Financial Statements
June 30, 2021

Menifee Union School District

EideBailly®

Independent Auditor's Report

To the Governing Board
Menifee Union School District
Menifee, California

Report on the Financial Statements
We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Menifee Union School District (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

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

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

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

Emphasis of Matter – Change in Accounting Principle
As discussed in Notes 1 and 17 to the financial statements, Menifee Union School District has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, which has resulted in a restatement of the net position and fund balance as of July 1, 2020. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 11, budgetary comparison information on page 60, schedule of changes in the District's total OPEB liability and related ratios on page 61, schedule of the District's proportionate share of the net OPEB liability – MPP program on page 62, schedule of the District's proportionate share of the net pension liability on page 63, and the schedule of District contributions on page 64, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Menifee Union School District's financial statements. The combining non-major governmental fund financial statements, Schedule of Expenditures of Federal Awards as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining non-major governmental fund financial statements, the Schedule of Expenditures of Federal Awards, and the other supplementary information listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining non-major governmental fund financial statements, the Schedule of Expenditures of Federal Awards, and the other supplementary information listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued a report dated January 31, 2022 on our consideration of Menifee Union School District 's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Menifee Union School District 's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Menifee Union School District 's internal control over financial reporting and compliance.

Eide Bailly LLP

Rancho Cucamonga, California
January 31, 2022

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, 2021, with comparative information for the year ended June 30, 2020. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

The financial statements presented herein include all of the activities of the District and its component units using the integrated approach as prescribed by 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 each governmental fund financial statement.

THE DISTRICT AS TRUSTEE

Reporting the District's Fiduciary Responsibilities

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

THE DISTRICT AS A WHOLE

Net Position

The District's net position was $173,934,286 for the fiscal year ended June 30, 2021. Of this amount, $(85,360,283) 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	
	2021	2020 as restated
Assets		
Current and other assets	$ 136,431,835	$ 112,222,630
Capital assets	336,790,238	306,230,465
Total assets	473,222,073	418,453,095
Deferred outflows of resources	36,254,813	33,678,982
Liabilities		
Current liabilities	19,521,322	12,738,963
Long-term liabilities	312,030,509	259,825,120
Total liabilities	331,551,831	272,564,083
Deferred inflows of resources	3,990,769	7,362,282
Net Position		
Net investment in capital assets	220,501,925	223,462,412
Restricted	38,792,644	28,298,290
Unrestricted (deficit)	(85,360,283)	(79,554,990)
Total net position	$ 173,934,286	$ 172,205,712

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the Statement of Activities on page 13. Table 2 takes the information from the Statement and rearranges them slightly so you can see our total revenues for the year.

Table 2

	Governmental Activities	
	2021	2020*
Revenues		
Program revenues		
Charges for services and sales	$ 2,313,499	$ 3,702,159
Operating grants and contributions	32,943,120	19,666,322
General revenues		
Federal and State aid not restricted	77,185,635	80,035,265
Property taxes	26,350,569	23,565,732
Other general revenues	13,744,637	18,118,538
Total revenues	152,537,460	145,088,016
Expenses		
Instruction-related	104,092,826	95,243,495
Pupil services	14,326,384	12,807,623
Administration	12,399,357	13,471,577
Plant services	13,711,930	10,879,841
All other services	6,278,389	19,645,092
Total expenses	150,808,886	152,047,628
Change in net position	$ 1,728,574	$ (6,959,612)

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

Governmental Activities

As reported in the *Statement of Activities* on page 13, the cost of all of our governmental activities this year was $150,808,886. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only $26,350,569 because the cost was paid by those who benefited from the programs ($2,313,499) or by other governments and organizations who subsidized certain programs with grants and contributions ($32,943,120). We paid for the remaining "public benefit" portion of our governmental activities with $77,185,635 in Federal and State aid, and $13,744,637 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	
	2021	2020*	2021	2020*
Instruction-related	$ 104,092,826	$ 95,243,495	$ (81,532,657)	$ (81,277,679)
Pupil services	14,326,384	12,807,623	(6,534,709)	(7,592,119)
Administration	12,399,357	13,471,577	(10,249,359)	(11,836,292)
Plant services	13,711,930	10,879,841	(12,861,644)	(10,792,215)
All other services	6,278,389	19,645,092	(4,373,898)	(17,180,842)
Total	$ 150,808,886	$ 152,047,628	$ (115,552,267)	$ (128,679,147)

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

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of $119,200,841, which is an increase of $17,856,554 from last year (Table 4).

