



Financial Statements
June 30, 2022

Murrieta Valley Unified School District



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Independent Auditor's Report

To the Governing Board
Murrieta Valley Unified School District
Murrieta, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Murrieta Valley Unified School District (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Adoption of New Accounting Standard

As discussed in Notes 1 and 17 to the financial statements, the District has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ended June 30, 2022. Accordingly, a restatement has been made to the government-wide net position as of July 1, 2021, to restate beginning net position. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in the District's net OPEB liability and related ratios, schedule of the District's contributions for OPEB, schedule of OPEB investment returns, schedule of the District's proportionate share of the net OPEB liability – MPP program, schedule of the District's proportionate share of the net pension liability, and the schedule of the District's contributions, 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 schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, combining non-major governmental fund financial statements, and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards, combining non-major governmental fund financial statements, and other supplementary information listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29 2022, on our consideration of 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.

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

Rancho Cucamonga, California
November 29, 2022

This section of Murrieta Valley Unified School District's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2022, with comparative information for the year ended June 30, 2021. 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), 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 Funds* are prepared using the economic resources measurement focus and the accrual basis of accounting.

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

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

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

The *Statement of Net Position* and the *Statement of Activities* report information about the District as a whole and about its activities. These statements include all assets, deferred outflows, 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.

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 \$34,838,070 over the prior year for a new net position of \$180,013,051.
- For 2021-2022 the General Fund revenues and other financing sources totaled \$293,059,384 and expenditures and other uses totaled \$289,654,882. Expenditures included meeting the requirements of the District Local Control Accountability Plan, and programmatic changes in response to distance learning.
- The District issued \$12,000,000 in current interest bonds of the Election of 2014 General Obligation Bonds, Series 2021.
- The District issued \$39,955,000 in current interest bonds to refund certain maturities of the District's outstanding General Obligation Bonds resulting in a net savings of \$2.1 million to taxpayers in the District.
- The District filed a positive certification with the County Superintendent of Schools for both its First and Second Interim reports in 2021-2022.

THE DISTRICT AS A WHOLE

Net Position

The District's net position was \$180,013,051 and \$145,060,251 for the fiscal years ended June 30, 2022 and 2021, respectively. Of this amount, \$(204,326,043) was unrestricted deficit at June 30, 2022. 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	
	2022	2021 as restated *
Assets		
Current and other assets	\$ 162,276,293	\$ 135,771,520
Capital and right-to-use assets	492,670,499	504,282,133
Total assets	654,946,792	640,053,653
Deferred outflows of resources	68,451,066	79,028,530
Liabilities		
Current liabilities	14,610,847	13,960,805
Long-term liabilities	408,217,481	543,833,748
Total liabilities	422,828,328	557,794,553
Deferred inflows of resources	120,556,479	16,112,649
Net Position		
Net investment in capital assets	328,698,948	340,131,079
Restricted	55,640,146	40,952,341
Unrestricted	(204,326,043)	(235,908,439)
Total net position	\$ 180,013,051	\$ 145,174,981

* Due to the implementation of GASB 87, fiscal year 2021 was restated for an increase in net right-to-use assets, \$5,415,266, and lease liability, \$5,441,574. The restatement resulted in a net decrease in net position of \$26,308.

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 13. 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	
		2022	2021*
Revenues			
Program revenues			
Charges for services and sales		\$ 2,908,800	\$ 679,198
Operating grants and contributions		83,068,702	83,758,908
Capital grants and contributions		-	6,345,582
General revenues			
Federal and State aid not restricted		160,374,236	153,012,543
Property taxes		85,527,420	82,835,495
Other general revenues		6,343,475	11,567,201
Total revenues		<u>338,222,633</u>	<u>338,198,927</u>
Expenses			
Instruction-related		206,898,849	234,081,544
Pupil services		32,727,136	31,389,343
Administration		17,901,113	17,324,052
Plant services		26,351,497	29,162,605
All other services		19,505,968	16,234,134
Total expenses		<u>303,384,563</u>	<u>328,191,678</u>
Change in net position		<u>\$ 34,838,070</u>	<u>\$ 10,007,249</u>

* The revenues and expenses for fiscal year 2021 were not restated to show the effects of GASB 87 for comparative purposes.

Governmental Activities

As reported in the *Statement of Activities* on page 13, the cost of all of our governmental activities this year was \$303,384,563. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only \$85,527,420 because the cost was paid by those who benefited from the programs \$2,908,800 or by other governments and organizations who subsidized certain programs with grants and contributions of \$83,068,702. We paid for the remaining "public benefit" portion of our governmental activities, \$160,374,236 in Federal and State aid, and \$6,343,475 in other revenues, like interest, and general entitlements.

In Table 3, we have presented the cost of each of the District's largest functions including, instruction, pupil services, 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

	Total Cost of Services		Net Cost of Services	
	2022	2021*	2022	2021*
Instruction-related	\$ 206,898,849	\$ 234,081,544	\$(153,401,491)	\$(162,680,931)
Pupil services	32,727,136	31,389,343	(11,542,608)	(21,417,433)
Administration	17,901,113	17,324,052	(16,044,119)	(14,249,858)
Plant services	26,351,497	29,162,605	(25,695,031)	(26,512,358)
All other services	19,505,968	16,234,134	(10,723,812)	(12,547,410)
Total	<u>\$ 303,384,563</u>	<u>\$ 328,191,678</u>	<u>\$(217,407,061)</u>	<u>\$(237,407,990)</u>

* The total and net cost of services for fiscal year 2021 were not restated to show the effects of GASB 87 for comparative purposes.

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of \$149,513,381 (Table 4) in 2022, compared to \$123,776,294 in 2021.

Table 4

Governmental Fund	Balances and Activity			
	June 30, 2021	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2022
General	\$ 74,542,620	\$ 293,059,384	\$ 289,654,882	\$ 77,947,122
Building	8,309,273	11,542,821	3,681,429	16,170,665
Bond Interest and Redemption	24,852,167	61,056,235	60,861,701	25,046,701
Non-Major Governmental	16,072,234	41,174,828	26,898,169	30,348,893
Total	<u>\$ 123,776,294</u>	<u>\$ 406,833,268</u>	<u>\$ 381,096,181</u>	<u>\$ 149,513,381</u>

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2022, the District had \$492,670,499 in a broad range of capital assets (net of depreciation and amortization), including land, buildings, and equipment.

Table 5

	Governmental Activities	
	2022	2021 as restated *
Land and construction in progress	\$ 37,849,796	\$ 37,605,130
Buildings and improvements	443,475,106	455,974,743
Equipment	6,254,664	5,286,994
Leased assets	5,090,933	5,415,266
Total	\$ 492,670,499	\$ 504,282,133

* Due to the implementation of GASB 87, fiscal year 2021 was restated for an increase in leased assets, net of amortization of \$5,415,266.

This year's additions of \$5,984,781 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 the financial statements.

Long-Term Liabilities

At the end of this year, the District had \$408,217,481 in outstanding long-term liabilities. The long-term liabilities consisted of:

Table 6

	Governmental Activities	
	2022	2021 as restated *
Long-Term Liabilities		
General obligation bonds	\$ 189,151,985	\$ 184,556,394
Certificates of participation	21,610,000	22,195,000
Unamortized premiums	9,297,403	11,291,020
Unamortized (discounts)	(267,767)	(281,860)
Leases	5,185,481	5,556,304
Supplemental early retirement plan	4,062,454	6,093,681
Compensated absences	635,751	741,357
Total OPEB liability	18,632,708	17,244,473
Aggregate net pension liability	159,909,466	296,437,379
Total	\$ 408,217,481	\$ 543,833,748

* Due to the implementation of GASB 87, fiscal year 2021 was restated for an increase in leases of \$5,441,574

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

FACTORS BEARING ON THE DISTRICT'S FUTURE

In considering the District budget for the 2022-2023 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 21,727
- LCFF Cost of Living Adjustment of 6.56%
- Increase of 2.18% to CalSTRS contribution rate, 16.92% to 19.10%
- Increase of 2.46% to CalPERS contribution rate, 22.91% to 25.37%
- Step and column increases for employees

The enacted state budget improved significantly from the May Revise, which will result in additional revenues and opportunities for additional expenditures by the District in the current and subsequent years. Further, subsequent to the adoption of the District's 2022-2023 operating budget, the Board of Education approved agreements to increase total compensation for all employee groups. These budgetary changes will be reflected in the District's 2022-2023 First Interim Financial Report.

The District received significant amounts of one-time funding related to the COVID-19 pandemic from the federal and state government. These funds will be spent down in accordance with applicable regulations over the next several years. Additionally, the District will be required to 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. Forthcoming programmatic changes that have been incorporated into the District's budget projections include, but are not limited to, transitional kindergarten expansion, transportation, and universal meal service.

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.

Murrieta Valley Unified School District

Statement of Net Position

June 30, 2022

	Governmental Activities
Assets	
Deposits and investments	\$ 136,913,237
Receivables	24,995,584
Prepaid expense	5,100
Stores inventories	362,372
Capital assets not depreciated	37,849,796
Capital assets, net of accumulated depreciation	449,729,770
Right-to-use leased assets, net of accumulated amortization	5,090,933
Total assets	654,946,792
Deferred Outflows of Resources	
Deferred charge on refunding	6,525,998
Deferred outflows of resources related to OPEB	1,774,431
Deferred outflows of resources related to pensions	60,150,637
Total deferred outflows of resources	68,451,066
Liabilities	
Accounts payable	8,791,467
Interest payable	1,847,935
Unearned revenue	3,971,445
Long-term liabilities	
Long-term liabilities other than OPEB and pensions due within one year	18,895,002
Long-term liabilities other than OPEB and pensions due in more than one year	210,780,305
Total other postemployment benefits liability (OPEB)	18,632,708
Aggregate net pension liability	159,909,466
Total liabilities	422,828,328
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	3,165,470
Deferred inflows of resources related to pensions	117,391,009
Total deferred inflows of resources	120,556,479
Net Position	
Net investment in capital assets	328,698,948
Restricted for	
Debt service	23,202,219
Capital projects	6,957,019
Educational programs	15,800,453
Other restrictions	9,680,455
Unrestricted	(204,326,043)
Total net position	\$ 180,013,051

