



Financial Statements
June 30, 2024

Menifee Union School District

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Independent Auditor's Report

To the Governing Board
Menifee Union School District
Menifee, 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 Menifee Union School District (the District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the 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 Menifee Union School District, as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

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 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 Information

Management is responsible for the other information included in the financial statements. The other information comprises the Local Education Agency Organization Structure but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Rancho Cucamonga, California
December 4, 2024

This section of Menifee Union 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, 2024, with comparative information for the year ended June 30, 2023. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

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

The Government-Wide Financial Statements present the financial picture of the District from the economic resources measurement focus using the accrual basis of accounting. These statements include all assets of the District (including capital assets), deferred outflows of resources, as well as all liabilities (including long-term liabilities) and deferred inflows of resources. Additionally, certain eliminations have occurred as prescribed by the statement in regards 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 management 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 Menifee Union 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 of resources, liabilities, and deferred inflows of resources 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.

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 will likely be important components in this evaluation.

In the *Statement of Net Position* and the *Statement of Activities*, we report 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 eight students, the operation of child development activities, and the on-going effort to improve 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 – 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 statements.

THE DISTRICT AS TRUSTEE

Reporting the District's Fiduciary Responsibilities

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

THE DISTRICT AS A WHOLE

Net Position

The District's net position was \$354,816,415 for the fiscal year ended June 30, 2024. Of this amount, (\$72,984,130) was unrestricted deficit. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the governing school board's ability to use net position for day-to-day operations. Our analysis below focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

Table 1

	Governmental Activities	
	2024	2023
Assets		
Current and other assets	\$ 186,735,384	\$ 140,087,167
Capital assets	484,285,342	421,938,808
Total assets	671,020,726	562,025,975
Deferred outflows of resources	58,403,741	43,966,379
Liabilities		
Current liabilities	23,073,434	19,351,388
Long-term liabilities	345,685,480	291,806,514
Total liabilities	368,758,914	311,157,902
Deferred inflows of resources	5,849,138	10,784,977
Net Position		
Net investment in capital assets	296,391,456	267,312,897
Restricted	131,409,089	87,427,521
Unrestricted (deficit)	(72,984,130)	(70,690,943)
Total net position	\$ 354,816,415	\$ 284,049,475

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 and rearranges them slightly so you can see our total revenues for the year.

Table 2

	Governmental Activities	
	2024	2023
Revenues		
Program revenues		
Charges for services and sales	\$ 1,753,885	\$ 3,096,384
Operating grants and contributions	51,181,227	41,944,406
Capital grants and contributions	40,757,679	22,091,220
General revenues		
Federal and State aid not restricted	119,674,214	103,314,551
Property taxes	42,528,894	35,451,100
Other general revenues	24,771,700	32,492,529
Total revenues	<u>280,667,599</u>	<u>238,390,190</u>
Expenses		
Instruction-related	151,112,511	119,477,026
Pupil services	28,771,731	22,530,276
Administration	14,497,474	12,308,588
Plant services	7,600,922	13,177,424
All other services	7,918,021	6,320,145
Total expenses	<u>209,900,659</u>	<u>173,813,459</u>
Change in net position	<u>\$ 70,766,940</u>	<u>\$ 64,576,731</u>

Governmental Activities

As reported in the *Statement of Activities* on page 14, the cost of all of our governmental activities this year was \$209,900,659. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only \$119,674,214 because the cost was paid by those who benefited from the programs (\$1,753,885) or by other governments and organizations who subsidized certain programs with grants and contributions (\$91,938,906). We paid for the remaining "public benefit" portion of our governmental activities with \$119,674,214 in Federal and State aid and \$24,771,700 with other revenues, like interest and general entitlements.

In Table 3, we have presented the cost of each of the District's largest functions – instruction including instruction-related activities, pupil services, administration, plant services, and all other services. 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	
	2024	2023	2024	2023
Instruction-related	\$ 151,112,511	\$ 119,477,026	\$ (79,745,226)	\$ (96,917,029)
Pupil services	28,771,731	22,530,276	(13,540,496)	(9,752,014)
Administration	14,497,474	12,308,588	(11,305,323)	(10,332,445)
Plant services	7,600,922	13,177,424	(6,238,136)	10,477,684
All other services	7,918,021	6,320,145	(5,378,687)	(157,195)
Total	<u>\$ 209,900,659</u>	<u>\$ 173,813,459</u>	<u>\$ (116,207,868)</u>	<u>\$ (106,680,999)</u>

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of \$166,340,445, which is an increase of \$43,439,100 from last year (Table 4).

Table 4

Governmental Fund	Balances and Activity			
	July 1, 2023	Revenues and Other Sources	Expenditures and Other Uses	June 30, 2024
General Fund	\$ 49,809,205	\$ 195,423,056	\$ 190,266,666	\$ 54,965,595
Building Fund	4,045,550	37,451,036	35,866,346	5,630,240
Capital Facilities Fund	28,731,537	51,410,046	19,216,078	60,925,505
County School Facilities	-	40,757,679	40,757,679	-
Capital Project Fund for Blended Component Units	7,650,168	4,768,251	8,371,632	4,046,787
Bond Interest and Redemption Fund	15,802,972	14,221,685	9,358,178	20,666,479
Student Activity Fund	164,288	197,687	184,577	177,398
Child Development Fund	178,531	2,179,335	1,966,169	391,697
Cafeteria Fund	8,595,062	11,869,998	9,294,095	11,170,965
Deferred Maintenance Fund	244,703	371,099	149,479	466,323
Debt Service Fund for Blended Component Units	7,679,329	5,949,669	5,729,542	7,899,456
Total	<u>\$ 122,901,345</u>	<u>\$ 364,599,541</u>	<u>\$ 321,160,441</u>	<u>\$ 166,340,445</u>

The primary reasons for these increases are:

1. Our General Fund is our principal operating fund. The fund balance in the General Fund increased by \$5,156,390. This increase is mainly due to increase in enrollment and interest earnings.
2. The Building Fund increased by \$1,584,690 due to issuance of general obligation bonds.
3. Capital Facilities Fund increased by \$32,193,968 due to transfers in from the County School Facilities Fund for reimbursement of construction costs related to Proposition 51 state facilities funding.
4. The Capital Project Fund for Blended Component Units decreased by \$3,603,381 due to multi-year facilities projects.
5. The Bond Interest and Redemption Fund increased by \$4,863,507 as property values increased during the year making the tax base higher for collections.

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget was adopted in June 2024. (A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report on page 64.)

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

At June 30, 2024, the District had \$484,285,342 in a broad range of capital assets (net of depreciation and amortization), including land and construction in progress, buildings and improvements, furniture and equipment, and right-to-use leased assets. This amount represents a net increase (including additions, deductions, depreciation, and amortization) of \$62,346,534, or 14.8%, from last year (Table 5).

Table 5

	Governmental Activities	
	2024	2023
Land and construction in progress	\$ 249,391,352	\$ 188,514,641
Buildings and improvements	226,372,323	228,658,466
Furniture and equipment	7,574,763	3,481,973
Right-to-use leased assets	946,904	1,283,728
Total	<u>\$ 484,285,342</u>	<u>\$ 421,938,808</u>

This year's addition included construction in progress related to modernization of multiple school sites and construction of a new school site. We present a more detailed information about our capital assets in Note 5 to the financial statements.

Long-Term Liabilities

At the end of this year, the District had \$209,004,554 in long-term liabilities outstanding versus \$176,297,413 last year, an increase of \$32,707,141, or 18.6%. Those long-term liabilities consisted of the following:

Table 6

	Governmental Activities	
	2024	2023
Long-Term Liabilities		
General obligation bonds	\$ 163,697,162	\$ 130,419,008
Qualified Zone Academy Bonds	13,259,176	14,681,824
Certificates of participation	516,699	988,120
Lease revenue bonds	18,940,000	19,140,000
Unamortized premiums	11,073,745	9,312,156
Unamortized discounts	(21,658)	(32,487)
Leases	991,659	1,297,296
Compensated absences	547,771	491,496
Total	<u>\$ 209,004,554</u>	<u>\$ 176,297,413</u>

We present more detailed information regarding our long-term liabilities in Note 9 to the financial statements.

OPEB and Pension Liabilities

At the end of this year, the District had \$3,986,782 in OPEB liability versus \$3,874,504 last year, an increase of \$112,278, or 2.9%.

At the end of this year, the District has a net pension liability of \$132,694,144 versus \$111,634,597 last year, an increase of \$21,059,547, or 18.9%.

SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2023-2024

- The District improved employee relations by successfully settling with both bargaining units for 2023-24.
- The District continues to have a robust facilities program. Construction of Kathryn Newport Middle School was completed in 2023. Construction for the new Sally Buselt Elementary School began on December 14, 2022 and completed on July 31, 2024.

FACTORS BEARING ON THE DISTRICT'S FUTURE

The following are some of the key budget assumptions the District is making. The District is still recognizing developer home permits within District boundaries. The District anticipates enrollment will grow at a rate consistent with housing construction in the area.

District facility expansion is keeping pace with the growth of the community with upcoming projects including:

- Hans Christensen Middle School TK-8 Conversion.
- Construction of the Central District Services Building.
- Ridgemoor and Callie Kirkpatrick Elementary School TK/K additions.
- Continue to add electric bus charging infrastructure to bring the District's Transportation Department back to full service.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, pupils, 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 further financial information, contact the Assistant Superintendent, Business Services, Menifee Union School District, 29775 Haun Road, Menifee, California 92586, or email at business@menifeeUSD.org.