Table 4

	Balances and Activity			
Governmental Fund	July 1, 2020 as restated	Revenues and Other Sources	Expenditures and Other Uses	June 30, 2021
General Fund	$ 15,802,898	$ 123,702,409	$ 116,739,025	$ 22,766,282
Building Fund	23,782,888	38,346,604	21,076,687	41,052,805
Capital Facilities Fund	14,995,397	6,879,243	5,777,999	16,096,641
Capital Project Fund for Blended Component Units	33,988,090	7,144,959	20,787,327	20,345,722
Student Activity Fund	156,823	10,055	58,824	108,054
Child Development Fund	122,018	668,540	622,235	168,323
Cafeteria Fund	1,046,267	4,194,105	3,494,391	1,745,981
Deferred Maintenance Fund	127,341	400	42,541	85,200
Bond Interest and Redemption Fund	8,276,493	12,304,684	7,756,223	12,824,954
Debt Service Fund for Blended Component Units	3,046,072	1,806,607	845,800	4,006,879
Total	$ 101,344,287	$ 195,057,606	$ 177,201,052	$ 119,200,841

The primary reasons for these increases and decreases are:

1. Our General Fund is our principal operating fund. The fund balance in the General Fund increased by $6,963,384. This increase is due to Federal and State COVID-19 Relief Funding the District received in response to the 2019 Novel Coronavirus.
2. The Building Fund and Bond Interest and Redemption Fund increased by $21,818,378 collectively due to issuance of $38,205,000 in Series C, general obligation bonds.
3. The Capital Project Fund for Blended Component Units decreased by $13,642,368 due to multi-year facilities projects.

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 September 2021. (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 60.)

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2021, the District had $336,790,238 in a broad range of capital assets (net of depreciation), including land, construction in progress, buildings and improvement, and furniture and equipment. This amount represents a net decrease (including additions, deductions, and depreciation) of just under $30,559,773, or 9.98%, from last year (Table 5).

Table 5

	Governmental Activities	
	2021	2020
Land and construction in progress	$ 98,287,770	$ 81,518,632
Buildings and improvements	237,387,462	222,628,170
Furniture and equipment	1,115,006	2,083,663
Total	$ 336,790,238	$ 306,230,465

This year's addition of $56,963,565 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 4 to the financial statements.

Long-Term Liabilities Other Than OPEB and Pension

At the end of this year, the District had $187,665,863 in long-term liabilities outstanding versus $150,771,759 last year, an increase of $36,894,104, or 24.47%. Those long-term liabilities consisted of the following:

Table 6

	Governmental Activities	
	2021	2020
Long-Term Liabilities		
General obligation bonds	$ 135,558,443	$ 100,448,772
Qualified Zone Academy Bonds	17,254,118	18,412,765
Certificates of participation	1,891,772	2,320,612
Lease revenue bonds	19,405,000	19,475,000
Unamortized premiums	10,334,330	6,505,908
Unamortized discounts	(54,145)	(64,974)
Supplemental early retirement plan	887,672	1,353,065
Compensated absences	447,565	378,112
Developer fees agreement	1,941,108	1,942,499
Total	$ 187,665,863	$ 150,771,759

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 $2,544,337 in OPEB liability versus $2,398,913 last year, an increase of $145,424, or 6.06%.

At the end of this year, the District has a net pension liability of $121,820,309 versus $106,654,448 last year, an increase of $15,165,861, or 14.22%.

SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2020-2021

- The District improved employee relations by successfully settling with both bargaining units for 2020-21.
- Due to COVID-19, staff effectively transitioned from telecommuting environment to a hybrid learning environment.
- The District continues to have a robust facilities program. The District completed the reconstruction and renovation of Menifee Valley Middle School and the addition of the Harvest Hill STEAM Academy Middle School; in-progress are the District-wide security cameras and the District is in escrow for Elementary School No. 15 property.
- Started a virtual school for students who prefer learning virtually.

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 an increase rate consistent with housing construction in the area.