Murrieta Valley Unified School District

Statement of Activities

Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Instruction	\$ 184,569,579	\$ 214,214	\$ 49,254,493	\$ (135,100,872)
Instruction-related activities				
Supervision of instruction	5,971,978	16,523	2,527,248	(3,428,207)
Instructional library, media, and technology	1,342,635	-	312,740	(1,029,895)
School site administration	15,014,657	129	1,172,011	(13,842,517)
Pupil services				
Home-to-school transportation	4,190,955	-	1,500	(4,189,455)
Food services	10,031,292	564,954	13,863,798	4,397,460
All other pupil services	18,504,889	-	6,754,276	(11,750,613)
Administration				
Data processing	3,124,361	-	55,996	(3,068,365)
All other administration	14,776,752	94,576	1,706,422	(12,975,754)
Plant services	26,351,497	169,996	486,470	(25,695,031)
Ancillary services	7,876,671	-	5,022,783	(2,853,888)
Community services	2,108,707	277,060	848,706	(982,941)
Enterprise services	228,425	-	5,577	(222,848)
Interest on long-term liabilities	9,209,503	-	-	(9,209,503)
Other outgo	82,662	1,571,348	1,056,682	2,545,368
Total governmental activities	<u>\$ 303,384,563</u>	<u>\$ 2,908,800</u>	<u>\$ 83,068,702</u>	<u>(217,407,061)</u>
General Revenues and Subventions				
Property taxes, levied for general purposes				63,462,316
Property taxes, levied for debt service				20,923,002
Taxes levied for other specific purposes				1,142,102
Federal and State aid not restricted to specific purposes				160,374,236
Interest and investment earnings				(1,214,679)
Miscellaneous				7,558,154
Subtotal, general revenues and subventions				<u>252,245,131</u>
Change in Net Position				34,838,070
Net Position - Beginning, as restated (Note 17)				<u>145,174,981</u>
Net Position - Ending				<u>\$ 180,013,051</u>

Murrieta Valley Unified School District

Balance Sheet – Governmental Funds

June 30, 2022

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets					
Deposits and investments	\$ 71,958,424	\$ 16,216,370	\$ 25,046,701	\$ 23,691,742	\$ 136,913,237
Receivables	18,087,603	32,586	-	6,875,395	24,995,584
Due from other funds	850,387	-	-	1,507,559	2,357,946
Prepaid expenditures	5,100	-	-	-	5,100
Stores inventories	-	-	-	362,372	362,372
Total assets	\$ 90,901,514	\$ 16,248,956	\$ 25,046,701	\$ 32,437,068	\$ 164,634,239
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 7,926,874	\$ 78,291	\$ -	\$ 786,302	\$ 8,791,467
Due to other funds	1,507,559	-	-	850,387	2,357,946
Unearned revenue	3,519,959	-	-	451,486	3,971,445
Total liabilities	12,954,392	78,291	-	2,088,175	15,120,858
Fund Balances					
Nonspendable	20,100	-	-	392,128	412,228
Restricted	15,800,453	16,170,665	25,046,701	28,255,403	85,273,222
Committed	33,161,081	-	-	-	33,161,081
Assigned	9,877,648	-	-	1,701,362	11,579,010
Unassigned	19,087,840	-	-	-	19,087,840
Total fund balances	77,947,122	16,170,665	25,046,701	30,348,893	149,513,381
Total liabilities and fund balances	\$ 90,901,514	\$ 16,248,956	\$ 25,046,701	\$ 32,437,068	\$ 164,634,239

Murrieta Valley Unified School District
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2022

Total Fund Balance - Governmental Funds		\$ 149,513,381
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	\$ 719,378,622	
Accumulated depreciation is	<u>(231,799,056)</u>	
Net capital assets		487,579,566
Right-to-use leased assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of right-to-use leased assets is	6,486,644	
Accumulated amortization is	<u>(1,395,711)</u>	
Net right-to-use leased assets		5,090,933
In governmental funds, unmatured interest on long-term liabilities is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term liabilities is recognized when it is incurred.		
		(1,847,935)
Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the governmental funds. Deferred outflows of resources amounted to and related to		
Debt refundings (deferred charge on refunding)	6,525,998	
Other postemployment benefits (OPEB)	1,774,431	
Net pension liability	<u>60,150,637</u>	
Total deferred outflows of resources		68,451,066
Deferred inflows of resources represent an acquisition of net position that applies to a future period and is not reported in the governmental funds. Deferred inflows of resources amount to and related to		
Other postemployment benefits (OPEB)	(3,165,470)	
Net pension liability	<u>(117,391,009)</u>	
Total deferred inflows of resources		(120,556,479)
Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		
		(159,909,466)
The District's OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.		
		(18,632,708)

Murrieta Valley Unified School District
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2022

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.

Long-term liabilities at year-end consist of

General obligation bonds	\$ (157,366,640)
Certificates of participation	(21,610,000)
Unamortized debt premiums	(8,985,942)
Unamortized debt discounts	(43,694)
Leases	(5,185,481)
Compensated absences (vacations)	(635,751)
Supplemental early retirement plan	(4,062,454)

In addition, capital appreciation general obligation bonds were issued. The accretion of interest to date on the general obligation bonds is

(31,785,345)

Total long-term liabilities	<u>\$ (229,675,307)</u>
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Total net position - governmental activities	<u><u>\$ 180,013,051</u></u>
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Murrieta Valley Unified School District
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2022

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues					
Local Control Funding Formula	\$ 218,853,698	\$ -	\$ -	\$ -	\$ 218,853,698
Federal sources	18,486,270	-	-	14,714,339	33,200,609
Other State sources	35,324,645	-	125,726	6,346,938	41,797,309
Other local sources	20,394,771	(243,179)	20,357,752	14,232,611	54,741,955
Total revenues	293,059,384	(243,179)	20,483,478	35,293,888	348,593,571
Expenditures					
Current					
Instruction	188,856,644	-	-	2,597,941	191,454,585
Instruction-related activities					
Supervision of instruction	6,341,603	-	-	371,062	6,712,665
Instructional library, media, and technology	1,459,704	-	-	-	1,459,704
School site administration	16,711,689	-	-	155,831	16,867,520
Pupil services					
Home-to-school transportation	4,422,355	-	-	-	4,422,355
Food services	22,812	-	-	10,371,706	10,394,518
All other pupil services	20,567,891	-	-	79,040	20,646,931
Administration					
Data processing	3,962,984	-	-	-	3,962,984
All other administration	13,233,516	-	-	1,254,446	14,487,962
Plant services	26,634,499	1,566,432	-	1,116,355	29,317,286
Ancillary services	4,148,650	-	-	3,995,313	8,143,963
Community services	289,088	-	-	1,960,330	2,249,418
Other outgo	-	-	-	1,750	1,750
Enterprise services	-	-	-	237,879	237,879
Facility acquisition and construction	637,774	2,114,997	-	1,298,979	4,051,750
Debt service					
Principal	541,093	-	11,113,676	300,000	11,954,769
Interest and other	243,668	-	14,642,472	718,363	15,604,503
Total expenditures	288,073,970	3,681,429	25,756,148	24,458,995	341,970,542
Excess (Deficiency) of Revenues Over Expenditures	4,985,414	(3,924,608)	(5,272,670)	10,834,893	6,623,029

See Notes to Financial Statements

Murrieta Valley Unified School District
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2022

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Other Financing Sources (Uses)					
Transfers in	\$ -	\$ -	\$ -	\$ 3,939,174	\$ 3,939,174
Other sources - proceeds from CFD issuance	-	-	-	1,941,766	1,941,766
Other sources - proceeds from bond issuance and premium on bond issuance	-	11,786,000	40,572,757	-	52,358,757
Transfers out	(1,500,000)	-	-	(2,439,174)	(3,939,174)
Other uses - payment to refunded bond escrow agent	(80,912)	-	(35,105,553)	-	(35,186,465)
Net Financing Sources (Uses)	(1,580,912)	11,786,000	5,467,204	3,441,766	19,114,058
Net Change in Fund Balances	3,404,502	7,861,392	194,534	14,276,659	25,737,087
Fund Balance - Beginning	74,542,620	8,309,273	24,852,167	16,072,234	123,776,294
Fund Balance - Ending	<u>\$ 77,947,122</u>	<u>\$ 16,170,665</u>	<u>\$ 25,046,701</u>	<u>\$ 30,348,893</u>	<u>\$ 149,513,381</u>

Murrieta Valley Unified School District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2022

Total Net Change in Fund Balances - Governmental Funds	\$ 25,737,087
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Amounts Reported for Governmental Activities in the Statement of Activities are Different Because

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation and amortization expenses in the Statement of Activities.

This is the amount by which depreciation and amortization expenses exceeds capital outlays in the period.

Depreciation and amortization expenses	\$ (17,632,570)
Capital outlays	<u>6,020,936</u>

Net expense adjustment	(11,611,634)
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The District issued capital appreciation general obligations bonds. The accretion of interest on the general obligation bonds during the current fiscal year was	(3,151,144)
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In the Statement of Activities, certain operating expenses, such as compensated absences (vacations) and supplemental early retirement plan (early retirement) plan are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This amount is the difference between vacation and early retirement earned and used.	2,136,833
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In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and net pension liability during the year.	19,107,250
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In the governmental funds, OPEB costs are based on employer contributions made to OPEB plans during the year. However, in the Statement of Activities, OPEB expense is the net effect of all changes in the deferred outflows, deferred inflows, and net OPEB liability during the year.	(1,628,031)
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Proceeds received from general obligation bonds or certificates of participation is a revenue in the governmental funds, but it increases long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.	(51,955,000)
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Murrieta Valley Unified School District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2022

Governmental funds report the effect of premiums, discounts, and the deferred charge on refunding when the debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities.

Premium on issuance recognized	\$ (403,757)
Deferred charge on refunding recognized	3,097,580
Premium amortization	2,397,374
Discount amortization	(14,093)
Deferred charge on refunding amortization	(458,415)

Payment of principal on long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.

General obligation bonds	50,510,553
Certificates of participation	585,000
Leases	370,823

Interest on long-term liabilities is recorded as an expenditure in the funds when it is due; however, in the Statement of Activities, interest expense is recognized as the interest accretes or accrues, regardless of when it is due.