Meniffee Union School District
Statement of Net Position
June 30, 2024

	Governmental Activities
Assets	
Deposits and investments	\$ 174,715,985
Receivables	11,840,554
Stores inventories	178,845
Capital assets not depreciated or amortized	249,391,352
Capital assets, net of accumulated depreciation and amortization	234,893,990
Total assets	<u>671,020,726</u>
Deferred Outflows of Resources	
Deferred outflows of resources related to OPEB	1,858,458
Deferred outflows of resources related to pensions	56,545,283
Total deferred outflows of resources	<u>58,403,741</u>
Liabilities	
Accounts payable	19,059,048
Interest payable	2,678,495
Unearned revenue	1,335,891
Long-term liabilities	
Long-term liabilities other than OPEB and pensions due within one year	7,208,188
OPEB liability due in one year	169,125
Long-term liabilities other than OPEB and pensions due in more than one year	201,796,366
Net other postemployment benefits (OPEB) liability	3,817,657
Aggregate net pension liability	132,694,144
Total liabilities	<u>368,758,914</u>
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	248,890
Deferred inflows of resources related to pensions	5,600,248
Total deferred inflows of resources	<u>5,849,138</u>
Net Position	
Net investment in capital assets	296,391,456
Restricted for	
Debt service	25,887,440
Capital projects	60,925,505
Educational programs	33,035,029
Other activities	11,561,115
Unrestricted (deficit)	(72,984,130)
Total net position	<u>\$ 354,816,415</u>

Menifee Union School District
Statement of Activities
Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Instruction	\$ 129,978,887	\$ 798	\$ 25,592,517	\$ 40,757,679	\$ (63,627,893)
Instruction-related activities					
Supervision of instruction	5,656,126	16,994	2,131,891	-	(3,507,241)
Instructional library, media, and technology	1,709,235	-	37,621	-	(1,671,614)
School site administration	13,768,263	-	2,829,785	-	(10,938,478)
Pupil services					
Home-to-school transportation	6,857,330	-	12,894	-	(6,844,436)
Food services	8,669,670	383	10,669,516	-	2,000,229
All other pupil services	13,244,731	51,827	4,496,615	-	(8,696,289)
Administration					
Data processing	3,334,677	-	1,462,591	-	(1,872,086)
All other administration	11,162,797	395,911	1,333,649	-	(9,433,237)
Plant services	7,600,922	29	1,362,757	-	(6,238,136)
Ancillary services	184,577	-	197,686	-	13,109
Community services	293	-	-	-	(293)
Interest on long-term liabilities	7,329,591	-	-	-	(7,329,591)
Other outgo	403,560	1,287,943	1,053,705	-	1,938,088
Total governmental activities	<u>\$ 209,900,659</u>	<u>\$ 1,753,885</u>	<u>\$ 51,181,227</u>	<u>\$ 40,757,679</u>	<u>(116,207,868)</u>
General Revenues and Subventions					
Property taxes, levied for general purposes					29,661,446
Property taxes, levied for debt service					11,079,918
Taxes levied for other specific purposes					1,787,530
Federal and State aid not restricted to specific purposes					119,674,214
Interest and investment earnings					2,627,672
Interagency revenues					424,953
Miscellaneous					<u>21,719,075</u>
Total general revenues and subventions					<u>186,974,808</u>
Change in Net Position					70,766,940
Net Position - Beginning					<u>284,049,475</u>
Net Position - Ending					<u>\$ 354,816,415</u>

Menifee Union School District
Balance Sheet – Governmental Funds
June 30, 2024

	General Fund	Building Fund	Capital Facilities Fund	County School Facilities Fund	Capital Project Fund for Blended Component Units	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets								
Deposits and investments	\$ 63,131,834	\$ 8,391,247	\$ 56,063,901	\$ -	\$ 10,119,392	\$ 20,666,479	\$ 16,343,132	\$ 174,715,985
Receivables	5,815,333	164,666	1,596,642	150,447	-	-	4,113,466	11,840,554
Due from other funds	209,031	15,486	6,239,992	-	-	-	357,109	6,821,618
Stores inventories	-	-	-	-	-	-	178,845	178,845
Total assets	<u>\$ 69,156,198</u>	<u>\$ 8,571,399</u>	<u>\$ 63,900,535</u>	<u>\$ 150,447</u>	<u>\$ 10,119,392</u>	<u>\$ 20,666,479</u>	<u>\$ 20,992,552</u>	<u>\$ 193,557,002</u>
Liabilities and Fund Balances								
Liabilities								
Accounts payable	\$ 13,091,952	\$ 2,941,159	\$ 2,842,530	\$ -	\$ -	\$ -	\$ 183,407	\$ 19,059,048
Due to other funds	357,649	-	132,500	150,447	6,072,605	-	108,417	6,821,618
Unearned revenue	741,002	-	-	-	-	-	594,889	1,335,891
Total liabilities	<u>14,190,603</u>	<u>2,941,159</u>	<u>2,975,030</u>	<u>150,447</u>	<u>6,072,605</u>	<u>-</u>	<u>886,713</u>	<u>27,216,557</u>
Fund Balances								
Nonspendable	5,000	-	-	-	-	-	178,945	183,945
Restricted	33,035,029	5,630,240	60,925,505	-	4,046,787	20,666,479	19,460,571	143,764,611
Committed	8,530,352	-	-	-	-	-	466,323	8,996,675
Assigned	7,687,214	-	-	-	-	-	-	7,687,214
Unassigned	5,708,000	-	-	-	-	-	-	5,708,000
Total fund balances	<u>54,965,595</u>	<u>5,630,240</u>	<u>60,925,505</u>	<u>-</u>	<u>4,046,787</u>	<u>20,666,479</u>	<u>20,105,839</u>	<u>166,340,445</u>
Total liabilities and fund balances	<u>\$ 69,156,198</u>	<u>\$ 8,571,399</u>	<u>\$ 63,900,535</u>	<u>\$ 150,447</u>	<u>\$ 10,119,392</u>	<u>\$ 20,666,479</u>	<u>\$ 20,992,552</u>	<u>\$ 193,557,002</u>

Menifee Union School District
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2024

Total Fund Balance - Governmental Funds		\$ 166,340,445
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	\$ 605,175,697	
Accumulated depreciation and amortization is	<u>(120,890,355)</u>	
Net capital assets		484,285,342
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.		
		(2,678,495)
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		
Other postemployment benefits (OPEB) liability	1,858,458	
Net pension liability	<u>56,545,283</u>	
Total deferred outflows of resources		58,403,741
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) liability	(248,890)	
Net pension liability	<u>(5,600,248)</u>	
Total deferred inflows of resources		(5,849,138)
Aggregate net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		
		(132,694,144)
The District's net OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.		
		(3,986,782)

Menifee Union School District
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2024

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	\$ (152,811,292)
Unamortized premium on general obligation bonds	(10,785,404)
Unamortized discount on general obligation bonds	21,658
Certificates of participation	(516,699)
Lease revenue bonds	(18,940,000)
Unamortized premium on lease revenue bonds	(288,341)
Leases	(991,659)
Compensated absences	(547,771)
Qualified zone academy bonds	(13,259,176)
In addition, capital appreciation general obligation bonds were issued. The accretion of interest to date on the general obligation bonds is	<u>(10,885,870)</u>

Total long-term liabilities	<u>\$ (209,004,554)</u>
Total net position - governmental activities	<u><u>\$ 354,816,415</u></u>

Menifee Union School District
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2024

	General Fund	Building Fund	Capital Facilities Fund	County School Facilities Fund	Capital Project Fund for Blended Component Units	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues								
Local Control Funding Formula (LCFF)	\$ 144,984,104	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 144,984,104
Federal sources	5,662,823	-	-	-	-	-	5,697,318	11,360,141
Other State sources	26,686,886	-	-	40,607,232	-	67,438	7,963,359	75,324,915
Other local sources	18,007,876	959,464	10,652,367	150,447	4,768,251	11,782,751	3,649,033	49,970,189
Total revenues	195,341,689	959,464	10,652,367	40,757,679	4,768,251	11,850,189	17,309,710	281,639,349
Expenditures								
Current								
Instruction	119,665,002	-	-	-	-	-	1,214,839	120,879,841
Instruction-related activities								
Supervision of instruction	5,369,749	-	-	-	-	-	260,047	5,629,796
Instructional library, media, and technology	1,691,177	-	-	-	-	-	-	1,691,177
School site administration	13,688,550	-	-	-	-	-	6,644	13,695,194
Pupil services								
Home-to-school transportation	6,808,919	-	-	-	-	-	-	6,808,919
Food services	2,197	-	-	-	-	-	8,605,766	8,607,963
All other pupil services	13,100,573	-	-	-	-	-	68,067	13,168,640
Administration								
Data processing	3,323,864	-	-	-	-	-	-	3,323,864
All other administration	6,675,299	-	3,447,774	-	-	-	174,551	10,297,624
Plant services	16,290,350	-	-	-	-	-	808,692	17,099,042
Ancillary services	-	-	-	-	-	-	184,577	184,577
Community services	290	-	-	-	-	-	-	290
Other outgo	400,810	-	-	-	-	-	2,750	403,560
Facility acquisition and construction	1,009,653	35,503,664	12,287,088	-	8,371,632	-	5,071,929	62,243,966
Debt service								
Principal	1,728,285	-	471,421	-	-	4,615,000	200,000	7,014,706
Interest and other	154,839	362,682	27,459	-	-	4,743,178	726,000	6,014,158
Total expenditures	189,909,557	35,866,346	16,233,742	-	8,371,632	9,358,178	17,323,862	277,063,317

Menifee Union School District
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2024

	General Fund	Building Fund	Capital Facilities Fund	County School Facilities Fund	Capital Project Fund for Blended Component Units	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Excess (Deficiency) of Revenues Over Expenditures	\$ 5,432,132	\$ (34,906,882)	\$ (5,581,375)	\$ 40,757,679	\$ (3,603,381)	\$ 2,492,011	\$ (14,152)	\$ 4,576,032
Other Financing Sources (Uses)								
Transfers in	81,367	-	40,757,679	-	-	-	3,258,078	44,097,124
Other sources - proceeds from issuance of general obligation bonds	-	36,491,572	-	-	-	-	-	36,491,572
Other sources - premium on issuance of general obligation bonds	-	-	-	-	-	2,371,496	-	2,371,496
Transfers out	(357,109)	-	(2,982,336)	(40,757,679)	-	-	-	(44,097,124)
Net Financing Sources (Uses)	(275,742)	36,491,572	37,775,343	(40,757,679)	-	2,371,496	3,258,078	38,863,068
Net Change in Fund Balances	5,156,390	1,584,690	32,193,968	-	(3,603,381)	4,863,507	3,243,926	43,439,100
Fund Balance - Beginning	49,809,205	4,045,550	28,731,537	-	7,650,168	15,802,972	16,861,913	122,901,345
Fund Balance - Ending	\$ 54,965,595	\$ 5,630,240	\$60,925,505	\$ -	\$ 4,046,787	\$20,666,479	\$20,105,839	\$166,340,445

Menifee Union School District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2024

Total Net Change in Fund Balances - Governmental Funds	\$ 43,439,100
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Amounts Reported for Governmental Activities in the Statement of Activities are Different Because

Capital outlay 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 expense in the Statement of Activities.

This is the amount by which capital outlay exceeds depreciation and amortization expense in the period.