- In November 2016, voters approved a General Obligation Bond in the amount of $135,000,000 to build two new elementary schools; one middle school and complete renovations at other school sites. The District in December 2020 issued Series C of the Bonds to begin construction of the next elementary school.
- The District will be modifying school sites to add virtual teaching stations for the New Menifee Virtual School.
- The District's Facilities program will begin the following projects: reconstruction of the Chester W. Morrison Kindergarten area; construction of Middle School #4; and the expansion of the State Preschool Facility.
- District enrollment growth will compete with facilities ability to add schools and classrooms.
- The state has implemented a plan for Universal Transitional Kindergarten that will require more staffing and the need for specialized classrooms.

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.

	Governmental Activities
Assets	
Deposits and investments	$ 126,669,616
Receivables	9,574,952
Stores inventories	187,267
Capital assets not depreciated	98,287,770
Capital assets, net of accumulated depreciation	238,502,468
Total assets	473,222,073
Deferred Outflows of Resources	
Deferred outflows of resources related to OPEB	1,535,561
Deferred outflows of resources related to pensions	34,719,252
Total deferred outflows of resources	36,254,813
Liabilities	
Accounts payable	9,119,534
Interest payable	2,290,328
Unearned revenue	2,171,460
Current loan	5,940,000
Long-term liabilities	
Long-term liabilities other than OPEB and pensions due within one year	5,416,403
Long-term liabilities other than OPEB and pensions due in more than one year	182,249,460
Net other postemployment benefits (OPEB) liability	2,544,337
Aggregate net pension liability	121,820,309
Total liabilities	331,551,831
Deferred inflows of resources related to OPEB	128,678
Deferred inflows of resources related to pensions	3,862,091
Total deferred inflows of resources	3,990,769
Net Position	
Net investment in capital assets	220,501,925
Restricted for	
Debt service	14,541,505
Capital projects	16,096,641
Educational programs	6,319,407
Other activities	1,835,091
Unrestricted (deficit)	(85,360,283)
Total net position	$ 173,934,286

Functions/Programs	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities
Governmental Activities				
Instruction	$ 91,085,260	$ -	$ 20,209,163	$ (70,876,097)
Instruction-related activities				
Supervision of instruction	3,884,671	-	1,469,595	(2,415,076)
Instructional library, media, and technology	1,310,499	-	106,588	(1,203,911)
School site administration	7,812,396	-	774,823	(7,037,573)
Pupil services				
Home-to-school transportation	1,633,917	-	95,625	(1,538,292)
Food services	4,141,509	488	4,301,833	160,812
All other pupil services	8,550,958	-	3,393,729	(5,157,229)
Administration				
Data processing	1,529,393	-	455,691	(1,073,702)
All other administration	10,869,964	798,906	895,401	(9,175,657)
Plant services	13,711,930	-	850,286	(12,861,644)
Ancillary services	58,824	-	10,055	(48,769)
Community services	2,611	-	-	(2,611)
Interest on long-term liabilities	5,733,056	-	-	(5,733,056)
Other outgo	483,898	1,514,105	380,331	1,410,538
Total governmental activities	$ 150,808,886	$ 2,313,499	$ 32,943,120	(115,552,267)
General Revenues and Subventions				
Property taxes, levied for general purposes				17,720,555
Property taxes, levied for debt service				7,927,808
Taxes levied for other specific purposes				702,206
Federal and State aid not restricted to specific purposes				77,185,635
Interest and investment earnings				139,382
Interagency revenues				158,519
Miscellaneous				13,446,736
Total general revenues and subventions				117,280,841
Change in Net Position				1,728,574
Net Position - Beginning, as restated				172,205,712
Net Position - Ending				$ 173,934,286