117,644

Change in net position of governmental activities

\$ 34,838,070

Murrieta Valley Unified School District
Statement of Net Position – Fiduciary Funds
June 30, 2022

	<u>Custodial Funds</u>
Assets	
Deposits and investments	<u>\$ 35,524,298</u>
Net Position	
Restricted for individuals, organizations, and other governments	<u>\$ 35,524,298</u>

Murrieta Valley Unified School District
Statement of Changes in Net Position – Fiduciary Funds
Year Ended June 30, 2022

	<u>Custodial Funds</u>
Additions	
Investment earnings	
Special tax assessment	\$ 7,168,285
Bond proceeds from issuance	10,798,181
Interest	<u>441,466</u>
Total additions	<u>18,407,932</u>
Deductions	
Debt service - principal	4,805,000
Debt service - interest and other	5,479,627
Administrative expense	413,932
Payments to other governments	<u>2,081,426</u>
Total deductions	<u>12,779,985</u>
Net Change in Fiduciary Net Position	5,627,947
Net Position - Beginning	<u>29,896,351</u>
Net Position - Ending	<u><u>\$ 35,524,298</u></u>

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. For financial reporting purposes, the component units discussed below are reported in the District's financial statements because of the significance of their relationship with the District. The component units, although legally separate entities, are reported in the financial statements as if they were part of the District's operations because the governing board of the component units is essentially the same as the governing board of the District and because their purpose is to finance the construction of facilities to be used for the benefit of the District. For financial reporting purposes, the component units 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 by GASB Statement No. 39, Determining Whether Certain Organizations are Component Units, and GASB Statement No. 80, Blending Requirements For Certain Component Units and thus are included in the financial statements of the District. The component units, although legally separate entities, are reported in the financial statements using the blended presentation method as if they were part of the District's operations because the governing board of the component units is essentially the same as the governing board of the District and because their purpose is to finance the construction of facilities to be used for the 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.

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.

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.

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).

Non-Major Governmental Funds

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

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

- **Adult Education Fund** The Adult Education Fund is used to account separately for Federal, State, and local revenues that are restricted or committed for adult education programs and is to be expended for adult education purposes only.
- **Child Development Fund** The Child Development Fund is used to account separately for Federal, State, and local revenues to operate child development programs and is to be used only for expenditures for the operation of child development programs.
- **Cafeteria Fund** The Cafeteria Fund is used to account separately for Federal, State, and local resources to operate the food service program (*Education Code* Sections 38090-38093) and is used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code* Sections 38091 and 38100).

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

- **Capital Facilities Fund** The Capital Facilities Fund is used primarily to account separately for monies received from fees levied on developers or other agencies as a condition of approving a development 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.

- **Educational Facilities Corporation Debt Service Fund** The Educational Facilities Corporation Debt Service Fund is used to account for certificate of participation debt payments

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.

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

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

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

- **Governmental Funds** All governmental funds are accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance 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 statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds on a modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

- **Fiduciary Funds** Fiduciary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are excluded from the government-wide financial statements because they do not represent resources of the District.

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

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

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

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

Investments

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

Prepaid Expenditures (Expenses)

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

Stores Inventories

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

Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the District. The District maintains a capitalization threshold of \$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 expended as incurred.

When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in the government-wide financial statement of net position. The valuation basis for general capital assets are 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 of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 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, 2022.

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

Interfund Balances

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

Compensated Absences

Compensated absences are accrued as a liability 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.

Accrued Liabilities and Long-Term Liabilities

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

Debt Issuance Costs, Premiums, and Discounts

In the government-wide financial statements, long-term liabilities are reported as liabilities in the applicable governmental activities 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 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.

Postemployment Benefits Other Than Pensions (OPEB)

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

Leases

The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. 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.

The District recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements. At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Fund Balances - Governmental Funds

As of June 30, 2022, fund balances of the governmental funds are classified as follows:

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

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

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

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the governing board or deputy superintendent, business services and facilities 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. The policy requires a Reserve for Economic Uncertainties consisting of unassigned amounts equal to no less than three percent of General Fund expenditures and other financing uses.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position net of investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District 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 \$55,640,146 of restricted net position, all 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.

Change in Accounting Principles**Implementation of GASB Statement No. 87**

As of July 1, 2021, the District adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The standard requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The effect of the implementation of this standard on beginning net position is disclosed in Note 17 and the additional disclosures required by this standard are included in Notes 4 and 8.

Implementation of GASB Statement No. 92

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, Leases, and Implementation Guide No. 2019-3, Leases, for interim financial reporting
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan
- The applicability of Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, to reporting assets accumulated for postemployment benefits
- The applicability of certain requirements of Statement No. 84, Fiduciary Activities, to postemployment benefit arrangements
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature
- Terminology used to refer to derivative instruments

The requirements of this Statement are effective as follows:

- The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
- The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2021.
- The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021.
- The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

The provisions of this Statement have been implemented as of June 30, 2022.

Implementation of GASB Statement No. 93

In March 2020, the GASB issued Statement No. 93, Replacement of Interbank Offered Rates. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR (Interbank Offered Rate). This Statement achieves that objective by:

- Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment
- Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate
- Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable
- Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap
- Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap
- Clarifying the definition of reference rate, as it is used in Statement 53, as amended
- Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

The provisions of this Statement have been implemented as of June 30, 2022.

Note 2 - Deposits and Investments

Summary of Deposits and Investments

Deposits and investments as of June 30, 2022, are classified in the accompanying financial statements as follows:

Governmental funds	\$ 136,913,237
Fiduciary funds	<u>35,524,298</u>
Total deposits and investments	<u><u>\$ 172,437,535</u></u>

Deposits and investments as of June 30, 2022, consist of the following:

Cash on hand and in banks	\$ 2,970,046
Cash in revolving	44,756
Investments	<u>169,422,733</u>
Total deposits and investments	<u><u>\$ 172,437,535</u></u>

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.

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

General Authorizations

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

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

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:

Murrieta Valley Unified School District

Notes to Financial Statements

June 30, 2022

Investment Type	Reported Amount	Weighted Average Maturity in Days
Money Market Mutual Funds	\$ 47,142,227	365
County Pool	122,280,506	434
Total	<u>\$ 169,422,733</u>	

Credit Risk

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

Investment Type	Reported Amount	Minimum Legal Rating	Rating as of Year End	
			Aaa-mf	Aaa-bf
Money Market Mutual Funds	\$ 47,142,227	N/A	\$ 47,142,227	\$ -
County Pool	122,280,506	N/A	-	122,280,506
Total	<u>\$ 169,422,733</u>		<u>\$ 47,142,227</u>	<u>\$ 122,280,506</u>

N/A - Not applicable

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2022, \$1,683,656 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 - Receivables

Receivables at June 30, 2022, consisted of intergovernmental grants, entitlements, interest, and other local sources. All receivables are considered collectible in full.

	General Fund	Building Fund	Non-Major Governmental Funds	Total
Federal Government				
Categorical aid	\$ 10,449,359	\$ -	\$ 3,489,060	\$ 13,938,419
State Government				
LCFF apportionment	7,515	-	-	7,515
Categorical aid	3,030,781	-	381,483	3,412,264
Lottery	882,314	-	-	882,314
Local				
Interest	122,818	32,586	7,304	162,708
Other local sources	3,594,816	-	2,997,548	6,592,364
Total	<u>\$ 18,087,603</u>	<u>\$ 32,586</u>	<u>\$ 6,875,395</u>	<u>\$ 24,995,584</u>

Murrieta Valley Unified School District

Notes to Financial Statements

June 30, 2022

Note 4 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2022, was as follows:

	Balance July 1, 2021 as restated	Additions	Deductions	Balance June 30, 2022
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 36,041,932	\$ -	\$ -	\$ 36,041,932
Construction in progress	1,563,198	244,666	-	1,807,864
Total capital assets not being depreciated	37,605,130	244,666	-	37,849,796
Capital assets being depreciated				
Buildings and improvements	659,079,079	3,750,311	-	662,829,390
Furniture and equipment	16,709,632	2,025,959	(36,155)	18,699,436
Total capital assets being depreciated	675,788,711	5,776,270	(36,155)	681,528,826
Total capital assets	713,393,841	6,020,936	(36,155)	719,378,622
Accumulated depreciation				
Buildings and improvements	(203,104,336)	(16,249,948)	-	(219,354,284)
Furniture and equipment	(11,422,638)	(1,058,289)	36,155	(12,444,772)
Total accumulated depreciation	(214,526,974)	(17,308,237)	36,155	(231,799,056)
Net depreciable capital assets	498,866,867	(11,287,301)	-	487,579,566
Right-to-use leased assets being amortized				
Buildings and improvements	6,486,644	-	-	6,486,644
Accumulated amortization				
Buildings and improvements	(1,071,378)	(324,333)	-	(1,395,711)
Net right-to-use leased assets	5,415,266	(324,333)	-	5,090,933
Governmental activities capital assets and right-to-use leased assets, net	\$ 504,282,133	\$ (11,611,634)	\$ -	\$ 492,670,499

Depreciation and amortization expense was charged to governmental functions as follows:

Governmental Activities	
Instruction	\$ 16,706,167
Home-to-school transportation	56,113
Food services	37,962
All other administration	446,434
Plant services	385,894
Total depreciation and amortization expenses governmental activities	\$ 17,632,570

Note 5 - Interfund Transactions**Interfund Receivables/Payables (Due To/Due From)**

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivable and payable balances at June 30, 2022, between major and non-major governmental funds are as follows:

Due To	Due From		Total
	General Fund	Non-Major Governmental Funds	
General Fund	\$ -	\$ 850,387	\$ 850,387
Non-Major Governmental Funds	1,507,559	-	1,507,559
Total	<u>\$ 1,507,559</u>	<u>\$ 850,387</u>	<u>\$ 2,357,946</u>

A balance of \$556,029 is due to the General Fund from the Child Development Non-Major Governmental Fund for indirect costs.

A balance of \$278,631 is due to the General Fund from the Cafeteria Non-Major Governmental Fund for indirect costs.

A balance of \$1,500,000 is due to the Special Reserve Non-Major Governmental Fund for Capital Outlay Projects from the General Fund for capital projects.

All remaining balance resulted from the time lag between the date that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transaction are recorded in the accounting system, and (3) payments between funds are made.

Operating Transfers

Interfund transfers for the year ended June 30, 2022, consisted of the following:

The General Fund transferred to the Special Reserve Non-Major Governmental Fund for Capital Outlay Projects for replacement projects.	\$ 1,500,000
The Capital Projects Fund for Blended Component Units Non-Major Governmental Fund transferred to the Capital Facilities Non-Major Governmental Fund for reimbursement of construction costs.	2,143,393
The Educational Facilities Corporation Debt Service Non-Major Governmental Fund transferred to the Special Reserve Non-Major Governmental Fund for Capital Outlay Projects for reimbursement of costs.	<u>295,781</u>
Total	<u>\$ 3,939,174</u>

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.

