Financial Statements
June 30, 2023

Murrieta Valley Unified School District

Murrieta Valley Unified School District

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Murrieta Valley Unified School District (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Murrieta Valley Unified School District, as of June 30, 2023, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Adoption of New Accounting Standard

As discussed in Note 16 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, for the year ended June 30, 2023. Accordingly, a restatement has been made to the net position as of July 1, 2022, to restate beginning net position. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Eide Bailly LLP

Rancho Cucamonga, California
December 13, 2023

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, 2023, with comparative information for the year ended June 30, 2022. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

The financial statements presented herein include all of the activities of the District and its component units using the integrated approach as prescribed by Government Accounting Standards Board (GASB) Statement No. 34.

The Government-Wide Financial Statements present the financial picture of the District from the economic resources measurement focus using the accrual basis of accounting. These statements include all assets of the District (including capital assets, right-to-use leased assets, and right-to-use subscription IT assets), deferred outflows, as well as all liabilities (including long-term liabilities) and deferred inflows. Additionally, certain eliminations have occurred as prescribed by the statement in regard to interfund activity, payables, and receivables.

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

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

- The *Fiduciary Funds* are prepared using the economic resources measurement focus and the accrual basis of accounting.

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

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

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

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

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

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

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

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

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

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

THE DISTRICT AS A TRUSTEE

Reporting the District's Fiduciary Responsibilities

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

FINANCIAL HIGHLIGHTS OF THE PAST YEAR

- Total net position increased by $69,858,940 over the prior year for a new net position of $249,871,991

- For 2022-2023 the General Fund revenues and other financing sources totaled $357,192,751 and expenditures and other uses totaled $316,016,808. Expenditures included meeting the requirements of the District Local Control Accountability Plan, and programmatic changes in response to distance learning.

- The District issued $19,000,000 in current interest bonds of the Election of 2014 General Obligation Bonds, Series 2022.

- The District filed a positive certification with the County Superintendent of Schools for both its First and Second Interim reports in 2022-2023.

THE DISTRICT AS A WHOLE

Net Position

The District's net position was $249,871,991 and $180,013,051 for the fiscal years ended June 30, 2023 and 2022, respectively. Of this amount, ($185,533,709) was unrestricted deficit at June 30, 2023. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the District's ability to use net position for day-to-day operations. The analysis below focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

Table 1

	Governmental Activities	
	2023	2022 as restated
Assets		
Current and other assets	$ 237,778,427	$ 162,276,294
Capital and right-to-use leased assets, and right-to-use subscription IT assets	483,877,758	493,252,313
Total assets	721,656,185	655,528,607
Deferred outflows of resources	86,267,091	68,451,066
Liabilities		
Current liabilities	18,592,317	14,610,847
Long-term liabilities	511,102,902	408,799,296
Total liabilities	529,695,219	423,410,143
Deferred inflows of resources	28,356,066	120,556,479
Net Position		
Net investment in capital assets	331,052,957	328,698,948
Restricted	104,352,743	55,640,146
Unrestricted	(185,533,709)	(204,326,043)
Total net position	$ 249,871,991	$ 180,013,051

The $(185,533,709) in unrestricted net position of governmental activities represents the accumulated results of all past years' operations

Changes in Net Position

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

Table 2

	Governmental Activities 2023	Governmental Activities 2022*
Revenues		
Program revenues		
Charges for services and sales	$ 6,218,971	$ 2,908,800
Operating grants and contributions	91,827,925	83,068,702
General revenues		
Federal and State aid not restricted	186,886,920	160,374,236
Property taxes	94,460,078	85,527,420
Other general revenues	39,369,265	6,343,475
Total revenues	418,763,159	338,222,633
Expenses		
Instruction-related	232,085,539	206,898,849
Pupil services	42,042,272	32,727,136
Administration	20,645,695	17,901,113
Plant services	32,208,536	26,351,497
All other services	21,922,177	19,505,968
Total expenses	348,904,219	303,384,563
Change in net position	$ 69,858,940	$ 34,838,070

* The revenues and expenses for fiscal year 2022 were not restated to show the effects of GASB Statement No. 96 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 $348,904,219. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only $94,460,078 because the cost was paid by those who benefited from the programs $6,218,971 or by other governments and organizations who subsidized certain programs with grants and contributions of $91,827,925. We paid for the remaining "public benefit" portion of our governmental activities, $186,886,920 in Federal and State aid, and $39,369,265 in other revenues, like interest, and general entitlements.

In Table 3, we have presented the cost of each of the District's largest functions: instruction-related including, 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	
	2023	2022*	2023	2022*
Instruction-related	$ 232,085,539	$ 206,898,849	$(177,043,323)	$(153,401,491)
Pupil services	42,042,272	32,727,136	(18,032,971)	(11,542,608)
Administration	20,645,695	17,901,113	(18,428,313)	(16,044,119)
Plant services	32,208,536	26,351,497	(30,858,084)	(25,695,031)
All other services	21,922,177	19,505,968	(6,494,632)	(10,723,812)
Total	$ 348,904,219	$ 303,384,563	$(250,857,323)	$(217,407,061)

* The total and net cost of services for fiscal year 2022 were not restated to show the effects of GASB Statement No. 96 for comparative purposes.

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of $221,118,485 (Table 4) in 2023, compared to $149,513,381 in 2022.

Table 4

	Balances and Activity			
Governmental Fund	June 30, 2022	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2023
General	$ 77,947,122	$ 357,192,751	$ 316,016,808	$ 119,123,065
Building	16,170,665	19,612,240	7,368,397	28,414,508
Bond Interest and Redemption	25,046,701	24,865,341	20,901,686	29,010,356
Non-Major Governmental	30,348,893	51,416,814	37,195,151	44,570,556
Total	$ 149,513,381	$ 453,087,146	$ 381,482,042	$ 221,118,485

CAPITAL ASSETS, RIGHT-TO-USE LEASED ASSETS, RIGHT-TO-USE SUBSCRIPTION IT ASSETS, AND LONG-TERM LIABILITIES

Capital Assets, Right-to-Use Leased Assets, and Right-to-Use Subscription IT Assets

At June 30, 2023, the District had $483,877,758 in a broad range of capital assets, right-to-use leased assets, and right-to-use subscription IT assets (net of depreciation and amortization), including land, buildings, furniture, and equipment, right-to-use leased assets, and right-to-use subscription IT assets. This amount represents a net decrease (including additions, deductions, and depreciation) of just under $9,374,555, or 1.9%, from last year (Table 5).

Table 5

	Governmental Activities 2023	Governmental Activities 2022 as restated
Land and construction in progress	$ 42,347,885	$ 37,849,796
Buildings and improvements	429,504,410	443,475,106
Equipment	6,323,228	6,254,664
Leased assets	5,207,499	5,090,933
Right-to-use subscription IT assets	494,736	581,814
Total	$ 483,877,758	$ 493,252,313

This year's additions of $8,597,611 included several vehicles, cafeteria equipment and classroom equipment such as computers. The District presents more detailed information about our capital assets in Note 4 to the financial statements.

Long-Term Liabilities

At the end of this year, the District had $511,102,902 in outstanding long-term liabilities. The long-term liabilities consisted of:

Table 6

	Governmental Activities 2023	Governmental Activities 2022 as restated
Long-Term Liabilities		
General obligation bonds	$ 195,145,952	$ 189,151,985
Certificates of participation	21,005,000	21,610,000
Unamortized premiums	10,003,790	9,297,403
Unamortized (discounts)	(253,674)	(267,767)
Leases	5,351,238	5,185,481
Subscription-based IT arrangements	478,543	581,814
Supplemental early retirement plan	2,031,227	4,062,454
Compensated absences	571,961	635,751
Total OPEB liability	18,703,033	18,632,709
Aggregate net pension liability	258,065,832	159,909,466
Total	$ 511,102,902	$ 408,799,296

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

FACTORS BEARING ON THE DISTRICT'S FUTURE

In considering the District budget for the 2023-2024 fiscal year and beyond, the District Board of Education and management utilized the Governor's May Revise assumptions. Select criteria used at adoption were:

- Funded ADA projected at 21,524
- LCFF Cost of Living Adjustment of 8.22%
- CalSTRS contribution rate of 19.10%
- Increase of 1.31% to CalPERS contribution rate, 25.37% to 26.68%
- Step and column increases for employees

The District received significant amounts of one-time funding related to the COVID-19 pandemic from the federal and state government. These funds have been spent down in accordance with applicable regulations over the past several years. However, the one-time funding related to COVID-19 is projected to be exhausted as of June 30, 2024. Due to the exhaustion of these funds, the District will be required to analyze and assess which programmatic changes it intends to continue. Further, going forward the District may implement new programs and make changes to existing programs in accordance with legislative changes. These changes impact the District's operations and have significant budget impacts. Forthcoming programmatic changes that have been incorporated into the District's budget projections include, but are not limited to, transitional kindergarten expansion, expansion of before and after school programs, and universal meal service.