	General Fund	Building Fund	Capital Facilities Fund	Capital Project Fund for Blended Component Units	Non-Major Governmental Funds	Total Governmental Funds
Assets						
Deposits and investments	$ 26,453,032	$ 44,002,428	$ 12,516,913	$ 25,651,015	$ 18,046,228	$ 126,669,616
Receivables	8,321,084	34,895	170,914	-	1,048,059	9,574,952
Due from other funds	93,804	-	5,305,293	-	-	5,399,097
Stores inventories	-	-	-	-	187,267	187,267
Total assets	$ 34,867,920	$ 44,037,323	$ 17,993,120	$ 25,651,015	$ 19,281,554	$ 141,830,932
Liabilities and Fund Balances						
Liabilities						
Accounts payable	$ 4,159,011	$ 2,984,518	$ 1,844,475	$ -	$ 131,530	$ 9,119,534
Due to other funds	-	-	52,004	5,305,293	41,800	5,399,097
Current loan	5,940,000	-	-	-	-	5,940,000
Unearned revenue	2,002,627	-	-	-	168,833	2,171,460
Total liabilities	12,101,638	2,984,518	1,896,479	5,305,293	342,163	22,630,091
Fund Balances						
Nonspendable	5,000	-	-	-	187,267	192,267
Restricted	6,319,407	41,052,805	16,096,641	20,345,722	18,666,924	102,481,499
Committed	-	-	-	-	85,200	85,200
Assigned	12,939,704	-	-	-	-	12,939,704
Unassigned	3,502,171	-	-	-	-	3,502,171
Total fund balances	22,766,282	41,052,805	16,096,641	20,345,722	18,939,391	119,200,841
Total liabilities and fund balances	$ 34,867,920	$ 44,037,323	$ 17,993,120	$ 25,651,015	$ 19,281,554	$ 141,830,932

Total Fund Balance - Governmental Funds		$ 119,200,841
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	$ 430,614,293	
Accumulated depreciation is	(93,824,055)	
Net capital assets		336,790,238
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.		(2,290,328)
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		
Net other postemployment benefits (OPEB) liability	1,535,561	
Aggregate net pension liability	34,719,252	
Total deferred outflows of resources		36,254,813
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		
Net other postemployment benefits (OPEB) liability	(128,678)	
Aggregate net pension liability	(3,862,091)	
Total deferred inflows of resources		(3,990,769)
Aggregate net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		(121,820,309)
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.		(2,544,337)
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	(128,855,765)	
Unamortized premium on general obligation bonds	(10,008,381)	
Unamortized discount on general obligation bonds	54,145	
Certificates of participation	(1,891,772)	
Lease revenue bonds	(19,405,000)	
Unamortized premium on lease revenue bonds	(325,949)	
Developer fees agreement	(1,941,108)	
Compensated absences	(447,565)	
Qualified zone academy bonds	(17,254,118)	
Supplemental early retirement plan	(887,672)	
In addition, capital appreciation general obligation bonds were issued. The accretion of interest to date on the general obligation bonds is	(6,702,678)	
Total long-term liabilities		(187,665,863)
Total net position - governmental activities		$ 173,934,286

	General Fund	Building Fund	Capital Facilities Fund	Capital Project Fund for Blended Component Units	Non-Major Governmental Funds	Total Governmental Funds
Revenues						
Local Control Funding Formula	$ 92,737,805	$ -	$ -	$ -	$ -	$ 92,737,805
Federal sources	10,485,534	-	-	-	3,902,965	14,388,499
Other State sources	13,271,635	-	-	-	1,010,966	14,282,601
Other local sources	7,155,431	141,604	6,879,243	7,144,959	9,730,951	31,052,188
Total revenues	123,650,405	141,604	6,879,243	7,144,959	14,644,882	152,461,093
Expenditures						
Current						
Instruction	75,922,742	-	-	-	337,393	76,260,135
Instruction-related activities						
Supervision of instruction	3,346,255	-	-	-	226,368	3,572,623
Instructional library, media, and technology	1,230,019	-	-	-	-	1,230,019
School site administration	6,897,024	-	-	-	-	6,897,024
Pupil services						
Home-to-school transportation	1,549,131	-	-	-	-	1,549,131
Food services	316,848	-	-	-	3,330,286	3,647,134
All other pupil services	7,886,125	-	-	-	14,039	7,900,164
Administration						
Data processing	1,463,601	-	-	-	-	1,463,601
All other administration	5,661,063	-	4,612,260	-	198,316	10,471,639
Plant services	10,723,383	-	-	-	42,765	10,766,148
Ancillary services	-	-	-	-	58,824	58,824
Community services	2,551	-	-	-	-	2,551
Other outgo	447,948	-	-	-	35,950	483,898
Facility acquisition and construction	900	20,876,390	615,118	20,787,327	10,000	42,289,735
Debt service						
Principal	1,158,647	-	428,840	-	4,065,000	5,652,487
Interest and other	132,788	200,297	69,777	-	4,501,073	4,903,935
Total expenditures	116,739,025	21,076,687	5,725,995	20,787,327	12,820,014	177,149,048