Note 6 - Accounts Payable

Accounts payable at June 30, 2022, consisted of the following:

	General Fund	Building Fund	Non-Major Governmental Funds	Total
Vendor payables	\$ 3,511,379	\$ 45,966	\$ 665,898	\$ 4,223,243
LCFF apportionment	3,215,141	-	-	3,215,141
Salaries and benefits	1,200,354	-	98,810	1,299,164
Construction	-	32,325	21,594	53,919
Total	<u>\$ 7,926,874</u>	<u>\$ 78,291</u>	<u>\$ 786,302</u>	<u>\$ 8,791,467</u>

Note 7 - Unearned Revenue

Unearned revenue at June 30, 2022, consisted of the following:

	General Fund	Non-Major Governmental Funds	Total
Federal financial assistance	\$ 1,881,789	\$ 228,737	\$ 2,110,526
State categorical aid	1,420,848	222,749	1,643,597
Other local	217,322	-	217,322
Total	<u>\$ 3,519,959</u>	<u>\$ 451,486</u>	<u>\$ 3,971,445</u>

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 July 1, 2021 as restated	Additions	Deductions	Balance June 30, 2022	Due in One Year
Long-Term Liabilities					
General obligation bonds	\$ 184,556,394	\$ 55,106,144	\$ (50,510,553)	\$ 189,151,985	\$ 15,995,000
Certificates of participation	22,195,000	-	(585,000)	21,610,000	605,000
Unamortized debt premiums	11,291,020	403,757	(2,397,374)	9,297,403	-
Unamortized debt discounts	(281,860)	-	14,093	(267,767)	-
Leases	5,556,304	-	(370,823)	5,185,481	263,775
Supplemental early retirement plan	6,093,681	-	(2,031,227)	4,062,454	2,031,227
Compensated absences	741,357	-	(105,606)	635,751	-
Total	<u>\$ 224,710,322</u>	<u>\$ 55,509,901</u>	<u>\$ (55,986,490)</u>	<u>\$ 229,675,307</u>	<u>\$ 18,895,002</u>

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, Capital Facilities Fund, and Educational Facilities Corporation Debt Service 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.

2021 General Obligation Refunding Bonds

On July 28, 2021, the District issued \$39,955,000 of 2021 General Obligation Refunding Bonds. A portion of the bonds were issued to refund certain maturities of the general obligation refunding bonds, Election 2002, series 2012, general refunding bonds, election 2002, series 2013, and general obligation bonds, election of 2014, series 2015. As a result, the outstanding obligation of the general obligation bonds is considered to be defeased and the liability balance as of the refunding date of \$35,141,298 has been removed from the government-wide statement of net position. The refunding resulted in a cumulative cash flow savings of \$2,787,808 over the life of the new debt and an economic gain of \$2,109,636 based on the difference between the present value of the existing debt service requirements and the new debt service requirements discounted at 2.389%.

Murrieta Valley Unified School District
Notes to Financial Statements
June 30, 2022

General Obligation Bonds

The outstanding general obligation bonded debt is as follows:

Issuance Date	Final Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2021	Issued	Interest Accreted	Redeemed	Bonds Outstanding June 30, 2022
09/01/98	09/01/23	4.05-5.30%	\$ 25,999,501	\$ 13,760,080	\$ -	\$ 583,715	\$ (5,150,000)	\$ 9,193,795
08/29/01	09/01/23	2.25-5.31%	11,499,326	2,095,810	-	106,851	(765,000)	1,437,661
05/29/03	09/01/27	2.00-5.12%	11,884,284	595,365	-	61,978	-	657,343
09/10/08	09/01/33	3.50-5.70%	24,996,844	42,339,586	-	2,398,600	(295,000)	44,443,186
07/31/12	09/01/26	2.00-3.38%	11,425,000	5,845,000	-	-	(4,925,000)	920,000
06/20/13	09/01/29	2.00-3.50%	15,640,000	10,470,000	-	-	(8,360,000)	2,110,000
07/30/15	09/01/44	1.50-5.11%	38,401,818	31,430,553	-	-	(24,670,553)	6,760,000
07/30/15	09/01/26	2.00-5.00%	40,090,000	32,515,000	-	-	(4,055,000)	28,460,000
04/27/16	09/01/30	2.00-3.50%	32,945,000	30,145,000	-	-	-	30,145,000
06/22/17	09/01/46	2.00-4.00%	6,755,000	3,360,000	-	-	(1,735,000)	1,625,000
01/30/20	09/01/49	2.50-4.00%	12,000,000	12,000,000	-	-	(55,000)	11,945,000
07/28/21	09/01/50	3.01-4.00%	12,000,000	-	12,000,000	-	-	12,000,000
07/28/21	09/01/44	0.28-2.93%	39,955,000	-	39,955,000	-	(500,000)	39,455,000
				<u>\$ 184,556,394</u>	<u>\$51,955,000</u>	<u>\$ 3,151,144</u>	<u>\$(50,510,553)</u>	<u>\$ 189,151,985</u>

Debt Service Requirements to Maturity

The capital appreciation bonds mature as follows:

Bonds Maturing Fiscal Year	Initial Bond Value	Accreted Interest	Accreted Obligation	Unaccreted Interest	Maturity Value
2023	\$ 1,962,840	\$ 4,430,216	\$ 6,393,056	\$ 156,944	\$ 6,550,000
2024	1,863,595	3,880,031	5,743,626	461,374	6,205,000
2025	1,589,663	1,674,516	3,264,179	430,821	3,695,000
2026	1,536,710	1,631,121	3,167,831	617,169	3,785,000
2027	1,478,661	1,589,463	3,068,124	806,876	3,875,000
2028-2032	9,351,258	10,944,807	20,296,065	11,308,935	31,605,000
2033	6,163,912	7,635,192	13,799,104	12,590,896	26,390,000
Total	<u>\$ 23,946,640</u>	<u>\$ 31,785,345</u>	<u>\$ 55,731,985</u>	<u>\$ 26,373,015</u>	<u>\$ 82,105,000</u>

The current interest bonds mature as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2023	\$ 9,445,000	\$ 4,857,516	\$ 14,302,516
2024	10,160,000	4,432,231	14,592,231
2025	10,695,000	4,012,726	14,707,726
2026	9,855,000	3,608,156	13,463,156
2027	10,605,000	3,216,150	13,821,150
2028-2032	40,135,000	10,204,860	50,339,860
2033-2037	5,615,000	6,231,679	11,846,679
2038-2042	11,980,000	4,967,788	16,947,788
2043-2047	15,490,000	2,703,100	18,193,100
2048-2051	9,440,000	645,275	10,085,275
Total	<u>\$ 133,420,000</u>	<u>\$ 44,879,480</u>	<u>\$ 178,299,480</u>

Murrieta Valley Unified School District

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June 30, 2022

Certificates of Participation

Issuance Date	Final Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2021	Issued	Redeemed	Bonds Outstanding June 30, 2022
05/01/12	08/01/27	3.20%	\$ 7,495,000	\$ 3,755,000	\$ -	\$ (485,000)	\$ 3,270,000
11/10/16	05/01/41	2.00-4.00%	19,405,000	18,440,000	-	(100,000)	18,340,000
				<u>\$ 22,195,000</u>	<u>\$ -</u>	<u>\$ (585,000)</u>	<u>\$ 21,610,000</u>

Debt Service Requirement

Year Ending June 30,	Principal	Interest	Total
2023	\$ 605,000	\$ 777,966	\$ 1,382,966
2024	645,000	756,429	1,401,429
2025	640,000	733,203	1,373,203
2026	825,000	710,373	1,535,373
2027	850,000	680,339	1,530,339
2028-2032	1,350,000	3,128,770	4,478,770
2033-2037	7,300,000	2,640,238	9,940,238
2038-2041	9,395,000	844,313	10,239,313
Total	<u>\$ 21,610,000</u>	<u>\$ 10,271,631</u>	<u>\$ 31,881,631</u>

Leases

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

Lease	Leases Outstanding July 1, 2021	Addition	Payments	Leases Outstanding June 30, 2022
Building - McAlby Unit A	\$ 3,598,878	\$ -	\$ (177,394)	\$ 3,421,484
Building - McAlby Unit E	1,842,696	-	(78,699)	1,763,997
Equipment - Buses	114,730	-	(114,730)	-
Total	<u>\$ 5,556,304</u>	<u>\$ -</u>	<u>\$ (370,823)</u>	<u>\$ 5,185,481</u>

Building – McAlby Unit A

The District entered an agreement to lease office space for 240 months, beginning August 2017. The lease terminates July 2039. Under the terms of the lease, the District pays a monthly base fee of \$23,780, increasing 3.0% annually on the anniversary of the agreement. The District also pays a pro rata share of operating expenses and property taxes, which are not included in the measurement of the lease liability as they are variable in nature. The District paid \$32,718 during the year towards those variable costs, which are recorded as outflows of resources. The District has an option to terminate the lease after the June 2039, which the District believes it will exercise with reasonable certainty. At June 30, 2022, the District has recognized a right-to-use asset of \$3,326,577 and a lease liability of \$3,421,484 related to this agreement. During the fiscal year, the District recorded \$220,547 in amortization expense and \$107,966 in interest expense for the right-to-use the office space. The District used a discount rate of 3.00%, based on the District's borrowing rate.

Building – McAlby Unit E

The District entered an agreement to lease office space for 240 months, beginning July 2019. The lease terminates June 2039. Under the terms of the lease, the District pays a monthly base fee of \$11,165, increasing 3.0% annually on the anniversary of the agreement. The District also pays a pro rata share of operating expenses and property taxes, which are not included in the measurement of the lease liability as they are variable in nature. The District paid \$15,173 during the year towards those variable costs, which are recorded as outflows of resources. The District has an option to terminate the lease after the June 2039, which the District believes it will exercise with reasonable certainty. At June 30, 2022, the District has recognized a right-to-use asset of \$1,764,356 and a lease liability of \$1,763,997 related to this agreement. During the fiscal year, the District recorded \$103,786 in amortization expense and \$55,281 in interest expense for the right-to-use the office space. The District used a discount rate of 3.00%, based on the District's borrowing rate.

The capital leases have minimum lease payments as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 263,776	\$ 155,564	\$ 419,340
2024	271,689	147,651	419,340
2025	279,840	139,500	419,340
2026	288,235	131,105	419,340
2027	296,882	122,458	419,340
2028-2032	1,623,471	473,229	2,096,700
2033-2037	1,882,047	214,653	2,096,700
2038-2039	279,541	12,289	291,830
Total	<u>\$ 5,185,481</u>	<u>\$ 1,396,449</u>	<u>\$ 6,581,930</u>

Supplemental Employee Retirement Plan (SERP)

The District offered an early retirement incentive to qualified employees under a qualified plan of Section 401 A of the Internal Revenue Code. This benefit is paid 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's obligation to those retirees as of June 30, 2022, is \$4,062,454.

Future payments are as follows:

Year Ending June 30,	Annual Payment
2023	\$ 2,031,227
2024	2,031,227
Total	<u>\$ 4,062,454</u>

Compensated Absences

The long-term portion of accumulated unpaid employee vacation for the District at June 30, 2022, amounted to \$635,751.

