and actual experience | 13,441,452 | 9,148,965 |
| Changes in assumptions | 990,351 | - |
| Net changes in proportionate share of net pension liability | 9,031,054 | 2,130,090 |
| District contributions subsequent to the measurement date | 28,825,561 | - |
| Total | <u>\$ 53,011,980</u> | <u>\$ 11,279,055</u> |

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 13 – EMPLOYEE RETIREMENT SYSTEMS, continued

California State Teachers’ Retirement System (CalSTRS), continued

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

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ending June 30, | Deferred Outflows/(Inflows) of Resources |
|----------------------|--|
| 2025 | \$ (3,368,586) |
| 2026 | (6,386,737) |
| 2027 | 16,497,930 |
| 2028 | 2,220,994 |
| 2029 | 1,703,521 |
| Thereafter | 2,240,242 |
| Total | <u>\$ 12,907,364</u> |

Actuarial Methods and Assumptions

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

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

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

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 13 – EMPLOYEE RETIREMENT SYSTEMS, continued

California State Teachers’ Retirement System (CalSTRS), continued

Actuarial Methods and Assumptions, continued

The long-term investment rate of return assumption was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS investment staff and investment consultants as inputs to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS’ independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of expected 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class as of June 30, 2024, are summarized in the following table:

| Asset Class | Assumed Asset Allocation | Long-term Expected Real Rate of Return* |
|----------------------------|--------------------------|---|
| Public Equity | 38% | 5.25% |
| Real Estate | 15% | 4.05% |
| Private Equity | 14% | 6.75% |
| Fixed Income | 14% | 2.45% |
| Risk Mitigating Strategies | 10% | 2.25% |
| Inflation Sensitive | 7% | 3.65% |
| Cash/Liquidity | 2% | 0.05% |
| | <u>100%</u> | |

*20-year average. Real rates of return of net of assumed 2.75% inflation.

Discount Rate

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

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 13 – EMPLOYEE RETIREMENT SYSTEMS, continued

California State Teachers’ Retirement System (CalSTRS), continued

Discount Rate, continued

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

| | 1% Decrease (6.10%) | Current Discount Rate (7.10%) | 1% Increase (8.10%) |
|------------------------------|---------------------------|-------------------------------------|---------------------------|
| Plan's net pension liability | \$ 286,896,619 | \$ 171,034,436 | \$ 74,797,389 |

California Public Employees Retirement System (CalPERS)

Plan Description

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

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

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor and the member’s final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 55 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 62 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member’s beneficiary if the member dies while actively employed. An employee’s eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 55 (or 62 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 13 – EMPLOYEE RETIREMENT SYSTEMS, continued

California Public Employees Retirement System (CalPERS), continued

Benefits Provided, continued

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

| | School Employer Pool (CalPERS) | |
|---|--------------------------------|--------------------|
| | On or before | On or after |
| Hire date | December 31, 2012 | January 1, 2013 |
| Benefit formula | 2% at 55 | 2% at 62 |
| Benefit vesting schedule | 5 years of service | 5 years of service |
| Benefit payments | Monthly for life | Monthly for life |
| Retirement age | 55 | 62 |
| Monthly benefits as a percentage of eligible compensation | 1.1% - 2.5% | 1.0% - 2.5% |
| Required employee contribution rate | 7.00% | 7.00% |
| Required employer contribution rate | 26.68% | 26.68% |

Contributions

Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2024, are presented above and the total District contributions were \$16,248,110.

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

As of June 30, 2024, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$111,119,283. The net pension liability was measured as of June 30, 2023. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District’s proportionate share for the measurement period June 30, 2023 and June 30, 2022, respectively was 0.3070 percent and 0.3075 percent, resulting in a net decrease in the proportionate share of 0.0005 percent.

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 13 – EMPLOYEE RETIREMENT SYSTEMS, continued

California Public Employees Retirement System (CalPERS), continued

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

For the year ended June 30, 2024, the District recognized pension expense of \$18,307,764. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Difference between projected and actual earnings on plan investments | \$ 11,869,127 | \$ - |
| Differences between expected and actual experience | 4,055,057 | 1,706,629 |
| Changes in assumptions | 5,119,221 | - |
| Net changes in proportionate share of net pension liability | 2,265,825 | 674,613 |
| District contributions subsequent to the measurement date | 16,248,110 | - |
| Total | <u>\$ 39,557,340</u> | <u>\$ 2,381,242</u> |

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

| Year Ending June 30, | Deferred Outflows/(Inflows) of Resources |
|----------------------|--|
| 2025 | \$ 5,991,368 |
| 2026 | 4,921,956 |
| 2027 | 9,657,376 |
| 2028 | 357,288 |
| Total | <u>\$ 20,927,988</u> |

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 13 – EMPLOYEE RETIREMENT SYSTEMS, continued

California Public Employees Retirement System (CalPERS), continued

Actuarial Methods and Assumptions

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

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

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

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

| Asset Class* | Assumed Asset Allocation | Real Return Years 1 - 10** |
|-----------------------------------|--------------------------|----------------------------|
| Global Equity Capital-weighted | 30% | 4.54% |
| Global Equity Noncapital-weighted | 12% | 3.84% |
| Private Equity | 13% | 7.28% |
| Treasury | 5% | 0.27% |
| Mortgage-backed Securities | 5% | 0.50% |
| Investment Grade Corporates | 10% | 1.56% |
| High Yield | 5% | 2.27% |
| Emerging Market Debt | 5% | 2.48% |
| Private Debt | 5% | 3.57% |
| Real Assets | 15% | 3.21% |
| Leverage | -5% | -0.59% |
| | <u>100%</u> | |

*An expected inflation of 2.30% used for this period.

**Figures are based on the 2021-22 Asset Liability Management study.

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 13 – EMPLOYEE RETIREMENT SYSTEMS, continued

California Public Employees Retirement System (CalPERS), continued

Discount Rate

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

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

| | 1% Decrease (5.90%) | Current Discount Rate (6.90%) | 1% Increase (7.90%) |
|------------------------------|---------------------------|-------------------------------------|---------------------------|
| Plan's net pension liability | \$ 160,649,760 | \$ 111,119,283 | \$ 70,183,470 |

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of \$13,107,606. Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Tax Deferred Annuity/Social Security

As established by Federal law, all public sector employees who are not members of their employer’s existing retirement system (CalSTRS or CalPERS) must be covered by Social Security or an alternative plan. The District has elected to use the TDA as its alternative plan. Contributions made by the District and an employee vest immediately. The District contributes 6.2 percent of an employee’s gross earnings. An employee is required to contribute 6.2 percent of his or her gross earnings to the pension plan.

The District also contributes to the 403(b) and 457(b) Tax Deferred Annuity Plans, which are defined contribution pension plans. A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual’s account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant’s account, the returns earned on investments of those contributions, and forfeitures of other participants’ benefits that may be allocated to such participant’s account.

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 14 – COMMITMENTS AND CONTINGENCIES

Grants

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2024.

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2024.

NOTE 15 – PARTICIPATION IN PUBLIC ENTITY RISK POOLS

The District is a member of the Riverside Schools Insurance Authority (RSIA), Riverside Schools Risk Management Authority (RSRMA), and Regional Employer/Employee Partnership (REEP) public entity risk pools. The District pays an annual premium to each entity for its property and liability, workers' compensation, medical, vision, dental, and life insurance coverage. The relationships between the District, the pools, and the JPAs are such that the JPAs are not component units of the District for financial reporting purposes.