	General Fund	Building Fund	Capital Facilities Fund	Capital Project Fund for Blended Component Units	Non-Major Governmental Funds	Total Governmental Funds
Excess (Deficiency) of Revenues Over Expenditures	$ 6,911,380	$ (20,935,083)	$ 1,153,248	$ (13,642,368)	$ 1,824,868	$ (24,687,955)
Other Financing Sources (Uses)						
Transfers in	52,004	-	-	-	-	52,004
Other sources - proceeds from issuance of general obligation bonds		38,205,000				38,205,000
Other sources - premium from issuance of general obligation bonds	-	-	-	-	4,339,509	4,339,509
Transfers out	-	-	(52,004)	-	-	(52,004)
Net Financing Sources (Uses)	52,004	38,205,000	(52,004)	-	4,339,509	42,544,509
Net Change in Fund Balances	6,963,384	17,269,917	1,101,244	(13,642,368)	6,164,377	17,856,554
Fund Balance - Beginning, as restated	15,802,898	23,782,888	14,995,397	33,988,090	12,775,014	101,344,287
Fund Balance - Ending	$ 22,766,282	$ 41,052,805	$ 16,096,641	$ 20,345,722	$ 18,939,391	$ 119,200,841

Total Net Change in Fund Balances - Governmental Funds		$ 17,856,554
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities.		
This is the amount by which capital outlays exceeds depreciation expense in the period.		
Capital outlays	$ 40,058,813	
Depreciation expense	(8,319,867)	
Net expense adjustment		31,738,946
Loss on disposal of capital assets is reported in the government-wide Statement of Net Position, but is not recorded in the governmental funds.		(1,179,173)
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.		395,940
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.		(9,556,650)
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.		192,709
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.		(38,205,000)

Governmental funds report the effect of premiums, discounts, and the deferred charge on refunding when the debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities.		
Premium on issuance recognized	$	(4,339,509)
Premium amortization		511,087
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		3,995,000
Qualified Zone Academy bonds		1,158,647
Certificates of participation		428,840
Lease revenue bonds		70,000
Developer fees agreement		1,391
Interest on long-term liabilities is recorded as an expenditure in the funds when it is due; however, in the Statement of Activities, interest expense is recognized as the interest accretes or accrues, regardless of when it is due.		(1,329,379)
Change in net position of governmental activities	$	1,728,574

	Custodial Funds
Assets	
Deposits and investments	$ 30,219,241
Net Position	
Restricted for individuals, organizations, and other governments	$ 30,219,241

	Custodial Funds
Additions	
Special tax revenues	$ 15,406,985
Interest	6,321
Proceeds from bond issuances	11,735,524
All other local revenues	509,666
Total additions	27,658,496
Deductions	
Debt service payments	16,418,008
Administrative expense	468,616
Payments to other governments	13,260,217
Other expenditures	1,915,774
Total deductions	32,062,615
Change in Net Position	(4,404,119)
Net Position - Beginning, as restated	34,623,360
Net Position - Ending	$ 30,219,241

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 eleven elementary schools, one STEAM Academy, three middle schools, and two preschools.

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 has a financial and operational relationship which meets the reporting entity definition criteria of the Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity, as amended by GASB Statement No. 39, Determining Whether Certain Organizations are Component Units, and GASB Statement No. 80, Blending Requirements For Certain Component Units and thus are included in the financial statements of the District. The component units, although legally separate entities, are reported in the financial statements using the blended presentation method as if they were part of the District's operations because the governing board of the component units is essentially the same as the governing board of the District and because their purpose is to finance the construction of facilities to be used for the direct benefit of the District.

The 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 on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The District's funds are grouped into two broad fund categories: governmental and fiduciary.

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

Major Governmental Funds

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

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

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).

Capital Project Fund for Blended Component Units The Capital Project 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).

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.

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

- **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 account for the accumulation of resources for the payment of principal and interest on the Special Tax Bonds issued by the Community Facilities Districts and funds held on behalf other agencies.

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. Direct expenses are those that are specifically associated with a service, program, or department and are therefore, clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the Statement of Activities, except for depreciation. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program 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 a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund 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 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 entity-wide statements.

Investments

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

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 and Depreciation

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

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 funds.

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

Debt Issuance Costs, Premiums, and Discounts

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

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

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District reports deferred outflows of resources for pension related items and for OPEB related items. The deferred amounts related to pension and OPEB relate to contributions subsequent to measurement date, differences between contributions made and the District's proportionate share of contributions, differences between projected and actual earnings on investments, differences between expected and actual experience, and changes of assumptions.

