



Financial Statements  
June 30, 2021

# Murrieta Valley Unified School District



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## Independent Auditor's Report

To the Board of Education  
Murrieta Valley Unified School District  
Murrieta, California

### Report on the Financial Statements

We have audited the accompanying 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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Murrieta Valley Unified School District, as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter – Change in Accounting Principle**

As discussed in Note 1 and Note 17 to the financial statements, Murrieta Valley Unified School District has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, which has resulted in a restatement of the net position and fund balance as of July 1, 2020. Our opinions are not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 11, budgetary comparison information on pages 66 and 67, schedule of changes in the District's total OPEB liability and related ratios on page 68, schedule of the District's proportionate share of the net pension liability on pages 69 and 70, and the schedule of District contributions on pages 71 and 72, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Murrieta Valley Unified School District's financial statements. The combining and individual non-major fund financial statements, Schedule of Expenditures of Federal Awards as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), 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 financial statements.

The combining and individual non-major fund financial statements, the schedule of expenditures of federal awards, and the other supplementary information listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements, the schedule of expenditures of federal awards, and the 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 a report dated November 5, 2021 on our consideration of the Murrieta Valley Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Murrieta Valley Unified School 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 Murrieta Valley Unified School District's internal control over financial reporting and compliance.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP". The signature is written in black ink and is positioned above the typed name and address.

Rancho Cucamonga, California  
November 5, 2021



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(951) 696-1600 ♦ [www.murrieta.k12.ca.us](http://www.murrieta.k12.ca.us)

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**Patrick Kelley**  
*Superintendent*

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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, 2021, with comparative information for the year ended June 30, 2020. 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.

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*2018 California Exemplary District*

## FINANCIAL HIGHLIGHTS OF THE PAST YEAR

- Total net position increased by \$10,007,249 over the prior year for a new net position of \$145,201,289.
- For 2020-2021 the General Fund revenues totaled \$291,123,958 and expenditures and other uses totaled \$268,542,632. Expenditures included meeting the requirements of the District Local Control Accountability Plan, and programmatic changes in response to distance learning.
- Local Control Funding Formula (LCFF) funding was based on average daily attendance (ADA) equal to 22,340. Due to the impacts of COVID-19 and school closures, district ADA was based on attendance through February 21, 2020 for the 2019-2020 fiscal year. Student enrollment for 2020-2021 decreased by 520 students over prior year California Longitudinal Pupil Achievement Data System (CALPADS) to 22,950.
- The District filed a positive certification with the County Superintendent of Schools for both its First and Second Interim reports in 2020-2021.

## 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 each 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.

**THE DISTRICT AS A WHOLE**

**Net Position**

The District's net position was \$145,201,289 and \$135,194,040 for the fiscal years ended June 30, 2021 and 2020, respectively. Of this amount, \$(230,487,947) was unrestricted deficit at June 30, 2021. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the School Board's ability to use net position for day-to-day operations. Our 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<br>Activities |                       |
|----------------------------------|----------------------------|-----------------------|
|                                  | 2021                       | 2020<br>(as restated) |
| Assets                           |                            |                       |
| Current and other assets         | \$ 135,771,520             | \$ 120,417,124        |
| Capital assets                   | 498,866,867                | 505,322,960           |
| Total assets                     | 634,638,387                | 625,740,084           |
| Deferred outflows of resources   | 79,028,530                 | 87,119,631            |
| Liabilities                      |                            |                       |
| Current liabilities              | 13,960,805                 | 19,600,375            |
| Long-term liabilities            | 538,392,174                | 536,073,468           |
| Total liabilities                | 552,352,979                | 555,673,843           |
| Deferred inflows of resources    | 16,112,649                 | 21,991,832            |
| Net Position                     |                            |                       |
| Net investment in capital assets | 334,675,358                | 328,473,981           |
| Restricted                       | 40,952,341                 | 34,839,190            |
| Unrestricted                     | (230,426,410)              | (228,119,131)         |
| Total net position               | \$ 145,201,289             | \$ 135,194,040        |

**Changes in Net Position**

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

**Table 2**

|                                      | Governmental<br>Activities |                        |
|--------------------------------------|----------------------------|------------------------|
|                                      | 2021                       | 2020*                  |
| Revenues                             |                            |                        |
| Program revenues                     |                            |                        |
| Charges for services                 | \$ 679,198                 | \$ 4,552,666           |
| Operating grants and contributions   | 83,758,908                 | 50,681,866             |
| Capital grants and contributions     | 6,345,582                  | -                      |
| General revenues                     |                            |                        |
| Federal and State aid not restricted | 153,012,543                | 156,379,454            |
| Property taxes                       | 82,835,495                 | 78,529,683             |
| Other general revenues               | 11,567,201                 | 7,951,188              |
|                                      | <u>338,198,927</u>         | <u>298,094,857</u>     |
| Expenses                             |                            |                        |
| Instruction-related                  | 234,081,544                | 219,938,373            |
| Pupil services                       | 31,389,343                 | 30,986,988             |
| Administration                       | 17,324,052                 | 29,495,506             |
| Plant services                       | 29,162,605                 | 27,748,980             |
| All other services                   | 16,234,134                 | 15,466,370             |
|                                      | <u>328,191,678</u>         | <u>323,636,217</u>     |
| Change in net position               | <u>\$ 10,007,249</u>       | <u>\$ (25,541,360)</u> |

\* The revenues and expenses for fiscal year 2020 were not restated to show the effects of GASB 84 for comparative purposes.

**Governmental Activities**

As reported in the *Statement of Activities* on page 14, the cost of all of our governmental activities this year was \$328,191,678. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only \$82,835,495 because the cost was paid by those who benefited from the programs \$679,198 or by other governments and organizations who subsidized certain programs with grants and contributions of \$83,758,908. We paid for the remaining "public benefit" portion of our governmental activities, \$153,012,543 in Federal and State aid, and \$11,567,201 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   |                        |
|---------------------|------------------------|-----------------------|------------------------|------------------------|
|                     | 2021                   | 2020*                 | 2021                   | 2020*                  |
| Instruction-related | \$ 234,081,544         | \$ 219,938,373        | \$(162,680,931)        | \$(182,135,219)        |
| Pupil services      | 31,389,343             | 30,986,988            | (21,417,433)           | (21,067,508)           |
| Administration      | 17,324,052             | 29,495,506            | (14,249,858)           | (28,483,252)           |
| Plant services      | 29,162,605             | 27,748,980            | (26,512,358)           | (26,935,257)           |
| All other services  | 16,234,134             | 15,466,370            | (12,547,410)           | (9,780,449)            |
| <b>Total</b>        | <b>\$ 328,191,678</b>  | <b>\$ 323,636,217</b> | <b>\$(237,407,990)</b> | <b>\$(268,401,685)</b> |

\* The total and net cost of services for fiscal year 2020 were not restated to show the effects of GASB 84 for comparative purposes.

**THE DISTRICT'S FUNDS**

As the District completed this year, our governmental funds reported a combined fund balance of \$123,776,294 (Table 4) in 2021, compared to \$102,928,441 in 2020.

**Table 4**

| Governmental Fund              | Balances and Activity |  |   |                       |
|--------------------------------|-----------------------|--|---|-----------------------|
|                                | June 30, 2020         | Revenues and<br>Other Financing<br>Sources | Expenditures<br>and Other<br>Financing Uses | June 30, 2021         |
| General                        | \$ 51,961,294         | \$ 291,123,958                             | \$ 268,542,632                              | \$ 74,542,620         |
| Cafeteria                      | 1,210,133             | 5,813,148                                  | 6,920,825                                   | 102,456               |
| Building                       | 11,181,614            | 42,635                                     | 2,914,976                                   | 8,309,273             |
| Capital Facilities             | 5,899,607             | 9,830,382                                  | 10,192,144                                  | 5,537,845             |
| Capital Project Component Unit | 4,800,880             | 4,768,756                                  | 2,241,226                                   | 7,328,410             |
| Bond Interest and Redemption   | 24,172,708            | 20,255,118                                 | 19,575,659                                  | 24,852,167            |
| Non-Major Governmental*        | 3,702,205             | 12,715,301                                 | 13,313,983                                  | 3,103,523             |
| <b>Total</b>                   | <b>\$ 102,928,441</b> | <b>\$ 344,549,298</b>                      | <b>\$ 323,701,445</b>                       | <b>\$ 123,776,294</b> |

\* As restated, see Note 17.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At June 30, 2021, the District had \$498,866,867 in a broad range of capital assets (net of depreciation), including land, buildings, and equipment.

**Table 5**

|                                   | Governmental<br>Activities |                |
|-----------------------------------|----------------------------|----------------|
|                                   | 2021                       | 2020           |
| Land and construction in progress | \$ 37,605,130              | \$ 38,231,725  |
| Buildings and improvements        | 455,974,743                | 461,148,516    |
| Equipment                         | 5,286,994                  | 5,942,719      |
| Total                             | \$ 498,866,867             | \$ 505,322,960 |

**Long-Term Liabilities**

At the end of this year, the District had \$538,392,174 in outstanding long-term liabilities. The long-term liabilities consisted of:

**Table 6**

|                                    | Governmental<br>Activities |                |
|------------------------------------|----------------------------|----------------|
|                                    | 2021                       | 2020           |
| Long-Term Liabilities              |                            |                |
| General obligation bonds           | \$ 184,556,394             | \$ 194,989,053 |
| Certificates of participation      | 22,195,000                 | 22,770,000     |
| Unamortized premiums               | 11,291,020                 | 12,516,593     |
| Unamortized (discounts)            | (281,860)                  | (295,953)      |
| Capital leases                     | 114,730                    | 226,107        |
| Supplemental early retirement plan | 6,093,681                  | 8,124,908      |
| Compensated absences               | 741,357                    | 844,515        |
| Total OPEB liability               | 17,244,473                 | 17,455,148     |
| Aggregate net pension liability    | 296,437,379                | 279,443,097    |
| Total                              | \$ 538,392,174             | \$ 536,073,468 |

## **FACTORS BEARING ON THE DISTRICT'S FUTURE**

In considering the District budget for the 2021-2022 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 22,348 (based on 2019-20 ADA)
- LCFF Cost of Living Adjustment of 5.07%
- Increase of 0.77% to CalSTRS contribution rate, 16.92%
- Increase of 2.21% to CalPERS contribution rate, 22.91%
- Step and column increases for employees

While the enacted state budget deviated slightly from the May Revise, it did not materially impact the assumptions made by the District. During the 2019-2020 and 2020-2021 fiscal years, the District received significant amounts of one-time funding related to the COVID-19 pandemic. 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 include, but are not limited to:

- Transitional Kindergarten
- Later Start Times for Secondary Schools
- Universal Meal Eligibility

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 Bill Olien, Deputy Superintendent via e-mail at [bolien@murrieta.k12.ca.us](mailto:bolien@murrieta.k12.ca.us).

Murrieta Valley Unified School District  
Statement of Net Position  
June 30, 2021

|   | Governmental<br>Activities |
|---|----------------------------|
| <b>Assets</b>   |                            |
| Deposits and investments  | \$ 106,252,056             |
| Receivables   | 28,257,743                 |
| Prepaid expense   | 999,140                    |
| Stores inventories  | 262,581                    |
| Capital assets not depreciated  | 37,605,130                 |
| Capital assets, net of accumulated depreciation                                 | 461,261,737                |
| Total assets  | 634,638,387                |
| <b>Deferred Outflows of Resources</b>   |                            |
| Deferred charge on refunding  | 3,886,833                  |
| Deferred outflows of resources related to OPEB                                  | 1,077,703                  |
| Deferred outflows of resources related to pensions                              | 74,063,994                 |
| Total deferred outflows of resources  | 79,028,530                 |
| <b>Liabilities</b>  |                            |
| Accounts payable  | 9,734,040                  |
| Interest payable  | 1,965,579                  |
| Unearned revenue  | 2,261,186                  |
| Long-term liabilities   |                            |
| Long-term liabilities other than OPEB and<br>pensions due within one year       | 17,635,957                 |
| Long-term liabilities other than OPEB and<br>pensions due in more than one year | 207,074,365                |
| Total other postemployment<br>benefits liability (OPEB)                         | 17,244,473                 |
| Aggregate net pension liability   | 296,437,379                |
| Total liabilities   | 552,352,979                |

Murrieta Valley Unified School District  
Statement of Net Position  
June 30, 2021

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|  | Governmental<br>Activities |
|--|----------------------------|
| Deferred Inflows of Resources                        |                            |
| Deferred inflows of resources related to OPEB        | \$ 2,228,946               |
| Deferred inflows of resources<br>related to pensions | 13,883,703                 |
| Total deferred inflows of resources                  | 16,112,649                 |
| Net Position   |                            |
| Net investment in capital assets                     | 334,675,358                |
| Restricted for                                       |                            |
| Debt service   | 23,187,521                 |
| Capital projects                                     | 5,537,845                  |
| Educational programs                                 | 10,366,378                 |
| Other restrictions                                   | 1,860,597                  |
| Unrestricted   | (230,426,410)              |
| Total net position                                   | \$ 145,201,289             |