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

During the year ended June 30, 2024, the District made payments of \$2,444,536, \$2,964,543, and \$26,715,111, to RSIA, RSRMA, and REEP, respectively, for its property liability, workers' compensation, and health coverage.

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 16 – PRIOR PERIOD ADJUSTMENTS

The restatement in governmental activities was made to account for the McAlby Court Unit A & E lease terms, which include incremental increases based on the Consumer Price Index (CPI), in accordance with GASB 87. As a result, the lease liability was understated by \$1,797,761, and the right-of-use leased asset, net of accumulated amortization, was understated by \$1,606,599, leading to a net reduction in the beginning balance of \$191,162.

| | Governmental | |
|--|----------------|-----------------|
| | Activites | Custodial Funds |
| Net Position - Beginning, as previously reported at June 30, 2023 | \$ 249,871,991 | \$ 27,184,496 |
| Prior Period Adjustments: | | |
| Overstatement of investments held with custodian | - | (994,955) |
| Understatement of right-of-use leased assets | 755,402 | - |
| Overstatement of right-of-use leased assets accumulated amortization | 851,197 | - |
| Understatement of lease liability | (1,797,761) | - |
| Total Prior Period Adjustments | (191,162) | (994,955) |
| Net Position - Beginning, as restated at June 30, 2023 | \$ 249,680,829 | \$ 26,189,541 |

A detailed analysis of CFD and PFA activity. In the beginning balance analysis, it was determined that the following adjustments were required to properly state fiduciary investments held with custodian at June 30, 2023:

| | |
|---|--------------|
| Reduction to 2014 PFA investment balance | \$ (994,693) |
| Reduction to 2021PFA investment balance | (266) |
| Increase in other investment balances due to rounding corrections | 4 |
| Total | \$ (994,955) |

NOTE 17 – SUBSEQUENT EVENTS

On July 23, 2024, the board acted in closed session to authorize the purchase of 25664 Madison Ave, Murrieta CA 92562 ("Promise Church") for \$9,315,000. The district entered into a due diligence period of 120 days and made a \$100,000 deposit via wire transfer on July 30, 2024.

On October 10, 2024, a resolution of the board of directors on the Murrieta Valley Unified School District Public Financing Authority was approved authorizing the execution and delivery of a lease and sublease agreement and related documents and actions related to the purchase of 25664 Madison Ave, Murrieta CA 92562 ("Promise Church").

REQUIRED SUPPLEMENTARY INFORMATION

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2024

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variances - Final to Actual |
|---|------------------|----------------|-----------------------------|--------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| LCFF sources | \$ 263,800,988 | \$ 261,184,241 | \$ 261,182,668 | \$ (1,573) |
| Federal sources | 21,611,191 | 20,944,690 | 20,987,124 | 42,434 |
| Other state sources | 28,183,211 | 32,076,775 | 33,411,023 | 1,334,248 |
| Other local sources | 27,156,061 | 33,658,686 | 35,468,068 | 1,809,382 |
| Total Revenues | 340,751,451 | 347,864,392 | 351,048,883 | 3,184,491 |
| EXPENDITURES | | | | |
| Certificated salaries | 155,304,098 | 151,579,572 | 151,780,584 | (201,012) |
| Classified salaries | 58,657,362 | 56,584,551 | 56,039,632 | 544,919 |
| Employee benefits | 87,307,044 | 83,866,784 | 83,243,850 | 622,934 |
| Books and supplies | 14,586,422 | 14,607,854 | 12,944,786 | 1,663,068 |
| Services and other operating expenditures | 31,687,614 | 30,067,691 | 28,707,987 | 1,359,704 |
| Capital outlay | 3,751,500 | 3,285,564 | 2,198,766 | 1,086,798 |
| Other outgo | | | | |
| Excluding transfers of indirect costs | 506,201 | 456,201 | 422,793 | 33,408 |
| Transfers of indirect costs | (1,183,096) | (1,081,256) | (1,079,448) | (1,808) |
| Total Expenditures | 350,617,145 | 339,366,961 | 334,258,950 | 5,108,011 |
| Excess/(Deficiency) of Revenues | | | | |
| Over Expenditures | (9,865,694) | 8,497,431 | 16,789,933 | 8,292,502 |
| Other Financing Sources/(Uses): | | | | |
| Transfers out | (2,400,000) | (5,900,000) | (5,900,000) | - |
| Net Financing Sources/(Uses) | (2,400,000) | (5,900,000) | (5,900,000) | - |
| NET CHANGE IN FUND BALANCE | (12,265,694) | 2,597,431 | 10,889,933 | 8,292,502 |
| Fund Balance - Beginning | 119,123,065 | 119,123,065 | 119,123,065 | - |
| Fund Balance - Ending | \$ 106,857,371 | \$ 121,720,496 | \$ 130,012,998 | \$ 8,292,502 |

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY/(ASSET) AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2024

| | 2024 | 2023 | 2022 | 2021 |
|--|---------------|---------------|---------------|---------------|
| Total OPEB liability/(asset) | | | | |
| Service cost | \$ 923,265 | \$ 914,743 | \$ 1,147,765 | \$ 1,110,326 |
| Interest | 639,637 | 610,087 | 373,320 | 382,421 |
| Difference between expected and actual experience | 7,547,859 | - | 1,143,341 | - |
| Changes of assumptions | 204,682 | (132,994) | (1,513,259) | (448,341) |
| Benefit payments | (1,114,050) | (1,097,777) | (1,070,013) | (1,255,081) |
| Net change in total OPEB liability/(asset) | 8,201,393 | 294,059 | 81,154 | (210,675) |
| Total OPEB liability/(asset), beginning of year | 17,619,686 | 17,325,627 | 17,244,473 | 17,455,148 |
| Total OPEB liability/(asset), end of year (a) | \$ 25,821,079 | \$ 17,619,686 | \$ 17,325,627 | \$ 17,244,473 |
| Plan fiduciary net position | | | | |
| Employer contributions | \$ 1,114,050 | \$ 1,097,777 | \$ 1,070,013 | 1,255,081 |
| Benefit payments | (1,114,050) | (1,097,777) | (1,070,013) | (1,255,081) |
| Change in plan fiduciary net position | - | - | - | - |
| Fiduciary trust net position, beginning of year | - | - | - | - |
| Fiduciary trust net position, end of year (b) | \$ - | \$ - | \$ - | \$ - |
| Net OPEB liability/(asset), ending (a) - (b) | \$ 25,821,079 | \$ 17,619,686 | \$ 17,325,627 | \$ 17,244,473 |
| Covered payroll ¹ | N/A | N/A | N/A | N/A |
| Plan fiduciary net position as a percentage of the total OPEB liability/(asset) ¹ | N/A | N/A | N/A | N/A |
| Net OPEB liability/(asset) as a percentage of covered payroll ¹ | N/A | N/A | N/A | N/A |