Capital outlay	\$ 71,882,809
Depreciation and amortization expense	<u>(9,536,275)</u>

Net expense adjustment	62,346,534
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The District issued capital appreciation general obligations bonds. The accretion of interest on the general obligation bonds during the current fiscal year was	(1,401,582)
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In the Statement of Activities, certain operating expenses, such as compensated absences (vacations) and special termination benefits (supplemental 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 earned and used and supplemental early retirement plan benefits paid.	(56,275)
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In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and aggregate net pension liability during the year.	(1,466,634)
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In the governmental funds, OPEB costs are based on employer contributions made to OPEB plans during the year. However, in the Statement of Activities, OPEB expense is the net effect of all changes in the deferred outflows, deferred inflows, and net OPEB liability during the year.	(331,990)
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Menifee Union School District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2024

Proceeds received from general obligation bonds 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.	\$ (36,491,572)
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	(2,371,496)
Premium amortization	609,907
Discount amortization	(10,829)
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	4,615,000
Qualified zone academy bonds	1,422,648
Certificates of participation	471,421
Lease revenue bonds	200,000
Leases	305,637
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 accrues, regardless of when it is due.	(512,929)
Change in net position of governmental activities	<u>\$ 70,766,940</u>

Menifee Union School District
Statement of Net Position – Fiduciary Funds
June 30, 2024

	<u>Custodial Funds</u>
Assets	
Deposits and investments	<u>\$ 41,754,560</u>
Net Position	
Restricted for individuals, organizations, and other governments	<u>\$ 41,754,560</u>

Menifee Union School District
Statement of Changes in Net Position – Fiduciary Funds
For the Year Ended June 30, 2024

	<u>Custodial Funds</u>
Additions	
Contributions	
Special tax revenues	\$ 20,367,852
All other local revenues	<u>2,997,750</u>
Total contributions	<u>23,365,602</u>
Investment earnings	
Interest	<u>1,729,269</u>
Total additions	<u>25,094,871</u>
Deductions	
Amounts paid to investors	16,996,257
Administrative expense	1,167,725
Payments to other governments	<u>6,752,645</u>
Total deductions	<u>24,916,627</u>
Change in Net Position	178,244
Net Position - Beginning	<u>41,576,316</u>
Net Position - Ending	<u><u>\$ 41,754,560</u></u>

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The Menifee Union School District (the District) was organized December 7, 1951, 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 Transitional K - 8 as mandated by the State and/or Federal agencies. The District operates ten elementary schools, one STEAM Academy, four middle schools, one preschool, and an independent study program.

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 Menifee Union 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 have a financial and operational relationship which meet 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 Menifee Union School District Public Financing Authority (the Authority) financial activity is presented in the Governmental Funds financial statements as the Capital Project Fund for Blended Component Units and the Debt Service Fund for Blended Component Units. Lease revenue bonds issued by the Authority are included in the long-term liabilities in the government-wide financial statements. Individually prepared financial statements are not prepared for the Authority.

The Menifee Union School District Community Facilities Districts (CFDs) 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 are not included in the long-term liabilities on 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 out 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.

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 (*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).

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

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

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

Non-Major Governmental Funds

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

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

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 obligation.

- **Debt Service Fund for Blended Component Units** The Debt Service Fund is used to account for the accumulation of resources for lease revenue bonds debt service payments.

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

Trust funds are used to account for resources held by the District under a trust agreement for individuals, private organizations, or other governments. The District does not have any trust funds. Custodial funds are used to account for resources, not in a trust, that are held by the District for other parties outside the District's reporting entity. The District's custodial funds are related to funds held for various Community Facilities Districts.

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.

The government-wide statement of activities presents a comparison between expenses, both direct and indirect, of the District, 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 of capital assets and amortization of leased assets. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program 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 use 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 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 the flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting, and the governmental fund financial statements, prepared using the flow of current financial resources measurement focus and the modified accrual basis of accounting.
- **Fiduciary Funds** Fiduciary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are excluded from the government-wide financial statements because they do not represent resources of the District.

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 county and State investment pools are determined by the program sponsor.

The District's investment in the county treasury is measured at fair value on a recurring basis, which is determined by the fair value per share of the underlying portfolio determined by the program sponsor. Positions in this investment pool are not required to be categorized within the fair value hierarchy.

Store 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 \$5,000 dollars. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized, but are expensed as incurred.

When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in the government-wide financial statement of net position. The valuation bases 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, 2024.

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.

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

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

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 District Plan and the fiduciary net position of 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 total 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 leased asset (leased 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 leased asset is initially measured as the initial amount of the lease liability, plus certain initial direct costs. Subsequently, the leased asset is amortized on a straight-line basis over the lease term or useful life of the underlying asset.

Fund Balances - Governmental Funds

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

Nonspendable - amounts that cannot be spent either because they are in 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 chief business officer/assistant superintendent of business services may assign amounts for specific purposes.

Unassigned - all other spendable amounts.

Spending Order Policy

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

Minimum Fund Balance Policy

The governing board adopted a minimum fund balance policy for the General Fund in order to protect the district against revenue shortfalls or unpredicted one-time expenditures. The policy intends for the District to maintain a minimum fund balance equal to three percent of the District's general fund annual operating expenditures and other financing uses plus two months of general fund annual operating 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 first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report \$131,409,089 of net position 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. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

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.

Note 2 - Deposits and Investments

Summary of Deposits and Investments

Deposits and investments as of June 30, 2024, are classified in the accompanying financial statements as follows:

Governmental funds	\$ 174,715,985
Fiduciary funds	<u>41,754,560</u>
Total deposits and investments	<u><u>\$ 216,470,545</u></u>

Deposits and investments as of June 30, 2024, consist of the following:

Cash on hand and in banks	\$ 177,318
Cash in revolving	5,100
Investments	<u>216,288,127</u>
Total deposits and investments	<u><u>\$ 216,470,545</u></u>

Policies and Practices

The District is authorized under California *Government Code* to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations.

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

Authorized Under Debt Agreements

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code. These provisions allow for the acquisition of investment agreements with maturities of up to 30 years.

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 manages its exposure to interest rate risk by 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
Morgan Stanley Institutional Liquidity Fund	\$ 59,773,408	43
Riverside County Treasury Investment Pool	156,514,719	463
Total	<u>\$ 216,288,127</u>	

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in the Riverside County Investment Pool and Morgan Stanley Institutional Liquidity Fund has been rated Aaa-bf and Aaa-mf, respectively, by Moody's Investors Service.

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, 2024, the District's bank balance was not exposed to custodial credit risk.

Note 3 - Fair Value Measurements

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

- Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

- Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.
- Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonably available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

The District's fair value measurements are as follows at June 30, 2024:

Investment Type	Reported Amount	Fair Value Measurements Using Level 2 Inputs
Morgan Stanley Institutional Liquidity Fund	\$ 59,773,408	\$ 59,773,408

All assets have been valued using a market approach, with quoted market prices.

Note 4 - Receivables

Receivables at June 30, 2024, consisted of intergovernmental grants, entitlements, interest, and other local sources. All receivables are considered collectible in full.

	General Fund	Building Fund	Capital Facilities Fund	County School Facilities Fund	Non-Major Governmental Funds	Total
Federal Government						
Categorical aid	\$ 2,953,888	\$ -	\$ -	\$ -	\$ 1,620,393	\$ 4,574,281
State Government						
Categorical aid	342,131	-	-	-	2,391,305	2,733,436
Lottery	748,392	-	-	-	-	748,392
Local Government						
Interest	673,591	164,666	477,366	150,447	97,764	1,563,834
Other local sources	1,097,331	-	1,119,276	-	4,004	2,220,611
Total	\$ 5,815,333	\$ 164,666	\$ 1,596,642	\$ 150,447	\$ 4,113,466	\$ 11,840,554

Note 5 - Capital Assets

Capital assets activity for the fiscal year ended June 30, 2024, was as follows:

	Balance July 1, 2023	Additions	Deductions	Balance June 30, 2024
Governmental Activities				
Capital assets not being depreciated or amortized				
Land	\$ 50,160,292	\$ -	\$ -	\$ 50,160,292
Construction in progress	138,354,349	60,876,711	-	199,231,060
Total capital assets not being depreciated or amortized	188,514,641	60,876,711	-	249,391,352
Capital assets being depreciated and amortized				
Land improvements	14,489,492	3,186,806	-	17,676,298
Buildings and improvements	318,169,601	3,180,710	-	321,350,311
Furniture and equipment	10,603,969	4,638,582	-	15,242,551
Right-to-use leased furniture and equipment	1,515,185	-	-	1,515,185
Total capital assets being depreciated and amortized	344,778,247	11,006,098	-	355,784,345
Total capital assets	533,292,888	71,882,809	-	605,175,697
Accumulated depreciation and amortization				
Land improvements	(7,942,087)	(827,668)	-	(8,769,755)
Buildings and improvements	(96,058,540)	(7,825,991)	-	(103,884,531)
Furniture and equipment	(7,121,996)	(545,792)	-	(7,667,788)
Right-to-use leased furniture and equipment	(231,457)	(336,824)	-	(568,281)
Total accumulated depreciation and amortization	(111,354,080)	(9,536,275)	-	(120,890,355)
Net depreciable and amortizable capital assets	233,424,167	1,469,823	-	234,893,990
Governmental activities capital assets, net	\$ 421,938,808	\$ 62,346,534	\$ -	\$ 484,285,342

Depreciation and amortization expenses were charged to governmental functions as follows:

Governmental Activities	
Instruction	\$ 8,651,916
Home-to-school transportation	29,061
Food services	19,659
All other administration	803,757
Plant services	31,882
Total depreciation and amortization expenses governmental activities	\$ 9,536,275

Note 6 - 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, 2024, between major and non-major governmental funds are as follows:

Due To	Due From					Total
	General Fund	Capital Facilities Fund	County School Facilities Fund	Capital Projects Fund for Blended Component Units	Non-Major Governmental Funds	
General Fund	\$ -	\$ 132,500	\$ -	\$ -	\$ 76,531	\$ 209,031
Building Fund	-	-	-	-	15,486	15,486
Capital Facilities Fund	540	-	150,447	6,072,605	16,400	6,239,992
Non-Major Governmental Funds	357,109	-	-	-	-	357,109
Total	<u>\$ 357,649</u>	<u>\$ 132,500</u>	<u>\$ 150,447</u>	<u>\$ 6,072,605</u>	<u>\$ 108,417</u>	<u>\$ 6,821,618</u>

The balance of \$6,072,605 is due to the Capital Facilities Fund from the Capital Projects Fund for Blended Component Units for reimbursement of construction costs.

The balance of \$357,109 is due to the Deferred Maintenance Non-Major Governmental Fund from the General Fund for roofing and flooring repair costs.

The balance of \$150,447 is due to the Capital Facilities Fund from the County School Facilities Fund for reimbursement of construction costs.