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 OPEB related items. The deferred amounts related to OPEB relate to differences between expected and actual experiences, differences between contributions made and the District's proportionate share of contributions and changes of assumptions.

Pensions

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

Postemployment Benefits Other Than Pensions (OPEB)

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

Current Loan

Current loan consist of an amount outstanding at year end for Tax Revenue and Anticipation Notes. The notes were issued as short-term liabilities to provide cash flow needs. This liability is offset with cash deposits in the County Treasurer, which have been set aside to repay the notes.

Fund Balances - Governmental Funds

As of June 30, 2021, fund balances of the governmental funds are classified as follows:

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

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

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

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

Unassigned - all other spendable amounts.

Spending Order Policy

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

Minimum Fund Balance Policy

The governing board adopted a minimum fund balance policy for the General Fund in order to protect the district against revenue shortfalls or unpredicted on-time expenditures. 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. If a fund balance drops below five percent, it shall be recovered at a rate of two percent minimally, each year, when financial circumstances permit.

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 $38,792,644 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.

Change in Accounting Principles

Implementation of GASB Statement No. 84

As of July 1, 2020, the District adopted GASB Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement will enhance consistency and comparability by establishing specific criteria for identifying activities that should be reported as fiduciary activities. Greater consistency and comparability enhance the value provided by the information reported in financial statements for assessing government accountability and stewardship. The impact to the District resulted in a reclassification of the District's student body activities from fiduciary to governmental and a reclassification of agency funds to custodial funds. The effect of the implementation of this standard on beginning fund balance and net position is disclosed in Note 17.

Note 2 - Deposits and Investments

Summary of Deposits and Investments

Deposits and investments as of June 30, 2021, are classified in the accompanying financial statements as follows:

Governmental funds	$ 126,669,616
Fiduciary funds	30,219,241
Total deposits and investments	$ 156,888,857

Deposits and investments as of June 30, 2021, consist of the following:

Cash on hand and in banks	$ 108,026
Cash in revolving	5,028
Investments	156,775,803
Total deposits and investments	$ 156,888,857

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	$ 59,877,135	33
Riverside County Treasury Investment Pool	96,898,668	420
Total	$ 156,775,803	

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 percent of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2021, the District's bank balance was no exposed to custodial credit risk.

Note 3 - Receivables

Receivables at June 30, 2021, consisted of intergovernmental grants, entitlements, interest, and other local sources. All receivables are considered collectible in full.

	General Fund	Building Fund	Capital Facilities Fund	Non-Major Governmental Funds	Total
Federal Government					
Categorical aid	$ 3,209,356	$ -	$ -	$ 902,551	$ 4,111,907
State Government					
LCFF apportionment	1,351,754	-	-	-	1,351,754
Categorical aid	391,000	-	-	144,863	535,863
Lottery	710,392	-	-	-	710,392
Local Government					
Interest	10,211	34,895	9,086	645	54,837
Other local sources	2,648,371	-	161,828	-	2,810,199
Total	$ 8,321,084	$ 34,895	$ 170,914	$ 1,048,059	$ 9,574,952

Note 4 - Capital Assets

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

	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021
Governmental Activities				
Capital assets not being depreciated				
Land	$ 50,027,666	$ 49,252	$ -	$ 50,076,918
Construction in progress	31,490,966	33,624,638	(16,904,752)	48,210,852
Total capital assets not being depreciated	81,518,632	33,673,890	(16,904,752)	98,287,770
Capital assets being depreciated				
Land improvements	11,942,691	2,037,408	-	13,980,099
Buildings and improvements	291,637,765	21,073,693	(2,119,576)	310,591,882
Furniture and equipment	8,561,057	178,574	(985,089)	7,754,542
Total capital assets being depreciated	312,141,513	23,289,675	(3,104,665)	332,326,523
Total capital assets	393,660,145	56,963,565	(20,009,417)	430,614,293
Accumulated depreciation				
Land improvements	(5,852,002)	(677,777)		(6,529,779)
Buildings and improvements	(75,100,284)	(7,471,661)	1,917,205	(80,654,740)
Furniture and equipment	(6,477,394)	(170,429)	8,287	(6,639,536)
Total accumulated depreciation	(87,429,680)	(8,319,867)	1,925,492	(93,824,055)
Governmental activities capital assets, net	$ 306,230,465	$ 48,643,698	$ (18,083,925)	$ 336,790,238