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

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

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY/(ASSET) AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2024

| | 2020 | 2019 | 2018 |
|--|---------------|---------------|---------------|
| Total OPEB liability/(asset) | | | |
| Service cost | \$ 1,439,321 | \$ 1,331,568 | \$ 1,295,930 |
| Interest | 616,498 | 556,093 | 553,258 |
| Difference between expected and actual experience | 958,747 | - | - |
| Changes of assumptions | (2,155,332) | 366,351 | - |
| Benefit payments | (597,285) | (566,792) | (544,992) |
| Net change in total OPEB liability/(asset) | 261,949 | 1,687,220 | 1,304,196 |
| Total OPEB liability/(asset), beginning of year | 17,193,199 | 15,505,979 | 14,201,783 |
| Total OPEB liability/(asset), end of year (a) | \$ 17,455,148 | \$ 17,193,199 | \$ 15,505,979 |
| Plan fiduciary net position | | | |
| Employer contributions | \$ 597,285 | \$ 566,792 | \$ 544,992 |
| Benefit payments | (597,285) | (566,792) | (544,992) |
| Change in plan fiduciary net position | - | - | - |
| Fiduciary trust net position, beginning of year | - | - | - |
| Fiduciary trust net position, end of year (b) | \$ - | \$ - | \$ - |
| Net OPEB liability/(asset), ending (a) - (b) | \$ 17,455,148 | \$ 17,193,199 | \$ 15,505,979 |
| Covered payroll ¹ | N/A | N/A | N/A |
| Plan fiduciary net position as a percentage of the total OPEB liability/(asset) ¹ | N/A | N/A | N/A |
| Net OPEB liability/(asset) as a percentage of covered payroll ¹ | N/A | N/A | N/A |

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

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

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY/(ASSET)
– MPP PROGRAM
FOR THE YEAR ENDED JUNE 30, 2024

| | June 30, 2024 | June 30, 2023 | June 30, 2022 |
|---|---------------|---------------|---------------|
| District's proportion of the net OPEB liability/(asset) | 0.3322% | 0.3289% | 0.3277% |
| District's Proportionate Share of the Net OPEB Liability/(Asset) | \$ 1,007,918 | \$ 1,083,347 | \$ 1,307,081 |
| District's Covered-Employee Payroll | N/A | N/A | N/A |
| Plan's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered-Employee Payroll | N/A | N/A | N/A |
| Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total OPEB Liability/(Asset) | -0.96% | -0.94% | -0.80% |

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

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2024

| | Reporting Fiscal Year (Measurement Date) | | | | |
|---|---|----------------|----------------|----------------|----------------|
| | 2024 (2023) | 2023 (2022) | 2022 (2021) | 2021 (2020) | 2020 (2019) |
| CalSTRS | | | | | |
| District's proportion of the net pension liability | 0.2246% | 0.2191% | 0.2180% | 0.2135% | 0.2147% |
| District's proportionate share of the net pension liability | \$ 171,034,436 | \$ 152,266,666 | \$ 99,210,971 | \$ 206,925,928 | \$ 193,876,835 |
| State's proportionate share of the net pension liability associated with the District | 81,948,889 | 76,254,551 | 49,919,113 | 106,670,340 | 105,772,757 |
| Total | \$ 252,983,325 | \$ 228,521,217 | \$ 149,130,084 | \$ 313,596,268 | \$ 299,649,592 |
| District's covered-employee payroll | \$ 137,628,000 | \$ 128,781,099 | \$ 121,618,570 | \$ 117,436,673 | \$ 113,802,187 |
| District's proportionate share of the net pension liability as percentage of covered-employee payroll | 124% | 118% | 82% | 176% | 170% |
| Plan fiduciary net position as a percentage of the total pension liability | 81% | 81% | 87% | 72% | 73% |
| | | | | | |
| | Reporting Fiscal Year (Measurement Date) | | | | |
| | 2024 (2023) | 2023 (2022) | 2022 (2021) | 2021 (2020) | 2020 (2019) |
| CalPERS | | | | | |
| District's proportion of the net pension liability | 0.3070% | 0.3075% | 0.2985% | 0.2917% | 0.2936% |
| District's proportionate share of the net pension liability | \$ 111,119,283 | \$ 105,799,166 | \$ 60,698,495 | \$ 89,511,451 | \$ 85,566,262 |
| District's covered-employee payroll | \$ 53,470,185 | \$ 47,340,637 | \$ 44,025,565 | \$ 42,065,849 | \$ 41,102,840 |
| District's proportionate share of the net pension liability as percentage of covered-employee payroll | 208% | 223% | 138% | 213% | 208% |
| Plan fiduciary net position as a percentage of the total pension liability | 70% | 70% | 81% | 70% | 70% |

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

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2024

| | Reporting Fiscal Year (Measurement Date) | | | | |
|--|---|----------------|----------------|----------------|----------------|
| | 2019 (2018) | 2018 (2017) | 2017 (2016) | 2016 (2015) | 2015 (2014) |
| CalSTRS | | | | | |
| District's proportion of the net pension liability | 0.201% | 0.194% | 0.198% | 0.209% | 0.189% |
| District's proportionate share of the net pension liability | \$ 184,263,020 | \$ 179,531,862 | \$ 160,424,204 | \$ 140,719,047 | \$ 110,308,530 |
| State's proportionate share of the net pension liability associated with the District | 105,499,197 | 106,209,533 | 91,326,638 | 74,424,863 | 66,609,053 |
| Total | \$ 289,762,217 | \$ 285,741,395 | \$ 251,750,842 | \$ 215,143,910 | \$ 176,917,583 |
| District's covered-employee payroll | \$ 108,376,833 | \$ 106,363,744 | \$ 99,627,036 | \$ 96,586,757 | \$ 103,962,473 |
| District's proportionate share of the net pension liability as percentage of covered-employee payroll | 170% | 169% | 161% | 146% | 106% |
| Plan fiduciary net position as a percentage of the total pension liability | 71% | 69% | 70% | 74% | 77% |
| | | | | | |
| | Reporting Fiscal Year (Measurement Date) | | | | |
| | 2019 (2018) | 2018 (2017) | 2017 (2016) | 2016 (2015) | 2015 (2014) |
| CalPERS | | | | | |
| District's proportion of the net pension liability | 0.293% | 0.304% | 0.300% | 0.296% | 0.289% |
| District's proportionate share of the net pension liability | \$ 78,146,289 | \$ 72,630,215 | \$ 59,154,321 | \$ 43,578,380 | \$ 32,854,704 |
| District's covered-employee payroll | \$ 39,576,170 | \$ 37,881,264 | \$ 35,991,779 | \$ 33,272,135 | \$ 34,228,832 |
| District's proportionate share of the net pension liability as percentage of covered-employee payroll | 197% | 192% | 164% | 108% | 108% |
| Plan fiduciary net position as a percentage of the total pension liability | 71% | 72% | 74% | 79% | 83% |