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

	Governmental Activities
Assets	
Deposits and investments	$ 204,859,401
Receivables	32,300,018
Prepaid expense	210,515
Stores inventories	408,493
Capital assets not depreciated	42,347,885
Capital assets, net of accumulated depreciation	435,827,638
Right-to-use leased assets, net of accumulated amortization	5,207,499
Right-to-use subscription IT assets, net of accumulated amortization	494,736
Total assets	721,656,185
Deferred Outflows of Resources	
Deferred charge on refunding	5,932,897
Deferred outflows of resources related to OPEB	1,803,424
Deferred outflows of resources related to pensions	78,530,770
Total deferred outflows of resources	86,267,091
Liabilities	
Accounts payable	13,352,333
Interest payable	1,932,375
Unearned revenue	3,307,609
Long-term liabilities	
Long-term liabilities other than OPEB and pensions due within one year	19,613,196
Long-term liabilities other than OPEB and pensions due in more than one year	214,720,841
Total other postemployment benefits liability (OPEB)	18,703,033
Aggregate net pension liability	258,065,832
Total liabilities	529,695,219
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	3,185,565
Deferred inflows of resources related to pensions	25,170,501
Total deferred inflows of resources	28,356,066
Net Position	
Net investment in capital assets	331,052,957
Restricted for	
Debt service	27,092,046
Capital projects	10,527,227
Educational programs	47,716,428
Other restrictions	19,017,042
Unrestricted	(185,533,709)
Total net position	$ 249,871,991

Functions/Programs	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities
Governmental Activities				
Instruction	$ 205,838,199	$ 453,039	$ 50,511,471	$ (154,873,689)
Instruction-related activities				
Supervision of instruction	7,383,806	34,288	3,101,394	(4,248,124)
Instructional library, media, and technology	1,640,032	-	258,383	(1,381,649)
School site administration	17,223,502	401	683,240	(16,539,861)
Pupil services				
Home-to-school transportation	5,902,149	-	-	(5,902,149)
Food services	13,490,268	577,420	17,524,983	4,612,135
All other pupil services	22,649,855	6	5,906,892	(16,742,957)
Administration				
Data processing	4,227,825	-	24,823	(4,203,002)
All other administration	16,417,870	251,987	1,940,572	(14,225,311)
Plant services	32,208,536	598,556	751,896	(30,858,084)
Ancillary services	9,484,929	-	5,451,166	(4,033,763)
Community services	3,493,180	1,265,880	3,373,221	1,145,921
Enterprise services	251,926	-	2,710	(249,216)
Interest on long-term liabilities	8,602,814	-	-	(8,602,814)
Other outgo	89,328	3,037,394	2,297,174	5,245,240
Total governmental activities	$ 348,904,219	$ 6,218,971	$ 91,827,925	(250,857,323)
General Revenues and Subventions				
Property taxes, levied for general purposes				70,280,111
Property taxes, levied for debt service				22,862,686
Taxes levied for other specific purposes				1,317,281
Federal and State aid not restricted to specific purposes				186,886,920
Interest and investment earnings				1,647,926
Miscellaneous				37,721,339
Subtotal, general revenues and subventions				320,716,263
Change in Net Position				69,858,940
Net Position - Beginning, as restated (Note 16)				180,013,051
Net Position - Ending				$ 249,871,991

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets					
Deposits and investments	$ 109,459,541	$ 28,951,387	$ 29,010,356	$ 37,438,117	$ 204,859,401
Receivables	24,635,766	550,373	-	7,113,879	32,300,018
Due from other funds	1,005,704	-	-	2,502,196	3,507,900
Prepaid expenditures	202,723	-	-	7,792	210,515
Stores inventories	-	-	-	408,493	408,493
Total assets	$ 135,303,734	$ 29,501,760	$ 29,010,356	$ 47,470,477	$ 241,286,327
Liabilities and Fund Balances					
Liabilities					
Accounts payable	$ 8,341,847	$ 1,087,252	$ -	$ 979,960	$ 10,409,059
Due to other funds	2,502,196	-	-	1,005,704	3,507,900
Due to other governments	2,670,195	-	-	273,079	2,943,274
Unearned revenue	2,666,431	-	-	641,178	3,307,609
Total liabilities	16,180,669	1,087,252	-	2,899,921	20,167,842
Fund Balances					
Nonspendable	217,723	-	-	445,931	663,654
Restricted	47,716,428	28,414,508	29,010,356	40,834,271	145,975,563
Committed	42,000,000	-	-	-	42,000,000
Assigned	5,217,300	-	-	3,290,354	8,507,654
Unassigned	23,971,614	-	-	-	23,971,614
Total fund balances	119,123,065	28,414,508	29,010,356	44,570,556	221,118,485
Total liabilities and fund balances	$ 135,303,734	$ 29,501,760	$ 29,010,356	$ 47,470,477	$ 241,286,327

Total Fund Balance - Governmental Funds		$ 221,118,485
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	$ 727,166,999	
Accumulated depreciation is	(248,991,476)	
Net capital assets		478,175,523
Right-to-use leased assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of right-to-use leased assets is	6,997,158	
Accumulated amortization is	(1,789,659)	
Net right-to-use leased assets		5,207,499
Right-to-use subscription IT assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of right-to-use subscription IT assets is	657,817	
Accumulated amortization is	(163,081)	
Net right-to-use subscription IT assets		494,736
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.		(1,932,375)
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)	5,932,897	
Other postemployment benefits (OPEB)	1,803,424	
Net pension liability	78,530,770	
Total deferred outflows of resources		86,267,091
Deferred inflows of resources represent an acquisition of net position that applies to a future period and is not reported in the governmental funds. Deferred inflows of resources amount to and related to		
Other postemployment benefits (OPEB)	(3,185,565)	
Net pension liability	(25,170,501)	
Total deferred inflows of resources		(28,356,066)

Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		$ (258,065,832)
The District's OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.		(18,703,033)
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	$ (159,832,019)	
Certificates of participation	(21,005,000)	
Unamortized debt premiums	(10,003,790)	
Unamortized debt discounts	253,674	
Leases	(5,351,238)	
Subscription-based IT arrangements	(478,543)	
Compensated absences (vacations)	(571,961)	
Supplemental early retirement plan	(2,031,227)	
In addition, capital appreciation general obligation bonds were issued. The accretion of interest to date on the general obligation bonds is	(35,313,933)	
Total long-term liabilities		(234,334,037)
Total net position - governmental activities		$ 249,871,991

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues					
Local Control Funding Formula	$ 247,824,091	$ -	$ -	$ -	$ 247,824,091
Federal sources	22,522,925	-	-	9,446,474	31,969,399
Other State sources	57,710,738	-	121,615	20,459,266	78,291,619
Other local sources	28,412,247	612,240	22,797,336	14,939,170	66,760,993
Total revenues	356,470,001	612,240	22,918,951	44,844,910	424,846,102
Expenditures					
Current					
Instruction	200,309,364	-	-	4,346,259	204,655,623
Instruction-related activities					
Supervision of instruction	7,352,898	-	-	516,718	7,869,616
Instructional library, media, and technology	1,706,645	-	-	-	1,706,645
School site administration	18,091,415	-	-	256,664	18,348,079
Pupil services					
Home-to-school transportation	6,001,299	-	-	-	6,001,299
Food services	6,103	-	-	13,659,068	13,665,171
All other pupil services	24,094,489	-	-	104	24,094,593
Administration					
Data processing	4,199,442	-	-	-	4,199,442
All other administration	14,572,367	-	-	1,783,940	16,356,307
Plant services	29,753,613	1,199,450	-	3,044,573	33,997,636
Ancillary services	4,365,085	-	-	5,287,828	9,652,913
Community services	271,912	-	-	3,300,023	3,571,935
Other outgo	88,328	-	-	1,000	89,328
Enterprise services	-	-	-	258,758	258,758
Facility acquisition and construction	73,280	5,846,947	-	1,024,082	6,944,309
Debt service					
Principal	811,401	-	15,995,000	305,000	17,111,401
Interest and other	219,167	322,000	4,906,686	714,363	6,162,216
Total expenditures	311,916,808	7,368,397	20,901,686	34,498,380	374,685,271
Excess (Deficiency) of Revenues Over Expenditures	44,553,193	(6,756,157)	2,017,265	10,346,530	50,160,831

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Other Financing Sources (Uses)					
Transfers in	$ 224,867	$ -	$ -	$ 6,571,904	$ 6,796,771
Other sources - proceeds from leases	497,883	-	-	-	497,883
Other sources - proceeds from bond issuance and premium on bond issuance	-	19,000,000	1,946,390	-	20,946,390
Transfers out	(4,100,000)	-	-	(2,696,771)	(6,796,771)
Net Financing Sources (Uses)	(3,377,250)	19,000,000	1,946,390	3,875,133	21,444,273
Net Change in Fund Balances	41,175,943	12,243,843	3,963,655	14,221,663	71,605,104
Fund Balance - Beginning	77,947,122	16,170,665	25,046,701	30,348,893	149,513,381
Fund Balance - Ending	$ 119,123,065	$ 28,414,508	$ 29,010,356	$ 44,570,556	$ 221,118,485

Total Net Change in Fund Balances - Governmental Funds		$ 71,605,104
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation and amortization expenses in the Statement of Activities.		
This is the amount by which depreciation and amortization expenses exceeds capital outlays in the period.		
Depreciation and amortization expenses	$ (17,972,166)	
Capital outlays	8,597,611	
Net expense adjustment		(9,374,555)
The District issued capital appreciation general obligations bonds. The accretion of interest on the general obligation bonds during the current fiscal year was		(2,988,967)
Right-to-use leased assets acquired this year were financed with leases. The amount financed by the leases is reported in the governmental funds as a source of financing. On the other hand, the leases are not revenues in the Statement of Activities, but rather constitute long-term liabilities in the Statement of Net Position.		(497,883)
Right-to-use subscription IT assets acquired this year were financed with Subscription-Based IT Arrangements (SBITAs). The amount financed by the SBITAs is reported in the governmental funds as a source of financing. On the other hand, the SBITAs are not revenues in the Statement of Activities, but rather constitute long-term liabilities in the Statement of Net Position.		(76,004)
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.		2,095,017
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.		12,444,275