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

Operating Transfers

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

Transfer To	Transfer From			Total
	General Fund	Capital Facilities Fund	County School Facilities Fund	
General Fund	\$ -	\$ 81,367	\$ -	\$ 81,367
Capital Facilities Fund	-	-	40,757,679	40,757,679
Non-Major Governmental Funds	357,109	2,900,969	-	3,258,078
Total	<u>\$ 357,109</u>	<u>\$ 2,982,336</u>	<u>\$ 40,757,679</u>	<u>\$ 44,097,124</u>

The General Fund transferred to the Deferred Maintenance Non-Major Governmental Fund for building maintenance costs. \$ 357,109

The County School Facilities Fund transferred to the Capital Facilities Fund for reimbursement of construction costs. 40,757,679

The Capital Facilities Fund transferred to the General Fund for developer fees administrative costs. 81,367

The Capital Facilities Fund transferred to the Debt Service Non-Major Governmental Fund for Blended Component Units for reimbursement of construction costs. 2,900,969

Total \$ 44,097,124

Note 7 - Accounts Payable

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

	General Fund	Building Fund	Capital Facilities Fund	Non-Major Governmental Funds	Total
Salaries and benefits	\$ 675,214	\$ -	\$ -	\$ 34,046	\$ 709,260
LCFF apportionment	4,328,785	-	-	-	4,328,785
Due to Santa Rosa Academy	489,395	-	-	-	489,395
Capital outlay	-	2,941,159	-	-	2,941,159
Other vendor payables	7,598,558	-	2,842,530	149,361	10,590,449
Total	<u>\$ 13,091,952</u>	<u>\$ 2,941,159</u>	<u>\$ 2,842,530</u>	<u>\$ 183,407</u>	<u>\$ 19,059,048</u>

Note 8 - Unearned Revenue

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

	General Fund	Non-Major Governmental Funds	Total
Federal financial assistance	\$ 741,002	\$ -	\$ 741,002
State categorical aid	-	594,889	594,889
Total	<u>\$ 741,002</u>	<u>\$ 594,889</u>	<u>\$ 1,335,891</u>

Note 9 - 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 consist of the following:

	Balance July 1, 2023	Additions	Deductions	Balance June 30, 2024	Due in One Year
Long-Term Liabilities					
General obligation bonds	\$ 130,419,008	\$ 37,893,154	\$ (4,615,000)	\$ 163,697,162	\$ 4,750,000
Qualified Zone Academy Bonds	14,681,824	-	(1,422,648)	13,259,176	1,522,647
Certificates of participation	988,120	-	(471,421)	516,699	377,663
Lease revenue bonds	19,140,000	-	(200,000)	18,940,000	235,000
Unamortized premiums	9,312,156	2,371,496	(609,907)	11,073,745	-
Unamortized discounts	(32,487)	-	10,829	(21,658)	-
Leases	1,297,296	-	(305,637)	991,659	322,878
Compensated absences	491,496	56,275	-	547,771	-
Total	<u>\$ 176,297,413</u>	<u>\$ 40,320,925</u>	<u>\$ (7,613,784)</u>	<u>\$ 209,004,554</u>	<u>\$ 7,208,188</u>

General obligation bonds are paid from the Bond Interest and Redemption fund from tax revenues collected from the property owners within the boundaries of the District. Qualified Zone Academy Bonds payments are paid from the General Fund. Certificates of participation are paid from the Capital Facilities Fund. Lease revenue bonds are paid from the Debt Service Fund for Blended Component Units. Payments for leases are paid from the General Fund. Payments for compensated absences are made from the General Fund, Child Development Fund, and Cafeteria Fund. Additions and deductions for compensated absences are reported net to its cumulative change in the current year.

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, 2023	Issued	Interest Accreted	Redeemed	Bonds Outstanding June 30, 2024
6/15/2005	8/1/2029	3.00-4.27%	\$5,069,720	\$ 680,673	\$ -	\$ 42,134	\$ -	\$ 722,807
3/18/2009	8/1/2039	3.00-10.51%	15,730,000	13,688,335	-	1,096,736	-	14,785,071
2/14/2013	8/1/2027	1.25-3.00%	8,835,000	5,200,000	-	-	(845,000)	4,355,000
8/14/2014	8/1/2029	2.00-5.00%	4,230,000	3,025,000	-	-	(235,000)	2,790,000
8/3/2016	8/1/2033	2.00-5.00%	25,010,000	19,900,000	-	-	(1,475,000)	18,425,000
6/8/2017	8/1/2042	3.00-5.00%	23,395,000	16,155,000	-	-	(170,000)	15,985,000
12/6/2018	8/1/2043	3.25-5.00%	36,905,000	35,195,000	-	-	-	35,195,000
12/30/2020	8/1/2045	0.33-4.00%	38,205,000	36,575,000	-	-	(1,890,000)	34,685,000
8/31/2023	8/1/2046	2.75-5.00%	36,491,572	-	36,491,572	262,712	-	36,754,284
				<u>\$130,419,008</u>	<u>\$ 36,491,572</u>	<u>\$1,401,582</u>	<u>\$ (4,615,000)</u>	<u>\$ 163,697,162</u>

Debt Service Requirements to Maturity

The current interest bonds mature through 2047 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2025	\$ 4,750,000	\$ 5,363,088	\$ 10,113,088
2026	4,845,000	5,165,838	10,010,838
2027	4,420,000	5,009,151	9,429,151
2028	5,040,000	4,844,863	9,884,863
2029	5,195,000	4,652,981	9,847,981
2030-2034	22,970,000	20,938,029	43,908,029
2035-2039	27,915,000	16,293,541	44,208,541
2040-2044	47,685,000	8,609,706	56,294,706
2045-2047	18,670,000	1,230,875	19,900,875
Total	<u>\$ 141,490,000</u>	<u>\$ 72,108,072</u>	<u>\$ 213,598,072</u>

Menifee Union School District

Notes to Financial Statements

June 30, 2024

The capital appreciation bonds mature through 2047 as follows:

Bonds Maturing Fiscal Year	Initial Bond Value	Accreted Interest	Accreted Obligation	Unaccreted Interest	Maturity Value
2025	\$ -	\$ -	\$ -	\$ -	\$ -
2026	-	-	-	-	-
2027	-	-	-	-	-
2028	-	-	-	-	-
2029	-	-	-	-	-
2030-2034	1,052,655	3,451,033	4,503,688	5,096,312	9,600,000
2035-2039	3,267,000	6,162,151	9,429,151	13,070,849	22,500,000
2040-2044	565,065	1,009,974	1,575,039	2,924,961	4,500,000
2045-2047	6,436,572	262,712	6,699,284	11,345,716	18,045,000
Total	<u>\$ 11,321,292</u>	<u>\$ 10,885,870</u>	<u>\$ 22,207,162</u>	<u>\$ 32,437,838</u>	<u>\$ 54,645,000</u>

Qualified Zone Academy Bonds

In December 2014, the District issued \$25,130,000 of Qualified Zone Academy Bond Program (QZAB) certificates of participation. The QZAB certificates represent interest free financing for the District. Owners of the QZAB certificates receive a Federal tax credit in lieu of charging the District interest on the certificates. At June 30, 2024, the outstanding balance was \$13,259,176.

The bonds mature through 2032 as follows:

Year Ending June 30,	Principal	Interest to Maturity	Total
2025	\$ 1,522,647	\$ 82,676	\$ 1,605,323
2026	1,627,647	73,165	1,700,812
2027	1,733,647	62,613	1,796,260
2028	1,853,647	50,929	1,904,576
2029	1,976,647	38,021	2,014,668
2030-2032	4,544,941	33,298	4,578,239
Total	<u>\$ 13,259,176</u>	<u>\$ 340,702</u>	<u>\$ 13,599,878</u>

Certificates of Participation

In July 2012, the District issued certificates of participation in the amount of \$5,139,197 with an interest rate of 3.15%. At June 30, 2024, the principal balance outstanding was \$516,699.

The certificates mature through 2026 as follows:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 377,663	\$ 12,518	\$ 390,181
2026	139,036	2,190	141,226
Total	<u>\$ 516,699</u>	<u>\$ 14,708</u>	<u>\$ 531,407</u>

Lease Revenue Bonds

In September 2018, the District issued lease revenue bonds in the amount of \$19,680,000 with interest rates ranging from 3.00% to 3.69%. As of June 30, 2024, the principal balance outstanding was \$18,940,000.

The bonds mature through 2048 as follows:

Year Ending June 30,	Principal	Interest to Maturity	Total
2025	\$ 235,000	\$ 716,000	\$ 951,000
2026	280,000	704,250	984,250
2027	320,000	690,250	1,010,250
2028	355,000	674,250	1,029,250
2029	400,000	656,500	1,056,500
2030-2034	2,615,000	2,978,800	5,593,800
2035-2039	3,830,000	2,391,194	6,221,194
2040-2044	5,310,000	1,634,775	6,944,775
2045-2048	5,595,000	536,600	6,131,600
Total	<u>\$ 18,940,000</u>	<u>\$ 10,982,619</u>	<u>\$ 29,922,619</u>

Leases

The District has entered into various agreements to lease copiers. At June 30, 2024, the District has recognized a right-to-use leased asset of \$946,904 and a lease liability of \$991,659 related to these agreement. During the fiscal year, the District recorded \$336,824 in amortization expense and \$63,723 in interest expense for the right-to-use the copiers. The District used a discount rate of 5.50%, based on rates available to finance equipment over the same periods.

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

Year Ending June 30,	Principal	Interest	Total
2025	\$ 322,878	\$ 46,482	\$ 369,360
2026	341,092	28,270	369,362
2027	168,085	13,395	181,480
2028	159,604	4,795	164,399
Total	<u>\$ 991,659</u>	<u>\$ 92,942</u>	<u>\$ 1,084,601</u>

Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2024, amounted to \$547,771.

Note 10 - Net Other Postemployment Benefits (OPEB) Liability

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

OPEB Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	\$ 3,487,191	\$ 1,858,458	\$ 248,890	\$ 342,437
Medicare Premium Payment (MPP) Program	499,591	-	-	(10,447)
Total	<u>\$ 3,986,782</u>	<u>\$ 1,858,458</u>	<u>\$ 248,890</u>	<u>\$ 331,990</u>

The details of each plan are as follows:

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 January 1, 2023, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	35
Active employees	891
	<hr/>
Total	926
	<hr/>

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 the Plan members and the District are established and may be amended by the District, the Meniffee 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, 2024, the District paid \$198,886 in benefits.

Total OPEB Liability of the District

The District's total OPEB liability of \$3,487,191 was measured as of June 30, 2024, and the total OPEB liability was determined by an actuarial valuation as of January 1, 2023.

Actuarial Assumptions

The total OPEB liability as of June 30, 2024 was determined by applying updated procedures to the financial reporting actuarial valuation as of January 1, 2023 and rolling forward the total OPEB liability to June 30, 2024. The following assumptions were applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.00%, average, including inflation
Discount rate	3.97%
Healthcare cost trend rates	7.00% for 2024

The discount rate was based on the Fidelity Municipal General Obligation AA 20 Year Bond Index.