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

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
SCHEDULE OF CONTRIBUTIONS – PENSIONS
FOR THE YEAR ENDED JUNE 30, 2024

| | Reporting Fiscal Year | | | | |
|---|-----------------------|----------------|----------------|----------------|----------------|
| | 2024 | 2023 | 2022 | 2021 | 2020 |
| CalSTRS | | | | | |
| Statutorily required contribution | \$ 28,825,561 | \$ 26,286,948 | \$ 21,789,762 | \$ 19,641,399 | \$ 20,081,671 |
| District's contributions in relation to the statutorily required contribution | 28,825,561 | 26,286,948 | 21,789,762 | 19,641,399 | 20,081,671 |
| District's contribution deficiency/(excess) | \$ - | \$ - | \$ - | \$ - | \$ - |
| District's covered-employee payroll | \$ 150,919,168 | \$ 137,628,000 | \$ 128,781,099 | \$ 121,618,570 | \$ 117,436,673 |
| District's contributions as a percentage of covered-employee payroll | 19.10% | 19.10% | 16.92% | 16.15% | 17.10% |
| | | | | | |
| | Reporting Fiscal Year | | | | |
| | 2024 | 2023 | 2022 | 2021 | 2020 |
| CalPERS | | | | | |
| Statutorily required contribution | \$ 16,248,110 | \$ 13,565,386 | \$ 10,845,740 | \$ 9,113,292 | \$ 8,295,806 |
| District's contributions in relation to the statutorily required contribution | 16,248,110 | 13,565,386 | 10,845,740 | 9,113,292 | 8,295,806 |
| District's contribution deficiency/(excess) | \$ - | \$ - | \$ - | \$ - | \$ - |
| District's covered-employee payroll | \$ 60,899,963 | \$ 53,470,185 | \$ 47,340,637 | \$ 44,025,565 | \$ 42,065,849 |
| District's contributions as a percentage of covered-employee payroll | 26.68% | 25.37% | 22.91% | 20.70% | 19.72% |

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

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
SCHEDULE OF CONTRIBUTIONS – PENSIONS
FOR THE YEAR ENDED JUNE 30, 2024

| | Reporting Fiscal Year | | | | |
|---|-----------------------|----------------|----------------|---------------|---------------|
| | 2019 | 2018 | 2017 | 2016 | 2015 |
| CalSTRS | | | | | |
| Statutorily required contribution | \$ 18,526,996 | \$ 15,638,777 | \$ 13,380,559 | \$ 10,689,981 | \$ 8,576,904 |
| District's contributions in relation to the statutorily required contribution | 18,526,996 | 15,638,777 | 13,380,559 | 10,689,981 | 8,576,904 |
| District's contribution deficiency/(excess) | \$ - | \$ - | \$ - | \$ - | \$ - |
| District's covered-employee payroll | \$ 113,802,187 | \$ 108,376,833 | \$ 106,363,744 | \$ 99,627,036 | \$ 96,586,757 |
| District's contributions as a percentage of covered-employee payroll | 16.28% | 14.43% | 12.58% | 10.73% | 8.88% |
| | | | | | |
| | Reporting Fiscal Year | | | | |
| | 2019 | 2018 | 2017 | 2016 | 2015 |
| CalPERS | | | | | |
| Statutorily required contribution | \$ 7,423,995 | \$ 6,146,575 | \$ 5,260,950 | \$ 4,263,946 | \$ 3,916,463 |
| District's contributions in relation to the statutorily required contribution | 7,423,995 | 6,146,575 | 5,260,950 | 4,263,946 | 3,916,463 |
| District's contribution deficiency/(excess) | \$ - | \$ - | \$ - | \$ - | \$ - |
| District's covered-employee payroll | \$ 41,102,840 | \$ 39,576,170 | \$ 37,881,264 | \$ 35,991,779 | \$ 33,272,135 |
| District's contributions as a percentage of covered-employee payroll | 18.06% | 15.53% | 13.89% | 11.85% | 11.77% |

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

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2024

NOTE 1 – PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

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

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

Schedule of Changes in the Net OPEB Liability/(Asset) and Related Ratios

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

- *Changes in Benefit Terms* – There were no changes in benefit terms.
- *Changes of Assumptions* – The discount rate changed from 3.65 percent to 3.93 percent from the previous valuation.

Schedule of the District's Proportionate Share of the Net OPEB Liability/(Asset) - MPP Program

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

- *Changes in Benefit Terms* – There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* – The discount rate was changed from 3.54 percent to 3.65 percent since the previous valuation. The Medicare Part A Premium cost trend rate has increased from 4.30 percent to 4.50 percent, while Medicare Part B Premium has decreased from 5.50 percent to 5.40 percent since previous valuation.

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2024

NOTE 1 – PURPOSE OF SCHEDULES, continued

Schedule of the Proportionate Share of the Net Pension Liability

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

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

Schedule of Contributions – Pensions

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

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2024, the District incurred an excess of expenditures over appropriations in individual major funds presented in the Budgetary Comparison Schedule by major object code as follows:

| | Expenditures and Other Uses | | |
|-----------------------|-----------------------------|----------------|------------|
| | Budget | Actual | Excess |
| General Fund | | | |
| Certificated salaries | \$ 151,579,572 | \$ 151,780,584 | \$ 201,012 |

SUPPLEMENTARY INFORMATION

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
JUNE 30, 2024

ORGANIZATION

The Murrieta Valley Unified School District was organized on July 1, 1989, and consists of an area comprising approximately 172 square miles. The District operates eleven elementary schools, four middle schools, three high schools, one continuation school, one alternative school of choice, and one adult school. There were no boundary changes during the year.

The Board of Education and the District Administrators for the fiscal year ended June 30, 2024, were as follows:

| GOVERNING BOARD | | |
|---------------------|-----------|---------------|
| Name | Office | Term Expires |
| Paul F. Diffley III | President | November 2024 |
| Nancy Young | Clerk | November 2026 |
| Nicolas Pardue | Member | November 2026 |
| Linda Lunn | Member | November 2024 |
| Julie Vandegrift | Member | November 2024 |

| ADMINISTRATION |
|--|
| <div>Dr. Ward Andrus</div> <div><i>Superintendent</i></div> |
| <div>Darren Daniel</div> <div><i>Deputy Superintendent</i></div> |
| <div>Richard Rideout</div> <div><i>Assistant Superintendent</i></div> <div><i>Human Resources</i></div> |
| <div>Faythe Mutchnick-Jayx</div> <div><i>Assistant Superintendent</i></div> <div><i>Educational Services</i></div> |
| <div>James L. Whittington, CPA, CFE</div> <div><i>Chief Financial Officer</i></div> |