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.	$ (61,427)
Proceeds received from general obligation bonds or certificates of participation is a revenue in the governmental funds, but it increases long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.	(19,000,000)
Governmental funds report the effect of premiums, discounts, and the deferred charge on refunding when the debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities.	
Premium on issuance recognized	(1,946,390)
Premium amortization	1,240,003
Discount amortization	(14,093)
Deferred charge on refunding amortization	(593,101)
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	15,995,000
Certificates of participation	605,000
Leases	332,126
Subscription-based IT arrangements	179,275
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.	(84,440)
Change in net position of governmental activities	$ 69,858,940

	Custodial Funds
Assets	
Deposits and investments	$ 27,184,496
Net Position	
Restricted for individuals, organizations, and other governments	$ 27,184,496

	Custodial Funds
Additions	
Investment earnings	
Special tax assessment	$ 10,984,448
Interest	234,073
Total additions	11,218,521
Deductions	
Debt service - principal	5,755,000
Debt service - interest and other	4,690,743
Administrative expense	56,391
Payments to other governments	9,056,189
Total deductions	19,558,323
Net Change in Fiduciary Net Position	(8,339,802)
Net Position - Beginning	35,524,298
Net Position - Ending	$ 27,184,496

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

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

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

Component Units

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District in that the District approves their budget, the issuance of their debt or the levying of their taxes. For financial reporting purposes, the component units discussed below are reported in the District's financial statements because of the significance of their relationship with the District. The component units, although legally separate entities, are reported in the financial statements as if they were part of the District's operations because the governing board of the component units is essentially the same as the governing board of the District and because their purpose is to finance the construction of facilities to be used for the benefit of the District. For financial reporting purposes, the component units described below has a financial and operational relationship which meets the reporting entity definition criteria of the Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity, as amended by GASB Statement No. 39, Determining Whether Certain Organizations are Component Units, and GASB Statement No. 80, Blending Requirements For Certain Component Units and thus are included in the financial statements of the District. The component units, although legally separate entities, are reported in the financial statements using the blended presentation method as if they were part of the District's operations because the governing board of the component units is essentially the same as the governing board of the District and because their purpose is to finance the construction of facilities to be used for the direct benefit of the District.

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

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

Basis of Presentation - Fund Accounting

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

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

Major Governmental Funds

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

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

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

Non-Major Governmental Funds

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

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

- **Adult Education Fund** The Adult Education Fund is used to account separately for Federal, State, and local revenues that are restricted or committed for adult education programs and is to be expended for adult education purposes only.

- **Child Development Fund** The Child Development Fund is used to account separately for Federal, State, and local revenues to operate child development programs and is to be used only for expenditures for the operation of child development programs.

- **Cafeteria Fund** The Cafeteria Fund is used to account separately for Federal, State, and local resources to operate the food service program (*Education Code* Sections 38090-38093) and is used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code* Sections 38091 and 38100).

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

- **Capital Facilities Fund** The Capital Facilities Fund is used primarily to account separately for monies received from fees levied on developers or other agencies as a condition of approving a development approval (Education Code Sections 17620-17626 and Government Code Section 65995 et seq.). Expenditures are restricted to the purposes specified in Government Code Sections 65970-65981 or to the items specified in agreements with the developer (Government Code Section 66006).

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

- **Capital Projects Fund for Blended Component Units** The Capital Projects Fund for Blended Component Units is used to account for capital projects financed by Mello-Roos Community Facilities Districts and similar entities that are considered blended component units of the District under generally accepted accounting principles (GAAP).

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

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

Fiduciary Funds Fiduciary funds are used to account for resources held for the benefit of parties outside the District and are note available to support the District's own programs. Fiduciary funds are split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and custodial funds. The three types of trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangement that has certain characteristics.

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

Basis of Accounting - Measurement Focus

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

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

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

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

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

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

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

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

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

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

Investments

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

Prepaid Expenditures (Expenses)

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

Stores Inventories

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

Capital Assets, Depreciation and Amortization

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

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

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

The District records impairments of capital assets when it becomes probable that the carrying value of the assets will not be fully recovered over their estimated useful life. Impairments are recorded to reduce the carrying value of the assets to their net realizable value based on facts and circumstances in existence at the time of the determination. No impairments were recorded during the year ended June 30, 2023.

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

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

Interfund Balances

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

Compensated Absences

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

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

Accrued Liabilities and Long-Term Liabilities

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

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

Debt Issuance Costs, Premiums, and Discounts

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

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

Deferred Outflows/Inflows of Resources

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

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

Pensions

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

Postemployment Benefits Other Than Pensions (OPEB)

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

Leases

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

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

Subscriptions

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

Fund Balances - Governmental Funds

As of June 30, 2023, 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 $104,352,743 of restricted net position, all of which is restricted by enabling legislation.

Interfund Activity

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

Estimates

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

Property Tax

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

Change in Accounting Principles

Implementation of GASB Statement No. 96

As of July 1, 2022, the District adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. The implementation of this standard establishes that a SBITA results in a right-to-use subscription IT asset - an intangible asset - and a corresponding liability. The standard provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The Statement requires recognition of certain SBITA assets and liabilities for SBITAs that previously were recognized as outflows of resources based on the payment provisions of the contract. The effect of the implementation of this standard on beginning net position is disclosed in Note 16 and the additional disclosures required by this standard are included in Notes 4 and 8.

Note 2 - Deposits and Investments

Summary of Deposits and Investments

Deposits and investments as of June 30, 2023, are classified in the accompanying financial statements as follows:

Governmental funds	$ 204,859,401
Fiduciary funds	27,184,496
Total deposits and investments	$ 232,043,897

Deposits and investments as of June 30, 2023, consist of the following:

Cash on hand and in banks	$ 6,927,740
Cash in revolving	44,646
Investments	225,071,511
Total deposits and investments	$ 232,043,897

Policies and Practices

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

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

General Authorizations

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

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

Interest Rate Risk

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

Weighted Average Maturity

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

Investment Type	Reported Amount	Weighted Average Maturity in Days
Money Market Mutual Funds	$ 38,813,037	365
County Pool	186,258,474	476
Total	$ 225,071,511	

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	Rating as of Year End Aaa-bf
Money Market Mutual Funds	$ 38,813,037	N/A	$ 38,813,037	$ -
County Pool	186,258,474	N/A	-	186,258,474
Total	$ 225,071,511		$ 38,813,037	$ 186,258,474

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, 2023, $6,650,081 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, 2023, consisted of intergovernmental grants, entitlements, interest, and other local sources. All receivables are considered collectible in full.

	General Fund	Building Fund	Non-Major Governmental Funds	Total
Federal Government				
Categorical aid	$ 10,946,160	$ -	$ 2,081,207	$ 13,027,367
State Government				
Categorical aid	7,781,110	-	3,151,534	10,932,644
Lottery	1,350,034	-	-	1,350,034
Local				
Other local sources	4,558,462	550,373	1,881,138	6,989,973
Total	$ 24,635,766	$ 550,373	$ 7,113,879	$ 32,300,018

Note 4 - Capital Assets, Right-to-Use Leased Assets, and Right-to-Use Subscription IT Assets

Capital assets, right-to-use leased assets, and right-to-use subscription IT assets activity for the fiscal year ended June 30, 2023, was as follows:

	Balance July 1, 2022 as restated	Additions	Deductions	Balance June 30, 2023
Governmental Activities				
Capital assets not being depreciated				
Land	$ 36,041,932	$ -	$ -	$ 36,041,932
Construction in progress	1,807,864	6,257,106	(1,759,017)	6,305,953
Total capital assets not being depreciated	37,849,796	6,257,106	(1,759,017)	42,347,885
Capital assets being depreciated				
Buildings and improvements	662,829,390	2,371,691	-	665,201,081
Furniture and equipment	18,699,436	1,141,314	(222,717)	19,618,033
Total capital assets being depreciated	681,528,826	3,513,005	(222,717)	684,819,114
Total capital assets	719,378,622	9,770,111	(1,981,734)	727,166,999
Accumulated depreciation				
Buildings and improvements	(219,354,284)	(16,342,387)	-	(235,696,671)
Furniture and equipment	(12,444,772)	(1,072,750)	222,717	(13,294,805)
Total accumulated depreciation	(231,799,056)	(17,415,137)	222,717	(248,991,476)
Net capital assets	487,579,566	(7,645,026)	(1,759,017)	478,175,523
Right-to-use leased assets being amortized				
Buildings and improvements	6,486,644	510,514	-	6,997,158
Accumulated amortization				
Buildings and improvements	(1,395,711)	(393,948)	-	(1,789,659)
Net right-to-use leased assets	5,090,933	116,566	-	5,207,499
Right-to-use subscription IT assets being amortized				
Right-to-use subscription IT assets	581,814	76,003	-	657,817
Accumulated amortization	-	(163,081)	-	(163,081)
Net right-to-use subscription IT assets	581,814	(87,078)	-	494,736
Governmental activities capital assets, right-to-use leased assets, and right-to-use subscription IT assets, net	$ 493,252,313	$ (7,615,538)	$ (1,759,017)	$ 483,877,758

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

Governmental Activities	
Instruction	$ 16,809,348
Home-to-school transportation	56,459
Food services	38,197
Data processing	163,081
All other administration	449,191
Plant services	455,890
Total depreciation and amortization expenses governmental activities	$ 17,972,166

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, 2023, between major and non-major governmental funds are as follows:

	Due From		
Due To	General Fund	Non-Major Governmental Funds	Total
General Fund	$ -	$ 1,005,704	$ 1,005,704
Non-Major Governmental Funds	2,502,196	-	2,502,196
Total	$ 2,502,196	$ 1,005,704	$ 3,507,900

A balance of $647,667 is due to the General Fund from the Child Development Non-Major Governmental Fund for indirect costs.