Mortality rates were based on the 2020 CalSTRS Mortality Table for certificated employees and the 2021 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 reduction. 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 January 1, 2023 valuation were based on the results of an actual experience study for the period December 31, 2022 to January 1, 2023.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance, June 30, 2023	\$ 3,364,466
Service cost	212,078
Interest	134,216
Changes of assumptions	(24,683)
Benefit payments	(198,886)
Net change in total OPEB liability	122,725
Balance, June 30, 2024	\$ 3,487,191

No changes of benefit terms since the previous valuation. Changes of assumptions reflects a change in discount rate from 3.86% in 2023 to 3.97% in 2024.

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 discount rate:

Discount Rate	Total OPEB Liability
1% decrease (2.97%)	\$ 3,716,398
Current discount rate (3.97%)	3,487,191
1% increase (4.97%)	3,268,692

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 Rate	Total OPEB Liability
1% decrease (6.00%)	\$ 3,262,437
Current healthcare cost trend rate (7.00%)	3,487,191
1% increase (8.00%)	3,741,085

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

For the year ended June 30, 2024, the District recognized OPEB expense of \$342,437. At June 30, 2024, the District reported deferred outflows of resources and deferred inflow of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 358,352	\$ 223,356
Changes of assumptions	1,500,106	25,534
Total	\$ 1,858,458	\$ 248,890

The 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
2025	\$ 195,030
2026	197,138
2027	197,138
2028	197,138
2029	197,138
Thereafter	625,986
Total	\$ 1,609,568

Medicare Premium Payment (MPP) Program

Plan Description

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

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

Benefits Provided

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

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

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, 2024, the District reported a liability of \$499,591 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022. 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, 2023 and June 30, 2022, was 0.1646% and 0.1548%, respectively, resulting in a net increase in the proportionate share of 0.0098%.

For the year ended June 30, 2024, the District recognized OPEB expense of (\$10,447).

Actuarial Methods and Assumptions

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

Measurement Date	June 30, 2023	June 30, 2022
Valuation Date	June 30, 2022	June 30, 2021
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	3.65%	3.54%
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, 2022, 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 179 or an average of 0.13% of the potentially eligible population (138,780).

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, 2023, 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

As the MPP Program is funded on a pay-as-you-go basis, the OPEB plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, the MPP Program used the Bond Buyer's 20-Bond GO Index from Bondbuyer.com as of June 30, 2023, as the discount rate, which was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate as of June 30, 2023, was 3.65%, which is an increase of 0.11% from 3.54% as of June 30, 2022.

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 (2.65%)	\$ 542,953
Current discount rate (3.65%)	499,591
1% increase (4.65%)	461,888

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 (3.50% Part A and 4.40% Part B)	\$ 459,674
Current Medicare costs trend rate (4.50% Part A and 5.40% Part B)	499,591
1% increase (5.50% Part A and 6.40% Part B)	544,657

Note 11 - 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 bondholders, and may initiate foreclosure proceedings. Special assessment debt of \$260,625,000 as of June 30, 2024, does not represent debt of the District and, as such, does not appear in the accompanying basic financial statements.

Note 12 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Building Fund	Capital Facilities Fund	Capital Project Fund for Blended Component Units	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total
Nonspendable							
Revolving cash	\$ 5,000	\$ -	\$ -	\$ -	\$ -	\$ 100	\$ 5,100
Stores inventories	-	-	-	-	-	178,845	178,845
Total nonspendable	5,000	-	-	-	-	178,945	183,945
Restricted							
Legally restricted programs	33,035,029	-	-	-	-	391,697	33,426,726
Food service	-	-	-	-	-	10,992,120	10,992,120
Student activities	-	-	-	-	-	177,298	177,298
Capital projects	-	5,630,240	60,925,505	4,046,787	-	-	70,602,532
Debt service	-	-	-	-	20,666,479	7,899,456	28,565,935
Total restricted	33,035,029	5,630,240	60,925,505	4,046,787	20,666,479	19,460,571	143,764,611
Committed							
Deferred maintenance program	-	-	-	-	-	466,323	466,323
Major maintenance	924,848	-	-	-	-	-	924,848
Pension obligations	938,703	-	-	-	-	-	938,703
Special education	1,277,750	-	-	-	-	-	1,277,750
Future unification	1,063,235	-	-	-	-	-	1,063,235
Supplemental and concentration	4,325,816	-	-	-	-	-	4,325,816
Total committed	8,530,352	-	-	-	-	466,323	8,996,675
Assigned							
Energy conservation project	92,638	-	-	-	-	-	92,638
Budget contingencies	5,824,896	-	-	-	-	-	5,824,896
School site discretionary	1,662,667	-	-	-	-	-	1,662,667
Donations carryover	107,013	-	-	-	-	-	107,013
Total assigned	7,687,214	-	-	-	-	-	7,687,214
Unassigned							
Reserve for economic uncertainties	5,708,000	-	-	-	-	-	5,708,000
Total	<u>\$54,965,595</u>	<u>\$5,630,240</u>	<u>\$60,925,505</u>	<u>\$ 4,046,787</u>	<u>\$ 20,666,479</u>	<u>\$ 20,105,839</u>	<u>\$166,340,445</u>

Note 13 - Risk Management

The District's risk management activities are recorded in the General Fund. The District participates in various public entity risk pools (JPAs) for the workers' compensation administration, property and liability insurance, and health and welfare programs. Refer to Note 16 for additional information regarding the JPAs.

Property and Liability

The District is exposed to various risks of loss related to torts; theft, damage, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2024, the District contracted with Riverside Schools' Insurance Authority (RSIA) for property and liability insurance coverage. 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. Settled claims resulting from these risks have not exceeded coverage in any of the past three years.

Workers' Compensation

For fiscal year June 30, 2024, the District participated in the Protected Insurance Program for Schools (PIPS). The intent of the PIPS is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the PIPS. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate. Each participant pays its workers' compensation premium based on its individual rate. Settled claims resulting from these risks have not exceeded coverage in any of the past three years.

Employee Medical Benefits

The District has contracted with the Self-Insured Schools of California (SISC III) to provide employee medical and welfare benefits. Self-Insured Schools of California (SISC III) is a shared risk pool comprised of member 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 14 - Employee Retirement System

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

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

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	\$ 84,776,036	\$ 34,457,153	\$ 4,864,296	\$ 14,260,700
CalPERS	47,918,108	22,088,130	735,952	10,413,479
Total	<u>\$ 132,694,144</u>	<u>\$ 56,545,283</u>	<u>\$ 5,600,248</u>	<u>\$ 24,674,179</u>

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

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

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, 2024, are summarized as follows:

	STRP Defined Benefit Program	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	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, 2024, are presented above and the District's total contributions were \$15,495,941.

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

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

Total net pension liability, including State share	
Proportionate share of net pension liability	\$ 84,776,036
State's proportionate share of the net pension liability	<u>40,618,583</u>
Total	<u><u>\$ 125,394,619</u></u>

The net pension liability was measured as of June 30, 2023. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2023 and June 30, 2022, respectively, was 0.1113% and 0.1032%, respectively, resulting in a net increase in the proportionate share of 0.0081%.

Menifee Union School District

Notes to Financial Statements

June 30, 2024

For the year ended June 30, 2024, the District recognized pension expense of \$14,260,700. In addition, the District recognized pension expense and revenue of \$5,525,249 for support provided by the State. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 15,495,941	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	11,445,452	328,347
Differences between projected and actual earnings on pension plan investments	362,876	-
Differences between expected and actual experience in the measurement of the total pension liability	6,662,000	4,535,949
Changes of assumptions	490,884	-
Total	\$ 34,457,153	\$ 4,864,296

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
2025	\$ (2,667,119)
2026	(4,179,843)
2027	6,868,947
2028	340,891
Total	\$ 362,876

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
2025	\$ 2,321,047
2026	2,667,205
2027	2,454,325
2028	1,957,264
2029	2,331,023
Thereafter	2,003,176
Total	<u>\$ 13,734,040</u>

Actuarial Methods and Assumptions

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

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

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110% 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 expected 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2023, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Public equity	38%	5.25%
Real estate	15%	4.05%
Private equity	14%	6.75%
Fixed income	14%	2.45%
Risk mitigating strategies	10%	2.25%
Inflation sensitive	7%	3.65%
Cash/liquidity	2%	0.05%

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%)	\$ 142,205,035
Current discount rate (7.10%)	84,776,036
1% increase (8.10%)	37,074,558

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, 2022 annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/forms-publications>.

Benefits Provided

CalPERS 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, 2024, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	8.00%
Required employer contribution rate	26.680%	26.680%

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 July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2024, are presented above and the total District contributions were \$7,711,604.

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

As of June 30, 2024, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$47,918,108. The net pension liability was measured as of June 30, 2023. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2023 and June 30, 2022, was 0.1324% and 0.1161%, respectively, resulting in a net increase in the proportionate share of 0.0163%.

For the year ended June 30, 2024, the District recognized pension expense of \$10,413,479. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 7,711,604	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	5,301,952	-
Differences between projected and actual earnings on pension plan investments	5,118,339	-
Differences between expected and actual experience in the measurement of the total pension liability	1,748,667	735,952
Changes of assumptions	2,207,568	-
Total	<u>\$ 22,088,130</u>	<u>\$ 735,952</u>

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2025	\$ 954,770
2026	565,630
2027	3,438,653
2028	159,286
Total	<u>\$ 5,118,339</u>

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and District's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 3.9 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2025	\$ 3,680,763
2026	3,358,923
2027	1,482,549
Total	<u>\$ 8,522,235</u>

Actuarial Methods and Assumptions

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

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

The mortality table 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%	4.54%
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%)	\$ 69,277,198
Current discount rate (6.90%)	47,918,108
1% increase (7.90%)	30,265,306

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 \$6,496,999 (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 15 - Commitments and Contingencies

Grants

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

Litigation

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

Construction Commitments

As of June 30, 2024, the District had the following commitments with respect to the unfinished capital projects:

Capital Project	Remaining Construction Commitment	Expected Date of Completion
Modernization at various sites		
Access Control Phase 3	\$ 400,000	08/01/25
Middle School #4 Phase 1	268,854	08/01/24
Middle School #4 Phase 2	14,474,680	08/01/25
Elementary School #15	8,742,212	02/01/25
Bus Yard Fueling Station	52,287	08/01/25
Tk-K Phase 1	544,806	08/01/24
Tk-K Phase 2	7,520,474	11/22/24
Shade Structure	19,125	08/01/24
SSE Shade Structure	107,275	10/18/24
MES Reconstruction	59,773,155	08/01/28
HCMS TK-8 Conversion	15,502,403	10/17/25
	<u> </u>	
Total	<u><u>\$ 107,405,271</u></u>	

Note 16 - Participation in Joint Powers Authorities

The District is a member of the Riverside Schools Insurance Authority (RSIA), Self-Insurance Schools' of California III (SISC III), and the Protected Insurance Program for Schools (PIPS) joint powers authorities (JPA). The District pays an annual premium to the applicable entity for its health, workers' compensation, and property and liability coverage. The relationships between the District and the JPAs are such that they 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 generally available from the respective entities.