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

| Federal Grantor/Pass-Through Grantor/Program or Cluster Title | Assistance Listing Number | Pass-Through Entity Identifying Number | Federal Expenditures |
|--|---------------------------------|---|-------------------------|
| | | | |
| U.S. Department of Agriculture: | | | |
| <i>Passed Through California Department of Education</i> | | | |
| Child Nutrition Cluster: | | | |
| National School Lunch Program | 10.555 | 13396 | \$ 4,330,242 |
| School Breakfast Program | 10.553 | 13525 | 889,299 |
| School Breakfast Needy | 10.553 | 13526 | 638,029 |
| National School Lunch Program - Meal Supplements | 10.555 | 13755 | 47,618 |
| National School Lunch Program Noncash Commodities | 10.555 | 13391 | 700,276 |
| COVID-19: Supply Chain Assistance (SCA) Funds | 10.555 | 15637 | 1,335,245 |
| National School Lunch Program Equipment Assistance Grant | 10.579 | 14906 | 86,379 |
| Total Child Nutrition Cluster | | | 8,027,088 |
| Forest Services Schools and Road Cluster: | | | |
| Forest Reserve | 10.665 | 10044 | 19,354 |
| Total Forest Services Schools and Road Cluster | | | 19,354 |
| Total U.S. Department of Agriculture | | | 8,046,442 |
| U.S. Department of Education: | | | |
| <i>Passed Through Riverside County Special Education Local Plan Area</i> | | | |
| Special Education Cluster: | | | |
| IDEA Local Assistance - Private Schools | 84.027 | 10115 | 5,920 |
| IDEA Basic Local Assistance | 84.027 | 13379 | 6,060,375 |
| IDEA Mental Health | 84.027A | 15197 | 263,608 |
| IDEA Preschool Grants | 84.173 | 13430 | 95,769 |
| IDEA Preschool Staff Development | 84.173 | 13431 | 1,429 |
| Total Special Education Cluster | | | 6,427,101 |
| <i>Passed Through California Department of Education</i> | | | |
| Education Stabilization Funds: | | | |
| Elementary and Secondary School Emergency Relief III (ESSER III) Fund | 84.425 | 15559 | 8,037,742 |
| Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss | 84.425U | 10155 | 2,456,311 |
| ARP Homeless Children and Youth II (ARP HYC II) | 84.425W | 15566 | 62,449 |
| Total Education Stabilization Funds | | | 10,556,502 |
| Title I Part A | 84.010 | 14329 | 2,883,643 |
| Carl D Perkins Career & Technical Education | 84.048 | 14894 | 153,413 |
| Workability II | 84.126 | 10006 | 39,999 |
| Title III, Immigrant Student Program | 84.365 | 15146 | 24,013 |
| Title III, English Learner Student Program | 84.365 | 14346 | 167,957 |
| Title II, Part A, Supporting Effective Instruction | 84.367 | 14341 | 509,986 |
| Title IV Student Support & Academic Enrichment | 84.424 | 15396 | 206,575 |
| Total U.S. Department of Education | | | 20,969,189 |
| U.S. Department of Health and Human Services: | | | |
| <i>Passed Through California Department of Health and Human Services</i> | | | |
| Child Care and Development Fund Cluster: | | | |
| Child Care and Development Block Grant | 93.575 | 15136 | 1,410,007 |
| Child Dev: Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act- One-time Stipend | 93.575 | 15555 | 154,805 |
| Child Development: ARP California State Preschool Program One-time Stipend | 93.575 | 15640 | 7,418 |
| Total Child Care and Development Fund Cluster | | | 1,572,230 |
| Total U.S. Department of health and Human Services | | | 1,572,230 |
| Total Federal Financial Assistance | | | \$ 30,587,861 |

**MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2024**

| | Second Period Report | Annual Report |
|--|-------------------------------|-------------------------------|
| | Certification No. 7660BB3A | Certification No. E0928886 |
| Regular ADA | | |
| Transitional kindergarten through third | 5,640.39 | 5,657.67 |
| Fourth through sixth | 4,456.41 | 4,454.50 |
| Seventh and eighth | 3,247.18 | 3,240.03 |
| Ninth through twelfth | 7,472.46 | 7,428.53 |
| Total Regular ADA | 20,816.44 | 20,780.73 |
| Extended Year Special Education | | |
| Transitional kindergarten through third | 5.51 | 5.51 |
| Fourth through sixth | 2.26 | 2.26 |
| Seventh and eighth | 1.58 | 1.58 |
| Ninth through twelfth | 2.33 | 2.33 |
| Total Extended Year Special Education | 11.68 | 11.68 |
| Special Education, Nonpublic, Nonsectarian Schools | | |
| Transitional kindergarten through third | 1.72 | 1.79 |
| Fourth through sixth | 4.23 | 4.07 |
| Ninth through twelfth | 5.83 | 5.89 |
| Total Special Education, Nonpublic, Nonsectarian Schools | 11.78 | 11.75 |
| Extended Year Special Education - Nonpublic | | |
| Fourth through Sixth | 0.23 | 0.23 |
| Seventh and Eighth | 0.11 | 0.11 |
| Ninth through twelfth | 0.57 | 0.57 |
| Total Extended Year Special Education - Nonpublic | 0.91 | 0.91 |
| ADA Totals | 20,840.81 | 20,805.07 |

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2024

| Grade Level | Minutes Requirement | 2023-24 | Number of Days | | Status |
|--------------|------------------------|-------------------|-------------------------|------------------------|----------|
| | | Actual Minutes | Traditional Calendar | Multitrack Calendar | |
| Kindergarten | 36,000 | 36,019 | 180 | N/A | Complied |
| Grade 1 | 50,400 | 54,410 | 180 | N/A | Complied |
| Grade 2 | 50,400 | 54,410 | 180 | N/A | Complied |
| Grade 3 | 50,400 | 54,410 | 180 | N/A | Complied |
| Grade 4 | 54,000 | 54,410 | 180 | N/A | Complied |
| Grade 5 | 54,000 | 54,410 | 180 | N/A | Complied |
| Grade 6 | 54,000 | 54,160 | 180 | N/A | Complied |
| Grade 7 | 54,000 | 54,160 | 180 | N/A | Complied |
| Grade 8 | 54,000 | 54,160 | 180 | N/A | Complied |
| Grade 9 | 64,800 | 65,145 | 180 | N/A | Complied |
| Grade 10 | 64,800 | 65,145 | 180 | N/A | Complied |
| Grade 11 | 64,800 | 65,145 | 180 | N/A | Complied |
| Grade 12 | 64,800 | 65,145 | 180 | N/A | Complied |

**MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024**

| | 2025 (Budget) | 2024 | 2023 | 2022 |
|--|----------------|----------------|----------------|----------------|
| General Fund - Budgetary Basis | | | | |
| Revenues and Other Financing Sources | \$ 335,108,031 | \$ 351,048,883 | \$ 357,192,751 | \$ 293,059,384 |
| Expenditures and Other Financing Uses | 367,399,987 | 340,158,950 | 316,016,808 | 289,654,882 |
| Net Change in Fund Balance | (32,291,956) | 10,889,933 | 41,175,943 | 3,404,502 |
| Ending Fund Balance | \$ 97,721,042 | \$ 130,012,998 | \$ 119,123,065 | \$ 77,947,122 |
| Available Reserves* | \$ 16,363,842 | \$ 43,543,606 | \$ 23,971,614 | \$ 19,087,840 |
| Available Reserves as a Percentage of Outgo | 4.5% | 12.8% | 7.6% | 6.6% |
| Long-term Debt** | \$ 206,550,440 | \$ 224,924,504 | \$ 236,131,798 | \$ 230,257,121 |
| Average Daily Attendance at P-2 | 20,778 | 20,841 | 20,641 | 20,722 |

The General Fund balance has increased by \$52,065,876 over the past two years. The fiscal year 2024-2025 budget projects a decrease of \$32,291,956, or 24.84%. For a district this size, the State recommends available reserves of at least 3 percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in all of the past three years, but anticipates incurring an operating deficit during the 2024-2025 fiscal year. Total long-term liabilities have increased by \$5,332,617 over the past two years, not including net OPEB liability and net pension liability.

Average daily attendance has increased by 119 over the past two years. A decline of 63 ADA is anticipated during fiscal year 2024-2025.

* Available reserves consist of all unassigned fund balances and all funds reserved for economic uncertainty contained within the General Fund.

** Amounts do not include net OPEB liability and net pension liability.

**MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

There were no reconciliations between the Unaudited Actual Financial Report and the audited financial statements.

**MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2024**

There were no charter schools in the District during fiscal year 2023-24.