A balance of $339,776 is due to the General Fund from the Cafeteria Non-Major Governmental Fund for indirect costs.

A balance of $2,500,000 is due to the Special Reserve Non-Major Govermental Fund for Capital Outlay Projects from the General Fund for capital projects.

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

Operating Transfers

Interfund transfers for the year ended June 30, 2023, consisted of the following:

The General Fund transferred to the Special Reserve Non-Major Governmental Fund for Capital Outlay Projects for replacement projects.	$ 4,100,000
The Capital Projects Fund for Blended Component Units Non-Major Governmental Fund transferred to the Capital Facilities Non-Major Governmental Fund for reimbursement of construction costs.	2,471,904
The Child Development Non-Major Governmental Fund transfered to the General Fund for special education CSPP Service exemption credit	224,867
Total	$ 6,796,771

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, 2023, consisted of the following:

	General Fund	Building Fund	Non-Major Governmental Funds	Total
Vendor payables	$ 2,955,225	$ 319,992	$ 729,859	$ 4,005,076
LCFF apportionment	4,377,532	-	123,136	4,500,668
Salaries and benefits	1,009,090	-	126,965	1,136,055
Construction	-	767,260	-	767,260
Total	$ 8,341,847	$ 1,087,252	$ 979,960	$ 10,409,059

Note 7 - Unearned Revenue

Unearned revenue at June 30, 2023, consisted of the following:

	General Fund	Non-Major Governmental Funds	Total
Federal financial assistance	$ 299,751	$ 284,202	$ 583,953
State categorical aid	2,217,975	321,149	2,539,124
Other local	148,705	35,827	184,532
Total	$ 2,666,431	$ 641,178	$ 3,307,609

Note 8 - Long-Term Liabilities Other than OPEB and Pensions

Summary

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

	Balance July 1, 2022 as restated	Additions	Deductions	Balance June 30, 2023	Due in One Year
Long-Term Liabilities					
General obligation bonds	$ 189,151,985	$ 21,988,967	$ (15,995,000)	$195,145,952	$ 16,365,000
Certificates of participation	21,610,000	-	(605,000)	21,005,000	645,000
Unamortized debt premiums	9,297,403	1,946,390	(1,240,003)	10,003,790	-
Unamortized debt discounts	(267,767)	-	14,093	(253,674)	-
Leases	5,185,481	497,883	(332,126)	5,351,238	397,894
Subscription-based IT arrangements	581,814	76,004	(179,275)	478,543	174,075
Supplemental early retirement plan	4,062,454	-	(2,031,227)	2,031,227	2,031,227
Compensated absences	635,751	-	(63,790)	571,961	-
Total	$ 230,257,121	$ 24,509,244	$ (20,432,328)	$234,334,037	$ 19,613,196

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 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, 2022	Issued	Interest Accreted	Redeemed	Bonds Outstanding June 30, 2023
09/01/98	09/01/23	4.05-5.30%	$ 25,999,501	$ 9,193,795	$ -	$ 342,292	$ (5,255,000)	$ 4,281,087
08/29/01	09/01/23	2.25-5.31%	11,499,326	1,437,661	-	65,546	(765,000)	738,207
05/29/03	09/01/27	2.00-5.12%	11,884,284	657,343	-	68,429	-	725,772
09/10/08	09/01/33	3.50-5.70%	24,996,844	44,443,186	-	2,512,700	(530,000)	46,425,886
07/31/12	09/01/26	2.00-3.38%	11,425,000	920,000	-	-	(920,000)	-
06/20/13	09/01/29	2.00-3.50%	15,640,000	2,110,000	-	-	(1,030,000)	1,080,000
07/30/15	09/01/44	1.50-5.11%	38,401,818	6,760,000	-	-	(1,060,000)	5,700,000
07/30/15	09/01/26	2.00-5.00%	40,090,000	28,460,000	-	-	(4,565,000)	23,895,000
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	1,625,000	-	-	-	1,625,000
01/30/20	09/01/49	2.50-4.00%	12,000,000	11,945,000	-	-	(1,335,000)	10,610,000
07/28/21	09/01/50	3.01-4.00%	12,000,000	12,000,000	-	-	(305,000)	11,695,000
07/28/21	09/01/44	0.28-2.93%	39,955,000	39,455,000	-	-	(230,000)	39,225,000
07/28/22	09/01/51	4.00-5.25%	19,000,000	-	19,000,000	-	-	19,000,000
				$ 189,151,985	$ 19,000,000	$ 2,988,967	$ (15,995,000)	$ 195,145,952

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
2024	$ 1,863,595	$ 4,191,711	$ 6,055,306	$ 149,694	$ 6,205,000
2025	1,589,663	1,849,802	3,439,465	255,535	3,695,000
2026	1,536,710	1,802,183	3,338,893	446,107	3,785,000
2027	1,478,661	1,756,675	3,235,336	639,664	3,875,000
2028	1,485,196	2,433,727	3,918,923	1,291,077	5,210,000
2029-2033	6,163,912	19,167,654	25,331,566	14,258,434	39,590,000
2034-2038	2,739,282	4,112,181	6,851,463	6,343,537	13,195,000
Total	$ 16,857,019	$ 35,313,933	$ 52,170,952	$ 23,384,048	$ 75,555,000

The current interest bonds mature as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2024	$ 10,160,000	$ 5,362,981	$ 15,522,981
2025	10,695,000	4,943,476	15,638,476
2026	10,355,000	4,526,406	14,881,406
2027	10,605,000	4,121,900	14,726,900
2028	9,715,000	3,738,036	13,453,036
2029-2033	31,485,000	15,002,282	46,487,282
2034-2038	6,695,000	10,500,620	17,195,620
2039-2043	13,505,000	9,034,546	22,539,546
2044-2048	19,505,000	6,386,868	25,891,868
2049-2051	20,255,000	2,032,345	22,287,345
Total	$ 142,975,000	$ 65,649,460	$ 208,624,460

Certificates of Participation

Issuance Date	Final Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2022	Issued	Redeemed	Bonds Outstanding June 30, 2023
05/01/12	08/01/27	3.20%	$ 7,495,000	$ 3,270,000	$ -	$ (500,000)	$ 2,770,000
11/10/16	05/01/41	2.00-4.00%	19,405,000	18,340,000	-	(105,000)	18,235,000
				$ 21,610,000	$ -	$ (605,000)	$ 21,005,000

Debt Service Requirement

Year Ending June 30,	Principal	Interest	Total
2024	$ 645,000	$ 756,429	$ 1,401,429
2025	640,000	733,203	1,373,203
2026	825,000	710,373	1,535,373
2027	850,000	680,339	1,530,339
2028	750,000	644,127	1,394,127
2029-2033	1,430,000	3,093,713	4,523,713
2034-2038	8,905,000	2,383,481	11,288,481
2039-2041	6,960,000	492,000	7,452,000
Total	$ 21,005,000	$ 9,493,665	$ 30,498,665

Leases

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

Lease	Leases Outstanding July 1, 2022	Addition	Payments	Leases Outstanding June 30, 2023
Building - McAlby Unit A	$ 3,421,484	$ -	$ (182,715)	$ 3,238,769
Building - McAlby Unit E	1,763,997	-	(81,061)	1,682,936
Building - Aquamor	-	497,883	(68,350)	429,533
Total	$ 5,185,481	$ 497,883	$ (332,126)	$ 5,351,238

The District entered an agreement to lease office space and warehouse facilities. At June 30, 2023, the District has recognized right-to-use leased assets of $5,207,499 and lease liabilities of $5,351,238 related to these agreements. During the fiscal year, the district recorded $393,948 in amortization expense. The district is required to make annual principal and interest payments through June 2039. The District used a discount rate of 3.00%, based on the District's borrowing rate.

The leases have minimum lease payments as follows:

Year Ending June 30,	Principal	Interest	Total
2024	$ 397,894	$ 160,537	$ 558,431
2025	414,699	148,600	563,299
2026	432,179	136,159	568,338
2027	321,406	123,194	444,600
2028	305,788	113,552	419,340
2029-2033	1,672,175	424,525	2,096,700
2034-2038	1,677,019	158,191	1,835,210
2039	130,078	3,902	133,980
Total	$ 5,351,238	$ 1,268,660	$ 6,619,898

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, 2023, is $2,031,227.

Future payments are as follows:

Year Ending June 30,	Annual Payment
2024	$ 2,031,227

Compensated Absences

The long-term portion of accumulated unpaid employee vacation for the District at June 30, 2023, amounted to $571,961.

Subscriptions-Based Information Technology Arrangements (SBITAs)

The District entered into six SBITA contracts for the use of digital curriculum software, lease management, platform as a service, and safety software. At June 30, 2023, the District has recognized right-to-use subscriptions IT assets of $494,736 and SBITA liabilities of $478,543 related to these agreements. During the fiscal year, the District recorded $163,081 in amortization expense. The District is required to make annual principal and interest payments through June 2028. The subscriptions have an interest rate of 3.00%, based on the District's borrowing rate.