Murrieta Valley Unified School District  
Statement of Activities  
Year Ended June 30, 2021

| Functions/Programs  | Expenses             | Program Revenues                     |  |  | Net (Expenses)                             |
|---|----------------------|--------------------------------------|--|--|--|
|   |                      | Charges for<br>Services and<br>Sales | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Revenues and<br>Changes in<br>Net Position |
|   |                      |                                      |  |  | Governmental<br>Activities                 |
| <b>Governmental Activities</b>                            |                      |                                      |  |  |  |
| Instruction   | \$208,156,516        | \$ 57,741                            | \$ 60,951,379                            | \$ 6,345,582                           | \$(140,801,814)                            |
| Instruction-related activities                            |                      |                                      |  |  |  |
| Supervision of instruction                                | 7,006,259            | 9,280                                | 2,195,064                                | -                                      | (4,801,915)                                |
| Instructional library, media, and technology              | 1,621,126            | -                                    | 415,548                                  | -                                      | (1,205,578)                                |
| School site administration                                | 17,297,643           | -                                    | 1,426,019                                | -                                      | (15,871,624)                               |
| Pupil services  |                      |                                      |  |  |  |
| Home-to-school transportation                             | 4,232,967            | -                                    | 46,849                                   | -                                      | (4,186,118)                                |
| Food services   | 7,047,443            | 5,761                                | 5,160,059                                | -                                      | (1,881,623)                                |
| All other pupil services                                  | 20,108,933           | -                                    | 4,759,241                                | -                                      | (15,349,692)                               |
| Administration  |                      |                                      |  |  |  |
| Data processing   | 4,473,958            | -                                    | 371,457                                  | -                                      | (4,102,501)                                |
| All other administration                                  | 12,850,094           | 22,444                               | 2,680,293                                | -                                      | (10,147,357)                               |
| Plant services  | 29,162,605           | 53,931                               | 2,596,316                                | -                                      | (26,512,358)                               |
| Ancillary services  | 4,547,960            | -                                    | 144,141                                  | -                                      | (4,403,819)                                |
| Community services  | 2,304,410            | 39,224                               | 1,258,678                                | -                                      | (1,006,508)                                |
| Enterprise services                                       | 16,727               | -                                    | -  | -                                      | (16,727)                                   |
| Interest on long-term liabilities                         | 9,186,830            | -                                    | -  | -                                      | (9,186,830)                                |
| Other outgo   | 178,207              | 490,817                              | 1,753,864                                | -                                      | 2,066,474                                  |
| <b>Total governmental activities</b>                      | <b>\$328,191,678</b> | <b>\$ 679,198</b>                    | <b>\$ 83,758,908</b>                     | <b>\$ 6,345,582</b>                    | <b>(237,407,990)</b>                       |
| <b>General Revenues and Subventions</b>                   |                      |                                      |  |  |  |
| Property taxes, levied for general purposes               |                      |                                      |  |  | 61,626,304                                 |
| Property taxes, levied for debt service                   |                      |                                      |  |  | 20,144,769                                 |
| Taxes levied for other specific purposes                  |                      |                                      |  |  | 1,064,422                                  |
| Federal and State aid not restricted to specific purposes |                      |                                      |  |  | 153,012,543                                |
| Interest and investment earnings                          |                      |                                      |  |  | 235,146                                    |
| Miscellaneous   |                      |                                      |  |  | 11,332,055                                 |
| <b>Subtotal, general revenues</b>                         |                      |                                      |  |  | <b>247,415,239</b>                         |
| <b>Change in Net Position</b>                             |                      |                                      |  |  | <b>10,007,249</b>                          |
| Net Position - Beginning                                  |                      |                                      |  |  | 133,482,690                                |
| Restatement (Note 17)                                     |                      |                                      |  |  | 1,711,350                                  |
| Net Position - Beginning, as restated                     |                      |                                      |  |  | 135,194,040                                |
| Net Position - Ending                                     |                      |                                      |  |  | <b>\$ 145,201,289</b>                      |

Murrieta Valley Unified School District  
Balance Sheet – Governmental Funds  
June 30, 2021

|  | General<br>Fund      | Cafeteria<br>Fund   | Building<br>Fund    | Capital<br>Facilities<br>Fund | Capital Projects<br>Fund for Blended<br>Component<br>Units | Bond<br>Interest and<br>Redemption<br>Fund | Non-Major<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|----------------------|---------------------|---------------------|-------------------------------|--|--|------------------------------------|--------------------------------|
| <b>Assets</b>                              |                      |                     |                     |                               |  |  |                                    |                                |
| Deposits and investments                   | \$ 54,085,155        | \$ 747,755          | \$ 9,086,999        | \$ 5,054,839                  | \$ 9,471,804   | \$ 24,852,167                              | \$ 2,953,337                       | \$ 106,252,056                 |
| Receivables                                | 26,590,516           | 578,142             | 6,934               | 392,467                       | -  | -  | 689,684                            | 28,257,743                     |
| Due from other funds                       | 1,783,408            | 577,306             | -                   | 2,143,499                     | -  | -  | 156,172                            | 4,660,385                      |
| Prepaid expenditures                       | 999,140              | -                   | -                   | -                             | -  | -  | -                                  | 999,140                        |
| Stores inventories                         | -                    | 88,076              | -                   | -                             | -  | -  | 174,505                            | 262,581                        |
| <b>Total assets</b>                        | <b>\$ 83,458,219</b> | <b>\$ 1,991,279</b> | <b>\$ 9,093,933</b> | <b>\$ 7,590,805</b>           | <b>\$ 9,471,804</b>  | <b>\$ 24,852,167</b>                       | <b>\$ 3,973,698</b>                | <b>\$ 140,431,905</b>          |
| <b>Liabilities and Fund Balances</b>       |                      |                     |                     |                               |  |  |                                    |                                |
| <b>Liabilities</b>                         |                      |                     |                     |                               |  |  |                                    |                                |
| Accounts payable                           | \$ 6,391,256         | \$ 58,231           | \$ 784,660          | \$ 2,052,855                  | \$ -   | \$ -                                       | \$ 447,038                         | \$ 9,734,040                   |
| Due to other funds                         | 733,315              | 1,554,346           | -                   | 105                           | 2,143,394  | -  | 229,225                            | 4,660,385                      |
| Unearned revenue                           | 1,791,028            | 276,246             | -                   | -                             | -  | -  | 193,912                            | 2,261,186                      |
| <b>Total liabilities</b>                   | <b>8,915,599</b>     | <b>1,888,823</b>    | <b>784,660</b>      | <b>2,052,960</b>              | <b>2,143,394</b>   | <b>-</b>                                   | <b>870,175</b>                     | <b>16,655,611</b>              |
| <b>Fund Balances</b>                       |                      |                     |                     |                               |  |  |                                    |                                |
| Nonspendable                               | 1,014,140            | 102,456             | -                   | -                             | -  | -  | -                                  | 1,116,596                      |
| Restricted                                 | 10,366,378           | -                   | 8,309,273           | 5,537,845                     | 7,328,410  | 24,852,167                                 | 2,161,530                          | 58,555,603                     |
| Committed                                  | -                    | -                   | -                   | -                             | -  | -  | 351,575                            | 351,575                        |
| Assigned                                   | 16,988,303           | -                   | -                   | -                             | -  | -  | 590,418                            | 17,578,721                     |
| Unassigned                                 | 46,173,799           | -                   | -                   | -                             | -  | -  | -                                  | 46,173,799                     |
| <b>Total fund balances</b>                 | <b>74,542,620</b>    | <b>102,456</b>      | <b>8,309,273</b>    | <b>5,537,845</b>              | <b>7,328,410</b>   | <b>24,852,167</b>                          | <b>3,103,523</b>                   | <b>123,776,294</b>             |
| <b>Total liabilities and fund balances</b> | <b>\$ 83,458,219</b> | <b>\$ 1,991,279</b> | <b>\$ 9,093,933</b> | <b>\$ 7,590,805</b>           | <b>\$ 9,471,804</b>  | <b>\$ 24,852,167</b>                       | <b>\$ 3,973,698</b>                | <b>\$ 140,431,905</b>          |

Murrieta Valley Unified School District  
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position  
 June 30, 2021

---

Total Fund Balance - Governmental Funds \$ 123,776,294

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 | \$ 713,393,841       |
| Accumulated depreciation is   | <u>(214,526,974)</u> |

|                    |             |
|--------------------|-------------|
| Net capital assets | 498,866,867 |
|--------------------|-------------|

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. (1,965,579)

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) | 3,886,833         |
| Other postemployment benefits (OPEB)           | 1,077,703         |
| Net pension liability                          | <u>74,063,994</u> |

|                                      |            |
|--------------------------------------|------------|
| Total deferred outflows of resources | 79,028,530 |
|--------------------------------------|------------|

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) | (2,228,946)         |
| Net pension liability                | <u>(13,883,703)</u> |

|                                     |              |
|-------------------------------------|--------------|
| Total deferred inflows of resources | (16,112,649) |
|-------------------------------------|--------------|

Net pension liability is not due and payable in the current period,  
 and is not reported as a liability in the funds. (296,437,379)

The District's OPEB liability is not due and payable in the current period,  
 and is not reported as a liability in the funds. (17,244,473)

Murrieta Valley Unified School District  
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position  
 June 30, 2021

---

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   | \$ (150,397,135) |
| Certificates of participation  | (22,195,000)     |
| Unamortized debt premiums  | (11,291,020)     |
| Unamortized debt discounts   | 281,860          |
| Capital leases   | (114,730)        |
| Compensated absences (vacations)   | (741,357)        |
| Supplemental early retirement plan   | (6,093,681)      |
| In addition, capital appreciation general obligation bonds were issued. The accretion of interest to date on the general obligation bonds is | (34,159,259)     |

|                             |                  |
|-----------------------------|------------------|
| Total long-term liabilities | \$ (224,710,322) |
|-----------------------------|------------------|

|  |                |
|--|----------------|
| Total net position - governmental activities | \$ 145,201,289 |
|--|----------------|

Murrieta Valley Unified School District  
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds  
Year Ended June 30, 2021

|   | General Fund       | Cafeteria Fund   | Building Fund    | Capital Facilities Fund | Capital Projects Fund for Blended Component Units | Bond Interest and Redemption Fund | Non-Major Governmental Funds | Total Governmental Funds |
|---|--------------------|------------------|------------------|-------------------------|---|-----------------------------------|------------------------------|--------------------------|
| <b>Revenues</b>                                   |                    |                  |                  |                         |   |                                   |                              |                          |
| Local Control Funding Formula                     | \$ 208,628,611     | \$ -             | \$ -             | \$ -                    | \$ -  | \$ -                              | \$ -                         | \$ 208,628,611           |
| Federal sources                                   | 23,302,050         | 4,879,701        | -                | -                       | -   | -                                 | 1,480,521                    | 29,662,272               |
| Other State sources                               | 37,696,637         | 352,070          | -                | -                       | -   | 126,731                           | 8,730,428                    | 46,905,866               |
| Other local sources                               | 21,496,660         | 7,345            | 42,635           | 1,341,406               | 4,768,756   | 20,128,387                        | 2,345,449                    | 50,130,638               |
| <b>Total revenues</b>                             | <b>291,123,958</b> | <b>5,239,116</b> | <b>42,635</b>    | <b>1,341,406</b>        | <b>4,768,756</b>                                  | <b>20,255,118</b>                 | <b>12,556,398</b>            | <b>335,327,387</b>       |
| <b>Expenditures</b>                               |                    |                  |                  |                         |   |                                   |                              |                          |
| <b>Current</b>                                    |                    |                  |                  |                         |   |                                   |                              |                          |
| Instruction                                       | 174,989,999        | -                | -                | -                       | -   | -                                 | 2,153,718                    | 177,143,717              |
| Instruction-related activities                    |                    |                  |                  |                         |   |                                   |                              |                          |
| Supervision of instruction                        | 6,070,413          | -                | -                | -                       | -   | -                                 | 375,368                      | 6,445,781                |
| Instructional library, media, and technology      | 1,502,879          | -                | -                | -                       | -   | -                                 | -                            | 1,502,879                |
| School site administration                        | 15,725,967         | -                | -                | -                       | -   | -                                 | 167,858                      | 15,893,825               |
| Pupil services                                    |                    |                  |                  |                         |   |                                   |                              |                          |
| Home-to-school transportation                     | 3,896,661          | -                | -                | -                       | -   | -                                 | -                            | 3,896,661                |
| Food services                                     | 45,852             | 6,617,821        | -                | -                       | -   | -                                 | -                            | 6,663,673                |
| All other pupil services                          | 18,476,887         | -                | -                | -                       | -   | -                                 | 72,086                       | 18,548,973               |
| Administration                                    |                    |                  |                  |                         |   |                                   |                              |                          |
| Data processing                                   | 3,721,383          | -                | -                | -                       | -   | -                                 | -                            | 3,721,383                |
| All other administration                          | 13,064,948         | 303,004          | -                | 684,516                 | -   | -                                 | 226,175                      | 14,278,643               |
| Plant services                                    | 25,347,533         | -                | 1,733,259        | 311,904                 | 97,832  | -                                 | 404,318                      | 27,894,846               |
| Ancillary services                                | 3,418,670          | -                | -                | -                       | -   | -                                 | 961,244                      | 4,379,914                |
| Community services                                | 404,348            | -                | -                | -                       | -   | -                                 | 1,763,723                    | 2,168,071                |
| Other outgo                                       | 178,207            | -                | -                | -                       | -   | -                                 | -                            | 178,207                  |
| Enterprise services                               | -                  | -                | -                | -                       | -   | -                                 | 16,727                       | 16,727                   |
| Facility acquisition and construction             | 607,065            | -                | 1,181,717        | 8,713,725               | -   | -                                 | 38,683                       | 10,541,190               |
| Debt service                                      |                    |                  |                  |                         |   |                                   |                              |                          |
| Principal   | 155,000            | -                | -                | 421,377                 | -   | 13,955,000                        | 110,000                      | 14,641,377               |
| Interest and other                                | 206,723            | -                | -                | 60,622                  | -   | 5,620,659                         | 675,663                      | 6,563,667                |
| <b>Total expenditures</b>                         | <b>267,812,535</b> | <b>6,920,825</b> | <b>2,914,976</b> | <b>10,192,144</b>       | <b>97,832</b>                                     | <b>19,575,659</b>                 | <b>6,965,563</b>             | <b>314,479,534</b>       |
| Excess (Deficiency) of Revenues Over Expenditures | 23,311,423         | (1,681,709)      | (2,872,341)      | (8,850,738)             | 4,670,924   | 679,459                           | 5,590,835                    | 20,847,853               |