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2024

| | Student Activity Special Revenue Fund | Adult Education Fund | Child Development Fund | Cafeteria Special Revenue Fund | Deferred Maintenance Fund | Total Non- Major Special Revenue Funds |
|--|---|----------------------------|------------------------------|--------------------------------------|---------------------------------|--|
| ASSETS | | | | | | |
| Cash and equivalents | \$ 2,711,708 | \$ 378,349 | \$ 11,871,176 | \$ 10,109,727 | \$ - | \$ 25,070,960 |
| Accounts receivable | 85,976 | 92,226 | 773,595 | 4,525,341 | - | 5,477,138 |
| Due from other funds | - | 48 | 11,161 | 2,015 | 3,530,171 | 3,543,395 |
| Inventory | 118,002 | - | - | 179,033 | - | 297,035 |
| Prepaid expenditures | 30,503 | 6,877 | - | - | - | 37,380 |
| Total Assets | <u>\$ 2,946,189</u> | <u>\$ 477,500</u> | <u>\$ 12,655,932</u> | <u>\$ 14,816,116</u> | <u>\$ 3,530,171</u> | <u>\$ 34,425,908</u> |
| LIABILITIES | | | | | | |
| Accounts Payable | \$ 314,282 | \$ 11,180 | \$ 1,903,393 | \$ 98,471 | \$ - | \$ 2,327,326 |
| Due to other funds | - | 21,635 | 704,412 | 358,975 | - | 1,085,022 |
| Unearned revenue | - | 29,842 | 414,349 | 189,467 | - | 633,658 |
| Total Liabilities | <u>314,282</u> | <u>62,657</u> | <u>3,022,154</u> | <u>646,913</u> | <u>-</u> | <u>4,046,006</u> |
| FUND BALANCES | | | | | | |
| Nonspendable | 162,405 | 6,877 | - | 194,009 | - | 363,291 |
| Restricted | 2,469,502 | 46,545 | 9,041,792 | 13,975,194 | - | 25,533,033 |
| Committed | - | - | - | - | 3,530,171 | 3,530,171 |
| Assigned | - | 361,421 | 591,986 | - | - | 953,407 |
| Total Fund Balances | <u>2,631,907</u> | <u>414,843</u> | <u>9,633,778</u> | <u>14,169,203</u> | <u>3,530,171</u> | <u>30,379,902</u> |
| Total Liabilities and Fund Balances | <u>\$ 2,946,189</u> | <u>\$ 477,500</u> | <u>\$ 12,655,932</u> | <u>\$ 14,816,116</u> | <u>\$ 3,530,171</u> | <u>\$ 34,425,908</u> |

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2024

| | Student Activity Special Revenue Fund | Adult Education Fund | Child Development Fund | Cafeteria Special Revenue Fund | Deferred Maintenance Fund | Total Non- Major Special Revenue Funds |
|--|---|----------------------------|------------------------------|--------------------------------------|---------------------------------|--|
| REVENUES | | | | | | |
| LCFF sources | \$ - | \$ - | \$ - | \$ - | \$ 3,530,171 | \$ 3,530,171 |
| Federal sources | - | - | 1,787,039 | 8,027,088 | - | 9,814,127 |
| Other state sources | - | 387,384 | 11,039,169 | 11,821,283 | - | 23,247,836 |
| Other local sources | 5,458,245 | 311,382 | 2,892,365 | 755,251 | - | 9,417,243 |
| Total Revenues | 5,458,245 | 698,766 | 15,718,573 | 20,603,622 | 3,530,171 | 46,009,377 |
| EXPENDITURES | | | | | | |
| Current | | | | | | |
| Instruction | - | 87,211 | 7,456,612 | - | - | 7,543,823 |
| Instruction-related services | | | | | | |
| Instructional supervision and administration | - | - | 516,957 | - | - | 516,957 |
| School site administration | - | 238,802 | 14,728 | - | - | 253,530 |
| Pupil services | | | | | | |
| Food services | - | - | - | 14,933,108 | - | 14,933,108 |
| All other pupil services | - | - | 156,457 | - | - | 156,457 |
| General administration | | | | | | |
| All other general administration | - | 16,892 | 703,866 | 358,691 | - | 1,079,449 |
| Plant services | - | 19,734 | 78,847 | - | - | 98,581 |
| Facilities acquisition and maintenance | - | - | 427,929 | - | - | 427,929 |
| Ancillary services | 5,114,387 | - | - | - | - | 5,114,387 |
| Community services | - | - | 4,547,578 | - | - | 4,547,578 |
| Enterprise activities | - | 246,953 | - | - | - | 246,953 |
| Transfers to other agencies | - | - | 165,904 | - | - | 165,904 |
| Total Expenditures | 5,114,387 | 609,592 | 14,068,878 | 15,291,799 | - | 35,084,656 |
| Excess/(Deficiency) of Revenues | | | | | | |
| Over Expenditures | 343,858 | 89,174 | 1,649,695 | 5,311,823 | 3,530,171 | 10,924,721 |
| OTHER FINANCING SOURCES/(USES) | | | | | | |
| Transfers in | 33,262 | - | - | - | - | 33,262 |
| Transfers out | - | (33,262) | - | - | - | (33,262) |
| Total Other Financing Sources/(Uses), net | 33,262 | (33,262) | - | - | - | - |
| NET CHANGES IN FUND BALANCES | 377,120 | 55,912 | 1,649,695 | 5,311,823 | 3,530,171 | 10,924,721 |
| Fund Balance - Beginning | 2,254,787 | 358,931 | 7,984,083 | 8,857,380 | - | 19,455,181 |
| Fund Balance - Ending | \$ 2,631,907 | \$ 414,843 | \$ 9,633,778 | \$ 14,169,203 | \$ 3,530,171 | \$ 30,379,902 |

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
NON-MAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2024

| | Building Fund | Capital Facilities Fund | Special Reserve for Capital Outlay Projects Fund | Capital Project for Blended Component Units Fund | Total Non- Major Capital Projects Funds |
|--|---------------|-------------------------|--|--|---|
| ASSETS | | | | | |
| Cash and equivalents | \$ 14,315,923 | \$ 10,969,993 | \$ 2,264,942 | \$ 12,904,689 | \$ 40,455,547 |
| Accounts receivable | 187,929 | 2,697,077 | 29,259 | - | 2,914,265 |
| Due from other funds | 2,803,199 | 5,302,728 | 3,501,750 | - | 11,607,677 |
| Total Assets | \$ 17,307,051 | \$ 18,969,798 | \$ 5,795,951 | \$ 12,904,689 | \$ 54,977,489 |
| LIABILITIES | | | | | |
| Accounts Payable | \$ 1,104,251 | \$ 324,442 | \$ 74,977 | \$ - | \$ 1,503,670 |
| Due to other funds | - | 2,789,381 | - | - | 2,789,381 |
| Total Liabilities | 1,104,251 | 3,113,823 | 74,977 | - | 4,293,051 |
| FUND BALANCES | | | | | |
| Restricted | 16,202,800 | 15,855,975 | 4,881,020 | 12,904,689 | 49,844,484 |
| Assigned | - | - | 839,954 | - | 839,954 |
| Total Fund Balances | 16,202,800 | 15,855,975 | 5,720,974 | 12,904,689 | 50,684,438 |
| Total Liabilities and Fund Balances | \$ 17,307,051 | \$ 18,969,798 | \$ 5,795,951 | \$ 12,904,689 | \$ 54,977,489 |