During the year ended June 30, 2024, the District made payments of \$1,288,540, \$2,268,482, and \$9,559,871 to RSIA, PIPS, and SISC III, respectively, for its property and liability, workers' compensation, and health coverage.



Required Supplementary Information
June 30, 2024

Menifee Union School District

Menifee Union School District
Budgetary Comparison Schedule – General Fund
Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variances - Positive (Negative)
	Original	Final		Final to Actual
Revenues				
Local Control Funding Formula	\$142,008,288	\$145,050,643	\$144,984,104	\$ (66,539)
Federal sources	4,260,726	6,422,219	5,662,823	(759,396)
Other State sources	18,464,678	25,290,703	26,686,886	1,396,183
Other local sources	10,246,866	13,886,432	18,007,876	4,121,444
Total revenues	174,980,558	190,649,997	195,341,689	4,691,692
Expenditures				
Current				
Certificated salaries	80,374,931	83,882,040	83,022,126	859,914
Classified salaries	28,610,286	28,949,133	27,994,783	954,350
Employee benefits	44,776,416	45,890,434	44,655,872	1,234,562
Books and supplies	9,352,334	8,835,818	6,845,162	1,990,656
Services and operating expenditures	22,915,767	22,594,548	20,421,452	2,173,096
Other outgo	1,339,890	1,041,197	(143,098)	1,184,295
Capital outlay	1,456,000	1,298,965	5,230,136	(3,931,171)
Debt service				
Debt service - principal	968,494	968,494	1,728,285	(759,791)
Debt service - interest and other	91,117	91,117	154,839	(63,722)
Total expenditures	189,885,235	193,551,746	189,909,557	3,642,189
Excess (Deficiency) of Revenues Over Expenditures	(14,904,677)	(2,901,749)	5,432,132	8,333,881
Other Financing Sources (Uses)				
Transfers in	52,000	52,000	81,367	29,367
Transfers out	(357,109)	(357,109)	(357,109)	-
Net financing sources (uses)	(305,109)	(305,109)	(275,742)	29,367
Net Change in Fund Balances	(15,209,786)	(3,206,858)	5,156,390	8,363,248
Fund Balance - Beginning	49,809,205	49,809,205	49,809,205	-
Fund Balance - Ending	\$ 34,599,419	\$ 46,602,347	\$ 54,965,595	\$ 8,363,248

Menifee Union School District
Schedule of Changes in the District's Total OPEB Liability and Related Ratios
Year Ended June 30, 2024

	2024	2023	2022	2021
Total OPEB Liability				
Service cost	\$ 212,078	\$ 73,528	\$ 94,140	\$ 73,717
Interest	134,216	42,046	31,929	38,429
Changes of benefit terms	-	1,465,591	-	89,147
Difference between expected and actual experience	-	926,445	-	(36,718)
Changes of assumptions	(24,683)	(22,778)	(155,737)	515,352
Benefit payments	(198,886)	(372,606)	(573,798)	(638,054)
Net change in total OPEB liability	122,725	2,112,226	(603,466)	41,873
Total OPEB Liability - Beginning	3,364,466	1,252,240	1,855,706	1,813,833
Total OPEB Liability - Ending	<u>\$ 3,487,191</u>	<u>\$ 3,364,466</u>	<u>\$ 1,252,240</u>	<u>\$ 1,855,706</u>
Covered Payroll	N/A ¹	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	N/A ¹
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021
		2020	2019	2018
Total OPEB Liability				
Service cost		\$ 73,501	\$ 66,039	\$ 8,900
Interest		69,422	44,392	57,866
Changes of benefit terms		-	458,446	-
Difference between expected and actual experience		-	1,405,311	-
Changes of assumptions		(29,698)	(81,571)	(16,871)
Benefit payments		(884,142)	(936,270)	(536,348)
Net change in total OPEB liability		(770,917)	956,347	(486,453)
Total OPEB Liability - Beginning		2,584,750	1,628,403	2,114,856
Total OPEB Liability - Ending		<u>\$ 1,813,833</u>	<u>\$ 2,584,750</u>	<u>\$ 1,628,403</u>
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.

Menifee Union School District
Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program
Year Ended June 30, 2024

Year ended June 30,	2024	2023	2022	2021
Proportion of the net OPEB liability	0.1646%	0.1548%	0.1446%	0.1625%
Proportionate share of the net OPEB liability	\$ 499,591	\$ 510,038	\$ 576,836	\$ 688,631
Covered payroll	N/A ¹	N/A ¹	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	N/A ¹	N/A ¹
Plan fiduciary net position as a percentage of the total OPEB liability	(0.96%)	(0.94%)	(0.80%)	(0.71%)
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020
Year ended June 30,		2020	2019	2018
Proportion of the net OPEB liability		0.1571%	0.1517%	0.1583%
Proportionate share of the net OPEB liability		\$ 585,080	\$ 580,715	\$ 665,933
Covered payroll		N/A ¹	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	N/A ¹
Plan fiduciary net position as a percentage of the total OPEB liability		(0.81%)	(0.40%)	0.01%
Measurement Date		June 30, 2019	June 30, 2018	June 30, 2017

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.

Menifee Union School District
Schedule of the District's Proportionate Share of the Net Pension Liability - CalSTRS
Year Ended June 30, 2024

CalSTRS	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Proportion of the net pension liability	<u>0.1113%</u>	<u>0.1032%</u>	<u>0.0962%</u>	<u>0.0933%</u>	<u>0.0888%</u>
Proportionate share of the net pension liability	\$ 84,776,036	\$ 71,686,857	\$ 43,783,407	\$ 90,373,992	\$ 80,212,650
State's proportionate share of the net pension liability	<u>40,618,583</u>	<u>35,900,498</u>	<u>22,030,112</u>	<u>46,587,804</u>	<u>43,761,356</u>
Total	<u>\$ 125,394,619</u>	<u>\$ 107,587,355</u>	<u>\$ 65,813,519</u>	<u>\$ 136,961,796</u>	<u>\$ 123,974,006</u>
Covered payroll	<u>\$ 67,841,277</u>	<u>\$ 59,305,213</u>	<u>\$ 52,100,062</u>	<u>\$ 51,273,468</u>	<u>\$ 47,846,800</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>124.96%</u>	<u>120.88%</u>	<u>84.04%</u>	<u>176.26%</u>	<u>167.64%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>81%</u>	<u>81%</u>	<u>87%</u>	<u>72%</u>	<u>73%</u>
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability	<u>0.0845%</u>	<u>0.0874%</u>	<u>0.0838%</u>	<u>0.0816%</u>	<u>0.0750%</u>
Proportionate share of the net pension liability	\$ 77,684,671	\$ 80,856,865	\$ 67,770,888	\$ 54,954,910	\$ 43,807,701
State's proportionate share of the net pension liability	<u>44,478,108</u>	<u>47,834,238</u>	<u>38,580,758</u>	<u>29,065,089</u>	<u>26,452,981</u>
Total	<u>\$ 122,162,779</u>	<u>\$ 128,691,103</u>	<u>\$ 106,351,646</u>	<u>\$ 84,019,999</u>	<u>\$ 70,260,682</u>
Covered payroll	<u>\$ 45,674,380</u>	<u>\$ 46,519,428</u>	<u>\$ 41,439,497</u>	<u>\$ 36,965,574</u>	<u>\$ 31,564,659</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>170.08%</u>	<u>173.81%</u>	<u>163.54%</u>	<u>148.67%</u>	<u>138.79%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>71%</u>	<u>69%</u>	<u>70%</u>	<u>74%</u>	<u>77%</u>
Measurement Date	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

Meniffee Union School District
Schedule of the District's Proportionate Share of the Net Pension Liability - CalPERS
Year Ended June 30, 2024

CalPERS	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Proportion of the net pension liability	<u>0.1324%</u>	<u>0.1161%</u>	<u>0.1041%</u>	<u>0.1025%</u>	<u>0.0907%</u>
Proportionate share of the net pension liability	<u>\$ 47,918,108</u>	<u>\$ 39,947,740</u>	<u>\$ 21,165,204</u>	<u>\$ 31,446,317</u>	<u>\$ 26,441,798</u>
Covered payroll	<u>\$ 23,109,890</u>	<u>\$ 18,007,019</u>	<u>\$ 15,078,256</u>	<u>\$ 14,835,804</u>	<u>\$ 12,713,016</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>207.35%</u>	<u>221.85%</u>	<u>140.37%</u>	<u>211.96%</u>	<u>207.99%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>70%</u>	<u>70%</u>	<u>81%</u>	<u>70%</u>	<u>70%</u>
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability	<u>0.0895%</u>	<u>0.0857%</u>	<u>0.0862%</u>	<u>0.0840%</u>	<u>0.0813%</u>
Proportionate share of the net pension liability	<u>\$ 23,866,036</u>	<u>\$ 20,458,154</u>	<u>\$ 17,018,276</u>	<u>\$ 12,375,927</u>	<u>\$ 9,235,131</u>
Covered payroll	<u>\$ 11,704,340</u>	<u>\$ 11,000,468</u>	<u>\$ 10,609,834</u>	<u>\$ 9,099,414</u>	<u>\$ 8,479,987</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>203.91%</u>	<u>185.98%</u>	<u>160.40%</u>	<u>136.01%</u>	<u>108.91%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>71%</u>	<u>72%</u>	<u>74%</u>	<u>79%</u>	<u>83%</u>
Measurement Date	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

Meniffee Union School District
Schedule of the District's Contributions - CalSTRS
Year Ended June 30, 2024