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, 2021

|                                       | General Fund  | Cafeteria Fund | Building Fund | Capital Facilities Fund | Capital Projects Fund for Blended Component Units | Bond Interest and Redemption Fund | Non-Major Governmental Funds | Total Governmental Funds |
|---------------------------------------|---------------|----------------|---------------|-------------------------|---|-----------------------------------|------------------------------|--------------------------|
| Other Financing Sources (Uses)        |               |                |               |                         |   |                                   |                              |                          |
| Transfers in                          | \$ -          | \$ 574,032     | \$ -          | \$ 8,488,976            | \$ -  | \$ -                              | \$ 158,903                   | \$ 9,221,911             |
| Transfers out                         | (730,097)     | -              | -             | -                       | (2,143,394)                                       | -                                 | (6,348,420)                  | (9,221,911)              |
| Net Financing Sources (Uses)          | (730,097)     | 574,032        | -             | 8,488,976               | (2,143,394)                                       | -                                 | (6,189,517)                  | -                        |
| Net Change in Fund Balances           | 22,581,326    | (1,107,677)    | (2,872,341)   | (361,762)               | 2,527,530   | 679,459                           | (598,682)                    | 20,847,853               |
| Fund Balance - Beginning              | 51,961,294    | 1,210,133      | 11,181,614    | 5,899,607               | 4,800,880   | 24,172,708                        | 1,990,855                    | 101,217,091              |
| Restatement (Note 17)                 | -             | -              | -             | -                       | -   | -                                 | 1,711,350                    | 1,711,350                |
| Fund Balance - Beginning, as restated | 51,961,294    | 1,210,133      | 11,181,614    | 5,899,607               | 4,800,880   | 24,172,708                        | 3,702,205                    | 102,928,441              |
| Fund Balance - Ending                 | \$ 74,542,620 | \$ 102,456     | \$ 8,309,273  | \$ 5,537,845            | \$ 7,328,410                                      | \$ 24,852,167                     | \$ 3,103,523                 | \$ 123,776,294           |

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, 2021

Total Net Change in Fund Balances - Governmental Funds \$ 20,847,853

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 expenses in the Statement of Activities.

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

|                        |                   |             |
|------------------------|-------------------|-------------|
| Depreciation expense   | \$ (17,114,881)   |             |
| Capital outlays        | <u>10,658,788</u> |             |
| Net expense adjustment |                   | (6,456,093) |

The District issued capital appreciation general obligations bonds. The accretion of interest on the general obligation bonds during the current fiscal year was (3,522,341)

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. 2,134,385

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. (18,396,830)

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. (140,280)

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, 2021

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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 amortization                      | \$ 1,225,573 |
| 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      | 13,955,000 |
| Certificates of participation | 575,000    |
| Capital leases                | 111,377    |

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.

146,113

Change in net position of governmental activities

\$ 10,007,249



Murrieta Valley Unified School District  
Statement of Net Position – Fiduciary Funds  
June 30, 2021

---

|   | <u>Custodial<br/>Funds</u> |
|---|----------------------------|
| Assets  |                            |
| Deposits and investments  | <u>\$ 29,896,351</u>       |
| Net Position  |                            |
| Restricted for individuals, organizations,<br>and other governments | <u>\$ 29,896,351</u>       |

Murrieta Valley Unified School District  
Statement of Changes in Net Position – Fiduciary Funds  
Year Ended June 30, 2021

|                                       | Custodial<br>Funds |
|---------------------------------------|--------------------|
| Additions                             |                    |
| Special tax assessment                | \$ 6,489,626       |
| Investment income                     | 1,523,731          |
| Interest                              | 794,205            |
| Total additions                       | 8,807,562          |
| Deductions                            |                    |
| Debt service payments                 | 7,481,372          |
| Administrative expense                | 60,303             |
| Payments to other governments         | 346,766            |
| Total deductions                      | 7,888,441          |
| Net Change in Fiduciary Net Position  | 919,121            |
| Net Position - Beginning              | -                  |
| Restatement (Note 17)                 | 28,977,230         |
| Net Position - Beginning, as restated | 28,977,230         |
| Net Position - Ending                 | \$ 29,896,351      |

## **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.

**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).

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

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

**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).

**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.

**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).

**County School Facilities Fund** The County School Facilities Fund is established pursuant to *Education Code* Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), the 2004 State School Facilities Fund (Proposition 55), the 2006 State School Facilities Fund (Proposition 1D), or the 2016 State School Facilities Fund (Proposition 51) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code* Section 17070 et seq.).

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

**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*. 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 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 county and State investment pools 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.

**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, capital 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. The deferred charge on refunding resulted from the difference between the carrying value of the refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. 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.

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

### **Fund Balances - Governmental Funds**

As of June 30, 2021, 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 \$40,952,341 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.



**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<br>Investment Type           | Maximum<br>Remaining<br>Maturity | Maximum<br>Percentage<br>of Portfolio | Maximum<br>Investment<br>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:

| Investment Type           | Reported Amount       | Weighted Average Maturity in Days |
|---------------------------|-----------------------|-----------------------------------|
| Money Market Mutual Funds | \$ 39,669,088         | 365                               |
| County Pool               | 94,151,826            | 420                               |
| Total                     | <u>\$ 133,820,914</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 | \$ 39,669,088         | N/A                  | \$ 39,669,088         | \$ -                 |
| County Pool               | 94,151,826            | N/A                  | -                     | 94,151,826           |
| Total                     | <u>\$ 133,820,914</u> |                      | <u>\$ 39,669,088</u>  | <u>\$ 94,151,826</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, 2021, \$1,368,839 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, 2021, consisted of intergovernmental grants, entitlements, interest, and other local sources. All receivables are considered collectible in full.

|                     | General<br>Fund      | Cafeteria<br>Fund | Building<br>Fund | Capital<br>Facilities<br>Fund | Non-Major<br>Governmental<br>Funds | Total                |
|---------------------|----------------------|-------------------|------------------|-------------------------------|------------------------------------|----------------------|
| Federal Government  |                      |                   |                  |                               |                                    |                      |
| Categorical aid     | \$ 6,912,943         | \$ 532,820        | \$ -             | \$ -                          | \$ 241,160                         | \$ 7,686,923         |
| State Government    |                      |                   |                  |                               |                                    |                      |
| LCFF apportionment  | 6,175,861            | -                 | -                | -                             | -                                  | 6,175,861            |
| Categorical aid     | 4,422,452            | 44,499            | -                | -                             | 325,716                            | 4,792,667            |
| Lottery             | 1,544,645            | -                 | -                | -                             | -                                  | 1,544,645            |
| Other State         | 6,060,734            | -                 | -                | -                             | -                                  | 6,060,734            |
| Local               |                      |                   |                  |                               |                                    |                      |
| Interest            | 35,764               | 261               | 6,934            | 3,506                         | 793                                | 47,258               |
| Other local sources | 1,438,117            | 562               | -                | 388,961                       | 122,015                            | 1,949,655            |
| <b>Total</b>        | <b>\$ 26,590,516</b> | <b>\$ 578,142</b> | <b>\$ 6,934</b>  | <b>\$ 392,467</b>             | <b>\$ 689,684</b>                  | <b>\$ 28,257,743</b> |

**Note 4 - Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2021, was as follows:

|  | Balance<br>July 1, 2020 | Additions             | Deductions          | Balance<br>June 30, 2021 |
|--|-------------------------|-----------------------|---------------------|--------------------------|
| <b>Governmental Activities</b>                         |                         |                       |                     |                          |
| Capital assets not being depreciated                   |                         |                       |                     |                          |
| Land   | \$ 36,041,932           | \$ -                  | \$ -                | \$ 36,041,932            |
| Construction in progress                               | 2,189,793               | -                     | (626,595)           | 1,563,198                |
| <b>Total capital assets<br/>not being depreciated</b>  | <b>38,231,725</b>       | <b>-</b>              | <b>(626,595)</b>    | <b>37,605,130</b>        |
| Capital assets being depreciated                       |                         |                       |                     |                          |
| Buildings and improvements                             | 647,994,094             | 11,084,985            | -                   | 659,079,079              |
| Furniture and equipment                                | 16,538,723              | 200,398               | (29,489)            | 16,709,632               |
| <b>Total capital assets being<br/>depreciated</b>      | <b>664,532,817</b>      | <b>11,285,383</b>     | <b>(29,489)</b>     | <b>675,788,711</b>       |
| <b>Total capital assets</b>                            | <b>702,764,542</b>      | <b>11,285,383</b>     | <b>(656,084)</b>    | <b>713,393,841</b>       |
| Accumulated depreciation                               |                         |                       |                     |                          |
| Buildings and improvements                             | (186,845,578)           | (16,258,758)          | -                   | (203,104,336)            |
| Furniture and equipment                                | (10,596,004)            | (856,123)             | 29,489              | (11,422,638)             |
| <b>Total accumulated<br/>depreciation</b>              | <b>(197,441,582)</b>    | <b>(17,114,881)</b>   | <b>29,489</b>       | <b>(214,526,974)</b>     |
| <b>Governmental activities<br/>capital assets, net</b> | <b>\$ 505,322,960</b>   | <b>\$ (5,829,498)</b> | <b>\$ (626,595)</b> | <b>\$ 498,866,867</b>    |

Depreciation expense was charged to governmental functions as follows:

|   |                      |
|---|----------------------|
| <b>Governmental Activities</b>                              |                      |
| Instruction   | \$ 16,519,537        |
| Home-to-school transportation                               | 55,486               |
| Food services   | 37,538               |
| All other administration                                    | 441,447              |
| Plant services  | 60,873               |
| <b>Total depreciation expenses, governmental activities</b> | <b>\$ 17,114,881</b> |



**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, 2021, between major and non-major governmental funds are as follows:

| Due To                       | Due From          |                     |                         |   |                              | Total               |
|------------------------------|-------------------|---------------------|-------------------------|---|------------------------------|---------------------|
|                              | General Fund      | Cafeteria Fund      | Capital Facilities Fund | Capital Projects Fund for Blended Component Units | Non-Major Governmental Funds |                     |
| General Fund                 | \$ -              | \$ 1,554,346        | \$ -                    | \$ -  | \$ 229,062                   | \$ 1,783,408        |
| Cafeteria Fund               | 577,248           | -                   | -                       | -   | 58                           | 577,306             |
| Capital Facilities           | -                 | -                   | -                       | 2,143,394   | 105                          | 2,143,499           |
| Non-Major Governmental Funds | 156,067           | -                   | 105                     | -   | -                            | 156,172             |
| <b>Total</b>                 | <b>\$ 733,315</b> | <b>\$ 1,554,346</b> | <b>\$ 105</b>           | <b>\$ 2,143,394</b>                               | <b>\$ 229,225</b>            | <b>\$ 4,660,385</b> |

A balance of \$293,416 is due to the General Fund from the Cafeteria Fund for indirect costs.

A balance of \$1,250,000 is due to the General Fund from the Cafeteria Fund for temporary loan.

A balance of \$210,188 is due to the General Fund from the Child Development Non-Major Governmental Fund for indirect costs.

The balance of \$156,067 is due to the Child Development Non-Major Governmental Fund from the General Fund for indirect costs.

A balance of \$471,576 is due to the Cafeteria Fund from the General Fund for contribution.

The balance of \$2,143,394 is due to the Capital Facilities Fund from the Capital Projects Fund for Blended Component Units for reimbursement of costs.

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, 2021, consisted of the following:

|  |              |
|--|--------------|
| The General Fund transferred to the Cafeteria Fund for contributions.  | \$ 574,032   |
| The General Fund transferred to the Child Development Non-Major Governmental Fund for contribution.  | 156,065      |
| The Capital Projects Fund for Blended Component Unit transferred to the Capital Facilities Fund for reimbursement of construction costs.   | 2,143,394    |
| The County School Facilities Non-Major Governmental Fund transferred to the Capital Facilities Fund for reimbursement of capital project costs.  | 6,345,582    |
| 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. | 2,838        |
| Total  | \$ 9,221,911 |

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, 2021, consisted of the following:

|                       | General<br>Fund | Cafeteria<br>Fund | Building<br>Fund | Capital<br>Facilities<br>Fund | Non-Major<br>Governmental<br>Funds | Total        |
|-----------------------|-----------------|-------------------|------------------|-------------------------------|------------------------------------|--------------|
| Vendor payables       | \$ 1,067,402    | \$ 45,539         | \$ 705,258       | \$ 1,186,407                  | \$ 389,587                         | \$ 3,394,193 |
| LCFF apportionment    | 3,850,211       | -                 | -                | -                             | -                                  | 3,850,211    |
| Salaries and benefits | 1,256,997       | 12,692            | -                | -                             | 57,451                             | 1,327,140    |
| Construction          | 216,646         | -                 | 79,402           | 866,448                       | -                                  | 1,162,496    |
| Total                 | \$ 6,391,256    | \$ 58,231         | \$ 784,660       | \$ 2,052,855                  | \$ 447,038                         | \$ 9,734,040 |

**Note 7 - Unearned Revenue**

Unearned revenue at June 30, 2021, consisted of the following:

|                              | General<br>Fund     | Cafeteria<br>Fund | Non-Major<br>Governmental<br>Funds | Total               |
|------------------------------|---------------------|-------------------|------------------------------------|---------------------|
| Federal financial assistance | \$ 659,472          | \$ 276,246        | \$ -                               | \$ 935,718          |
| State categorical aid        | 1,025,273           | -                 | -                                  | 1,025,273           |
| Other local                  | 106,283             | -                 | 193,912                            | 300,195             |
| <b>Total</b>                 | <b>\$ 1,791,028</b> | <b>\$ 276,246</b> | <b>\$ 193,912</b>                  | <b>\$ 2,261,186</b> |

**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<br>July 1, 2020 | Additions           | Deductions             | Balance<br>June 30, 2021 | Due in<br>One Year   |
|------------------------------------|-------------------------|---------------------|------------------------|--------------------------|----------------------|
| <b>Long-Term Liabilities</b>       |                         |                     |                        |                          |                      |
| General obligation bonds           | \$ 194,989,053          | \$ 3,522,341        | \$ (13,955,000)        | \$ 184,556,394           | \$ 14,905,000        |
| Certificates of participation      | 22,770,000              | -                   | (575,000)              | 22,195,000               | 585,000              |
| Unamortized debt premiums          | 12,516,593              | -                   | (1,225,573)            | 11,291,020               | -                    |
| Unamortized debt discounts         | (295,953)               | -                   | 14,093                 | (281,860)                | -                    |
| Capital leases                     | 226,107                 | -                   | (111,377)              | 114,730                  | 114,730              |
| Supplemental early retirement plan | 8,124,908               | -                   | (2,031,227)            | 6,093,681                | 2,031,227            |
| Compensated absences               | 844,515                 | -                   | (103,158)              | 741,357                  | -                    |
| <b>Total</b>                       | <b>\$ 239,175,223</b>   | <b>\$ 3,522,341</b> | <b>\$ (17,987,242)</b> | <b>\$ 224,710,322</b>    | <b>\$ 17,635,957</b> |

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.