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
NON-MAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2024

| | Building Fund | Capital Facilities Fund | Special Reserve for Capital Outlay Projects Fund | Capital Project for Blended Component Units Fund | Total Non-Major Capital Projects Funds |
|---|---------------|-------------------------|--|--|--|
| REVENUES | | | | | |
| Other state sources | \$ - | \$ 1,528,530 | \$ 2,590,000 | \$ - | \$ 4,118,530 |
| Other local sources | 1,434,497 | 7,427,631 | 719,373 | 2,758,508 | 12,340,009 |
| Total Revenues | 1,434,497 | 8,956,161 | 3,309,373 | 2,758,508 | 16,458,539 |
| EXPENDITURES | | | | | |
| Current | | | | | |
| General administration | | | | | |
| All other general administration | - | 869,056 | - | - | 869,056 |
| Plant services | 15,488 | 60,180 | 178,274 | - | 253,942 |
| Facilities acquisition and maintenance | 13,643,848 | 7,878,400 | 6,600,479 | 780,156 | 28,902,883 |
| Debt service | | | | | |
| Principal | - | 200,000 | - | - | 200,000 |
| Interest and other | - | 44,900 | - | - | 44,900 |
| Total Expenditures | 13,659,336 | 9,052,536 | 6,778,753 | 780,156 | 30,270,781 |
| Excess/(Deficiency) of Revenues Over Expenditures | (12,224,839) | (96,375) | (3,469,380) | 1,978,352 | (13,812,242) |
| OTHER FINANCING SOURCES/(USES) | | | | | |
| Other sources | 13,131 | - | - | - | 13,131 |
| Transfers in | - | 5,417,331 | 5,900,000 | - | 11,317,331 |
| Transfers out | - | - | - | (349,600) | (349,600) |
| Total Other Financing Sources/(Uses), net | 13,131 | 5,417,331 | 5,900,000 | (349,600) | 10,980,862 |
| NET CHANGES IN FUND BALANCES | (12,211,708) | 5,320,956 | 2,430,620 | 1,628,752 | (2,831,380) |
| Fund Balance - Beginning | 28,414,508 | 10,535,019 | 3,290,354 | 11,275,937 | 53,515,818 |
| Fund Balance - Ending | \$ 16,202,800 | \$ 15,855,975 | \$ 5,720,974 | \$ 12,904,689 | \$ 50,684,438 |

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
NON-MAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2024

| | Debt Service for Blended Component Units | | Total Non-Major Debt Service Funds |
|----------------------|--|--------|---------------------------------------|
| | Fund | | |
| ASSETS | | | |
| Cash and equivalents | \$ | 28,545 | \$ 28,545 |
| Total Assets | \$ | 28,545 | \$ 28,545 |
| FUND BALANCES | | | |
| Restricted | \$ | 28,545 | \$ 28,545 |
| Total Fund Balances | \$ | 28,545 | \$ 28,545 |

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
NON-MAJOR DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2024

| | Debt Service for Blended | |
|---------------------------------|-----------------------------|--------------------|
| | Component Units | Total Non-Major |
| | Fund | Debt Service Funds |
| REVENUES | | |
| Other local sources | \$ 809,743 | \$ 809,743 |
| Total Revenues | 809,743 | 809,743 |
| EXPENDITURES | | |
| Debt service | | |
| Principal | 130,000 | 130,000 |
| Interest and other | 665,263 | 665,263 |
| Total Expenditures | 795,263 | 795,263 |
| Excess/(Deficiency) of Revenues | | |
| Over Expenditures | 14,480 | 14,480 |
| NET CHANGES IN FUND BALANCES | 14,480 | 14,480 |
| Fund Balance - Beginning | 14,065 | 14,065 |
| Fund Balance - Ending | \$ 28,545 | \$ 28,545 |

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2024

| | Total Non-Major Special Revenue Funds | Total Non-Major Capital Projects Funds | Total Non-Major Debt Service Funds | Total Non-Major Governmental Funds |
|--|---|--|--|--|
| ASSETS | | | | |
| Cash and equivalents | \$ 25,070,960 | \$ 40,455,547 | \$ 28,545 | \$ 65,555,052 |
| Accounts receivable | 5,477,138 | 2,914,265 | - | 8,391,403 |
| Due from other funds | 3,543,395 | 11,607,677 | - | 15,151,072 |
| Inventory | 297,035 | - | - | 297,035 |
| Prepaid expenditures | 37,380 | - | - | 37,380 |
| Total Assets | <u>\$ 34,425,908</u> | <u>\$ 54,977,489</u> | <u>\$ 28,545</u> | <u>\$ 89,431,942</u> |
| LIABILITIES | | | | |
| Accounts Payable | \$ 2,327,326 | \$ 1,503,670 | \$ - | \$ 3,830,996 |
| Due to other funds | 1,085,022 | 2,789,381 | - | 3,874,403 |
| Unearned revenue | 633,658 | - | - | 633,658 |
| Total Liabilities | <u>4,046,006</u> | <u>4,293,051</u> | <u>-</u> | <u>8,339,057</u> |
| FUND BALANCES | | | | |
| Nonspendable | 363,291 | - | - | 363,291 |
| Restricted | 25,533,033 | 49,844,484 | 28,545 | 75,406,062 |
| Committed | 3,530,171 | - | - | 3,530,171 |
| Assigned | 953,407 | 839,954 | - | 1,793,361 |
| Total Fund Balances | <u>30,379,902</u> | <u>50,684,438</u> | <u>28,545</u> | <u>81,092,885</u> |
| Total Liabilities and Fund Balances | <u>\$ 34,425,908</u> | <u>\$ 54,977,489</u> | <u>\$ 28,545</u> | <u>\$ 89,431,942</u> |

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2024

| | Total Non-Major Special Revenue Funds | Total Non-Major Capital Projects Funds | Total Non-Major Debt Service Funds | Total Non-Major Governmental Funds |
|--|---|--|--|--|
| REVENUES | | | | |
| LCFF sources | \$ 3,530,171 | \$ - | \$ - | \$ 3,530,171 |
| Federal sources | 9,814,127 | - | - | 9,814,127 |
| Other state sources | 23,247,836 | 4,118,530 | - | 27,366,366 |
| Other local sources | 9,417,243 | 12,340,009 | 809,743 | 22,566,995 |
| Total Revenues | 46,009,377 | 16,458,539 | 809,743 | 63,277,659 |
| EXPENDITURES | | | | |
| Current | | | | |
| Instruction | 7,543,823 | - | - | 7,543,823 |
| Instruction-related services | | | | |
| Instructional supervision and administration | 516,957 | - | - | 516,957 |
| School site administration | 253,530 | - | - | 253,530 |
| Pupil services | | | | |
| Food services | 14,933,108 | - | - | 14,933,108 |
| All other pupil services | 156,457 | - | - | 156,457 |
| General administration | | | | |
| All other general administration | 1,079,449 | 869,056 | - | 1,948,505 |
| Plant services | 98,581 | 253,942 | - | 352,523 |
| Facilities acquisition and maintenance | 427,929 | 28,902,883 | - | 29,330,812 |
| Ancillary services | 5,114,387 | - | - | 5,114,387 |
| Community services | 4,547,578 | - | - | 4,547,578 |
| Enterprise activities | 246,953 | - | - | 246,953 |
| Transfers to other agencies | 165,904 | - | - | 165,904 |
| Debt service | | | | |
| Principal | - | 200,000 | 130,000 | 330,000 |
| Interest and other | - | 44,900 | 665,263 | 710,163 |
| Total Expenditures | 35,084,656 | 30,270,781 | 795,263 | 66,150,700 |
| Excess/(Deficiency) of Revenues | | | | |
| Over Expenditures | 10,924,721 | (13,812,242) | 14,480 | (2,873,041) |
| OTHER FINANCING SOURCES/(USES) | | | | |
| Other sources | - | 13,131 | - | 13,131 |
| Transfers in | 33,262 | 11,317,331 | - | 11,350,593 |
| Transfers out | (33,262) | (349,600) | - | (382,862) |
| Total Other Financing Sources/(Uses), net | - | 10,980,862 | - | 10,980,862 |
| NET CHANGES IN FUND BALANCES | 10,924,721 | (2,831,380) | 14,480 | 8,107,821 |
| Fund Balance - Beginning | 19,455,181 | 53,515,818 | 14,065 | 72,985,064 |
| Fund Balance - Ending | \$ 30,379,902 | \$ 50,684,438 | \$ 28,545 | \$ 81,092,885 |