CalSTRS	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ 15,495,941	\$ 12,957,684	\$ 10,034,442	\$ 8,414,160	\$ 8,767,763
Less contributions in relation to the contractually required contribution	<u>15,495,941</u>	<u>12,957,684</u>	<u>10,034,442</u>	<u>8,414,160</u>	<u>8,767,763</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 81,130,581</u>	<u>\$ 67,841,277</u>	<u>\$ 59,305,213</u>	<u>\$ 52,100,062</u>	<u>\$ 51,273,468</u>
Contributions as a percentage of covered payroll	<u>19.10%</u>	<u>19.10%</u>	<u>16.92%</u>	<u>16.15%</u>	<u>17.10%</u>
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 7,789,459	\$ 6,590,813	\$ 5,852,144	\$ 4,446,458	\$ 3,282,543
Less contributions in relation to the contractually required contribution	<u>7,789,459</u>	<u>6,590,813</u>	<u>5,852,144</u>	<u>4,446,458</u>	<u>3,282,543</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 47,846,800</u>	<u>\$ 45,674,380</u>	<u>\$ 46,519,428</u>	<u>\$ 41,439,497</u>	<u>\$ 36,965,574</u>
Contributions as a percentage of covered payroll	<u>16.28%</u>	<u>14.43%</u>	<u>12.58%</u>	<u>10.73%</u>	<u>8.88%</u>

Menifee Union School District
Schedule of the District's Contributions - CalPERS
Year Ended June 30, 2024

CalPERS	<u>2023</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ 7,711,604	\$ 5,862,979	\$ 4,125,408	\$ 3,121,199	\$ 2,925,769
Less contributions in relation to the contractually required contribution	<u>7,711,604</u>	<u>5,862,979</u>	<u>4,125,408</u>	<u>3,121,199</u>	<u>2,925,769</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 28,904,063</u>	<u>\$ 23,109,890</u>	<u>\$ 18,007,019</u>	<u>\$ 15,078,256</u>	<u>\$ 14,835,804</u>
Contributions as a percentage of covered payroll	<u>26.680%</u>	<u>25.370%</u>	<u>22.910%</u>	<u>20.700%</u>	<u>19.721%</u>
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 2,296,225	\$ 1,817,801	\$ 1,527,745	\$ 1,256,947	\$ 1,071,092
Less contributions in relation to the contractually required contribution	<u>2,296,225</u>	<u>1,817,801</u>	<u>1,527,745</u>	<u>1,256,947</u>	<u>1,071,092</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 12,713,016</u>	<u>\$ 11,704,340</u>	<u>\$ 11,000,468</u>	<u>\$ 10,609,834</u>	<u>\$ 9,099,414</u>
Contributions as a percentage of covered payroll	<u>18.062%</u>	<u>15.531%</u>	<u>13.888%</u>	<u>11.847%</u>	<u>11.771%</u>

Note 1 - Purpose of Schedules

Budgetary Comparison Schedule

The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States 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.

This schedule presents information for the original and final budgets and actual results of operations, as well as the variances from the final budget to actual results of operations.

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, 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.
- *Change of Assumptions* – The discount rate changed from 3.86% in 2023 to 3.97% in 2024.

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 3.54% to 3.65% 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 of Assumptions* – There were no changes in economic assumptions for the CalSTRS or CalPERS plans from the previous valuations.

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, 2024

Menifee Union School District

Menifee Union School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Passed Through Riverside County Special Education Local Plan Area			
Special Education (IDEA) Cluster			
Basic Local Assistance Entitlement, Part B, Section 611	84.027	13379	\$ 2,621,756
Mental Health Allocation Plan, Part B, Section 611	84.027A	15197	167,419
Subtotal			<u>2,789,175</u>
Preschool Grants, Part B, Section 619	84.173	13430	<u>58,717</u>
Subtotal Special Education (IDEA) Cluster			<u>2,847,892</u>
Passed Through California Department of Education (CDE)			
COVID-19: Elementary and Secondary Emergency Relief III (ESSER III) Fund	84.425U	15559	124,328
COVID-19: Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U	10155	485,447
COVID-19: Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Learning Loss	84.425U	15621	181,345
COVID-19: American Rescue Plan (ARP) - Homeless Children and Youth II (ARP-HCY II)	84.425W	15566	<u>11,358</u>
Subtotal			<u>802,478</u>
Title III, English Learner Student Program	84.365	14346	167,814
Title III, Immigrant Student Program	84.365	15146	<u>8,227</u>
Subtotal			<u>176,041</u>
Title I, Part A, Basic Grants Low Income and Neglected	84.010	14329	1,517,843
Title II, Part A, Supporting Effective Instruction	84.367	14341	228,943
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	<u>89,626</u>
Total U.S. Department of Education			<u>5,662,823</u>
U.S. Department of Health and Human Services			
Passed Through California Department of Education			
CCDF Cluster			
COVID-19: ARP California State Preschool One-time Stipend	93.575	15640	<u>35,765</u>
Subtotal CCDF Cluster			<u>35,765</u>

Menifee Union School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture			
Passed Through CDE			
Child Nutrition Cluster			
School Lunch - Section 4	10.555	13523	\$ 558,955
School Lunch - Section 11	10.555	13524	1,954,773
Commodities	10.555	13524	549,280
Supply Chain Assistance (SCA) Funds	10.555	15637	<u>662,184</u>
Subtotal			<u>3,725,192</u>
School Breakfast Basic	10.553	13525	335,462
School Breakfast Needy	10.553	13526	<u>997,949</u>
Subtotal			<u>1,333,411</u>
Subtotal Child Nutrition Cluster			<u>5,058,603</u>
Passed Through California Department of Social Services			
Child and Adult Care Food Program	10.558	13529	596,638
Cash in Lieu of Commodities	10.558	13534	<u>42,077</u>
Subtotal			<u>638,715</u>
Total U.S. Department of Agriculture			<u>5,697,318</u>
Total Federal Financial Assistance			<u><u>\$ 11,395,906</u></u>

Menifee Union School District
Schedule of Average Daily Attendance
Year Ended June 30, 2024

	Final Report	
	Second Period Report	Annual Report
Regular ADA		
Transitional kindergarten through third	5,172.52	5,181.53
Fourth through sixth	3,912.49	3,913.98
Seventh and eighth	2,403.71	2,402.31
Total Regular ADA	11,488.72	11,497.82
Extended Year Special Education		
Transitional kindergarten through third	6.78	6.78
Fourth through sixth	5.08	5.08
Seventh and eighth	3.70	3.70
Total Extended Year Special Education	15.56	15.56
Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	0.59	0.59
Fourth through sixth	2.49	2.49
Seventh and eighth	2.54	2.54
Total Special Education, Nonpublic, Nonsectarian Schools	5.62	5.62
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Fourth through sixth	0.32	0.32
Seventh and eighth	0.40	0.40
Total Extended Year Special Education, Nonpublic, Nonsectarian Schools	0.72	0.72
Total ADA	11,510.62	11,519.72

Menifee Union School District
Schedule of Instructional Time
Year Ended June 30, 2024

District-Wide except for Southshore Elementary School

Grade Level	1986-1987 Minutes Requirement	2023-2024 Actual Minutes	Number of Minutes Credited Form J-13A	Total Minutes Offered	Traditional Calendar			Multitrack Calendar			Status
					Number of Actual Days	Number of Days Credited Form J-13A	Total Days Offered	Number of Actual Days	Number of Days Credited Form J-13A	Total Days Offered	
Kindergarten	36,000	40,500	-	40,500	180	-	180	-	-	-	Complied
Grades 1 - 3	50,400										
Grade 1		54,049	-	54,049	180	-	180	-	-	-	Complied
Grade 2		54,049	-	54,049	180	-	180	-	-	-	Complied
Grade 3		54,049	-	54,049	180	-	180	-	-	-	Complied
Grades 4 - 8	54,000										
Grade 4		54,949	-	54,949	180	-	180	-	-	-	Complied
Grade 5		54,949	-	54,949	180	-	180	-	-	-	Complied
Grade 6		56,200	-	56,200	180	-	180	-	-	-	Complied
Grade 7		56,200	-	56,200	180	-	180	-	-	-	Complied
Grade 8		56,200	-	56,200	180	-	180	-	-	-	Complied

Menifee Union School District
Schedule of Instructional Time
Year Ended June 30, 2024

Southshore Elementary School

Grade Level	1986-1987 Minutes Requirement	2023-2024 Actual Minutes	Number of Minutes Credited Form J-13A*	Total Minutes Offered	Traditional Calendar			Multitrack Calendar			Status
					Number of Actual Days	Number of Days Credited Form J-13A*	Total Days Offered	Number of Actual Days	Number of Days Credited Form J-13A	Total Days Offered	
Kindergarten	36,000	40,275	225	40,500	179	1	180	-	-	-	Complied
Grades 1 - 3	50,400										
Grade 1		54,832	329	55,161	179	1	180	-	-	-	Complied
Grade 2		54,832	329	55,161	179	1	180	-	-	-	Complied
Grade 3		54,832	329	55,161	179	1	180	-	-	-	Complied
Grades 4 - 8	54,000										
Grade 4		55,507	333	55,840	179	1	180	-	-	-	Complied
Grade 5		55,507	333	55,840	179	1	180	-	-	-	Complied

* The District received an approved J-13A for 1 day and 225, 329, and 333 for grades K, 1-3, and 4-5 respectively.

Meniffee Union School District
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
Year Ended June 30, 2024

There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2024.

Menifee Union School District
Schedule of Financial Trends and Analysis
Year Ended June 30, 2024

	(Budget) 2025 ¹	2024	2023 ¹	2022 ¹
General Fund				
Revenues	\$ 189,150,025	\$ 195,341,689	\$ 183,398,137	\$ 141,008,888
Other sources	52,000	81,367	1,567,185	8,807
Total Revenues and Other Sources	<u>189,202,025</u>	<u>195,423,056</u>	<u>184,965,322</u>	<u>141,017,695</u>
Expenditures	203,903,417	189,909,557	159,695,687	135,525,806
Other uses	357,109	357,109	3,368,601	350,000
Total Expenditures and Other Uses	<u>204,260,526</u>	<u>190,266,666</u>	<u>163,064,288</u>	<u>135,875,806</u>
Increase/(Decrease) in Fund Balance	<u>(15,058,501)</u>	<u>5,156,390</u>	<u>21,901,034</u>	<u>5,141,889</u>
Ending Fund Balance	<u>\$ 39,907,094</u>	<u>\$ 54,965,595</u>	<u>\$ 49,809,205</u>	<u>\$ 27,908,171</u>
Available Reserves ²	<u>\$ 6,127,816</u>	<u>\$ 5,708,000</u>	<u>\$ 4,891,929</u>	<u>\$ 4,103,212</u>
Available Reserves as a Percentage of Total Outgo	<u>3.00%</u>	<u>3.00%</u>	<u>3.00%</u>	<u>3.02%</u>
Long-Term Liabilities	<u>N/A</u>	<u>\$ 345,685,480</u>	<u>\$ 291,806,514</u>	<u>\$ 249,024,457</u>
K-12 Average Daily Attendance at P-2	<u>11,757</u>	<u>11,511</u>	<u>10,989</u>	<u>10,182</u>

The General Fund balance has increased by \$27,057,424 over the past two years. The fiscal year 2024-2025 budget projects a decrease of \$15,058,501 (27.4%). 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 the past three years and anticipates incurring an operating deficit during the 2024-2025 fiscal year. Total long-term liabilities have increased by \$96,661,023 over the past two years.