**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, 2020 | Issued      | Interest Accreted   | Bonds Redeemed         | Bonds Outstanding June 30, 2021 |
|---------------|---------------------|---------------|----------------|--------------------------------|-------------|---------------------|------------------------|---------------------------------|
| 09/01/98      | 09/01/23            | 4.05-5.30%    | \$ 25,999,501  | \$ 18,002,107                  | \$ -        | \$ 807,973          | \$ (5,050,000)         | \$ 13,760,080                   |
| 08/29/01      | 09/01/23            | 2.25-5.31%    | 11,499,326     | 2,710,273                      | -           | 145,537             | (760,000)              | 2,095,810                       |
| 05/29/03      | 09/01/27            | 2.00-5.12%    | 11,884,284     | 539,231                        | -           | 56,134              | -                      | 595,365                         |
| 09/10/08      | 09/01/33            | 3.50-5.70%    | 24,996,844     | 40,345,951                     | -           | 2,278,635           | (285,000)              | 42,339,586                      |
| 07/31/12      | 09/01/26            | 2.00-3.38%    | 11,425,000     | 6,680,000                      | -           | -                   | (835,000)              | 5,845,000                       |
| 06/20/13      | 09/01/29            | 2.00-3.50%    | 15,640,000     | 11,430,000                     | -           | -                   | (960,000)              | 10,470,000                      |
| 07/30/15      | 09/01/44            | 1.50-5.11%    | 38,401,818     | 32,116,491                     | -           | 234,062             | (920,000)              | 31,430,553                      |
| 07/30/15      | 09/01/26            | 2.00-5.00%    | 40,090,000     | 36,100,000                     | -           | -                   | (3,585,000)            | 32,515,000                      |
| 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      | 4,920,000                      | -           | -                   | (1,560,000)            | 3,360,000                       |
| 01/30/20      | 09/01/49            | 2.50-4.00%    | 12,000,000     | 12,000,000                     | -           | -                   | -                      | 12,000,000                      |
|               |                     |               |                | <u>\$ 194,989,053</u>          | <u>\$ -</u> | <u>\$ 3,522,341</u> | <u>\$ (13,955,000)</u> | <u>\$ 184,556,394</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       |
|----------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| 2022                       | \$ 1,918,676         | \$ 4,145,192         | \$ 6,063,868         | \$ 146,132           | \$ 6,210,000         |
| 2023                       | 1,962,840            | 4,101,861            | 6,064,701            | 485,299              | 6,550,000            |
| 2024                       | 1,863,595            | 3,584,455            | 5,448,050            | 756,950              | 6,205,000            |
| 2025                       | 1,589,663            | 1,508,163            | 3,097,826            | 597,174              | 3,695,000            |
| 2026                       | 1,536,710            | 1,468,822            | 3,005,532            | 779,468              | 3,785,000            |
| 2027-2031                  | 7,231,278            | 7,540,045            | 14,771,323           | 7,593,677            | 22,365,000           |
| 2032-2036                  | 11,473,050           | 11,131,060           | 22,604,110           | 21,025,890           | 43,630,000           |
| 2037-2040                  | 2,006,323            | 679,661              | 2,685,984            | 3,544,016            | 6,230,000            |
| Total                      | <u>\$ 29,582,135</u> | <u>\$ 34,159,259</u> | <u>\$ 63,741,394</u> | <u>\$ 34,928,606</u> | <u>\$ 98,670,000</u> |

Murrieta Valley Unified School District

Notes to Financial Statements

June 30, 2021

The current interest bonds mature as follows:

| <u>Fiscal Year</u> | <u>Principal</u>          | <u>Interest to<br/>Maturity</u> | <u>Total</u>              |
|--------------------|---------------------------|---------------------------------|---------------------------|
| 2022               | \$ 8,695,000              | \$ 5,199,769                    | \$ 13,894,769             |
| 2023               | 8,910,000                 | 4,797,369                       | 13,707,369                |
| 2024               | 9,585,000                 | 4,374,169                       | 13,959,169                |
| 2025               | 9,140,000                 | 3,949,494                       | 13,089,494                |
| 2026               | 9,770,000                 | 3,520,737                       | 13,290,737                |
| 2027-2031          | 50,440,000                | 10,481,950                      | 60,921,950                |
| 2032-2036          | 825,000                   | 4,536,744                       | 5,361,744                 |
| 2037-2041          | 3,570,000                 | 4,311,882                       | 7,881,882                 |
| 2042-2046          | 14,340,000                | 2,311,610                       | 16,651,610                |
| 2047-2050          | 5,540,000                 | 454,488                         | 5,994,488                 |
| <br>Total          | <br><u>\$ 120,815,000</u> | <br><u>\$ 43,938,212</u>        | <br><u>\$ 164,753,212</u> |

**Certificates of Participation**

| <u>Issuance<br/>Date</u> | <u>Final<br/>Maturity<br/>Date</u> | <u>Interest<br/>Rate</u> | <u>Original<br/>Issue</u> | <u>Bonds<br/>Outstanding<br/>July 1, 2020</u> | <u>Issued</u> | <u>Redeemed</u>     | <u>Bonds<br/>Outstanding<br/>June 30, 2021</u> |
|--------------------------|------------------------------------|--------------------------|---------------------------|---|---------------|---------------------|--|
| 05/01/12                 | 08/01/27                           | 3.20%                    | \$ 7,495,000              | \$ 4,220,000                                  | \$ -          | \$ (465,000)        | \$ 3,755,000                                   |
| 11/10/16                 | 05/01/41                           | 2.00-4.00%               | 19,405,000                | 18,550,000                                    | -             | (110,000)           | 18,440,000                                     |
|                          |                                    |                          |                           | <u>\$22,770,000</u>                           | <u>\$ -</u>   | <u>\$ (575,000)</u> | <u>\$22,195,000</u>                            |

**Debt Service Requirement**

| <u>Year Ending<br/>June 30,</u> | <u>Principal</u>         | <u>Interest</u>          | <u>Total</u>             |
|---------------------------------|--------------------------|--------------------------|--------------------------|
| 2022                            | \$ 585,000               | \$ 798,784               | \$ 1,383,784             |
| 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                |
| 2027-2031                       | 2,045,000                | 3,195,003                | 5,240,003                |
| 2032-2036                       | 5,430,000                | 2,826,094                | 8,256,094                |
| 2037-2041                       | 9,385,000                | 1,196,250                | 10,581,250               |
| <br>Total                       | <br><u>\$ 20,160,000</u> | <br><u>\$ 10,994,102</u> | <br><u>\$ 31,154,102</u> |

**Capital Leases**

The District has entered into agreements to lease equipment. Such agreements are, in substance, purchases (capital leases) and are reported as capital lease obligations. The District's liability on lease agreements with options to purchase is summarized below:

|                       | School Bus<br>Lease |
|-----------------------|---------------------|
| Balance, July 1, 2020 | \$ 236,370          |
| Additions             | -                   |
| Payments              | (118,185)           |
| Balance, July 1, 2021 | \$ 118,185          |

The capital leases have minimum lease payments as follows:

| Year Ending<br>June 30,                 | Lease<br>Payment |
|---|------------------|
| 2022                                    | \$ 118,185       |
| Less amount representing interest       | (3,455)          |
| Present value of minimum lease payments | \$ 114,730       |

Leased equipment under capital leases in capital assets at June 30, 2021, include the following:

|                               |            |
|-------------------------------|------------|
| Equipment                     | \$ 173,412 |
| Less accumulated depreciation | (24,773)   |
| Total                         | \$ 148,639 |

Amortization of leased equipment under capital assets is included with depreciation expense.

**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, 2021, is \$6,093,681.

Future payments are as follows:

| Year Ending<br>June 30, | Annual<br>Payment |
|-------------------------|-------------------|
| 2022                    | \$ 2,031,227      |
| 2023                    | 2,031,227         |
| 2024                    | 2,031,227         |
| Total                   | \$ 6,093,681      |

**Compensated Absences**

The long-term portion of accumulated unpaid employee vacation for the District at June 30, 2021, amounted to \$741,357.

**Note 9 - Total Other Postemployment Benefit (OPEB) Liability**

For the fiscal year ended June 30, 2021, the District reported total OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plan:

| OPEB Plan           | Total OPEB<br>Liability | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources | OPEB<br>Expense |
|---------------------|-------------------------|-----------------------------------|----------------------------------|-----------------|
| Retiree Health Plan | \$ 17,244,473           | \$ 1,077,703                      | \$ 2,228,946                     | \$ 210,675      |

**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, 2020, the valuation date, the Plan membership consisted of the following:

|   |       |
|---|-------|
| Inactive employees or beneficiaries currently receiving benefits payments | 177   |
| Active employees  | 1,552 |
| Total   | 1,729 |

**Benefits provided**

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

**Contributions**

The benefit payment requirements of 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, 2021, the District paid \$1,255,081 in benefits.

**Total OPEB Liability of the District**

**Actuarial Assumptions**

The total OPEB liability in the June 30, 2020 actuarial valuation was measured as of June 30, 2021 and was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

|                             |  |
|-----------------------------|--|
| Inflation                   | 2.75 percent                               |
| Salary increases            | 2.75 percent, average, including inflation |
| Discount rate               | 2.16 percent                               |
| Healthcare cost trend rates | 4.00 percent for 2021                      |

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, 2020 valuation were based on the results of an actual experience study for the period July 1, 2019 to June 30, 2020.

#### Discount Rate

The discount rate used to measure the total OPEB liability was 2.16%. 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<br>Liability |
|------------------------------------|-------------------------|
| Balance, June 30, 2020             | \$ 17,455,148           |
| Service cost                       | 1,110,326               |
| Interest                           | 382,421                 |
| Changes of assumptions             | (448,341)               |
| Benefit payments                   | (1,255,081)             |
| Net change in total OPEB liability | (210,675)               |
| Balance, June 30, 2021             | \$ 17,244,473           |

Changes of assumptions and other inputs reflect a change in the discount rate from 2.20% in 2020 to 2.16% in 2021.

**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 (1.16%)           | \$ 18,310,059        |
| Current discount rate (2.16%) | 17,244,473           |
| 1% increase (3.16%)           | 16,177,788           |

**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%)                        | \$ 15,244,313        |
| Current healthcare cost trend rate (4.00%) | 17,244,473           |
| 1% increase (5.00%)                        | 19,586,859           |

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$210,675. At June 30, 2021, the District reported deferred outflows of resources and deferred inflow of resources related to OPEB from the following sources:

|  | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ 807,763                        | \$ -                             |
| Changes of assumptions                             | 269,940                           | 2,228,946                        |
| Total  | \$ 1,077,703                      | \$ 2,228,946                     |

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

| Year Ended<br>June 30, | Deferred<br>Outflows/(Inflows)<br>of Resources |
|------------------------|--|
| 2022                   | \$ (97,386)                                    |
| 2023                   | (97,386)                                       |
| 2024                   | (97,386)                                       |
| 2025                   | (97,386)                                       |
| 2026                   | (97,386)                                       |
| Thereafter             | (664,313)                                      |
| Total                  | \$ (1,151,243)                                 |

**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 \$106,340,000 as of June 30, 2021, does not represent debt of the District and, as such, does not appear in the accompanying basic financial statements.

| Year Ending<br>June 30, | Principal      | Interest      | Total          |
|-------------------------|----------------|---------------|----------------|
| 2022                    | \$ 4,880,000   | \$ 4,568,505  | \$ 9,448,505   |
| 2023                    | 5,055,000      | 4,362,329     | 9,417,329      |
| 2024                    | 5,165,000      | 4,133,706     | 9,298,706      |
| 2025                    | 5,410,000      | 3,893,860     | 9,303,860      |
| 2026                    | 5,405,000      | 3,646,085     | 9,051,085      |
| 2027-2031               | 31,135,000     | 14,098,068    | 45,233,068     |
| 2032-2036               | 27,960,000     | 6,885,457     | 34,845,457     |
| 2037-2041               | 12,295,000     | 2,502,933     | 14,797,933     |
| 2042-2046               | 7,770,000      | 1,074,391     | 8,844,391      |
| 2047-2049               | 1,265,000      | 49,113        | 1,314,113      |
| Total                   | \$ 106,340,000 | \$ 45,214,447 | \$ 151,554,447 |