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2024

NOTE 1 – PURPOSE OF SCHEDULES

Local Education Agency Organization Structure

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

Schedule of Expenditures of Federal Awards

Basis of Presentation – The accompanying Schedule of Expenditures of Federal Awards (the schedule) includes the Federal award activity of the District under programs of the federal government for the year ended June 30, 2024. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position/fund balance of the District.

Summary of Significant Accounting Policies – Expenditures reported in the schedule are reported on the modified accrual basis of accounting, except for subrecipient expenditures, which are recorded on the cash basis. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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

Schedule of Average Daily Attendance

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

Schedule of Instructional Time

This schedule presents information on the number of instructional days offered by the District and whether the District complied with the provisions of *Education Code* Section 43504.

Schedule of Financial Trends and Analysis

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

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2024

NOTE 1 – PURPOSE OF SCHEDULES, continued

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Schedule of Charter Schools

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

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

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

OTHER INDEPENDENT AUDITORS' REPORTS



INDEPENDENT AUDITORS' 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

Board of Trustees
Murrieta Valley Unified School District
Murrieta, 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, the fiduciary activities, each major fund, and the aggregate remaining fund information of Murrieta Valley Unified School District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 25, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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



San Diego, California
October 25, 2024



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Trustees
Murrieta Valley Unified School District
Murrieta, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Murrieta Valley Unified School District's ("the District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2024. The District's major federal programs are identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs.

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

CWDL, Certified Public Accountants

San Diego, California
October 25, 2024



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE FOR STATE PROGRAMS

Board of Trustees
Murrieta Valley Unified School District
Murrieta, California

Report on Compliance

Opinion on State Compliance

We have audited Murrieta Valley Unified School District's ("the District") compliance with the requirements specified in the *2023-24 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* applicable to the District's state program requirements identified below for the year ended June 30, 2024.

In our opinion, the District complied, in all material respects, with the laws and regulations of the state programs noted below for the year ended June 30, 2024.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2023-24 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2023-24 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2023-24 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances;
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2023-24 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the District's internal controls over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine the District's compliance with the state laws and regulations applicable to the following items:

| PROGRAM NAME | PROCEDURES PERFORMED |
|---|-------------------------|
| Local Education Agencies Other than Charter Schools: | |
| A. Attendance | Yes |
| B. Teacher Certification and Misassignments | Yes |
| C. Kindergarten Continuance | Yes |
| D. Independent Study | Yes |
| E. Continuation Education | No |
| F. Instructional Time | Yes |
| G. Instructional Materials | Yes |
| H. Ratios of Administrative Employees to Teachers | Yes |
| I. Classroom Teacher Salaries | Yes |
| J. Early Retirement Incentive | Not applicable |
| K. Gann Limit Calculation | Yes |
| L. School Accountability Report Card | Yes |
| M. Juvenile Court Schools | Not applicable |
| N. Middle or Early College High Schools | Not applicable |
| O. K-3 Grade Span Adjustment | Yes |
| P. RESERVED | Not applicable |
| Q. Apprenticeship: Related and Supplemental Instruction | Not applicable |
| R. Comprehensive School Safety Plan | Yes |
| S. District of Choice | Not applicable |
| TT. Home to School Transportation Reimbursement | Yes |

| PROGRAM NAME | PROCEDURES PERFORMED |
|---|-------------------------|
| School Districts, County Offices of Education, and Charter Schools: | |
| T. Proposition 28 Arts and Music in Schools | Yes |
| U. After/Before School Education and Safety Program | Not applicable |
| V. Proper Expenditure of Education Protection Account Funds | Yes |
| W. Unduplicated Local Control Funding Formula Pupil Counts | Yes |
| X. Local Control and Accountability Plan | Yes |
| Y. Independent Study-Course Based | No |
| Z. Immunizations | Not applicable |
| AZ. Educator Effectiveness | Yes |
| BZ. Expanded Learning Opportunities Grant (ELO-G) | Yes |
| CZ. Career Technical Education Incentive Grant | Yes |
| DZ. Expanded Learning Opportunities Program | Yes |
| EZ. Transitional Kindergarten | Yes |
| Charter Schools: | |
| AA. Attendance | Not applicable |
| BB. Mode of Instruction | Not applicable |
| CC. Nonclassroom-Based Instruction/Independent Study | Not applicable |
| DD. Determination of Funding for Nonclassroom-Based Instruction | Not applicable |
| EE. Annual Instructional Minutes - Classroom Based | Not applicable |
| FF. Charter School Facility Grant Program | Not applicable |

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

We did not perform testing for continuation education because total reported Average Daily Attendance (ADA) was not material.

We did not perform testing for independent study-course based because total reported Average Daily Attendance (ADA) was not material.

Report on Internal Control over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the *2023-24 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

CWDL, Certified Public Accountants

San Diego, California
October 25, 2024

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
SUMMARY OF AUDITORS' RESULTS
JUNE 30, 2024

FINANCIAL STATEMENTS

| | |
|---|---------------|
| Type of auditors' report issued: | Unmodified |
| Is a going concern emphasis-of-matter paragraph included in the auditors' report? | No |
| Internal control over financial reporting: | |
| Material weakness(es) identified? | No |
| Significant deficiency(ies) identified? | None Reported |
| Non-compliance material to financial statements noted? | No |

FEDERAL AWARDS

| | |
|---|---------------|
| Internal control over major program: | |
| Material weakness(es) identified? | No |
| Significant deficiency(ies) identified? | None Reported |
| Type of auditors' report issued: | Unmodified |
| Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)? | No |
| Identification of major programs: | |

| | |
|-------------------------------------|---|
| <u>Assistance Listing Number(s)</u> | <u>Name of Federal Program of Cluster</u> |
| 84.027, 84.027A, 84.173 | Special Education Cluster |

| | |
|--|------------|
| Dollar threshold used to distinguish between Type A and Type B programs: | \$ 917,636 |
| Auditee qualified as low-risk auditee? | Yes |

STATE AWARDS

| | |
|---|---------------|
| Internal control over state programs: | |
| Material weakness(es) identified? | No |
| Significant deficiency(ies) identified? | None Reported |
| Type of auditors' report issued on compliance for state programs: | Unmodified |

**MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2024**

There were no financial statement findings for the year ended June 30, 2024.

**MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024**

There were no federal award findings and questioned costs for the year ended June 30, 2024.

**MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
STATE AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024**

There were no state award findings or questioned costs for the year ended June 30, 2024.

**MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2024**

There were no findings or questioned costs for the year ended June 30, 2023.