The remaining principal and interest payment requirements for the SBITA obligation debt as of June 30, 2023 are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	$ 174,075	$ 11,452	$ 185,527
2025	139,374	7,468	146,842
2026	51,361	4,160	55,521
2027	54,876	2,866	57,742
2028	58,857	1,483	60,340
Total	$ 478,543	$ 27,429	$ 505,972

Note 9 - Net Other Postemployment Benefit (OPEB) Liability

For the fiscal year ended June 30, 2023, the District reported net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plan:

OPEB Plan	Total OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	$ 17,619,686	$ 1,803,424	$ 3,185,565	$ 294,059
Medicare Premium Payment (MPP) Program	1,083,347	-	-	(223,734)
Total	$ 18,703,033	$ 1,803,424	$ 3,185,565	$ 70,325

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, 2022, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	159
Active employees	1,212
Total	1,371

Benefits provided

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

The benefit payment requirements of Plan members and the District are established and may be amended by the District, the Murrieta Teachers Association (MTA), the local California Service Employees Association (CSEA), and unrepresented groups. The benefit payment is based on projected pay-as-you-go financing requirements as determined annually through the agreements with the District, MTA, CSEA, and the unrepresented groups. For the measurement period of June 30, 2023, the District paid $1,097,777 in benefits.

Total OPEB Liability of the District

Actuarial Assumptions

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

Inflation	2.50%
Salary increases	2.75%, average, including inflation
Discount rate	3.65%
Healthcare cost trend rates	4.00% for 2023

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, 2022 valuation were based on the results of an actual experience study for the period July 1, 2021 to June 30, 2022.

Discount Rate

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

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance, June 30, 2022	$ 17,325,627
Service cost	914,743
Interest	610,087
Changes of assumptions	(132,994)
Benefit payments	(1,097,777)
Net change in total OPEB liability	294,059
Balance, June 30, 2023	$ 17,619,686

Changes of assumptions and other inputs reflect a change in the discount rate from 3.54% in 2021 to 3.65% in 2023.

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

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

Discount Rate	Total OPEB Liability
1% decrease (2.65%)	$ 18,736,947
Current discount rate (3.65%)	17,619,686
1% increase (4.65%)	16,583,055

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%)	$ 15,819,355
Current healthcare cost trend rate (4.00%)	17,619,686
1% increase (5.00%)	19,704,135

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

For the year ended June 30, 2023, the District recognized OPEB expense of $294,059. At June 30, 2023, the District reported deferred outflows of resources and deferred inflow of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,597,758	$ -
Changes of assumptions	205,666	3,185,565
Total	$ 1,803,424	$ 3,185,565

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ (141,892)
2025	(141,892)
2026	(141,892)
2027	(141,892)
2028	(141,892)
Thereafter	(672,681)
Total	$ (1,382,141)

Medicare Premium Payment (MPP) Program

Plan Description

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

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2021 annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

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

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

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

Net OPEB Liability and OPEB Expense

At June 30, 2023, the District reported a liability of $1,083,347 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2022 and June 30, 2021, respectively, was 0.3289% and 0.3277%, resulting in a net increase in the proportionate share of 0.0012%.

For the year ended June 30, 2023, the District recognized OPEB expense of $(223,734).

Actuarial Methods and Assumptions

The June 30, 2022 net OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2021, and rolling forward the net OPEB liability to June 30, 2022, using the assumptions listed in the following table:

Measurement Date	June 30, 2022	June 30, 2021
Valuation Date	June 30, 2021	June 30, 2020
Experience Study	July 1, 2015 through June 30, 2018	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	3.54%	2.16%
Medicare Part A Premium Cost Trend Rate	4.50%	4.50%
Medicare Part B Premium Cost Trend Rate	5.40%	5.40%

For the valuation as of June 30, 2021, CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among our members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

Assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 209 or an average of 0.14% of the potentially eligible population (145,282).

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2022, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2022, is 3.54%. As the MPP Program is funded on a pay-as-you-go basis as previously noted, the OPEB Plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 3.54%, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2022, was applied to all periods of projected benefit payments to measure the net OPEB liability.

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

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

Discount Rate	Net OPEB Liability
1% decrease (2.54%)	$ 1,181,056
Current discount rate (3.54%)	1,083,347
1% increase (4.54%)	998,743

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

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

Medicare Costs Trend Rate	Net OPEB Liability
1% decrease (3.5% Part A and 4.4% Part B)	$ 994,010
Current Medicare costs trend rate (4.5% Part A and 5.4% Part B)	1,083,347
1% increase (5.5% Part A and 6.4% Part B)	1,184,614

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 $113,115,000 as of June 30, 2023, does not represent debt of the District and, as such, does not appear in the accompanying basic financial statements.

Year Ending June 30,	Principal	Interest	Total
2024	$ 5,835,000	$ 4,444,760	$ 10,279,760
2025	6,130,000	4,187,337	10,317,337
2026	6,125,000	3,941,107	10,066,107
2027	6,405,000	3,684,935	10,089,935
2028	7,225,000	3,981,422	11,206,422
2029-2033	35,490,000	12,486,073	47,976,073
2034-2038	27,200,000	5,780,297	32,980,297
2039-2043	9,890,000	2,649,216	12,539,216
2044-2048	7,045,000	884,284	7,929,284
2049	1,770,000	119,500	1,889,500
Total	$ 113,115,000	$ 42,158,931	$ 155,273,931

Note 11 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total
Nonspendable					
Revolving cash	$ 15,000	$ -	$ -	$ 29,646	$ 44,646
Stores inventories	-	-	-	408,493	408,493
Prepaid expenditures	202,723	-	-	7,792	210,515
Total nonspendable	217,723	-	-	445,931	663,654
Restricted					
Legally restricted programs	47,716,428	-	-	10,425,167	58,141,595
Food service	-	-	-	8,591,875	8,591,875
Capital projects	-	28,414,508	-	21,803,164	50,217,672
Debt services	-	-	29,010,356	14,065	29,024,421
Total restricted	47,716,428	28,414,508	29,010,356	40,834,271	145,975,563
Committed					
Other committed	42,000,000	-	-	-	42,000,000
Assigned					
Medi-Cal Administrative Activities	1,026,391	-	-	-	1,026,391
One-time funds for outstanding mandates	1,355,979	-	-	-	1,355,979
Donations	881,069	-	-	-	881,069
School site discretionary carryover	287,969	-	-	-	287,969
Site facility use agreements	206,353	-	-	-	206,353
Non resident student fees	896,416	-	-	-	896,416
Grounds	431,024	-	-	-	431,024
Capital projects	-	-	-	3,290,354	3,290,354
Other assignments	132,099	-	-	-	132,099
Total assigned	5,217,300	-	-	3,290,354	8,507,654
Unassigned					
Reserve for economic uncertainties	9,465,568	-	-	-	9,465,568
Remaining unassigned	14,506,046	-	-	-	14,506,046
Total unassigned	23,971,614	-	-	-	23,971,614
Total	$ 119,123,065	$ 28,414,508	$ 29,010,356	$ 44,570,556	$ 221,118,485

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, 2023, 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 2023, the District participated in the Riverside Schools' Risk Management Authority (RSRMA), a workers' compensation coverage purchasing pool. The intent of RSRMA is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants. RSRMA, in turn, pools for workers' compensation coverage through their membership in the Protected Insurance Program for Schools and Community Colleges (PIPS), a finite risk sharing pool. Pooling in this manner allows the member districts and joint powers authorities to take advantage of increased purchasing power and greater spread of risk. As a member of PIPS, RSRMA is assigned a rate based on the JPA's overall payroll and loss experience compared to the other members within PIPS. Each participant in RSRMA pays its workers' compensation premium based on its individual rate which is weighted based on their payroll and loss experience within RSRMA. This arrangement insures that each participant shares equally in the overall performance of RSRMA. Participation in RSRMA is limited to districts that can meet the selection criteria. The District also participates in the RSRMA Safety Credit Program to mitigate its Workers' Compensation Claims experience. As of June 30, 2023, the District had a balance of $4,220,824 available for use pursuant to RSRMA Safety Credit Program guidelines.

Employee Medical Benefits

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

Note 13 - Employee Retirement Systems

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

For the fiscal year ended June 30, 2023, the District reported its proportionate share of net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	$ 152,266,666	$ 41,147,710	$ 21,703,076	$ 13,337,639
CalPERS	105,799,166	37,383,060	3,467,425	14,070,420
Total	$ 258,065,832	$ 78,530,770	$ 25,170,501	$ 27,408,059

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, 2021, 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, 2023, are summarized as follows:

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

Contributions

Required member, District, and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven year period. The contribution rates for each plan for the year ended June 30, 2023, are presented above and the District's total contributions were $26,286,948.

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

At June 30, 2023, 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	$ 152,266,666
State's proportionate share of the net pension liability	76,254,551
Total	$ 228,521,217

The net pension liability was measured as of June 30, 2022. 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, 2022 and June 30, 2021, was 0.2191% and 0.2180%, respectively, resulting in a net increase in the proportionate share of 0011%.

For the year ended June 30, 2023, the District recognized pension expense of $13,337,639. In addition, the District recognized pension expense and revenue of $6,149,879 for support provided by the State. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 26,286,948	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	7,184,538	2,840,119
Differences between projected and actual earnings on pension plan investments	-	7,446,135
Differences between expected and actual experience in the measurement of the total pension liability	124,906	11,416,822
Changes of assumptions	7,551,318	-
Total	$ 41,147,710	$ 21,703,076

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ (5,469,739)
2025	(5,925,536)
2026	(8,901,360)
2027	12,850,500
Total	$ (7,446,135)

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ 5,798,214
2025	(129,301)
2026	(815,817)
2027	(1,866,333)
2028	(1,632,619)
Thereafter	(750,323)
Total	$ 603,821

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, 2021, and rolling forward the total pension liability to June 30, 2022. The financial reporting actuarial valuation as of June 30, 2021, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2021
Measurement date	June 30, 2022
Experience study	July 1, 2015 through June 30, 2018
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2022, are summarized in the following table:

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

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	$ 258,605,274
Current discount rate (7.10%)	152,266,666
1% increase (8.10%)	63,973,650

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, 2021 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, 2023, are summarized as follows:

	School Employer Pool (CalPERS)	
Hire date	On or before December 31, 2012	On or after January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	8.00%
Required employer contribution rate	25.37%	25.37%

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, 2023, are presented above and the total District contributions were $13,565,386.