Note 9 - Net Other Postemployment Benefit (OPEB) Liability

For the fiscal year ended June 30, 2022, the District reported net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plan:

OPEB Plan	Total OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	\$ 17,325,627	\$ 1,774,431	\$ 3,165,470	\$ (81,154)
Medicare Premium Payment (MPP) Program	<u>1,307,081</u>	<u>-</u>	<u>-</u>	<u>1,307,081</u>
Total	<u>\$ 18,632,708</u>	<u>\$ 1,774,431</u>	<u>\$ 3,165,470</u>	<u>\$ 1,225,927</u>

District Plan

Plan Administration

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

Plan membership

At June 30, 2021, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	159
Active employees	<u>1,212</u>
Total	<u>1,371</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.

The benefit payment requirements of Plan members and the District are established and may be amended by the District, the Murrieta Teachers Association (MTA), 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, MTA, CSEA, and the unrepresented groups. For the measurement period of June 30, 2022, the District paid \$1,070,013 in benefits.

Total OPEB Liability of the District**Actuarial Assumptions**

The total OPEB liability in the June 30, 2021 actuarial valuation was measured as of June 30, 2022 and was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50 percent
Salary increases	2.75 percent, average, including inflation
Discount rate	3.54 percent
Healthcare cost trend rates	4.00 percent for 2022

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

Mortality rates were based on the 2020 CalSTRS Mortality Table for certificated employees and the 2017 CalPERS Active Mortality for Miscellaneous Employees Table for classified employees. Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reeducation. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actual experience study for the period July 1, 2020 to June 30, 2021.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.54%. The projection of cash flows used to determine the discount rate assumed that the District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance, June 30, 2021	\$ 17,244,473
Service cost	1,147,765
Interest	373,320
Differences between expected and actual experience	1,143,341
Changes of assumptions	(1,513,259)
Benefit payments	(1,070,013)
Net change in total OPEB liability	81,154
Balance, June 30, 2022	\$ 17,325,627

Changes of assumptions and other inputs reflect a change in the discount rate from 2.16% in 2021 to 3.54% in 2022.

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

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

Discount Rate	Total OPEB Liability
1% decrease (2.54%)	\$ 18,413,947
Current discount rate (3.54%)	17,325,627
1% increase (4.54%)	16,287,062

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

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

Healthcare Cost Trend Rates	Total OPEB Liability
1% decrease (3.00%)	\$ 15,690,282
Current healthcare cost trend rate (4.00%)	17,325,627
1% increase (5.00%)	19,222,872

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

For the year ended June 30, 2022, the District recognized OPEB expense of \$(81,154). At June 30, 2022, 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	\$ 1,774,431	\$ -
Changes of assumptions	-	3,165,470
Total	<u>\$ 1,774,431</u>	<u>\$ 3,165,470</u>

The deferred outflows of resources for OPEB contributions subsequent to measurement date will be recognized as reduction of the total OPEB liability in the subsequent fiscal year. The remaining deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	\$ (130,122)
2024	(130,122)
2025	(130,122)
2026	(130,122)
2027	(130,122)
Thereafter	(740,429)
Total	<u>\$ (1,391,039)</u>

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, 2020 annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at:

<http://www.calstrs.com/member-publications>.

Benefits Provided

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

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

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

Net OPEB Liability and OPEB Expense

At June 30, 2022, the District reported a liability of \$1,307,081 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2021, was 0.3277%.

For the year ended June 30, 2022, the District recognized OPEB expense of \$1,307,801.

Actuarial Methods and Assumptions

The June 30, 2021 net OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2020, and rolling forward the net OPEB liability to June 30, 2021, using the assumptions listed in the following table:

Measurement Date	June 30, 2021	June 30, 2020
Valuation Date	June 30, 2020	June 30, 2019
Experience Study	July 1, 2015 through June 30, 2018	June 30, 2014 through June 30, 2018
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	2.16%	2.21%
Medicare Part A Premium Cost Trend Rate	4.50%	4.50%
Medicare Part B Premium Cost Trend Rate	5.40%	5.40%

For the valuation as of June 30, 2020, 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 our members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

Assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 245 or an average of 0.16% of the potentially eligible population (152,062).

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2021, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2021, is 2.16%. As the MPP Program is funded on a pay-as-you-go basis as previously noted, the OPEB Plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 2.16%, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2021, was applied to all periods of projected benefit payments to measure the net OPEB liability.

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

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

Discount Rate	Net OPEB Liability
1% decrease (1.16%)	\$ 1,440,762
Current discount rate (2.16%)	1,307,081
1% increase (3.16%)	1,192,864

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

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

Medicare Costs Trend Rate	Net OPEB Liability
1% decrease (2.7% Part A and 3.1% Part B)	\$ 1,188,637
Current Medicare costs trend rate (3.7% Part A and 4.1% Part B)	1,307,081
1% increase (4.7% Part A and 5.1% Part B)	1,442,873

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 \$106,255,000 as of June 30, 2022, does not represent debt of the District and, as such, does not appear in the accompanying basic financial statements.

Year Ending June 30,	Principal	Interest	Total
2023	\$ 5,500,000	\$ 4,760,736	\$ 10,260,736
2024	5,295,000	4,499,269	9,794,269
2025	5,410,000	4,225,236	9,635,236
2026	5,665,000	3,961,967	9,626,967
2027	5,670,000	3,691,045	9,361,045
2028-2032	32,685,000	13,946,392	46,631,392
2033-2037	27,440,000	6,466,439	33,906,439
2038-2042	9,495,000	2,502,367	11,997,367
2043-2047	7,750,000	1,036,265	8,786,265
2048-2049	1,345,000	100,356	1,445,356
Total	<u>\$ 106,255,000</u>	<u>\$ 45,190,072</u>	<u>\$ 151,445,072</u>

Note 11 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total
Nonspendable					
Revolving cash	\$ 15,000	\$ -	\$ -	\$ 29,756	\$ 44,756
Stores inventories	-	-	-	362,372	362,372
Prepaid expenditures	5,100	-	-	-	5,100
Total nonspendable	20,100	-	-	392,128	412,228
Restricted					
Legally restricted programs	15,800,453	-	-	5,581,834	21,382,287
Food service	-	-	-	4,098,621	4,098,621
Capital projects	-	16,170,665	-	18,571,495	34,742,160
Debt services	-	-	25,046,701	3,453	25,050,154
Total restricted	15,800,453	16,170,665	25,046,701	28,255,403	85,273,222
Committed					
Budget contingencies	33,161,081	-	-	-	33,161,081
Assigned					
Fair Market Value of Investments	(1,384,070)	-	-	-	(1,384,070)
Medi-Cal LEA audit repayment	1,401,467	-	-	-	1,401,467
One-time funds for outstanding mandates	6,309,284	-	-	-	6,309,284
Donations	950,255	-	-	-	950,255
Site safety awards	53,824	-	-	-	53,824
Site facility use agreements	122,039	-	-	-	122,039
Other grants	11,907	-	-	-	11,907
Non resident student fees	787,009	-	-	-	787,009
LCAP site supplemental	1,513,099	-	-	-	1,513,099
Green team schools	26,259	-	-	-	26,259
Saturday school reimbursement program	86,575	-	-	-	86,575
Other	-	-	-	1,701,362	1,701,362
Total assigned	9,877,648	-	-	1,701,362	11,579,010
Unassigned					
Reserve for economic uncertainties	8,689,646	-	-	-	8,689,646
Remaining unassigned	10,398,194	-	-	-	10,398,194
Total unassigned	19,087,840	-	-	-	19,087,840
Total	\$ 77,947,122	\$ 16,170,665	\$ 25,046,701	\$ 30,348,893	\$ 149,513,381

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, 2022, 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 2022, 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, 2022, the District had a balance of \$4,396,160 available for use pursuant to RSRMA Safety Credit Program guidelines.

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, 2022, the District reported its proportionate share of net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	\$ 99,210,971	\$ 45,799,170	\$ 92,359,540	\$ 7,855,873
CalPERS	60,698,495	14,351,467	25,031,469	5,672,379
Total	<u>\$ 159,909,466</u>	<u>\$ 60,150,637</u>	<u>\$ 117,391,009</u>	<u>\$ 13,528,252</u>

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)**Plan Description**

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2020, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Benefits Provided

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

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

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

The STRP provisions and benefits in effect at June 30, 2022, are summarized as follows:

	STRP Defined Benefit Program	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
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	16.92%	16.92%
Required state contribution rate	10.828%	10.828%

Contributions

Required member, District, and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven year period. The contribution rates for each plan for the year ended June 30, 2022, are presented above and the District's total contributions were \$21,789,762.

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

At June 30, 2022, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the District were as follows:

Total net pension liability, including State share

Proportionate share of net pension liability	\$ 99,210,971
State's proportionate share of the net pension liability	<u>49,919,113</u>
Total	<u><u>\$ 149,130,084</u></u>

The net pension liability was measured as of June 30, 2021. 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, 2021 and June 30, 2020, was 0.2180 % and 0.2135%, respectively, resulting in a net increase in the proportionate share of 0.0045%.

For the year ended June 30, 2022, the District recognized pension expense of \$7,855,873. In addition, the District recognized pension expense and revenue of \$1,707,921 for support provided by the State. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 21,789,762	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	9,703,739	3,322,991
Differences between projected and actual earnings on pension plan investments	-	78,478,434
Differences between expected and actual experience in the measurement of the total pension liability	248,529	10,558,115
Changes of assumptions	<u>14,057,140</u>	<u>-</u>
Total	<u><u>\$ 45,799,170</u></u>	<u><u>\$ 92,359,540</u></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.

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	\$ (19,928,816)
2024	(18,228,355)
2025	(18,680,722)
2026	(21,640,541)
Total	<u>\$ (78,478,434)</u>

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	\$ 5,021,658
2024	6,521,637
2025	630,190
2026	(57,576)
2027	(1,110,877)
Thereafter	(876,730)
Total	<u>\$ 10,128,302</u>

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2020, and rolling forward the total pension liability to June 30, 2021. The financial reporting actuarial valuation as of June 30, 2020, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2020
Measurement date	June 30, 2021
Experience study	July 1, 2015 through June 30, 2018
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2021, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Public equity	42%	4.8%
Fixed income	15%	1.3%
Real estate	13%	3.6%
Private equity	12%	6.3%
Risk mitigating strategies	10%	1.8%
Inflation sensitive	6%	3.3%
Cash/liquidity	2%	-0.4%

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	\$ 201,958,028
Current discount rate (7.10%)	99,210,971
1% increase (8.10%)	13,932,876

California Public Employees Retirement System (CalPERS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions for funding, but not accounting purposes, and membership information is listed in the June 30, 2020 annual actuarial valuation reports, Schools Pool Actuarial Valuation, and the Risk Pool Actuarial Valuation Report, Safety. These reports 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 provide service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor, and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2022, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	22.91%	22.91%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on 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, 2022, are presented above and the total District contributions were \$10,845,740.