**Note 11 - Fund Balances**

Fund balances are composed of the following elements:

|   | General<br>Fund      | Cafeteria<br>Fund | Building<br>Fund    | Capital<br>Facilities<br>Fund |
|---|----------------------|-------------------|---------------------|-------------------------------|
| <b>Nonspendable</b>                     |                      |                   |                     |                               |
| Revolving cash                          | \$ 15,000            | \$ 14,380         | \$ -                | \$ -                          |
| Stores inventories                      | -                    | 88,076            | -                   | -                             |
| Prepaid expenditures                    | 999,140              | -                 | -                   | -                             |
| Total nonspendable                      | <u>1,014,140</u>     | <u>102,456</u>    | <u>-</u>            | <u>-</u>                      |
| <b>Restricted</b>                       |                      |                   |                     |                               |
| Legally restricted programs             | 10,366,378           | -                 | -                   | -                             |
| Capital projects                        | -                    | -                 | 8,309,273           | 5,537,845                     |
| Debt services                           | -                    | -                 | -                   | -                             |
| Total restricted                        | <u>10,366,378</u>    | <u>-</u>          | <u>8,309,273</u>    | <u>5,537,845</u>              |
| <b>Committed</b>                        |                      |                   |                     |                               |
| Adult education program                 | -                    | -                 | -                   | -                             |
| <b>Assigned</b>                         |                      |                   |                     |                               |
| Fair Market Value of Investments        | 10,771               | -                 | -                   | -                             |
| Medi-Cal LEA audit repayment            | 974,556              | -                 | -                   | -                             |
| CSEA negotiated agreement               | 111,800              | -                 | -                   | -                             |
| Discretionary budgets                   | 795,964              | -                 | -                   | -                             |
| Medi-Cal administrative activities      | 1,158,159            | -                 | -                   | -                             |
| One-time funds for outstanding mandates | 10,688,467           | -                 | -                   | -                             |
| Donations                               | 655,872              | -                 | -                   | -                             |
| Saturday school reimbursement program   | 97,966               | -                 | -                   | -                             |
| Site safety awards                      | 53,813               | -                 | -                   | -                             |
| Green team schools                      | 29,123               | -                 | -                   | -                             |
| Insurance reimbursement                 | 24,265               | -                 | -                   | -                             |
| Site facility use agreements            | 72,458               | -                 | -                   | -                             |
| Other grants                            | 13,327               | -                 | -                   | -                             |
| Non resident student fees               | 784,637              | -                 | -                   | -                             |
| Site supplemental discretionary         | 1,517,125            | -                 | -                   | -                             |
| Other                                   | -                    | -                 | -                   | -                             |
| Total assigned                          | <u>16,988,303</u>    | <u>-</u>          | <u>-</u>            | <u>-</u>                      |
| <b>Unassigned</b>                       |                      |                   |                     |                               |
| Reserve for economic<br>uncertainties   | 8,058,435            | -                 | -                   | -                             |
| Remaining unassigned                    | 38,115,364           | -                 | -                   | -                             |
| Total unassigned                        | <u>46,173,799</u>    | <u>-</u>          | <u>-</u>            | <u>-</u>                      |
| Total                                   | <u>\$ 74,542,620</u> | <u>\$ 102,456</u> | <u>\$ 8,309,273</u> | <u>\$ 5,537,845</u>           |

Murrieta Valley Unified School District

Notes to Financial Statements

June 30, 2021

|   | Capital Projects<br>Fund for Blended<br>Component<br>Units | Bond<br>Interest and<br>Redemption<br>Fund | Non-Major<br>Governmental<br>Funds | Total         |
|---|--|--|------------------------------------|---------------|
| <b>Nonspendable</b>                     |  |  |                                    |               |
| Revolving cash                          | \$ -   | \$ -                                       | \$ -                               | \$ 29,380     |
| Stores inventories                      | -  | -  | -                                  | 88,076        |
| Prepaid expenditures                    | -  | -  | -                                  | 999,140       |
| Total nonspendable                      | -  | -  | -                                  | 1,116,596     |
| <b>Restricted</b>                       |  |  |                                    |               |
| Legally restricted programs             | -  | -  | 1,860,597                          | 12,226,975    |
| Capital projects                        | 7,328,410  | -  | -                                  | 21,175,528    |
| Debt services                           | -  | 24,852,167                                 | 300,933                            | 25,153,100    |
| Total restricted                        | 7,328,410  | 24,852,167                                 | 2,161,530                          | 58,555,603    |
| <b>Committed</b>                        |  |  |                                    |               |
| Adult education program                 | -  | -  | 351,575                            | 351,575       |
| <b>Assigned</b>                         |  |  |                                    |               |
| Fair Market Value of Investments        | -  | -  | -                                  | 10,771        |
| Medi-Cal LEA audit repayment            | -  | -  | -                                  | 974,556       |
| CSEA negotiated agreement               | -  | -  | -                                  | 111,800       |
| Discretionary budgets                   | -  | -  | -                                  | 795,964       |
| Medi-Cal administrative activities      | -  | -  | -                                  | 1,158,159     |
| One-time funds for outstanding mandates | -  | -  | -                                  | 10,688,467    |
| Donations                               | -  | -  | -                                  | 655,872       |
| Saturday school reimbursement program   | -  | -  | -                                  | 97,966        |
| Site safety awards                      | -  | -  | -                                  | 53,813        |
| Green team schools                      | -  | -  | -                                  | 29,123        |
| Insurance reimbursement                 | -  | -  | -                                  | 24,265        |
| Site facility use agreements            | -  | -  | -                                  | 72,458        |
| Other grants                            | -  | -  | -                                  | 13,327        |
| Non resident student fees               | -  | -  | -                                  | 784,637       |
| Site supplemental discretionary         | -  | -  | -                                  | 1,517,125     |
| Other                                   | -  | -  | 590,418                            | 590,418       |
| Total assigned                          | -  | -  | 590,418                            | 17,578,721    |
| <b>Unassigned</b>                       |  |  |                                    |               |
| Reserve for economic<br>uncertainties   | -  | -  | -                                  | 8,058,435     |
| Remaining unassigned                    | -  | -  | -                                  | 38,115,364    |
| Total unassigned                        | -  | -  | -                                  | 46,173,799    |
| Total                                   | \$ 7,328,410   | \$ 24,852,167                              | \$ 3,103,523                       | \$123,776,294 |

**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, 2021, 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 2021, 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.

**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, 2021, 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:

| <u>Pension Plan</u> | <u>Net Pension Liability</u> | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> | <u>Pension Expense</u> |
|---------------------|------------------------------|---------------------------------------|--------------------------------------|------------------------|
| CalSTRS             | \$ 206,925,928               | \$ 58,221,829                         | \$ 11,001,131                        | \$ 29,983,646          |
| CalPERS             | 89,511,451                   | 15,842,165                            | 2,882,572                            | 17,167,875             |
| Total               | <u>\$ 296,437,379</u>        | <u>\$ 74,063,994</u>                  | <u>\$ 13,883,703</u>                 | <u>\$ 47,151,521</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, 2019, 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, 2021, are summarized as follows:

|   | STRP Defined Benefit Program      |                                |
|---|-----------------------------------|--------------------------------|
|   | On or before<br>December 31, 2012 | On or after<br>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                       | 16.15%                            | 16.15%                         |
| Required state contribution rate                          | 10.328%                           | 10.328%                        |

### 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, 2021, are presented above and the District's total contributions were \$19,641,399.



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

At June 30, 2021, 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             | \$ 206,925,928                   |
| State's proportionate share of the net pension liability | <u>106,670,340</u>               |
| <br>Total  | <br><u><u>\$ 313,596,268</u></u> |

The net pension liability was measured as of June 30, 2020. 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, 2020 and June 30, 2019, was 0.2135 % and 0.2147%, respectively, resulting in a net decrease in the proportionate share of 0.0012%.

For the year ended June 30, 2021, the District recognized pension expense of \$29,983,646. In addition, the District recognized pension expense and revenue of \$14,943,468 for support provided by the State. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | <u>Deferred Outflows<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
|---|---|--|
| Pension contributions subsequent to measurement date  | \$ 19,641,399                             | \$ -                                     |
| Change in proportion and differences between contributions made and District's proportionate share of contributions | 13,121,724                                | 5,165,466                                |
| Differences between projected and actual earnings on pension plan investments                                       | 4,915,369                                 | -  |
| Differences between expected and actual experience in the measurement of the total pension liability                | 365,129                                   | 5,835,665                                |
| Changes of assumptions  | <u>20,178,208</u>                         | <u>-</u>                                 |
| <br>Total   | <br><u><u>\$ 58,221,829</u></u>           | <br><u><u>\$ 11,001,131</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:

| <u>Year Ended<br/>June 30,</u> | <u>Deferred<br/>Outflows/(Inflows)<br/>of Resources</u> |
|--------------------------------|---|
| 2022                           | \$ (2,999,329)  |
| 2023                           | 1,674,757   |
| 2024                           | 3,341,326   |
| 2025                           | <u>2,898,615</u>  |
| Total                          | <u>\$ 4,915,369</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:

| <u>Year Ended<br/>June 30,</u> | <u>Deferred<br/>Outflows/(Inflows)<br/>of Resources</u> |
|--------------------------------|---|
| 2022                           | \$ 7,485,876  |
| 2023                           | 5,784,505   |
| 2024                           | 7,278,960   |
| 2025                           | 1,519,155   |
| 2026                           | 830,227   |
| Thereafter                     | <u>(234,793)</u>  |
| Total                          | <u>\$ 22,663,930</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, 2019, and rolling forward the total pension liability to June 30, 2020. The financial reporting actuarial valuation as of June 30, 2019, used the following methods and assumptions, applied to all prior periods included in the measurement:

|                           |                                    |
|---------------------------|------------------------------------|
| Valuation date            | June 30, 2019                      |
| Measurement date          | June 30, 2020                      |
| 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 (Pension Consulting Alliance-PCA) 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 future valuation, CalSTRS 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, 2020, are summarized in the following table:

| <u>Asset Class</u>         | <u>Assumed Asset Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|----------------------------|---------------------------------|---|
| 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 (7.10%) and assuming that contributions, benefit payments and administrative expense occurred midyear. Based on these assumptions, the STRP’s fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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%)           | \$ 312,636,253        |
| Current discount rate (7.10%) | 206,925,928           |
| 1% increase (8.10%)           | 119,647,168           |

**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, 2019 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, 2021, are summarized as follows:

|   | School Employer Pool (CalPERS)    |                                |
|---|-----------------------------------|--------------------------------|
|   | On or before<br>December 31, 2012 | On or after<br>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                       | 20.70%                            | 20.70%                         |

## 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, 2021, are presented above and the total District contributions were \$9,113,292.

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

As of June 30, 2021, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$89,511,451. The net pension liability was measured as of June 30, 2020. 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, 2020 and June 30, 2019, was 0.2917% and 0.2936%, respectively, resulting in a net decrease in the proportionate share of 0.0019%.

For the year ended June 30, 2021, the District recognized pension expense of \$17,167,875. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|---|-----------------------------------|----------------------------------|
| Pension contributions subsequent to measurement date  | \$ 9,113,292                      | \$ -                             |
| Change in proportion and differences between contributions made and District's proportionate share of contributions | 97,794                            | 2,882,572                        |
| Differences between projected and actual earnings on pension plan investments                                       | 1,863,344                         | -                                |
| Differences between expected and actual experience in the measurement of the total pension liability                | 4,439,493                         | -                                |
| Changes of assumptions  | 328,242                           | -                                |
| Total   | \$ 15,842,165                     | \$ 2,882,572                     |

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<br>June 30, | Deferred<br>Outflows/(Inflows)<br>of Resources |
|------------------------|--|
| 2022                   | \$ (697,302)                                   |
| 2023                   | 621,969  |
| 2024                   | 1,081,085                                      |
| 2025                   | 857,592  |
| Total                  | <u>\$ 1,863,344</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 4.1 years and will be recognized in pension expense as follows:

| Year Ended<br>June 30, | Deferred<br>Outflows/(Inflows)<br>of Resources |
|------------------------|--|
| 2022                   | \$ 1,754,936                                   |
| 2023                   | 604,705  |
| 2024                   | (332,969)                                      |
| 2025                   | (43,715)                                       |
| Total                  | <u>\$ 1,982,957</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, 2019, and rolling forward the total pension liability to June 30, 2020. The financial reporting actuarial valuation as of June 30, 2019, used the following methods and assumptions, applied to all prior periods included in the measurement:

|                           |                                    |
|---------------------------|------------------------------------|
| Valuation date            | June 30, 2019                      |
| Measurement date          | June 30, 2020                      |
| 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%)           | \$ 128,689,033               |
| Current discount rate (7.15%) | 89,511,451                   |
| 1% increase (8.15%)           | 56,996,023                   |

### 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 \$12,071,928 (10.328% 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, 2021.

**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, 2021.

**Construction Commitments**

As of June 30, 2021, the District had the following commitments with respect to the unfinished capital projects:

| <u>Capital Project</u>         | <u>Remaining<br/>Construction<br/>Commitment</u> | <u>Expected<br/>Date of<br/>Completion</u> |
|--------------------------------|--|--|
| Modernization at various sites |  |  |
| HVAC replacement               | \$ 922,565                                       | October 2021                               |
| Roof replacement               | 1,323,770  | November 2021                              |
| Murrieta Mesa High School      | <u>936,827</u>                                   | October 2021                               |
| Total                          | <u><u>\$ 3,183,162</u></u>                       |  |

**Note 15 - Participation in Public Entity Risk Pools**

The District is a member of the Riverside Schools Insurance Authority (RSIA), Southern California Regional Liability Excess Fund (SCR), Schools Associations for Excess Risk (SAFER), Riverside Schools Risk Management Authority (RSRMA), Protected Insurance Program for Schools and Community Colleges (PIPS), 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, 2021, the District made payments of \$2,033,489, \$3,453,668, and \$24,232,799 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 2021**

On July 28, 2021, the District issued \$12,000,000 in current interest bonds of the Election of 2014 General Obligation Bonds, Series 2021. The principal payments of the Series 2021 general obligation bonds will begin in September 2022, and are to be made annually thereafter, and interest payments are made semi-annually and will begin in September 2022. The proceeds from the sale of the bonds were used to finance the renovation, construction, and improvement of school facilities.