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

As of June 30, 2023, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $105,799,166. The net pension liability was measured as of June 30, 2022. 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, 2022 and June 30, 2021, was 0.3075% and 0.2985%, respectively, resulting in a net increase in the proportionate share of 0.0090%.

For the year ended June 30, 2023, the District recognized pension expense of $14,070,420. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 13,565,386	
Change in proportion and differences between contributions made and District's proportionate share of contributions	3,021,099	835,006
Differences between projected and actual earnings on pension plan investments	12,492,004	-
Differences between expected and actual experience in the measurement of the total pension liability	478,150	2,632,419
Changes of assumptions	7,826,421	-
Total	$ 37,383,060	$ 3,467,425

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ 2,083,269
2025	1,847,716
2026	943,836
2027	7,617,183
Total	$ 12,492,004

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 3.9 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ 2,665,090
2025	2,937,990
2026	2,275,350
2027	(20,185)
Total	$ 7,858,245

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, 2021, and rolling forward the total pension liability to June 30, 2022. The financial reporting actuarial valuation as of June 30, 2021, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2021
Measurement date	June 30, 2022
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	6.90%
Investment rate of return	6.90%
Consumer price inflation	2.30%
Wage growth	Varies by entry age and service

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

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

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global Equity - cap-weighted	30%	4.45%
Global Equity non-cap-weighted	12%	3.84%
Private Equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed Securities	5%	0.50%
Investment Grade Corporates	10%	1.56%
High Yield	5%	2.27%
Emerging Market Debt	5%	2.48%
Private Debt	5%	3.57%
Real Assets	15%	3.21%
Leverage	(5%)	(0.59%)

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on 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 expected rate of return on the School Employer Pool investments 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 (5.90%)	$ 152,832,253
Current discount rate (6.90%)	105,799,166
1% increase (7.90%)	66,928,049

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 $12.232.822 (10.828% of annual payroll). Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Note 14 - Commitments and Contingencies

Grants

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2023.

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, 2023.

Note 15 - Participation in Public Entity Risk Pools

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

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

During the year ended June 30, 2023, the District made payments of $2,224,900, $3,995,162, and $24,719,797, to RSIA, RSRMA, and REEP, respectively, for its property liability, workers' compensation, and health coverage.

Note 16 - Adoption of New Accounting Standard

As of July 1, 2022, the District adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. The implementation of this standard establishes that a SBITA results in a right-to-use subscription IT asset – an intangible asset – and a corresponding liability. The standard provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The Statement requires recognition of certain SBITA assets and liabilities for SBITAs that previously were recognized as outflows of resources based on the payment provisions of the contract. Beginning net position was restated to retroactively adopt the provisions of GASB Statement No. 96 as follows:

Governmental Activities Financial Statements	
Net Position - Beginning, as previously reported on June 30, 2022	$ 180,013,051
Right-to-use subscription IT assets, net of amortization	581,814
Subscription liabilities	(581,814)
Net Position - Beginning as Restated on July 1, 2022	$ 180,013,051

Required Supplementary Information
June 30, 2023

Murrieta Valley Unified School District

	Budgeted Amounts			Variances - Positive (Negative)
	Original	Final	Actual	Final to Actual
Revenues				
Local Control Funding Formula	$ 233,715,994	$ 247,815,825	$ 247,824,091	$ 8,266
Federal sources	18,608,030	23,123,857	22,522,925	(600,932)
Other State sources	23,329,093	46,490,487	57,710,738	11,220,251
Other local sources	25,109,371	27,548,969	28,412,247	863,278
Total revenues	300,762,488	344,979,138	356,470,001	11,490,863
Expenditures				
Current				
Certificated salaries	131,749,945	141,202,621	141,100,374	102,247
Classified salaries	49,178,054	51,087,446	50,937,517	149,929
Employee benefits	79,283,282	78,578,031	78,594,938	(16,907)
Books and supplies	16,564,080	12,826,868	13,785,353	(958,485)
Services and operating expenditures	26,426,369	27,801,676	26,529,035	1,272,641
Other outgo	(465,170)	(457,168)	(863,296)	406,128
Capital outlay	55,000	685,712	802,319	(116,607)
Debt service				
Debt service - principal	300,000	300,000	811,401	(511,401)
Debt service - interest and other	63,541	63,541	219,167	(155,626)
Total expenditures	303,155,101	312,088,727	311,916,808	171,919
Excess (Deficiency) of Revenues Over Expenditures	(2,392,613)	32,890,411	44,553,193	11,662,782
Other Financing Sources (Uses)				
Transfers in	-	-	224,867	224,867
Other sources - subscription-based IT arrangements			497,883	497,883
Transfers out	(1,600,000)	(4,100,000)	(4,100,000)	-
Net Change in Fund Balances	(3,992,613)	28,790,411	41,175,943	12,385,532
Fund Balance - Beginning	77,947,122	77,947,122	77,947,122	-
Fund Balance - Ending	$ 73,954,509	$ 106,737,533	$ 119,123,065	$ 12,385,532

	2023	2022	2021
Total OPEB Liability			
Service cost	$ 914,743	$ 1,147,765	$ 1,110,326
Interest	610,087	373,320	382,421
Difference between expected and actual experience	-	1,143,341	-
Changes of assumptions	(132,994)	(1,513,259)	(448,341)
Benefit payments	(1,097,777)	(1,070,013)	(1,255,081)
Net change in total OPEB liability	294,059	81,154	(210,675)
Total OPEB Liability - Beginning	17,325,627	17,244,473	17,455,148
Total OPEB Liability - Ending	$ 17,619,686	$ 17,325,627	$ 17,244,473
Covered Payroll	N/A[1]	N/A[1]	N/A[1]
Total OPEB Liability as a Percentage of Covered Payroll	N/A[1]	N/A[1]	N/A[1]
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021

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

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

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

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

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

Year ended June 30,	2023	2022
Proportion of the net OPEB liability	0.3289%	0.3277%
Proportionate share of the net OPEB liability	$ 1,083,347	$ 1,307,081
Covered payroll	N/A[1]	N/A[1]
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A[1]	N/A[1]
Plan fiduciary net position as a percentage of the total OPEB liability	(0.94%)	(0.80%)

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

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

CalSTRS	2023	2022	2021	2020	2019
Proportion of the net pension liability	0.2191%	0.2180%	0.2135%	0.2147%	0.2005%
Proportionate share of the net pension liability	$ 152,266,666	$ 99,210,971	$ 206,925,928	$ 193,876,835	$ 184,263,020
State's proportionate share of the net pension liability	76,254,551	49,919,113	106,670,340	105,772,757	105,499,197
Total	$ 228,521,217	$ 149,130,084	$ 313,596,268	$ 299,649,592	$ 289,762,217
Covered payroll	$ 137,628,000	$ 128,781,099	$ 121,618,570	$ 113,802,187	$ 108,376,833
Proportionate share of the net pension liability as a percentage of its covered payroll	110.64%	77.04%	170.14%	170.36%	170.02%
Plan fiduciary net position as a percentage of the total pension liability	81%	87%	72%	73%	71%
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

CalSTRS	2018	2017	2016	2015
Proportion of the net pension liability	0.1941%	0.1983%	0.2090%	0.1888%
Proportionate share of the net pension liability	$ 179,531,862	$ 160,424,204	$ 140,719,047	$ 110,308,530
State's proportionate share of the net pension liability	106,209,533	91,326,638	74,424,863	66,609,053
Total	$ 285,741,395	$ 251,750,842	$ 215,143,910	$ 176,917,583
Covered payroll	$ 106,363,744	$ 99,627,036	$ 96,586,757	103,962,473
Proportionate share of the net pension liability as a percentage of its covered payroll	168.79%	161.02%	145.69%	106.10%
Plan fiduciary net position as a percentage of the total pension liability	69%	70%	74%	77%
Measurement Date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

CalPERS	2023	2022	2021	2020	2019
Proportion of the net pension liability	0.3075%	0.2985%	0.2917%	0.2936%	0.2931%
Proportionate share of the net pension liability	$ 105,799,166	$ 60,698,495	$ 89,511,451	$ 85,566,262	$ 78,146,289
Covered payroll	$ 53,470,185	$ 47,340,637	$ 44,025,565	$ 41,102,840	$ 39,576,170
Proportionate share of the net pension liability as a percentage of its covered payroll	197.87%	128.22%	203.32%	208.18%	197.46%
Plan fiduciary net position as a percentage of the total pension liability	70%	81%	70%	70%	71%
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

	2018	2017	2016	2015
Proportion of the net pension liability	0.3042%	0.2995%	0.2956%	0.2894%
Proportionate share of the net pension liability	$ 72,630,215	$ 59,154,321	$ 43,578,380	$ 32,854,704
Covered payroll	$ 37,881,264	$ 35,991,779	$ 33,272,135	34,228,832
Proportionate share of the net pension liability as a percentage of its covered payroll	191.73%	164.36%	130.98%	95.99%
Plan fiduciary net position as a percentage of the total pension liability	72%	74%	79%	83%
Measurement Date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

CalSTRS	2023	2022	2021	2020	2019
Contractually required contribution	$ 26,286,948	$ 21,789,762	$ 19,641,399	$ 20,081,671	$ 18,526,996
Less contributions in relation to the contractually required contribution	26,286,948	21,789,762	19,641,399	20,081,671	18,526,996
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 137,628,000	$ 128,781,099	$ 121,618,570	$ 117,436,673	$ 113,802,187
Contributions as a percentage of covered payroll	19.10%	16.92%	16.15%	17.10%	16.28%