Depreciation expense was charged to governmental functions as follows:

Governmental Activities	
Instruction	$ 6,872,199
School site administration	224,637
Food services	391,034
All other administration	490,872
Plant services	341,125
Total depreciation expenses governmental activities	$ 8,319,867

Note 5 - Interfund Transactions

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivable and payable balances at June 30, 2021, between major and non-major governmental funds are as follows:

	Due From			
Due To	Capital Facilities Fund	Capital Project Fund for Blended Component Units	Non-Major Governmental Funds	Total
General Fund	$ 52,004	$ -	$ 41,800	$ 93,804
Capital Facilities Fund	-	5,305,293	-	5,305,293
Total	$ 52,004	$ 5,305,293	$ 41,800	$ 5,399,097

The balance of $5,305,293 is due to the Capital Facilities Fund from the Capital Project Fund for Blended Component Units 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) transaction are recorded in the accounting system, and (3) payments between funds are made.

Operating Transfers

Interfund transfers for the year ended June 30, 2021, consisted of the following:

The Capital Facilities Fund transferred $52,004 to the General Fund for developer fees administrative costs.

Note 6 - Accounts Payable

Accounts payable at June 30, 2021, consisted of the following:

	General Fund	Building Fund	Capital Facilities Fund	Non-Major Governmental Funds	Total
Salaries and benefits	$ 1,201,485	$ -	$ -	$ 17,346	$ 1,218,831
LCFF apportionment	1,792,873	-	-	-	1,792,873
Supplies	198,477	-	83,967	80,944	363,388
Services	785,454	-	3,628	3,359	792,441
Capital outlay	6,520	2,984,518	1,756,880	4,000	4,751,918
Other vendor payables	174,202	-	-	25,881	200,083
Total	$ 4,159,011	$ 2,984,518	$ 1,844,475	$ 131,530	$ 9,119,534

Note 7 - Unearned Revenue

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

	General Fund	Non-Major Governmental Funds	Total
Federal financial assistance	$ 487,288	$ -	$ 487,288
State categorical aid	1,515,339	168,833	1,684,172
Total	$ 2,002,627	$ 168,833	$ 2,171,460

Note 8 - Tax and Revenue Anticipation Notes (TRANS)

At June 30, 2021, the District had outstanding Tax and Revenue Anticipation Notes in the amount of $5,940,000, which mature on December 31, 2021. On March 30, 2021, the District issued $5,940,000 of Tax and Revenue Anticipation Notes bearing interest at 2.00%. The notes were issued to supplement cash flows. Interest and principal are due and payable on December 31, 2021. The District was not required to make any additional payments on the notes.

Issue Date	Rate	Maturity Date	Outstanding July 1, 2020	Additions	Payments	Outstanding June 30, 2021
3/30/2021	2.00%	12/31/2021	$ -	$ 5,940,000	$ -	$ 5,940,000

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, 2020	Additions	Deductions	Balance June 30, 2021	Due in One Year
Long-Term Liabilities					
General obligation bonds	$ 100,448,772	$ 39,104,671	$ (3,995,000)	$ 135,558,443	$ 3,155,000
Qualified Zone Academy Bonds	18,412,765	-	(1,158,647)	17,254,118	1,241,647
Certificates of participation	2,320,612	-	(428,840)	1,891,772	444,363
Lease revenue bonds	19,475,000	-	(70,000)	19,405,000	110,000
Unamortized premiums	6,505,908	4,339,509	(511,087)	10,334,330	-
Unamortized discounts	(64,974)	-	10,829	(54,145)	-
Supplemental early retirement plan	1,353,065	-	(465,393)	887,672	465,393
Compensated absences	378,112	69,453	-	447,565	-
Developer fees agreement	1,942,499	-	(1,391)	1,941,108	-
Total	$ 150,771,759	$ 43,513,633	$ (6,619,529)	$ 187,665,863	$ 5,416,403

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 the supplemental early retirement plan are made in 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. Developer fees agreement is being paid from the Capital Facilities Fund.