**2021 General Obligation Refunding Bonds**

On July 28, 2021, the District issued \$39,955,000 in current interest bonds to refund certain maturities of the District's outstanding General Obligation Refunding Bonds, Election of 2002, Series 2012, the General Obligation Refunding Bonds, Election of 2002, Series 2013 and the General Obligation Bonds, Election of 2014, Series 2015 maturing in 2023, 2024, 2025, and 2026. The principal payments of the general obligation refunding bonds will begin in September 2021, and are to be made annually thereafter, and interest payments are made semi-annually and will begin in September 2021.

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

As of July 1, 2020, the District adopted GASB Statement No. 84, Fiduciary Activities (GASB 84). As a result of the implementation of GASB 84, the District has reclassified its associated student body activity previously reported as fiduciary funds to a governmental fund – Student Activity Fund. Additionally, the District restated its custodial funds beginning net position that were previously reported as liabilities. The following table describes the effects of the implementation on beginning fund balance/net position.

|   | Non-Major<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|------------------------------------|--------------------------------|
| Beginning Fund Balance Previously Reported at June 30, 2020                               | \$ 1,990,855                       | \$ 101,217,091                 |
| Prior Period Adjustment - Implementation of GASB 84                                       |                                    |                                |
| Reclassification of student activity funds from agency funds<br>to a special revenue fund | 1,711,350                          | 1,711,350                      |
| Fund Balance Restated at July 1, 2020   | \$ 3,702,205                       | \$ 102,928,441                 |

The restatement of net position is identified as follows:

**Custodial Funds**

|  |               |
|--|---------------|
| Beginning Net Position Fiduciary Funds Reported at June 30, 2020 | \$ -          |
| Reclassification of agency funds to custodial funds              | 28,977,230    |
| Net Position Restated at July 1, 2020                            | \$ 28,977,230 |

**Governmental Activities**

|   |                |
|---|----------------|
| Beginning Net Position Government-Wide as Previously<br>Reported at June 30, 2020         | \$ 133,482,690 |
| Reclassification of student activity funds from agency funds<br>to a special revenue fund | 1,711,350      |
| Net Position Restated at July 1, 2020   | \$ 135,194,040 |



Required Supplementary Information  
June 30, 2021

# Murrieta Valley Unified School District

Murrieta Valley Unified School District  
 Budgetary Comparison Schedule – General Fund  
 Year Ended June 30, 2021

|  | Budgeted Amounts     |                      | Actual               | Variances -                                  |
|--|----------------------|----------------------|----------------------|--|
|  | Original             | Final                |                      | Positive<br>(Negative)<br>Final<br>to Actual |
| <b>Revenues</b>                                      |                      |                      |                      |  |
| Local Control Funding Formula                        | \$ 192,226,729       | \$ 208,626,379       | \$ 208,628,611       | \$ 2,232                                     |
| Federal sources                                      | 15,960,011           | 43,061,510           | 23,302,050           | (19,759,460)                                 |
| Other State sources                                  | 22,687,465           | 43,251,318           | 37,696,637           | (5,554,681)                                  |
| Other local sources                                  | 20,476,571           | 20,270,945           | 21,496,660           | 1,225,715                                    |
| Total revenues                                       | <u>251,350,776</u>   | <u>315,210,152</u>   | <u>291,123,958</u>   | <u>(24,086,194)</u>                          |
| <b>Expenditures</b>                                  |                      |                      |                      |  |
| Current  |                      |                      |                      |  |
| Certificated salaries                                | 121,205,565          | 123,888,477          | 124,610,400          | (721,923)                                    |
| Classified salaries                                  | 42,411,336           | 40,334,077           | 42,368,716           | (2,034,639)                                  |
| Employee benefits                                    | 67,962,615           | 63,984,893           | 64,235,808           | (250,915)                                    |
| Books and supplies                                   | 6,423,954            | 16,563,856           | 15,017,357           | 1,546,499                                    |
| Services and operating expenditures                  | 20,235,146           | 21,715,421           | 20,847,617           | 867,804                                      |
| Other outgo  | (577,729)            | (454,480)            | (350,972)            | (103,508)                                    |
| Capital outlay                                       | 400,000              | 528,241              | 721,886              | (193,645)                                    |
| Debt service   |                      |                      |                      |  |
| Debt service - principal                             | 265,000              | 265,000              | 155,000              | 110,000                                      |
| Debt service - interest and other                    | 96,661               | 96,723               | 206,723              | (110,000)                                    |
| Total expenditures                                   | <u>258,422,548</u>   | <u>266,922,208</u>   | <u>267,812,535</u>   | <u>(890,327)</u>                             |
| Excess (Deficiency) of Revenues<br>Over Expenditures | <u>(7,071,772)</u>   | <u>48,287,944</u>    | <u>23,311,423</u>    | <u>(24,976,521)</u>                          |
| <b>Other Financing Sources (Uses)</b>                |                      |                      |                      |  |
| Transfers in   | -                    | 71,859               | -                    | (71,859)                                     |
| Transfers out  | (35,000)             | (975,615)            | (730,097)            | 245,518                                      |
| Net financing sources (uses)                         | <u>(35,000)</u>      | <u>(903,756)</u>     | <u>(730,097)</u>     | <u>173,659</u>                               |
| Net Change in Fund Balances                          | (7,106,772)          | 47,384,188           | 22,581,326           | (24,802,862)                                 |
| Fund Balance - Beginning                             | <u>51,961,294</u>    | <u>51,961,294</u>    | <u>51,961,294</u>    | <u>-</u>                                     |
| Fund Balance - Ending                                | <u>\$ 44,854,522</u> | <u>\$ 99,345,482</u> | <u>\$ 74,542,620</u> | <u>\$ (24,802,862)</u>                       |

Murrieta Valley Unified School District  
 Budgetary Comparison Schedule – Cafeteria Fund  
 Year Ended June 30, 2021

|  | Budgeted Amounts    |                    | Actual             | Variances -                                  |
|--|---------------------|--------------------|--------------------|--|
|  | Original            | Final              |                    | Positive<br>(Negative)<br>Final<br>to Actual |
| <b>Revenues</b>                                      |                     |                    |                    |  |
| Federal sources                                      | \$ 4,852,444        | \$ 4,857,119       | \$ 4,879,701       | \$ 22,582                                    |
| Other State sources                                  | 323,965             | 308,938            | 352,070            | 43,132                                       |
| Other local sources                                  | 3,688,573           | 7,000              | 7,345              | 345  |
| Total revenues                                       | <u>8,864,982</u>    | <u>5,173,057</u>   | <u>5,239,116</u>   | <u>66,059</u>                                |
| <b>Expenditures</b>                                  |                     |                    |                    |  |
| Current  |                     |                    |                    |  |
| Classified salaries                                  | 2,842,331           | 2,660,259          | 2,717,933          | (57,674)                                     |
| Employee benefits                                    | 1,121,169           | 1,069,217          | 1,072,767          | (3,550)                                      |
| Books and supplies                                   | 4,375,796           | 2,905,019          | 2,743,455          | 161,564                                      |
| Services and operating expenditures                  | 163,900             | 84,682             | 83,666             | 1,016  |
| Other outgo  | 400,160             | 305,506            | 303,004            | 2,502  |
| Total expenditures                                   | <u>8,903,356</u>    | <u>7,024,683</u>   | <u>6,920,825</u>   | <u>103,858</u>                               |
| Excess (Deficiency) of Revenues<br>Over Expenditures | <u>(38,374)</u>     | <u>(1,851,626)</u> | <u>(1,681,709)</u> | <u>(37,799)</u>                              |
| <b>Other Financing Sources (Uses)</b>                |                     |                    |                    |  |
| Transfers in   | 35,000              | 641,493            | 574,032            | (67,461)                                     |
| Net Change in Fund Balances                          | (3,374)             | (1,210,133)        | (1,107,677)        | 102,456                                      |
| Fund Balance - Beginning                             | <u>1,210,133</u>    | <u>1,210,133</u>   | <u>1,210,133</u>   | <u>-</u>                                     |
| Fund Balance - Ending                                | <u>\$ 1,206,759</u> | <u>\$ -</u>        | <u>\$ 102,456</u>  | <u>\$ 102,456</u>                            |

Murrieta Valley Unified School District  
Schedule of Changes in the District's Total OPEB Liability and Related Ratios  
Year Ended June 30, 2021

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

<sup>1</sup> 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 Pension Liability  
Year Ended June 30, 2021

|  | <u>2021</u>           | <u>2020</u>           | <u>2019</u>           | <u>2018</u>           | <u>2017</u>           |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>CalSTRS</b>   |                       |                       |                       |                       |                       |
| Proportion of the net pension liability  | 0.2135%               | 0.2147%               | 0.2005%               | 0.1941%               | 0.1983%               |
| Proportionate share of the net pension liability   | \$ 206,925,928        | \$ 193,876,835        | \$ 184,263,020        | \$ 179,531,862        | \$ 160,424,204        |
| State's proportionate share of the net pension liability                                   | 106,670,340           | 105,772,757           | 105,499,197           | 106,209,533           | 91,326,638            |
| Total  | <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> |
| Covered payroll  | <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>  |
| Proportionate share of the net pension liability<br>as a percentage of its covered payroll | <u>170.14%</u>        | <u>170.36%</u>        | <u>170.02%</u>        | <u>168.79%</u>        | <u>161.02%</u>        |
| Plan fiduciary net position as a percentage of the total<br>pension liability              | <u>72%</u>            | <u>73%</u>            | <u>71%</u>            | <u>69%</u>            | <u>70%</u>            |
| Measurement Date   | June 30, 2020         | June 30, 2019         | June 30, 2018         | June 30, 2017         | June 30, 2016         |
| <b>CalPERS</b>   |                       |                       |                       |                       |                       |
| Proportion of the net pension liability  | 0.2917%               | 0.2936%               | 0.2931%               | 0.3042%               | 0.2995%               |
| Proportionate share of the net pension liability   | \$ 89,511,451         | \$ 85,566,262         | \$ 78,146,289         | \$ 72,630,215         | \$ 59,154,321         |
| Covered payroll  | <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>  |
| Proportionate share of the net pension liability<br>as a percentage of its covered payroll | <u>203.32%</u>        | <u>208.18%</u>        | <u>197.46%</u>        | <u>191.73%</u>        | <u>164.36%</u>        |
| Plan fiduciary net position as a percentage of the<br>total pension liability              | <u>70%</u>            | <u>70%</u>            | <u>71%</u>            | <u>72%</u>            | <u>74%</u>            |
| Measurement Date   | June 30, 2020         | June 30, 2019         | June 30, 2018         | June 30, 2017         | June 30, 2016         |

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, 2021

|  | <u>2016</u>           | <u>2015</u>           |
|--|-----------------------|-----------------------|
| <b>CalSTRS</b>   |                       |                       |
| Proportion of the net pension liability  | <u>0.2090%</u>        | <u>0.1888%</u>        |
| Proportionate share of the net pension liability   | <u>\$ 140,719,047</u> | <u>\$ 110,308,530</u> |
| State's proportionate share of the net pension liability                                   | <u>74,424,863</u>     | <u>66,609,053</u>     |
| Total  | <u>\$ 215,143,910</u> | <u>\$ 176,917,583</u> |
| Covered payroll  | <u>\$ 96,586,757</u>  | <u>103,962,473</u>    |
| Proportionate share of the net pension liability<br>as a percentage of its covered payroll | <u>145.69%</u>        | <u>106.10%</u>        |
| Plan fiduciary net position as a percentage of the total<br>pension liability              | <u>74%</u>            | <u>77%</u>            |
| Measurement Date   | June 30, 2015         | June 30, 2014         |
| <b>CalPERS</b>   |                       |                       |
| Proportion of the net pension liability  | <u>0.2956%</u>        | <u>0.2894%</u>        |
| Proportionate share of the net pension liability   | <u>\$ 43,578,380</u>  | <u>\$ 32,854,704</u>  |
| Covered payroll  | <u>\$ 33,272,135</u>  | <u>34,228,832</u>     |
| Proportionate share of the net pension liability<br>as a percentage of its covered payroll | <u>130.98%</u>        | <u>95.99%</u>         |
| Plan fiduciary net position as a percentage of the<br>total pension liability              | <u>79%</u>            | <u>83%</u>            |
| Measurement Date   | 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, 2021

|   | <u>2021</u>           | <u>2020</u>           | <u>2019</u>           | <u>2018</u>           | <u>2017</u>           |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>CalSTRS</b>  |                       |                       |                       |                       |                       |
| Contractually required contribution                                       | \$ 19,641,399         | \$ 20,081,671         | \$ 18,526,996         | \$ 15,638,777         | \$ 13,380,559         |
| Less contributions in relation to the contractually required contribution | <u>19,641,399</u>     | <u>20,081,671</u>     | <u>18,526,996</u>     | <u>15,638,777</u>     | <u>13,380,559</u>     |
| Contribution deficiency (excess)  | <u>\$ -</u>           | <u>\$ -</u>           | <u>\$ -</u>           | <u>\$ -</u>           | <u>\$ -</u>           |
| Covered payroll   | <u>\$ 121,618,570</u> | <u>\$ 117,436,673</u> | <u>\$ 113,802,187</u> | <u>\$ 108,376,833</u> | <u>\$ 106,363,744</u> |
| Contributions as a percentage of covered payroll                          | <u>16.15%</u>         | <u>17.10%</u>         | <u>16.28%</u>         | <u>14.43%</u>         | <u>12.58%</u>         |
| <b>CalPERS</b>  |                       |                       |                       |                       |                       |
| Contractually required contribution                                       | \$ 9,113,292          | \$ 8,295,806          | \$ 7,423,995          | \$ 6,146,575          | \$ 5,260,950          |
| Less contributions in relation to the contractually required contribution | <u>9,113,292</u>      | <u>8,295,806</u>      | <u>7,423,995</u>      | <u>6,146,575</u>      | <u>5,260,950</u>      |
| Contribution deficiency (excess)  | <u>\$ -</u>           | <u>\$ -</u>           | <u>\$ -</u>           | <u>\$ -</u>           | <u>\$ -</u>           |
| Covered payroll   | <u>\$ 44,025,565</u>  | <u>\$ 42,065,849</u>  | <u>\$ 41,102,840</u>  | <u>\$ 39,576,170</u>  | <u>\$ 37,881,264</u>  |
| Contributions as a percentage of covered payroll                          | <u>20.700%</u>        | <u>19.721%</u>        | <u>18.062%</u>        | <u>15.531%</u>        | <u>13.888%</u>        |