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

As of June 30, 2022, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$60,698,495. The net pension liability was measured as of June 30, 2021. 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, 2021 and June 30, 2020, was 0.2985% and 0.2917%, respectively, resulting in a net increase in the proportionate share of 0.0068%.

For the year ended June 30, 2022, the District recognized pension expense of \$5,672,379. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 10,845,740	
Change in proportion and differences between contributions made and District's proportionate share of contributions	1,693,721	1,594,102
Differences between projected and actual earnings on pension plan investments	-	23,294,276
Differences between expected and actual experience in the measurement of the total pension liability	1,812,006	143,091
Total	<u>\$ 14,351,467</u>	<u>\$ 25,031,469</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.

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	\$ (5,842,185)
2024	(5,372,412)
2025	(5,601,090)
2026	(6,478,589)
Total	<u>\$ (23,294,276)</u>

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and District's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARS�) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARS� for the measurement period is 4.1 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	\$ 1,118,963
2024	160,495
2025	440,711
2026	48,365
Total	<u>\$ 1,768,534</u>

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2020, and rolling forward the total pension liability to June 30, 2021. The financial reporting actuarial valuation as of June 30, 2020, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2020
Measurement date	June 30, 2021
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and service

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries 90% of scale MP-2016.

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

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global equity	50%	5.98%
Fixed income	28%	2.62%
Inflation assets	0%	1.81%
Private equity	8%	7.23%
Real assets	13%	4.93%
Liquidity	1%	-0.92%

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed 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:

<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% decrease (6.15%)	\$ 102,346,186
Current discount rate (7.15%)	60,698,495
1% increase (8.15%)	26,121,976

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of \$14,020,625 (10.828% of annual payroll). Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Note 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, 2022.

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, 2022.

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, 2022, the District made payments of \$2,224,990, \$3,657,657, and \$24,111,959, to RSIA, RSRMA, and REEP, respectively, for its property liability, workers' compensation, and health coverage.

Note 16 - Subsequent Events

General Obligation Bonds, Election of 2014, Series 2022

On July 27, 2022, the District issued \$19,000,000 in current interest bonds of the Election of 2014 General Obligation Bonds, Series 2022. The principal payments of the Series 2022 general obligation bonds will begin in 2026, and are to be made annually thereafter, and interest payments are made semi-annually and will begin in 2023. The proceeds from the sale of the bonds were used to finance the renovation, construction, and improvement of school facilities.

Note 17 - Restatement of Prior Year Net Position and Fund Balance

As of July 1, 2021, the District adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use an underlying asset. The Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Beginning net position was restated to retroactively adopt the provisions of GASB Statement No. 87 as follows:

Government-Wide Financial Statements

Net Position - Beginning	\$ 145,201,289
Right-to-use intangible asset, net of amortization	5,415,266
Lease liability	<u>(5,441,574)</u>
Net Position - Beginning as Restated	<u>\$ 145,174,981</u>



Required Supplementary Information
June 30, 2022

Murrieta Valley Unified School District

Murrieta Valley Unified School District
 Budgetary Comparison Schedule – General Fund
 Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variances - Positive (Negative)
	Original	Final		Final to Actual
Revenues				
Local Control Funding Formula	\$ 219,094,859	\$ 218,853,081	\$ 218,853,698	\$ 617
Federal sources	12,485,656	19,132,947	18,486,270	(646,677)
Other State sources	19,967,780	32,808,445	35,324,645	2,516,200
Other local sources	20,186,808	22,252,006	20,394,771	(1,857,235)
Total revenues	<u>271,735,103</u>	<u>293,046,479</u>	<u>293,059,384</u>	<u>12,905</u>
Expenditures				
Current				
Certificated salaries	129,864,296	129,883,414	130,274,715	(391,301)
Classified salaries	43,772,783	46,083,951	45,834,445	249,506
Employee benefits	71,968,905	70,016,490	71,672,289	(1,655,799)
Books and supplies	6,451,906	18,377,164	16,315,407	2,061,757
Services and operating expenditures	22,666,694	23,655,611	22,869,485	786,126
Other outgo	(425,174)	(365,130)	(962,133)	597,003
Capital outlay	525,000	1,359,242	1,285,001	74,241
Debt service				
Debt service - principal	285,000	285,000	541,093	(256,093)
Debt service - interest and other	80,421	80,421	243,668	(163,247)
Total expenditures	<u>275,189,831</u>	<u>289,376,163</u>	<u>288,073,970</u>	<u>1,302,193</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(3,454,728)</u>	<u>3,670,316</u>	<u>4,985,414</u>	<u>1,315,098</u>
Other Financing Sources (Uses)				
Transfers out	<u>-</u>	<u>(1,500,000)</u>	<u>(1,500,000)</u>	<u>-</u>
Net Change in Fund Balances	(3,454,728)	2,170,316	3,404,502	1,234,186
Fund Balance - Beginning	<u>74,542,620</u>	<u>74,542,620</u>	<u>74,542,620</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 71,087,892</u>	<u>\$ 76,712,936</u>	<u>\$ 77,947,122</u>	<u>\$ 1,234,186</u>

Murrieta Valley Unified School District
Schedule of Changes in the District's Total OPEB Liability and Related Ratios
Year Ended June 30, 2022

	2022	2021	2020	2019	2018
Total OPEB Liability					
Service cost	\$ 1,147,765	\$ 1,110,326	\$ 1,439,321	\$ 1,331,568	\$ 1,295,930
Interest	373,320	382,421	616,498	556,093	553,258
Difference between expected and actual experience	1,143,341	-	958,747	-	-
Changes of assumptions	(1,513,259)	(448,341)	(2,155,332)	366,351	-
Benefit payments	(1,070,013)	(1,255,081)	(597,285)	(566,792)	(544,992)
Net change in total OPEB liability	81,154	(210,675)	261,949	1,687,220	1,304,196
Total OPEB Liability - Beginning	17,244,473	17,455,148	17,193,199	15,505,979	14,201,783
Total OPEB Liability - Ending	<u>\$ 17,325,627</u>	<u>\$ 17,244,473</u>	<u>\$ 17,455,148</u>	<u>\$ 17,193,199</u>	<u>\$ 15,505,979</u>
Covered Payroll	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>
Total OPEB Liability as a Percentage of Covered Payroll	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

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

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

Murrieta Valley Unified School District
Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program
Year Ended June 30, 2022

Year ended June 30,	<u>2022</u>
Proportion of the net OPEB liability	<u>0.3277%</u>
Proportionate share of the net OPEB liability	<u>\$ 1,307,081</u>
Covered payroll	<u>N/A¹</u>
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	<u>N/A¹</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>-0.80%</u>

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

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

Murrieta Valley Unified School District
Schedule of the District's Proportionate Share of the Net Pension Liability
Year Ended June 30, 2022

	2022	2021	2020	2019	2018	2017	2016	2015
CalSTRS								
Proportion of the net pension liability	0.2180%	0.2135%	0.2147%	0.2005%	0.1941%	0.1983%	0.2090%	0.1888%
Proportionate share of the net pension liability	\$ 99,210,971	\$ 206,925,928	\$ 193,876,835	\$ 184,263,020	\$ 179,531,862	\$ 160,424,204	\$ 140,719,047	\$ 110,308,530
State's proportionate share of the net pension liability	49,919,113	106,670,340	105,772,757	105,499,197	106,209,533	91,326,638	74,424,863	66,609,053
Total	<u>\$ 149,130,084</u>	<u>\$ 313,596,268</u>	<u>\$ 299,649,592</u>	<u>\$ 289,762,217</u>	<u>\$ 285,741,395</u>	<u>\$ 251,750,842</u>	<u>\$ 215,143,910</u>	<u>\$ 176,917,583</u>
Covered payroll	<u>\$ 128,781,099</u>	<u>\$ 121,618,570</u>	<u>\$ 113,802,187</u>	<u>\$ 108,376,833</u>	<u>\$ 106,363,744</u>	<u>\$ 99,627,036</u>	<u>\$ 96,586,757</u>	<u>103,962,473</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	77.04%	170.14%	170.36%	170.02%	168.79%	161.02%	145.69%	106.10%
Plan fiduciary net position as a percentage of the total pension liability	87%	72%	73%	71%	69%	70%	74%	77%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
CalPERS								
Proportion of the net pension liability	0.2985%	0.2917%	0.2936%	0.2931%	0.3042%	0.2995%	0.2956%	0.2894%
Proportionate share of the net pension liability	\$ 60,698,495	\$ 89,511,451	\$ 85,566,262	\$ 78,146,289	\$ 72,630,215	\$ 59,154,321	\$ 43,578,380	\$ 32,854,704
Covered payroll	<u>\$ 47,340,637</u>	<u>\$ 44,025,565</u>	<u>\$ 41,102,840</u>	<u>\$ 39,576,170</u>	<u>\$ 37,881,264</u>	<u>\$ 35,991,779</u>	<u>\$ 33,272,135</u>	<u>34,228,832</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	128.22%	203.32%	208.18%	197.46%	191.73%	164.36%	130.98%	95.99%
Plan fiduciary net position as a percentage of the total pension liability	81%	70%	70%	71%	72%	74%	79%	83%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

Murrieta Valley Unified School District
Schedule of the District Contributions
Year Ended June 30, 2022

	2022	2021	2020	2019	2018	2017	2016	2015
CalSTRS								
Contractually required contribution	\$ 21,789,762	\$ 19,641,399	\$ 20,081,671	\$ 18,526,996	\$ 15,638,777	\$ 13,380,559	\$ 10,689,981	\$ 8,576,904
Less contributions in relation to the contractually required contribution	21,789,762	19,641,399	20,081,671	18,526,996	15,638,777	13,380,559	10,689,981	8,576,904
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 128,781,099	\$ 121,618,570	\$ 117,436,673	\$ 113,802,187	\$ 108,376,833	\$ 106,363,744	\$ 99,627,036	\$ 96,586,757
Contributions as a percentage of covered payroll	16.92%	16.15%	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%
CalPERS								
Contractually required contribution	\$ 10,845,740	\$ 9,113,292	\$ 8,295,806	\$ 7,423,995	\$ 6,146,575	\$ 5,260,950	\$ 4,263,946	\$ 3,916,463
Less contributions in relation to the contractually required contribution	10,845,740	9,113,292	8,295,806	7,423,995	6,146,575	5,260,950	4,263,946	3,916,463
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 47,340,637	\$ 44,025,565	\$ 42,065,849	\$ 41,102,840	\$ 39,576,170	\$ 37,881,264	\$ 35,991,779	\$ 33,272,135
Contributions as a percentage of covered payroll	22.910%	20.700%	19.721%	18.062%	15.531%	13.888%	11.847%	11.771%

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

Note 1 - Purpose of Schedules

Budgetary Comparison Schedules

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

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

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

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

- *Change in Benefit Terms* – There were no changes in benefit terms since the previous valuation for other postemployment benefits.
- *Change in Assumptions* – The plan discount rate assumption was changed from 2.16% to 3.54% since the previous valuation.