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

	2018	2017	2016	2015
Contractually required contribution	$ 15,638,777	$ 13,380,559	$ 10,689,981	$ 8,576,904
Less contributions in relation to the contractually required contribution	15,638,777	13,380,559	10,689,981	8,576,904
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 108,376,833	$ 106,363,744	$ 99,627,036	$ 96,586,757
Contributions as a percentage of covered payroll	14.43%	12.58%	10.73%	8.88%

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

CalPERS	2023	2022	2021	2020	2019
Contractually required contribution	$ 13,565,386	$ 10,845,740	$ 9,113,292	$ 8,295,806	$ 7,423,995
Less contributions in relation to the contractually required contribution	13,565,386	10,845,740	9,113,292	8,295,806	7,423,995
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 53,470,185	$ 47,340,637	$ 44,025,565	$ 42,065,849	$ 41,102,840
Contributions as a percentage of covered payroll	25.370%	22.910%	20.700%	19.721%	18.062%

	2018	2017	2016	2015
Contractually required contribution	$ 6,146,575	$ 5,260,950	$ 4,263,946	$ 3,916,463
Less contributions in relation to the contractually required contribution	6,146,575	5,260,950	4,263,946	3,916,463
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 39,576,170	$ 37,881,264	$ 35,991,779	$ 33,272,135
Contributions as a percentage of covered payroll	15.531%	13.888%	11.847%	11.771%

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

Note 1 - Purpose of Schedules

Budgetary Comparison Schedules

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

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

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

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

- *Change in Benefit Terms* – There were no changes in benefit terms since the previous valuation for other postemployment benefits.
- *Change in Assumptions* – The plan discount rate assumption was changed from 3.54% to 3.65% since the previous valuation.

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

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

- *Changes in Benefit Terms* – There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* – The plan rate of investment return assumption was changed from 2.16% to 3.54% 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 the CalSTRS plan from the previous valuations. The CalPERS plan rate of investment return assumption was changed from 7.15% to 6.90% since the previous valuation.

Schedule of the District's Contributions

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

Supplementary Information
June 30, 2023

Murrieta Valley Unified School District

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture			
Passed Through California Department of Education (CDE)			
Child Nutrition Cluster			
Especially Needy Breakfast	10.553	13526	$ 1,659,776
Subtotal			1,659,776
National School Lunch Program (Section 4)	10.555	13391	1,966,102
National School Lunch Program (Section 11)	10.555	13396	2,994,865
National School Lunch Program - Commodity Supplemental Food	10.555	13391	720,852
National School Lunch Program - Meal Supplements	10.555	13396	36,601
COVID-19: Supply Chain Assistance (SCA) Funds	10.555	15637	540,419
Subtotal			6,258,839
Total Child Nutrition Cluster			7,918,615
Forest Services Schools and Road Cluster			
Forest Reserve	10.665	10044	17,586
Total Forest Services School and Road Cluster			17,586
Total U.S. Department of Agriculture			7,936,201
U.S. Federal Communications Commission			
Passed Through Universal Service Administrative Company			
COVID-19: Emergency Connectivity Funds	32.009	[1]	1,366,469
U.S. Department of Education			
Passed Through Riverside County Special Education Local Plan Area			
Special Education Cluster			
Special Education Grants to States - Basic Local Assistance	84.027	13379	5,450,563
Special Education Grants to States - American Rescue Plan (ARP) Basic Local Assistance	84.027	15638	1,208,197
Special Education Grants to States - Private Schools ISP	84.027	10115	4,738
Special Education Grants to States - ARP Private Schools ISP	84.027	10169	2,818
Special Education Grants to States - Mental Health	84.027	15197	203,622
Subtotal			6,869,938
Special Education Preschool Grants	84.173	13430	107,251
Special Education Preschool Grants - ARP	84.173	15639	96,254
Special Education Preschool Grants - Preschool Staff Development	84.173	13431	2,288
Subtotal			205,793
Total Special Education Cluster			7,075,731
Passed Through CDE			
Adult Education - Basic Grants to States	84.002	14508	39,340
Adult Education - Basic Grants to States	84.002	13978	41,980
Adult Education - Basic Grants to States	84.002	14109	16,280
Subtotal			97,600

[1] Pass through entity identification number not available.

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
COVID-19: Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D	15547	$ 3,043,222
COVID-19: ARP Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U	15559	2,983,558
COVID-19: ARP Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U	10155	729,811
COVID-19: Elementary and Secondary School Emergency Relief II (ESSER II) Fund: State Reserve	84.425D	15618	347,936
COVID-19: Elementary and Secondary School Emergency Relief III (ESSER III) Fund: State Reserve, Emergency Needs	84.425U	15620	917,008
COVID-19: Elementary and Secondary School Emergency Relief III (ESSER III) Fund: State Reserve, Learning Loss	84.425U	15621	2,447,435
COVID-19: ARP Homeless Children and Youth II (ARP HYC II)	84.425W	15566	11,955
Subtotal			10,480,925
Title I Grants to Local Educational Agencies	84.010	14329	2,602,283
English Language Acquisition State Grants - ISP	84.365	15146	23,680
English Language Acquisition State Grants - LEP	84.365	14346	165,893
Subtotal			189,573
Supporting Effective Instruction State Grants - Teacher Quality	84.367	14341	500,556
Student Support and Academic Enrichment Program	84.424	15396	106,323
Career and Technical Education - Basic Grants to States	84.048	14894	143,479
Rehabilitation Services Vocational Rehabilitation Grants to States - Workability II	84.126	10006	40,000
Total U.S. Department of Education			21,236,470
U.S. Department of Health and Human Services			
Passed Through California Department of Health and Human Services			
Child Care and Development Fund Cluster			
Child Care and Development Block Grant	93.575	15136	1,336,560
COVID-19: Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act One-time Stipend	93.575	15555	157,789
COVID-19: ARP California State Preschool Program One-time Stipend	93.575	15640	64,095
Total Child Care and Development Fund Cluster			1,558,444
Total U.S. Department of Health and Human Services			1,558,444
Total Federal Financial Assistance			$ 32,097,584

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
Paul Diffley	President	November 2024
Nicolas Pardue	Clerk	November 2026
Linda Lunn	Member	November 2024
Julie Vandegrift	Member	November 2024
Nancy Young	Member	November 2026

ADMINISTRATION

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

	Second Period Report 8CC04129	Annual Report 5BCB5BC3
Regular ADA		
Transitional kindergarten through third	5,420.76	5,442.96
Fourth through sixth	4,576.96	4,582.55
Seventh and eighth	3,134.65	3,138.94
Ninth through twelfth	7,486.29	7,455.57
Total Regular ADA	20,618.66	20,620.02
Extended Year Special Education		
Transitional kindergarten through third	4.89	4.89
Fourth through sixth	2.74	2.74
Seventh and eighth	1.37	1.37
Ninth through twelfth	2.01	2.01
Total Extended Year Special Education	11.01	11.01
Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	1.96	1.99
Fourth through sixth	0.81	1.04
Seventh and eighth	1.85	1.86
Ninth through twelfth	6.29	6.60
Total Special Education, Nonpublic, Nonsectarian Schools	10.91	11.49
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Seventh and eighth	0.12	0.12
Ninth through twelfth	0.66	0.66
Total Extended Year Special Education, Nonpublic, Nonsectarian Schools	0.78	0.78
Total ADA	20,641.36	20,643.30

Grade Level	1986-1987 Minutes Requirement	2022-2023 Actual Minutes	Number of Minutes Credited Form J-13A	Total Minutes Offered	Traditional Calendar: Number of Actual Days	Traditional Calendar: Number of Days Credited Form J-13A	Traditional Calendar: Total Days Offered	Multitrack Calendar: Number of Actual Days	Multitrack Calendar: Number of Days Credited Form J-13A	Multitrack Calendar: Total Days Offered	Status
Kindergarten	36,000	36,375	-	36,375	180	-	180	-	-	-	Complied
Grades 1 - 3	50,400										
Grade 1		52,660	-	52,660	180	-	180	-	-	-	Complied
Grade 2		52,660	-	52,660	180	-	180	-	-	-	Complied
Grade 3		52,660	-	52,660	180	-	180	-	-	-	Complied
Grades 4 - 8	54,000										
Grade 4		54,410	-	54,410	180	-	180	-	-	-	Complied
Grade 5		54,410	-	54,410	180	-	180	-	-	-	Complied
Grade 6		54,410	-	54,410	180	-	180	-	-	-	Complied
Grade 7		54,410	-	54,410	180	-	180	-	-	-	Complied
Grade 8		54,410	-	54,410	180	-	180	-	-	-	Complied
Grades 9 - 12	64,800										
Grade 9		65,770	-	65,770	180	-	180	-	-	-	Complied
Grade 10		65,770	-	65,770	180	-	180	-	-	-	Complied
Grade 11		65,770	-	65,770	180	-	180	-	-	-	Complied
Grade 12		65,770	-	65,770	180	-	180	-	-	-	Complied

There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2023.