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, 2021

|   | 2016          | 2015          |
|---|---------------|---------------|
| <b>CaSTRS</b>   |               |               |
| Contractually required contribution                                       | \$ 10,689,981 | \$ 8,576,904  |
| Less contributions in relation to the contractually required contribution | 10,689,981    | 8,576,904     |
| Contribution deficiency (excess)  | \$ -          | \$ -          |
| Covered payroll   | \$ 99,627,036 | \$ 96,586,757 |
| Contributions as a percentage of covered payroll                          | 10.73%        | 8.88%         |
| <b>CaIPERS</b>  |               |               |
| Contractually required contribution                                       | \$ 4,263,946  | \$ 3,916,463  |
| Less contributions in relation to the contractually required contribution | 4,263,946     | 3,916,463     |
| Contribution deficiency (excess)  | \$ -          | \$ -          |
| Covered payroll   | \$ 35,991,779 | \$ 33,272,135 |
| Contributions as a percentage of covered payroll                          | 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.

These schedules present information for the original and final budgets and actual results of operations, as well as the variances from the final budget to actual results of operations.

At June 30, 2021, the District major fund exceeded the budgeted amount in total as follows:

| Fund         | Expenditures and Other Uses |                |            |
|--------------|-----------------------------|----------------|------------|
|              | Budget                      | Actual         | Excess     |
| General Fund | \$ 267,897,823              | \$ 268,542,632 | \$ 644,809 |

**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 2.20% 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 District 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, 2021

**Murrieta Valley Unified School District**

Murrieta Valley Unified School District  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2021

| Federal Grantor/Pass-Through<br>Grantor/Program or Cluster Title             | Federal Financial<br>Assistance<br>Listing/Federal<br>CFDA Number | Pass-Through<br>Entity<br>Identifying<br>Number | Federal<br>Expenditures |
|--|---|---|-------------------------|
| U.S. Department of Agriculture   |   |   |                         |
| Passed Through California Department of Education (CDE)                      |   |   |                         |
| Child Nutrition Cluster  |   |   |                         |
| National School Lunch Program  | 10.555  | 13391   | \$ 2,561,677            |
| School Breakfast Program - Especially Needy Breakfast                        | 10.553  | 13526   | 1,606,116               |
| Food Distribution  | 10.555  | 13524   | <u>557,749</u>          |
| Total Child Nutrition Cluster  |   |   | <u>4,725,542</u>        |
| Passed Through Riverside County Office of Education                          |   |   |                         |
| Forest Service Schools and Roads Cluster                                     |   |   |                         |
| Forest Reserve Funds   | 10.665  | 10044   | <u>14,789</u>           |
| Total U.S. Department of Agriculture   |   |   | <u>4,740,331</u>        |
| U.S. Department of Treasury  |   |   |                         |
| Passed Through CDE   |   |   |                         |
| COVID-19 Coronavirus Relief Fund (CRF)                                       | 21.019  | 25516   | <u>11,438,716</u>       |
| U.S. Department of Education   |   |   |                         |
| Passed Through Riverside County Special Education Local<br>Plan Area (SELPA) |   |   |                         |
| Special Education Cluster  |   |   |                         |
| Special Education Grants to States - Basic Local Assistance                  | 84.027  | 13379   | 5,000,341               |
| Special Education Grants to States - Private Schools ISPs                    | 84.027  | 10115   | 10,088                  |
| Special Education Grants to States - Mental Health                           | 84.027A   | 15197   | 137,397                 |
| Special Education Preschool Grants   | 84.173  | 13430   | <u>91,683</u>           |
| Total Special Education Cluster  |   |   | <u>5,239,509</u>        |
| Passed Through CDE   |   |   |                         |
| Adult Education - Basic Grants to States                                     | 84.002  | 14508   | 18,310                  |
| Adult Education - Basic Grants to States                                     | 84.002  | 13978   | 35,260                  |
| Adult Education - Basic Grants to States                                     | 84.002  | 14109   | <u>16,576</u>           |
| Subtotal   |   |   | <u>70,146</u>           |
| Title I Grants to Local Educational Agencies                                 | 84.010  | 14329   | 1,946,720               |
| School Improvement Funding for LEAs  | 84.010  | 15438   | <u>93,247</u>           |
| Subtotal   |   |   | <u>2,039,967</u>        |



Murrieta Valley Unified School District  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2021

| Federal Grantor/Pass-Through<br>Grantor/Program or Cluster Title                       | Federal Financial<br>Assistance<br>Listing/Federal<br>CFDA Number | Pass-Through<br>Entity<br>Identifying<br>Number | Federal<br>Expenditures     |
|--|---|---|-----------------------------|
| COVID-19 Governor’s Emergency Education Relief (GEER) Fund                             | 84.425C   | 15517   | \$ 1,767,363                |
| COVID-19 Elementary and Secondary School Emergency Relief<br>(ESSER I) Fund            | 84.425D   | 15536   | 1,792,015                   |
| COVID-19 Elementary and Secondary School Emergency Relief<br>(ESSER II) Fund           | 84.425D   | 15547   | 160,083                     |
| COVID-19 CARES Act Supplemental Meal Reimbursement                                     | 84.425D   | 15535   | <u>154,159</u>              |
| Subtotal   |   |   | <u>3,873,620</u>            |
| Supporting Effective Instruction State Grants - Teacher Quality                        | 84.367  | 14341   | 224,060                     |
| English Language Acquisition State Grants - LEP  | 84.365  | 14346   | 158,398                     |
| Student Support and Academic Enrichment Program  | 84.424  | 15396   | 328,179                     |
| Career and Technical Education - Basic Grants to States                                | 84.048  | 14894   | 111,704                     |
| Rehabilitation Services Vocational Rehabilitation<br>Grants to States - Workability II | 84.126  | 10006   | 25,479                      |
| Education for Homeless Children and Youth, Subtitle VII-B<br>Mckinney-Vento Act        | 84.196  | 14332   | <u>1,790</u>                |
| Total U.S. Department of Education   |   |   | <u>12,072,852</u>           |
| U.S. Department of Health and Human Services   |   |   |                             |
| Passed Through California Department of Health and Human Services                      |   |   |                             |
| CCDF Cluster   |   |   |                             |
| Child Care Mandatory and Matching Funds of the Child<br>Care and Development Fund      | 93.596  | 13609   | <u>1,252,586</u>            |
| Total Federal Financial Assistance   |   |   | <u><u>\$ 29,504,485</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  |
| Linda Lunn      | President | November 2024 |
| Oscar Rivas     | Clerk     | November 2022 |
| Kris Thomasian  | Member    | November 2022 |
| Ken Dickson     | Member    | November 2024 |
| Paul Diffley    | Member    | November 2024 |

| Administration    |  |
|-------------------|--|
| Name              | Title  |
| Patrick Kelley    | Superintendent                                 |
| William Olien     | Deputy Superintendent                          |
| Darren Daniel     | Assistant Superintendent, Human Resources      |
| Mary Walters      | Assistant Superintendent, Educational Services |
| James Whittington | Chief Financial Officer                        |

Murrieta Valley Unified School District

Schedule of Instructional Time

Year Ended June 30, 2021

| Grade Level   | Number of Actual Days |                     | Number of Days Credited Form J-13A | Total Days Offered | Status   |
|---------------|-----------------------|---------------------|------------------------------------|--------------------|----------|
|               | Traditional Calendar  | Multitrack Calendar |                                    |                    |          |
| Kindergarten  | 180                   | -                   | -                                  | 180                | Complied |
| Grades 1 - 3  |                       |                     |                                    |                    |          |
| Grade 1       | 180                   | -                   | -                                  | 180                | Complied |
| Grade 2       | 180                   | -                   | -                                  | 180                | Complied |
| Grade 3       | 180                   | -                   | -                                  | 180                | Complied |
| Grades 4 - 8  |                       |                     |                                    |                    |          |
| Grade 4       | 180                   | -                   | -                                  | 180                | Complied |
| Grade 5       | 180                   | -                   | -                                  | 180                | Complied |
| Grade 6       | 180                   | -                   | -                                  | 180                | Complied |
| Grade 7       | 180                   | -                   | -                                  | 180                | Complied |
| Grade 8       | 180                   | -                   | -                                  | 180                | Complied |
| Grades 9 - 12 |                       |                     |                                    |                    |          |
| Grade 9       | 180                   | -                   | -                                  | 180                | Complied |
| Grade 10      | 180                   | -                   | -                                  | 180                | Complied |
| Grade 11      | 180                   | -                   | -                                  | 180                | Complied |
| Grade 12      | 180                   | -                   | -                                  | 180                | Complied |

Murrieta Valley Unified School District  
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements  
Year Ended June 30, 2021

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There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2021.

Murrieta Valley Unified School District  
 Schedule of Financial Trends and Analysis  
 Year Ended June 30, 2021

|  | (Budget)<br>2022 <sup>1</sup> | 2021               | 2020               | 2019               |
|--|-------------------------------|--------------------|--------------------|--------------------|
| General Fund   |                               |                    |                    |                    |
| Revenues   | \$ 271,735,103                | \$ 291,123,958     | \$ 262,216,917     | \$ 261,049,831     |
| Other sources and transfers in                       | -                             | -                  | 327,977            | 342,801            |
| <b>Total Revenues<br/>and Other Sources</b>          | <b>271,735,103</b>            | <b>291,123,958</b> | <b>262,544,894</b> | <b>261,392,632</b> |
| Expenditures   | 275,189,831                   | 267,812,535        | 260,002,552        | 252,232,809        |
| Other uses and transfers out                         | -                             | 730,097            | 17,377             | -                  |
| <b>Total Expenditures<br/>and Other Uses</b>         | <b>275,189,831</b>            | <b>268,542,632</b> | <b>260,019,929</b> | <b>252,232,809</b> |
| Increase/(Decrease)<br>in Fund Balance               | (3,454,728)                   | 22,581,326         | 2,524,965          | 9,159,823          |
| Ending Fund Balance                                  | \$ 71,087,892                 | \$ 74,542,620      | \$ 51,961,294      | \$ 49,436,329      |
| Available Reserves <sup>2</sup>                      | \$ 46,033,919                 | \$ 46,173,799      | \$ 31,896,953      | \$ 23,462,367      |
| Available Reserves as a<br>Percentage of Total Outgo | 16.73%                        | 17.19%             | 12.27%             | 9.30%              |
| Long-Term Liabilities                                | N/A                           | \$ 538,392,174     | \$ 536,073,468     | \$ 519,431,563     |
| K-12 Average Daily<br>Attendance at P-2              | 22,340                        | 22,340             | 22,340             | 22,112             |

The General Fund balance has increased by \$25,106,291 over the past two years. The fiscal year 2021-2022 budget projects a decrease of \$3,454,728 (4.63%). For a district this size, the State recommends available reserves of at least three percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in all of the past three years and anticipates incurring an operating deficit during the 2021-2022 fiscal year. Total long-term liabilities have increased by \$18,960,611 over the past two years.

Average daily attendance has increased by 228 over the past two years. No additional growth or decline in ADA is anticipated during fiscal year 2021-2022.

<sup>1</sup> Budget 2022 is included for analytical purposes only and has not been subjected to audit.