Schedule of the District's Proportionate Share of the Net OPEB Liability - MPP Program

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

- *Changes in Benefit Terms* – There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* – The plan rate of investment return assumption was changed from 2.21% to 2.16% since the previous valuation.

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

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

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

Schedule of the District's Contributions

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



Supplementary Information
June 30, 2022

Murrieta Valley Unified School District

Murrieta Valley Unified School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture			
Passed Through California Department of Education (CDE)			
Child Nutrition Cluster			
Especially Needy Breakfast	10.553	13526	\$ 2,721,374
Subtotal			2,721,374
National School Lunch Program	10.555	13391	9,503,917
National School Lunch Program - Commodity Supplemental Food	10.555	13391	617,329
National School Lunch Program - Meal Supplements	10.555	13396	61,080
COVID-19: SNP Emergency Operational Costs Reimbursement (ECR)	10.555	15637	376,486
Subtotal			10,558,812
Total Child Nutrition Cluster			13,280,186
COVID-19: Pandemic Electronic Benefit Transfer (P-EBT)	10.649	15644	5,814
Forest Services Schools and Road Cluster			
Forest Reserve	10.665	10044	16,957
Total Forest Services School and Road Cluster			16,957
Total U.S. Department of Agriculture			13,302,957
U.S. Federal Communications Commission			
Passed Through Universal Service Administrative Company			
Emergency Connectivity Funds	32.009	[1]	2,000,000
U.S. Department of Education			
Passed Through Riverside County Special Education Local Plan Area			
Special Education Cluster			
Special Education Grants to States - Basic Local Assistance	84.027	13379	5,224,297
Special Education Grants to States - Private Schools ISP	84.027	10115	4,907
Special Education Grants to States - Mental Health	84.027	15197	245,052
Subtotal			5,474,256
Special Education Preschool Grants	84.173	13430	93,336
Special Education Preschool Grants - Preschool Staff Development	84.173	13431	280
Subtotal			93,616
Total Special Education Cluster			5,567,872
Passed Through CDE			
Adult Education - Basic Grants to States	84.002	14508	32,685
Adult Education - Basic Grants to States	84.002	13978	35,650
Adult Education - Basic Grants to States	84.002	14109	16,576
Subtotal			84,911

[1] Pass through entity identification number not available.

Murrieta Valley Unified School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
COVID-19: Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	15536	\$ 159
COVID-19: Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D	15547	3,893,887
COVID-19: ARP Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U	15559	912,102
COVID-19: ARP Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U	10155	4,695
COVID-19: Elementary and Secondary School Emergency Relief II (ESSER II) Fund: State Reserve	84.425D	15618	1,830,010
COVID-19: Elementary and Secondary School Emergency Relief III (ESSER III) Fund: State Reserve, Learning Loss	84.425D	15621	502,760
COVID-19: Governor's Emergency Education Relief II (GEER II) Fund, State Reserve, Emergency Needs	84.425C	15619	<u>499,858</u>
Subtotal			<u>7,643,471</u>
Title I Grants to Local Educational Agencies	84.010	14329	2,217,991
English Language Acquisition State Grants - ISP	84.365	15146	19,171
English Language Acquisition State Grants - LEP	84.365	14346	<u>134,750</u>
Subtotal			<u>153,921</u>
Supporting Effective Instruction State Grants - Teacher Quality	84.367	14341	568,487
Student Support and Academic Enrichment Program	84.424	15396	164,289
Career and Technical Education - Basic Grants to States	84.048	14894	113,596
Rehabilitation Services Vocational Rehabilitation Grants to States - Workability II	84.126	10006	<u>39,687</u>
Total U.S. Department of Education			<u>16,554,225</u>
U.S. Department of Health and Human Services			
Passed Through California Department of Health and Human Services			
Child Care and Development Fund Cluster			
COVID-19: ARP California State Preschool Program One-time Stipend	93.575	15640	218,900
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	13609	<u>1,124,527</u>
Total Child Care and Development Fund Cluster			<u>1,343,427</u>
Total U.S. Department of Health and Human Services			<u>1,343,427</u>
Total Federal Financial Assistance			<u><u>\$33,200,609</u></u>

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 independent study school, and one adult school. There were no boundary changes during the year.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Kris Thomasian	President	November 2022
Paul Diffley	Clerk	November 2024
Ellen Larson	Member	November 2022
Linda Lunn	Member	November 2024
Dr. Takesha Cooper	Member	November 2022

ADMINISTRATION

NAME	TITLE
Dr. Ward Andrus	Superintendent
Darren Daniel	Deputy Superintendent
Leigh Lockwood	Assistant Superintendent, Human Resources
Fayth Mutchnick-Jayx	Assistant Superintendent, Educational Services
James Whittington	Chief Financial Officer

Murrieta Valley Unified School District

Schedule of Average Daily Attendance

Year Ended June 30, 2022

	Second Period Report 3B3AEC6	Annual Report 662CCDB8
Regular ADA		
Transitional kindergarten through third	5,284.93	5,302.61
Fourth through sixth	4,473.86	4,476.62
Seventh and eighth	3,231.23	3,227.72
Ninth through twelfth	7,707.74	7,661.96
Total Regular ADA	20,697.76	20,668.91
Extended Year Special Education		
Transitional kindergarten through third	5.83	5.83
Fourth through sixth	4.68	4.68
Seventh and eighth	2.27	2.27
Ninth through twelfth	2.58	2.58
Total Extended Year Special Education	15.36	15.36
Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	0.18	0.34
Fourth through sixth	0.96	1.17
Seventh and eighth	1.00	0.97
Ninth through twelfth	5.81	5.55
Total Special Education, Nonpublic, Nonsectarian Schools	7.95	8.03
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Seventh and eighth	0.09	0.09
Ninth through twelfth	1.31	1.31
Total Extended Year Special Education, Nonpublic, Nonsectarian Schools	1.40	1.40
Total ADA	20,722.47	20,693.70

Murrieta Valley Unified School District
Schedule of Instructional Time
Year Ended June 30, 2022

Grade Level	1986-1987 Minutes Requirement	2021-2022 Actual Minutes	Number of Minutes Credited Form J-13A*	Total Minutes Offered	Traditional Calendar			Multitrack Calendar			Status
					Number of Actual Days	Number of Days Credited Form J-13A*	Total Days Offered	Number of Actual Days	Number of Days Credited Form J-13A*	Total Days Offered	
Kindergarten	36,000	36,420	-	36,420	180	-	180	-	-	-	Complied
Grades 1 - 3	50,400										
Grade 1		52,775	-	52,775	180	-	180	-	-	-	Complied
Grade 2		52,775	-	52,775	180	-	180	-	-	-	Complied
Grade 3		52,775	-	52,775	180	-	180	-	-	-	Complied
Grades 4 - 8	54,000										
Grade 4		54,575	-	54,575	180	-	180	-	-	-	Complied
Grade 5		54,125	-	54,125	180	-	180	-	-	-	Complied
Grade 6		54,160	-	54,160	180	-	180	-	-	-	Complied
Grade 7		54,160	-	54,160	180	-	180	-	-	-	Complied
Grade 8		54,160	-	54,160	180	-	180	-	-	-	Complied
Grades 9 - 12	64,800										
Grade 9		65,910	-	65,910	180	-	180	-	-	-	Complied
Grade 10		65,910	-	65,910	180	-	180	-	-	-	Complied
Grade 11		65,910	-	65,910	180	-	180	-	-	-	Complied
Grade 12		65,910	-	65,910	180	-	180	-	-	-	Complied

Murrieta Valley Unified School District
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
Year Ended June 30, 2022

There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2022.

Murrieta Valley Unified School District

Schedule of Financial Trends and Analysis

Year Ended June 30, 2022

	(Budget) 2023 ¹	2022	2021 ¹	2020 ¹
General Fund				
Revenues	\$ 300,762,488	\$ 293,059,384	\$ 291,123,958	\$ 262,216,917
Other sources and transfers in	-	-	-	327,977
Total Revenues and Other Sources	300,762,488	293,059,384	291,123,958	262,544,894
Expenditures	303,155,101	288,073,970	267,812,535	260,002,552
Other uses and transfers out	1,600,000	1,580,912	730,097	17,377
Total Expenditures and Other Uses	304,755,101	289,654,882	268,542,632	260,019,929
Increase/(Decrease) in Fund Balance	(3,992,613)	3,404,502	22,581,326	2,524,965
Ending Fund Balance	\$ 73,954,509	\$ 77,947,122	\$ 74,542,620	\$ 51,961,294
Available Reserves ²	\$ 25,683,559	\$ 19,087,840	\$ 46,173,799	\$ 31,896,953
Available Reserves as a Percentage of Total Outgo	8.43%	6.59%	17.19%	12.27%
Long-Term Liabilities	N/A	\$ 408,217,481	\$ 543,833,749	\$ 536,073,468
K-12 Average Daily Attendance at P-2	21,721	20,722	22,340	22,340

The General Fund balance has increased by \$25,985,828 over the past two years. The fiscal year 2022-2023 budget projects a decrease of \$3,992,613 (5.12%). For a district this size, the State recommends available reserves of at least 3% of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in all of the past three years but anticipates incurring an operating deficit during the 2022-2023 fiscal year. Total long-term liabilities have decreased by \$129,163,068 over the past two years.

Average daily attendance has decreased by 1,618 over the past two years. Growth of 999 ADA is anticipated during fiscal year 2022-2023.

¹ Financial information for 2023, 2021, and 2020 are included for analytical purposes only and has not been subjected to audit.

² Available reserves consist of all unassigned fund balances including all amounts reserved for economic uncertainties contained with the General Fund.