	(Budget) 2024 [1]	2023	2022 [1]	2021 [1]
General Fund				
Revenues	$ 340,751,451	$ 356,470,001	$ 293,059,384	$ 291,123,958
Other sources and transfers in	-	722,750	-	-
Total Revenues and Other Sources	340,751,451	357,192,751	293,059,384	291,123,958
Expenditures	350,617,145	311,916,808	288,073,970	267,812,535
Other uses and transfers out	2,400,000	4,100,000	1,580,912	730,097
Total Expenditures and Other Uses	353,017,145	316,016,808	289,654,882	268,542,632
Increase/(Decrease) in Fund Balance	(12,265,694)	41,175,943	3,404,502	22,581,326
Ending Fund Balance	$ 106,857,371	$ 119,123,065	$ 77,947,122	$ 74,542,620
Available Reserves [2]	$ 30,031,764	$ 23,971,614	$ 19,087,840	$ 46,173,799
Available Reserves as a Percentage of Total Outgo	8.51%	7.59%	6.59%	17.19%
Long-Term Liabilities	N/A	$ 511,102,902	$ 408,799,296	$ 543,833,749
K-12 Average Daily Attendance at P-2	21,518	20,641	20,722	22,340

The General Fund balance has increased by $44,580,445 over the past two years. The fiscal year 2023-2024 budget projects a decrease of $12,265,694 (10.30%). For a district this size, the State recommends available reserves of at least 3% of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in all of the past three years, but anticipates incurring an operating deficit during the 2023-2024 fiscal year. Total long-term liabilities have decreased by $32,730,847 over the past two years.

Average daily attendance has decreased by 1,699 over the past two years. Growth of 877 ADA is anticipated during fiscal year 2023-2024.

[1] Financial information for 2024, 2022, and 2021 are included for analytical purposes only and has not been subjected to audit.

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

	Student Activity Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Capital Projects Fund for Blended Component Units	Educational Facilities Corporation Debt Service Fund	Total Non-Major Governmental Funds
Assets									
Deposits and investments	$ 2,358,425	$ 331,459	$ 7,863,617	$ 5,711,562	$ 9,063,970	$ 819,082	$ 11,275,937	$ 14,065	$ 37,438,117
Receivables	2,527	99,865	1,596,227	3,736,201	1,662,964	16,095	-	-	7,113,879
Due from other funds	-	-	928	157	1,111	2,500,000	-	-	2,502,196
Prepaid expenditures	-	-	-	-	7,792	-	-	-	7,792
Stores inventories	158,634	-	-	249,859	-	-	-	-	408,493
Total assets	$ 2,519,586	$ 431,324	$ 9,460,772	$ 9,697,779	$ 10,735,837	$ 3,335,177	$ 11,275,937	$ 14,065	$ 47,470,477
Liabilities and Fund Balances									
Liabilities									
Accounts payable	$ 264,799	$ 19,595	$ 234,794	$ 216,421	$ 199,528	$ 44,823	$ -	$ -	$ 979,960
Due to other funds	-	16,971	647,667	339,776	1,290	-	-	-	1,005,704
Due to other governments	-	-	273,079	-	-	-	-	-	273,079
Unearned revenue	-	35,827	321,149	284,202	-	-	-	-	641,178
Total liabilities	264,799	72,393	1,476,689	840,399	200,818	44,823	-	-	2,899,921
Fund Balances									
Nonspendable	172,634	-	-	265,505	7,792	-	-	-	445,931
Restricted	2,082,153	358,931	7,984,083	8,591,875	10,527,227	-	11,275,937	14,065	40,834,271
Assigned	-	-	-	-	-	3,290,354	-	-	3,290,354
Total fund balances	2,254,787	358,931	7,984,083	8,857,380	10,535,019	3,290,354	11,275,937	14,065	44,570,556
Total liabilities and fund balances	$ 2,519,586	$ 431,324	$ 9,460,772	$ 9,697,779	$ 10,735,837	$ 3,335,177	$ 11,275,937	$ 14,065	$ 47,470,477

	Student Activity Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Capital Projects Fund for Blended Component Units	Educational Facilities Corporation Debt Service Fund	Total Non-Major Governmental Funds
Revenues									
Federal sources	$ -	$ 97,600	$ 1,430,259	$ 7,918,615	$ -	$ -	$ -	$ -	$ 9,446,474
Other State sources	-	330,633	10,111,453	10,017,180	-	-	-	-	20,459,266
Other local sources	5,326,529	286,524	1,957,122	625,069	3,817,354	7,132	2,134,365	785,075	14,939,170
Total revenues	5,326,529	714,757	13,498,834	18,560,864	3,817,354	7,132	2,134,365	785,075	44,844,910
Expenditures									
Current									
Instruction	-	128,632	4,217,627	-	-	-	-	-	4,346,259
Instruction-related activities									
Supervision of instruction	-	-	516,718	-	-	-	-	-	516,718
School site administration	-	255,859	805	-	-	-	-	-	256,664
Pupil services									
Food services	-	-	-	13,659,068	-	-	-	-	13,659,068
All other pupil services	-	-	104	-	-	-	-	-	104
Administration									
All other administration	-	14,669	429,561	338,312	1,001,398	-	-	-	1,783,940
Plant services	-	17,153	36,128	-	473,152	2,518,140	-	-	3,044,573
Ancillary services	5,287,828	-	-	-	-	-	-	-	5,287,828
Community services	-	-	3,300,023	-	-	-	-	-	3,300,023
Other outgo	-	-	-	-	-	-	1,000	-	1,000
Enterprise services	-	258,758	-	-	-	-	-	-	258,758
Facility acquisition and construction	-	-	32,274	-	991,808	-	-	-	1,024,082
Debt service									
Principal	-	-	-	-	200,000	-	-	105,000	305,000
Interest and other	-	-	-	-	44,900	-	-	669,463	714,363
Total expenditures	5,287,828	675,071	8,533,240	13,997,380	2,711,258	2,518,140	1,000	774,463	34,498,380

	Student Activity Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Capital Projects Fund for Blended Component Units	Educational Facilities Corporation Debt Service Fund	Total Non-Major Governmental Funds
Excess (Deficiency) of Revenues Over Expenditures	$ 38,701	$ 39,686	$ 4,965,594	$ 4,563,484	$ 1,106,096	$ (2,511,008)	$ 2,133,365	$ 10,612	$ 10,346,530
Other Financing Sources (Uses)									
Transfers in	-	-	-	-	2,471,904	4,100,000	-	-	6,571,904
Transfers out	-	-	(224,867)	-	-	-	(2,471,904)	-	(2,696,771)
Net Financing Sources (Uses)	-	-	(224,867)	-	2,471,904	4,100,000	(2,471,904)	-	3,875,133
Net Change in Fund Balances	38,701	39,686	4,740,727	4,563,484	3,578,000	1,588,992	(338,539)	10,612	14,221,663
Fund Balance - Beginning	2,216,086	319,245	3,243,356	4,293,896	6,957,019	1,701,362	11,614,476	3,453	30,348,893
Fund Balance - Ending	$ 2,254,787	$ 358,931	$ 7,984,083	$ 8,857,380	$ 10,535,019	$ 3,290,354	$ 11,275,937	$ 14,065	$ 44,570,556

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, 2023. 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 Murrieta Valley Unified School District, it is not intended to and does not present the financial position, changes in net position or fund balance of Murrieta Valley Unified School 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, 2023, the District had no food commodities in inventory.

Local Education Agency Organization Structure

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

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

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

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

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Schedule of Financial Trends and Analysis

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

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

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

Independent Auditor's Reports
June 30, 2023

Murrieta Valley Unified School District

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), 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, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 13, 2023.

Adoption of New Accounting Standard

As discussed in Note 16 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, for the year ended June 30, 2023. Accordingly, a restatement has been made to the net position as of July 1, 2022, to restate beginning net position. Our opinions are not modified with respect to this matter.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Eide Bailly LLP

Rancho Cucamonga, California
December 13, 2023

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Murrieta Valley Unified School District's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2023. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Eide Bailly LLP

Rancho Cucamonga, California
December 13, 2023

Independent Auditor's Report on State Compliance

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

Report on Compliance

Opinion on State Compliance

We have audited Murrieta Valley Unified School District's (the District) compliance with the requirements specified in the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, applicable to the District's state program requirements identified below for the year ended June 30, 2023.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the laws and regulations of the state programs noted in the table below for the year ended June 30, 2023.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the District's internal controls over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine the District's compliance with the state laws and regulations applicable to the following items:

2022-2023 K-12 Audit Guide Procedures	Procedures Performed
Local Education Agencies Other Than Charter Schools	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No, see below

2022-2023 K-12 Audit Guide Procedures	Procedures Performed
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	No, see below
Middle or Early College High Schools	No, see below
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	No, see below
Comprehensive School Safety Plan	Yes
District of Choice	No, see below
Home to School Transportation Reimbursement	Yes
Independent Study Certification for ADA Loss Mitigation	Yes
School Districts, County Offices of Education, and Charter Schools	
California Clean Energy Jobs Act	No, see below
After/Before School Education and Safety Program	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study - Course Based	Yes
Immunizations	No, see below
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Yes
Transitional Kindergarten	Yes
Charter Schools	
Attendance	No, see below
Mode of Instruction	No, see below
Nonclassroom-Based Instruction/Independent Study	No, see below
Determination of Funding for Nonclassroom-Based Instruction	No, see below
Annual Instructional Minutes – Classroom Based	No, see below
Charter School Facility Grant Program	No, see below

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

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

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

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

The District did not elect to operate as a school district of choice; therefore, we did not perform procedures related to District of Choice.

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

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

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

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

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

Report on Internal Control over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Rancho Cucamonga, California
December 13, 2023

Schedule of Findings and Questioned Costs
June 30, 2023

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

Name of Federal Program or Cluster	Federal Financial Assistance Listing Number
Child Nutrition Cluster	10.553, 10.555
COVID-19: Education Stabilization Funds (ESF)	84.425D, 84.425U, 84.425W

Dollar threshold used to distinguish between type A and type B programs	$962,928
Auditee qualified as low-risk auditee?	Yes

State Compliance

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

None reported.

None reported.

None reported.

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