<sup>2</sup> 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, 2021

|  | Student<br>Activity<br>Fund | Adult<br>Education<br>Fund | Child<br>Development<br>Fund |
|--|-----------------------------|----------------------------|------------------------------|
| <b>Assets</b>                              |                             |                            |                              |
| Deposits and investments                   | \$ 1,567,515                | \$ 260,071                 | \$ 234,871                   |
| Receivables                                | 11,294                      | 128,337                    | 549,582                      |
| Due from other funds                       | -                           | -                          | 156,067                      |
| Stores inventories                         | 174,505                     | -                          | -                            |
| <b>Total assets</b>                        | <b>\$ 1,753,314</b>         | <b>\$ 388,408</b>          | <b>\$ 940,520</b>            |
| <b>Liabilities and Fund Balances</b>       |                             |                            |                              |
| <b>Liabilities</b>                         |                             |                            |                              |
| Accounts payable                           | \$ 65,980                   | \$ 7,490                   | \$ 373,568                   |
| Due to other funds                         | -                           | 16,907                     | 212,213                      |
| Unearned revenue                           | -                           | -                          | 193,912                      |
| <b>Total liabilities</b>                   | <b>65,980</b>               | <b>24,397</b>              | <b>779,693</b>               |
| <b>Fund Balances</b>                       |                             |                            |                              |
| Restricted                                 | 1,687,334                   | 12,436                     | 160,827                      |
| Committed                                  | -                           | 351,575                    | -                            |
| Assigned                                   | -                           | -                          | -                            |
| <b>Total fund balances</b>                 | <b>1,687,334</b>            | <b>364,011</b>             | <b>160,827</b>               |
| <b>Total liabilities and fund balances</b> | <b>\$ 1,753,314</b>         | <b>\$ 388,408</b>          | <b>\$ 940,520</b>            |

Murrieta Valley Unified School District  
Combining Balance Sheet – Non-Major Governmental Funds  
June 30, 2021

|  | County School<br>Facilities<br>Fund | Special Reserve<br>Fund for Capital<br>Outlay Projects | Educational Facilities<br>Corporation<br>Debt Service<br>Fund | Total<br>Non-Major<br>Governmental<br>Funds |
|--|-------------------------------------|--|---|---|
| <b>Assets</b>                              |                                     |  |   |   |
| Deposits and investments                   | \$ -                                | \$ 589,947   | \$ 300,933  | \$ 2,953,337                                |
| Receivables                                | -                                   | 471  | -   | 689,684                                     |
| Due from other funds                       | 105                                 | -  | -   | 156,172                                     |
| Stores inventories                         | -                                   | -  | -   | 174,505                                     |
| <b>Total assets</b>                        | <b>\$ 105</b>                       | <b>\$ 590,418</b>                                      | <b>\$ 300,933</b>   | <b>\$ 3,973,698</b>                         |
| <b>Liabilities and Fund Balances</b>       |                                     |  |   |   |
| <b>Liabilities</b>                         |                                     |  |   |   |
| Accounts payable                           | \$ -                                | \$ -   | \$ -  | \$ 447,038                                  |
| Due to other funds                         | 105                                 | -  | -   | 229,225                                     |
| Unearned revenue                           | -                                   | -  | -   | 193,912                                     |
| <b>Total liabilities</b>                   | <b>105</b>                          | <b>-</b>   | <b>-</b>  | <b>870,175</b>                              |
| <b>Fund Balances</b>                       |                                     |  |   |   |
| Restricted                                 | -                                   | -  | 300,933   | 2,161,530                                   |
| Committed                                  | -                                   | -  | -   | 351,575                                     |
| Assigned                                   | -                                   | 590,418  | -   | 590,418                                     |
| <b>Total fund balances</b>                 | <b>-</b>                            | <b>590,418</b>   | <b>300,933</b>  | <b>32,077,111</b>                           |
| <b>Total liabilities and fund balances</b> | <b>\$ 105</b>                       | <b>\$ 590,418</b>                                      | <b>\$ 300,933</b>   | <b>\$ 32,947,286</b>                        |

Murrieta Valley Unified School District  
Combining Statement of Revenues, Expenditure, and Changes in Fund Balances – Non-Major Governmental  
Funds  
Year Ended June 30, 2021

|   | Student<br>Activity<br>Fund | Adult<br>Education<br>Fund | Child<br>Development<br>Fund |
|---|-----------------------------|----------------------------|------------------------------|
| <b>Revenues</b>                                   |                             |                            |                              |
| Federal sources                                   | \$ -                        | \$ 70,146                  | \$ 1,410,375                 |
| Other State sources                               | -                           | 299,388                    | 2,085,563                    |
| Other local sources                               | 937,228                     | 197,770                    | 421,467                      |
| Total revenues                                    | <u>937,228</u>              | <u>567,304</u>             | <u>3,917,405</u>             |
| <b>Expenditures</b>                               |                             |                            |                              |
| <b>Current</b>                                    |                             |                            |                              |
| Instruction                                       | -                           | 142,295                    | 2,011,423                    |
| Instruction-related activities                    |                             |                            |                              |
| Supervision of instruction                        | -                           | -                          | 375,368                      |
| School site administration                        | -                           | 167,858                    | -                            |
| Pupil services                                    |                             |                            |                              |
| All other pupil services                          | -                           | 72,086                     | -                            |
| Administration                                    |                             |                            |                              |
| All other administration                          | -                           | 13,985                     | 212,190                      |
| Plant services                                    | -                           | -                          | -                            |
| Ancillary services                                | 961,244                     | -                          | -                            |
| Community services                                | -                           | -                          | 1,763,723                    |
| Enterprise services                               | -                           | 16,727                     | -                            |
| Facility acquisition and construction             | -                           | -                          | 38,683                       |
| Debt service                                      |                             |                            |                              |
| Principal   | -                           | -                          | -                            |
| Interest and other                                | -                           | -                          | -                            |
| Total expenditures                                | <u>961,244</u>              | <u>412,951</u>             | <u>4,401,387</u>             |
| Excess (Deficiency) of Revenues Over Expenditures | <u>(24,016)</u>             | <u>154,353</u>             | <u>(483,982)</u>             |
| <b>Other Financing Sources (Uses)</b>             |                             |                            |                              |
| Transfers in                                      | -                           | -                          | 156,065                      |
| Transfers out                                     | -                           | -                          | -                            |
| Net Financing Sources (Uses)                      | <u>-</u>                    | <u>-</u>                   | <u>156,065</u>               |
| Net Change in Fund Balances                       | (24,016)                    | 154,353                    | (327,917)                    |
| Fund Balance - Beginning                          | -                           | 209,658                    | 488,744                      |
| Restatement (Note 17)                             | 1,711,350                   | -                          | -                            |
| Fund Balance - Beginning, as restated             | <u>1,711,350</u>            | <u>209,658</u>             | <u>488,744</u>               |
| Fund Balance - Ending                             | <u>\$ 1,687,334</u>         | <u>\$ 364,011</u>          | <u>\$ 160,827</u>            |



**Murrieta Valley Unified School District**  
**Combining Statement of Revenues, Expenditure, and Changes in Fund Balances – Non-Major Governmental**  
**Funds**  
**Year Ended June 30, 2021**

|  | County School<br>Facilities<br>Fund | Special Reserve<br>Fund for Capital<br>Outlay Projects | Educational Facilities<br>Corporation<br>Debt Service<br>Fund | Total<br>Non-Major<br>Governmental<br>Funds |
|--|-------------------------------------|--|---|---|
| <b>Revenues</b>  |                                     |  |   |   |
| Federal sources  | \$ -                                | \$ -   | \$ -  | \$ 1,480,521                                |
| Other State sources                                      | 6,345,477                           | -  | -   | 8,730,428                                   |
| Other local sources                                      | 105                                 | 3,158  | 785,721   | 2,345,449                                   |
| <b>Total revenues</b>                                    | <b>6,345,582</b>                    | <b>3,158</b>   | <b>785,721</b>  | <b>12,556,398</b>                           |
| <b>Expenditures</b>                                      |                                     |  |   |   |
| <b>Current</b>   |                                     |  |   |   |
| Instruction  | -                                   | -  | -   | 2,153,718                                   |
| Instruction-related activities                           |                                     |  |   |   |
| Supervision of instruction                               | -                                   | -  | -   | 375,368                                     |
| School site administration                               | -                                   | -  | -   | 167,858                                     |
| Pupil services   |                                     |  |   |   |
| All other pupil services                                 | -                                   | -  | -   | 72,086                                      |
| Administration   |                                     |  |   |   |
| All other administration                                 | -                                   | -  | -   | 226,175                                     |
| Plant services   | -                                   | 404,318  | -   | 404,318                                     |
| Ancillary services                                       | -                                   | -  | -   | 961,244                                     |
| Community services                                       | -                                   | -  | -   | 1,763,723                                   |
| Enterprise services                                      | -                                   | -  | -   | 16,727                                      |
| Facility acquisition and construction                    | -                                   | -  | -   | 38,683                                      |
| Debt service   |                                     |  |   |   |
| Principal  | -                                   | -  | 110,000   | 110,000                                     |
| Interest and other                                       | -                                   | -  | 675,663   | 675,663                                     |
| <b>Total expenditures</b>                                | <b>-</b>                            | <b>404,318</b>   | <b>785,663</b>  | <b>6,965,563</b>                            |
| <b>Excess (Deficiency) of Revenues Over Expenditures</b> | <b>6,345,582</b>                    | <b>(401,160)</b>                                       | <b>58</b>   | <b>5,590,835</b>                            |
| <b>Other Financing Sources (Uses)</b>                    |                                     |  |   |   |
| Transfers in   | -                                   | 2,838  | -   | 158,903                                     |
| Transfers out  | (6,345,582)                         | -  | (2,838)   | (6,348,420)                                 |
| <b>Net Financing Sources (Uses)</b>                      | <b>(6,345,582)</b>                  | <b>2,838</b>   | <b>(2,838)</b>  | <b>(6,189,517)</b>                          |
| <b>Net Change in Fund Balances</b>                       | <b>-</b>                            | <b>(398,322)</b>                                       | <b>(2,780)</b>  | <b>(598,682)</b>                            |
| Fund Balance - Beginning                                 | -                                   | 988,740  | 303,713   | 1,990,855                                   |
| Restatement  | -                                   | -  | -   | 1,711,350                                   |
| Fund Balance - Beginning, as restated                    | -                                   | 988,740  | 303,713   | 3,702,205                                   |
| Fund Balance - Ending                                    | \$ -                                | \$ 590,418   | \$ 300,933  | \$ 3,103,523                                |

**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, 2021. 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, 2021, the District had food commodities totaling \$1,352 in inventory.

SEFA Reconciliation

The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts consist primarily of Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act, One-time Stipend funds that have been recorded in the current period as revenues that have not been expended as of June 30, 2021. These unspent balances are reported as legally restricted ending balances within the General Fund.

|   | Federal Financial<br>Assistance<br>Listing/Federal<br>CFDA Number | Amount        |
|---|---|---------------|
| Description   |   |               |
| Total Federal Revenues reported on the financial statements |   | \$ 29,662,272 |
| COVID-19 Child Care and Development Block Grant             | 93.575  | (157,787)     |
| Total schedule of expenditures of federal awards            |   | \$ 29,504,485 |

### **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 Instructional Time**

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. 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 46206.

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**

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



Independent Auditor's Reports  
June 30, 2021

# 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 Board of Education  
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, 2021, and the related notes to the financial statements, which collectively comprise the Murrieta Valley Unified School District's basic financial statements and have issued our report thereon dated November 5, 2021.

**Emphasis of Matter – Change in Accounting Principle**

As discussed in Note 1 and Note 17 to the financial statements, Murrieta Valley Unified School District has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, which has resulted in a restatement of the net position and fund balance as of July 1, 2020. Our opinions are not modified with respect to this matter.

**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 Murrieta Valley Unified School 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 may exist that have not been identified.

### **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 cursive script that reads "Eide Bailly LLP".

Rancho Cucamonga, California  
November 5, 2021



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

To the Board of Education  
Murrieta Valley Unified School District  
Murrieta, California

### **Report on Compliance for Each Major Federal Program**

We have audited Murrieta Valley Unified School District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2021. 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.

### **Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Murrieta Valley Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

### **Opinion on Each Major Federal Program**

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

### **Report on Internal Control over Compliance**

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Murrieta Valley Unified School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

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

Rancho Cucamonga, California  
November 5, 2021





## Independent Auditor's Report on State Compliance

To the Board of Education  
Murrieta Valley Unified School District  
Murrieta, California

### **Report on State Compliance**

We have audited the Murrieta Valley Unified School District's (the District) compliance with the types of compliance requirements described in the *2020-2021 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, 2021.

### **Management's Responsibility**

Management is responsible for compliance with the state laws and regulations as identified in the table below.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the District's compliance with state laws and regulations based on our audit of the types of compliance requirements referred to below. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements listed below has occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on state compliance. However, our audit does not provide a legal determination of the District's compliance.

### **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<br>Performed |
|---|-------------------------|
| <b>LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS</b>                |                         |
| Attendance and Distance Learning  | Yes                     |
| Teacher Certification and Misassignments                                  | Yes                     |
| Kindergarten Continuance  | 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                     |
| K-3 Grade Span Adjustment   | Yes                     |
| Apprenticeship: Related and Supplemental Instruction                      | No, see below           |
| Comprehensive School Safety Plan  | Yes                     |
| District of Choice  | No, see below           |
| <b>SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS</b> |                         |
| California Clean Energy Jobs Act  | No, see below           |
| Proper Expenditure of Education Protection Account Funds                  | Yes                     |
| Unduplicated Local Control Funding Formula Pupil Counts                   | Yes                     |
| Independent Study - Course Based  | No, see below           |
| <b>CHARTER SCHOOLS</b>  |                         |
| 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           |
| 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.

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.

The District does not offer an Independent Study - Course Based program; therefore, we did not perform any procedures related to the Independent Study - Course Based Program.

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

***Unmodified Opinion***

In our opinion, the District complied, in all material respects, with the laws and regulations of the state programs referred to above for the year ended June 30, 2021.

The purpose of this report on state compliance is solely to describe the results of our testing based on the requirements of the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. 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 5, 2021



Schedule of Findings and Questioned Costs  
June 30, 2021

# 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/<br/>Federal CFDA Number</u> |
|---|--|
| COVID-19 Coronavirus Relief Fund (CRF)                                  | 20.019   |
| Special Education Cluster   | 84.027, 84.027A, 84.173  |
| COVID-19 Educational Stabilization Funds (ESF)                          | 84.425C, 84.425D   |
| Dollar threshold used to distinguish between type A and type B programs | \$885,135  |
| Auditee qualified as low-risk auditee?                                  | Yes  |

**State Compliance**

|  |            |
|--|------------|
| 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.