Murrieta Valley Unified School District
Combining Balance Sheet – Non-Major Governmental Funds
June 30, 2022

	Student Activity Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Capital Projects Fund for Blended Component Units	Educational Facilities Corporation Debt Service Fund	Total Non-Major Governmental Funds
Assets									
Deposits and investments	\$ 2,456,684	\$ 209,469	\$ 3,542,387	\$ 1,374,199	\$ 4,288,591	\$ 202,483	\$ 11,614,476	\$ 3,453	\$ 23,691,742
Receivables	2,594	122,105	563,350	3,331,572	2,855,221	553	-	-	6,875,395
Due from other funds	-	4,355	2,802	402	-	1,500,000	-	-	1,507,559
Stores inventories	182,853	-	-	179,519	-	-	-	-	362,372
Total assets	\$ 2,642,131	\$ 335,929	\$ 4,108,539	\$ 4,885,692	\$ 7,143,812	\$ 1,703,036	\$ 11,614,476	\$ 3,453	\$ 32,437,068
Liabilities and Fund Balances									
Liabilities									
Accounts payable	\$ 426,045	\$ 1,967	\$ 86,405	\$ 84,428	\$ 186,793	\$ 664	\$ -	\$ -	\$ 786,302
Due to other funds	-	14,717	556,029	278,631	-	1,010	-	-	850,387
Unearned revenue	-	-	222,749	228,737	-	-	-	-	451,486
Total liabilities	426,045	16,684	865,183	591,796	186,793	1,674	-	-	2,088,175
Fund Balances									
Nonspendable	196,853	-	-	195,275	-	-	-	-	392,128
Restricted	2,019,233	319,245	3,243,356	4,098,621	6,957,019	-	11,614,476	3,453	28,255,403
Assigned	-	-	-	-	-	1,701,362	-	-	1,701,362
Total fund balances	2,216,086	319,245	3,243,356	4,293,896	6,957,019	1,701,362	11,614,476	3,453	30,348,893
Total liabilities and fund balances	\$ 2,642,131	\$ 335,929	\$ 4,108,539	\$ 4,885,692	\$ 7,143,812	\$ 1,703,036	\$ 11,614,476	\$ 3,453	\$ 32,437,068

Murrieta Valley Unified School District
Combining Statement of Revenues, Expenditure, and Changes in Fund Balances – Non-Major Governmental Funds
Year Ended June 30, 2022

	Student Activity Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Capital Projects Fund for Blended Component Units	Educational Facilities Corporation Debt Service Fund	Total Non-Major Governmental Funds
Revenues									
Federal sources	\$ -	\$ 84,911	\$ 1,343,427	\$13,286,001	\$ -	\$ -	\$ -	\$ -	\$ 14,714,339
Other State sources	-	333,100	5,022,362	991,476	-	-	-	-	6,346,938
Other local sources	4,524,065	179,013	1,753,626	563,763	1,953,065	(2,128)	4,487,693	773,514	14,232,611
Total revenues	4,524,065	597,024	8,119,415	14,841,240	1,953,065	(2,128)	4,487,693	773,514	35,293,888
Expenditures									
Current									
Instruction	-	144,527	2,453,414	-	-	-	-	-	2,597,941
Instruction-related activities									
Supervision of instruction	-	-	371,062	-	-	-	-	-	371,062
School site administration	-	153,868	1,963	-	-	-	-	-	155,831
Pupil services									
Food services	-	-	-	10,371,706	-	-	-	-	10,371,706
All other pupil services	-	79,040	-	-	-	-	-	-	79,040
Administration									
All other administration	-	14,583	250,117	278,094	711,652	-	-	-	1,254,446
Plant services	-	11,893	-	-	421,753	682,709	-	-	1,116,355
Ancillary services	3,995,313	-	-	-	-	-	-	-	3,995,313
Community services	-	-	1,960,330	-	-	-	-	-	1,960,330
Other outgo	-	-	-	-	-	-	-	1,750	1,750
Enterprise services	-	237,879	-	-	-	-	-	-	237,879
Facility acquisition and construction	-	-	-	-	1,298,979	-	-	-	1,298,979
Debt service									
Principal	-	-	-	-	200,000	-	-	100,000	300,000
Interest and other	-	-	-	-	44,900	-	-	673,463	718,363
Total expenditures	3,995,313	641,790	5,036,886	10,649,800	2,677,284	682,709	-	775,213	24,458,995

See Note to Supplementary Information

Murrieta Valley Unified School District
Combining Statement of Revenues, Expenditure, and Changes in Fund Balances – Non-Major Governmental Funds
Year Ended June 30, 2022

	Student Activity Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Capital Projects Fund for Blended Component Units	Educational Facilities Corporation Debt Service Fund	Total Non-Major Governmental Funds
Excess (Deficiency) of Revenues Over Expenditures	\$ 528,752	\$ (44,766)	\$ 3,082,529	\$ 4,191,440	\$ (724,219)	\$ (684,837)	\$ 4,487,693	\$ (1,699)	\$ 10,834,893
Other Financing Sources (Uses)									
Transfers in	-	-	-	-	2,143,393	1,795,781	-	-	3,939,174
Other sources - proceeds from CFD	-	-	-	-	-	-	1,941,766	-	1,941,766
Transfers out	-	-	-	-	-	-	(2,143,393)	(295,781)	(2,439,174)
Net Financing Sources (Uses)	-	-	-	-	2,143,393	1,795,781	(201,627)	(295,781)	3,441,766
Net Change in Fund Balances	528,752	(44,766)	3,082,529	4,191,440	1,419,174	1,110,944	4,286,066	(297,480)	14,276,659
Fund Balance - Beginning	1,687,334	364,011	160,827	102,456	5,537,845	590,418	7,328,410	300,933	16,072,234
Fund Balance - Ending	<u>\$ 2,216,086</u>	<u>\$ 319,245</u>	<u>\$ 3,243,356</u>	<u>\$ 4,293,896</u>	<u>\$ 6,957,019</u>	<u>\$ 1,701,362</u>	<u>\$ 11,614,476</u>	<u>\$ 3,453</u>	<u>\$ 30,348,893</u>

Note 1 - Purpose of Schedules

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 Murrieta Valley Unified School District (the District) under programs of the federal government for the year ended June 30, 2022. 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 or changes in fund balance of the District.

Summary of Significant Accounting Policies

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

Indirect Cost Rate

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

Food Donation

Nonmonetary assistance is reported in this schedule at the fair market value of the commodities received and disbursed. At June 30, 2022, the District had food commodities totaling \$346 in inventory.

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 Average Daily Attendance (ADA)

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

Schedule of Instructional Time

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

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

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Schedule of Financial Trends and Analysis

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

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

This schedule 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.



Independent Auditor's Reports
June 30, 2022

Murrieta Valley Unified School District



**Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed in Accordance with
*Government Auditing Standards***

To the Governing Board
Murrieta Valley Unified School District
Murrieta, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Murrieta Valley Unified School District (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 29, 2022.

Emphasis of Matter – Change in Accounting Principle

As discussed in Notes 1 and 17 to the financial statements, the has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87, Leases, for the year ended June 30, 2022. Accordingly, a restatement has been made to the government-wide net position as of July 1, 2021, to restate beginning net position. Our opinions are not modified with respect to this matter.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Rancho Cucamonga, California
November 29, 2022



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

To the Governing Board
Murrieta Valley Unified School District
Murrieta, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the District's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2022. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

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

Rancho Cucamonga, California
November 29, 2022



**Independent Auditor's Report on State Compliance; Report on Internal Control Over Compliance
Required by the 2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State
Compliance Reporting**

To the Governing Board
Murrieta Valley Unified School District
Murrieta, California

Report on State Compliance

Opinion

We have audited Murrieta Valley Unified School District's (the District) compliance with the types of compliance requirements identified as subject to audit in the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, applicable to the state laws and regulations listed in the table below for the year ended June 30, 2022.

In our opinion, the District complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2022.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards and the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on state compliance with the compliance requirements subject to audit in the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. 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 compliance with the requirements listed in the table below.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements listed in the table below has 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 *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* 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 listed in the table below.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2021-2022 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 considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2021-2022 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 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 state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state 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 compliance requirements as identified in the table below that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Compliance Requirements Tested

In connection with the audit referred to above, we selected and tested transactions and records to determine the District's compliance with laws and regulations applicable to the following items:

	Procedures Performed
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No, see below
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	No, see below
Middle or Early College High Schools	No, see below
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	No, see below
Comprehensive School Safety Plan	Yes
District of Choice	No, see below
SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS	
California Clean Energy Jobs Act	No, see below
After/Before School Education and Safety Program	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study - Course Based	Yes
Immunizations	No, see below
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes

	Procedures Performed
Career Technical Education Incentive Grant	Yes
In Person Instruction Grant	Yes
CHARTER SCHOOLS	
Attendance	No, see below
Mode of Instruction	No, see below
Nonclassroom-Based Instruction/Independent Study	No, see below
Determination of Funding for Nonclassroom-Based Instruction	No, see below
Annual Instructional Minutes – Classroom Based	No, see below
Charter School Facility Grant Program	No, see below

The District did not offer an Early Retirement Incentive Program during the current year; therefore, we did not perform procedures related to the Early Retirement Incentive Program.

The District does not have any Juvenile Court Schools; therefore, we did not perform procedures related to Juvenile Court Schools.

We did not perform Middle or Early College High School procedures because the program is not offered by the District.

We did not perform Apprenticeship: Related and Supplemental Instruction procedures because the program is not offered by the District.

We did not perform District of Choice procedures because the program is not offered by the District.

We did not perform California Clean Energy Jobs Act procedures because the related procedures were performed in a previous year.

We did not perform procedures for the After/Before School Education and Safety Program because the District did not offer the program.

The District was not listed on the immunization assessment reports; therefore, we did not perform any related procedures.

The District does not operate any Charter Schools; therefore, we did not perform procedures for Charter School Programs.

The purpose of this report on internal control over state compliance is solely to describe the scope of our testing of internal control over state compliance and the results of that testing based on the requirements of the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.



Rancho Cucamonga, California
November 29, 2022



Schedule of Findings and Questioned Costs
June 30, 2022

Murrieta Valley Unified School District

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major program	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)	No

Identification of major programs

<u>Name of Federal Program or Cluster</u>	<u>Federal Financial Assistance Listing/ Federal CFDA Number</u>
Title I, Part A	84.010
COVID-16: Education Stabilization Funds (ESF)	84.425C, 84.425D, 84.425U
COVID-19: Emergency Connectivity Funds (ECF)	32.009
Child Care Development Fund Cluster	93.575, 93.596
Dollar threshold used to distinguish between type A and type B programs	\$996,018
Auditee qualified as low-risk auditee?	Yes

State Compliance

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

None reported.

None reported.

None reported.

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