Average daily attendance has increased by 1,329 over the past two years. Additional growth of 246 ADA is anticipated during fiscal year 2024-2025.

¹ Financial information for 2025, 2023, and 2022 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.

Meniffee Union School District
Schedule of Charter Schools
Year Ended June 30, 2024

<u>Name of Charter School</u>	<u>Charter Number</u>	<u>Included in Audit Report</u>
Santa Rosa Academy	0730	No

Menifee Union School District
Combining Balance Sheet – Non-Major Governmental Funds
June 30, 2024

	Student Activity Fund	Child Development Fund	Cafeteria Fund
Assets			
Deposits and investments	\$ 177,418	\$ 683,351	\$ 7,475,564
Receivables	-	390,764	3,720,831
Due from other funds	-	-	-
Stores inventories	-	-	178,845
	<u>-</u>	<u>-</u>	<u>178,845</u>
Total assets	<u>\$ 177,418</u>	<u>\$ 1,074,115</u>	<u>\$ 11,375,240</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 20	\$ 7,543	\$ 175,844
Due to other funds	-	79,986	28,431
Unearned revenue	-	594,889	-
	<u>-</u>	<u>594,889</u>	<u>-</u>
Total liabilities	<u>20</u>	<u>682,418</u>	<u>204,275</u>
Fund Balances			
Nonspendable	100	-	178,845
Restricted	177,298	391,697	10,992,120
Committed	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>177,398</u>	<u>391,697</u>	<u>11,170,965</u>
Total liabilities and fund balances	<u>\$ 177,418</u>	<u>\$ 1,074,115</u>	<u>\$ 11,375,240</u>

Menifee Union School District
Combining Balance Sheet – Non-Major Governmental Funds
June 30, 2024

	Deferred Maintenance Fund	Debt Service Fund for Blended Component Units	Non-Major Governmental Funds
Assets			
Deposits and investments	\$ 107,343	\$ 7,899,456	\$ 16,343,132
Receivables	1,871	-	4,113,466
Due from other funds	357,109	-	357,109
Stores inventories	-	-	178,845
	<u>-</u>	<u>-</u>	<u>178,845</u>
Total assets	<u>\$ 466,323</u>	<u>\$ 7,899,456</u>	<u>\$ 20,992,552</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ -	\$ -	\$ 183,407
Due to other funds	-	-	108,417
Unearned revenue	-	-	594,889
	<u>-</u>	<u>-</u>	<u>594,889</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>886,713</u>
Fund Balances			
Nonspendable	-	-	178,945
Restricted	-	7,899,456	19,460,571
Committed	466,323	-	466,323
	<u>466,323</u>	<u>-</u>	<u>466,323</u>
Total fund balances	<u>466,323</u>	<u>7,899,456</u>	<u>20,105,839</u>
Total liabilities and fund balances	<u>\$ 466,323</u>	<u>\$ 7,899,456</u>	<u>\$ 20,992,552</u>

Menifee Union School District
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –
Non-Major Governmental Funds
Year Ended June 30, 2024

	Student Activity Fund	Child Development Fund	Cafeteria Fund
Revenues			
Federal sources	\$ -	\$ -	\$ 5,697,318
Other State sources	-	2,126,842	5,836,517
Other local sources	197,687	52,493	336,163
	<u>197,687</u>	<u>2,179,335</u>	<u>11,869,998</u>
Total revenues	<u>197,687</u>	<u>2,179,335</u>	<u>11,869,998</u>
Expenditures			
Current			
Instruction	-	1,214,839	-
Instruction-related activities			
Supervision of instruction	-	260,047	-
School site administration	-	6,644	-
Pupil services			
Food services	-	-	8,605,766
All other pupil services	-	68,067	-
Administration			
All other administration	-	40,957	133,594
Plant services	-	104,478	554,735
Ancillary services	184,577	-	-
Other outgo	-	-	-
Facility acquisition and construction	-	271,137	-
Debt service			
Principal	-	-	-
Interest and other	-	-	-
	<u>184,577</u>	<u>1,966,169</u>	<u>9,294,095</u>
Total expenditures	<u>184,577</u>	<u>1,966,169</u>	<u>9,294,095</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>13,110</u>	<u>213,166</u>	<u>2,575,903</u>
Other Financing Sources			
Transfers in	-	-	-
Net Change in Fund Balances	13,110	213,166	2,575,903
Fund Balance - Beginning	<u>164,288</u>	<u>178,531</u>	<u>8,595,062</u>
Fund Balance - Ending	<u>\$ 177,398</u>	<u>\$ 391,697</u>	<u>\$ 11,170,965</u>

Menifee Union School District
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –
Non-Major Governmental Funds
Year Ended June 30, 2024

	Deferred Maintenance Fund	Debt Service Fund for Blended Component Units	Non-Major Governmental Funds
Revenues			
Federal sources	\$ -	\$ -	\$ 5,697,318
Other State sources	-	-	7,963,359
Other local sources	13,990	3,048,700	3,649,033
	<u>13,990</u>	<u>3,048,700</u>	<u>3,649,033</u>
Total revenues	<u>13,990</u>	<u>3,048,700</u>	<u>17,309,710</u>
Expenditures			
Current			
Instruction	-	-	1,214,839
Instruction-related activities			
Supervision of instruction	-	-	260,047
School site administration	-	-	6,644
Pupil services			
Food services	-	-	8,605,766
All other pupil services	-	-	68,067
Administration			
All other administration	-	-	174,551
Plant services	149,479	-	808,692
Ancillary services	-	-	184,577
Other outgo	-	2,750	2,750
Facility acquisition and construction	-	4,800,792	5,071,929
Debt service			
Principal	-	200,000	200,000
Interest and other	-	726,000	726,000
	<u>149,479</u>	<u>5,729,542</u>	<u>17,323,862</u>
Total expenditures	<u>149,479</u>	<u>5,729,542</u>	<u>17,323,862</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(135,489)</u>	<u>(2,680,842)</u>	<u>(14,152)</u>
Other Financing Sources			
Transfers in	357,109	2,900,969	3,258,078
	<u>357,109</u>	<u>2,900,969</u>	<u>3,258,078</u>
Net Change in Fund Balances	221,620	220,127	3,243,926
Fund Balance - Beginning	244,703	7,679,329	16,861,913
	<u>244,703</u>	<u>7,679,329</u>	<u>16,861,913</u>
Fund Balance - Ending	<u>\$ 466,323</u>	<u>\$ 7,899,456</u>	<u>\$ 20,105,839</u>

Note 1 - Purpose of Schedules

Schedule of Expenditures of Federal Awards (SEFA)

Basis of Presentation

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

Summary of Significant Accounting Policies

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

Indirect Cost Rate

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

Food Donation

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2024, the District had no food commodities in inventory.

SEFA Reconciliation

The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts consist primarily of COVID-19: ARP California State Preschool Program One-time Stipend funds that in the previous period were recorded as revenues but were unspent. These unspent balances have been expended in the current period.

Description	Federal Financial Assistance Listing	Amount
Total Federal Revenues reported on the financial statements		\$ 11,360,141
COVID-19: ARP California State Preschool Program One-time Stipend	93.575	35,765
Total federal financial assistance		<u>\$ 11,395,906</u>

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.

Schedule of Charter Schools

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

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

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



Other Information
June 30, 2024

Menifee Union School District

ORGANIZATION

The Menifee Union School District (the District) was established on December 7, 1951 and consists of an area comprising approximately 56 square miles. The District operates ten elementary schools, one STEAM Academy, four middle schools, and one preschool. There were no boundary changes during this year.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Morgan Singleton II	President	2026
Jackie Johansen	Vice President	2026
J. Kyle Root	Clerk	2026
Xavier Padilla	Deputy Clerk	2024
Robert “Bob” O’Donnell	Member	2024

ADMINISTRATION

NAME	TITLE
Jennifer Root	Superintendent
Marc Bommarito	Assistant Superintendent, Business Services
Chad McGough	Assistant Superintendent, Personnel Services
Charles Newman	Assistant Superintendent, Educational Services
Getahun Woldie	Director of Fiscal Services



Independent Auditor's Reports
June 30, 2024

Menifee Union 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
Menifee Union School District
Menifee, 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 Menifee Union School District (the District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 4, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

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

Rancho Cucamonga, California
December 4, 2024



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

To the Governing Board
Menifee Union School District
Menifee, California

Report on Compliance for Each Major Federal Program

Opinion on the Major Federal Program

We have audited Menifee Union 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 the District's major federal program for the year ended June 30, 2024. The District's major federal program is 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, 2024.

Basis for Opinion on the 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 the 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 the major federal program as a whole.

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

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

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

Report on Internal Control over Compliance

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

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

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

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

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

Rancho Cucamonga, California
December 4, 2024



Independent Auditor's Report on State Compliance and on Internal Control Over Compliance

To the Governing Board
Menifee Union School District
Menifee, California

Report on Compliance

Opinion on State Compliance

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

In our opinion, the District complied, in all material respects, with the 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, 2024.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), and the *2023-2024 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 *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2023-2024 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:

2023-2024 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	Not Applicable
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes

2023-2024 K-12 Audit Guide Procedures	Procedures Performed
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
GANN Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Not Applicable
K-3 Grade Span Adjustment	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Yes
Home to School Transportation Reimbursement	Yes
School Districts, County Offices of Education, and Charter Schools	
Proposition 28 Arts and Music in Schools	Yes
After/Before School Education and Safety Program	Not Applicable
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	Not Applicable
Immunizations	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Not Applicable
Career Technical Education Incentive Grant	Not Applicable
Expanded Learning Opportunities Program	Yes
Transitional Kindergarten	Yes
Charter Schools	
Attendance	Not Applicable
Mode of Instruction	Not Applicable
Nonclassroom-Based Instruction/Independent Study	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
Annual Instructional Minutes - Classroom Based	Not Applicable
Charter School Facility Grant Program	Not Applicable

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

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 *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

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

Rancho Cucamonga, California
December 4, 2024



Schedule of Findings and Questioned Costs
June 30, 2024

Menifee Union School District

Financial Statements

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

Federal Awards

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

Identification of major programs

<u>Name of Federal Program or Cluster</u>	<u>Federal Financial Assistance Listing</u>
Special Education (IDEA) Cluster	84.027, 84.027A, 84.173
Dollar threshold used to distinguish between type A and type B programs	\$750,000
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.