General Obligation Bonds

The outstanding general obligation bonded debt is as follows:

Issuance Date	Final Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2020	Issued	Interest Accreted	Redeemed	Bonds Outstanding June 30, 2021
6/15/2005	8/1/2029	3.00-4.27%	$5,069,720	$ 568,444	$ -	$ 35,187	$ -	$ 603,631
3/18/2009	8/1/2039	3.00-10.51%	15,730,000	10,875,328	-	864,484	-	11,739,812
2/14/2013	8/1/2027	1.25-3.00%	8,835,000	7,265,000	-	-	(615,000)	6,650,000
8/14/2014	8/1/2029	2.00-5.00%	4,230,000	3,635,000	-	-	(190,000)	3,445,000
8/3/2016	8/1/2033	2.00-5.00%	25,010,000	23,520,000	-	-	(1,080,000)	22,440,000
6/8/2017	8/1/2042	3.00-5.00%	23,395,000	17,935,000	-	-	(905,000)	17,030,000
12/6/2018	8/1/2043	3.25-5.00%	36,905,000	36,650,000	-	-	(435,000)	36,215,000
12/30/20	8/1/2045	0.33-4.00%	38,205,000	-	38,205,000	-	(770,000)	37,435,000
				$ 100,448,772	$ 38,205,000	$ 899,671	$ (3,995,000)	$ 135,558,443

Debt Service Requirements to Maturity

The current interest bonds mature as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2022	$ 3,155,000	$ 4,461,488	$ 7,616,488
2023	4,010,000	4,336,600	8,346,600
2024	4,615,000	4,155,600	8,770,600
2025	3,585,000	3,998,875	7,583,875
2026	3,865,000	3,855,250	7,720,250
2027-2031	22,690,000	16,948,956	39,638,956
2032-2036	20,270,000	13,355,344	33,625,344
2037-2041	28,085,000	8,943,207	37,028,207
2042-2046	32,940,000	2,500,156	35,440,156
Total	$ 123,215,000	$ 62,555,476	$ 185,770,476

The capital appreciation bonds mature as follows:

Bonds Maturing Fiscal Year	Initial Bond Value	Accreted Interest	Accreted Obligation	Unaccreted Interest	Maturity Value
2022	$ -	$ -	$ -	$ -	$ -
2023	-	-	-	-	-
2024	-	-	-	-	-
2025	-	-	-	-	-
2026	-	-	-	-	-
2027-2031	437,031	872,360	1,309,391	1,540,609	2,850,000
2032-2036	1,921,524	3,371,053	5,292,577	10,457,423	15,750,000
2037-2040	3,282,210	2,459,265	5,741,475	12,258,525	18,000,000
Total	$ 5,640,765	$ 6,702,678	$ 12,343,443	$ 24,256,557	$ 36,600,000

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, 2021, the principal balance outstanding was $1,891,772.

The certificates mature through 2026 as follows:

Year Ending June 30,	Principal	Interest	Total
2022	$ 444,363	$ 56,159	$ 500,522
2023	459,289	42,026	501,315
2024	471,421	27,459	498,880
2025	377,663	12,518	390,181
2026	139,036	2,190	141,226
Total	$ 1,891,772	$ 140,352	$ 2,032,124

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, 2021, the outstanding balance was $17,254,118.

The bonds mature through 2032 as follows:

Year Ending June 30,	Principal	Interest to Maturity	Total
2022	$ 1,241,647	$ 105,208	$ 1,346,855
2023	1,330,647	98,629	1,429,276
2024	1,422,647	91,117	1,513,764
2025	1,522,647	82,676	1,605,323
2026	1,627,647	73,165	1,700,812
2027-2031	9,491,236	184,860	9,676,096
2032	617,647	-	617,647
Total	$ 17,254,118	$ 635,655	$ 17,889,773

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, 2021, the principal balance outstanding was $19,405,000.

The bonds mature through 2048 as follows:

Year Ending June 30,	Principal	Interest to Maturity	Total
2022	$ 110,000	$ 737,050	$ 847,050
2023	155,000	733,750	888,750
2024	200,000	726,000	926,000
2025	235,000	716,000	951,000
2026	280,000	704,250	984,250
2027-2031	1,985,000	3,280,950	5,265,950
2032-2036	3,085,000	2,747,838	5,832,838
2037-2041	4,380,000	2,122,831	6,502,831
2042-2046	6,010,000	1,243,300	7,253,300
2047-2048	2,965,000	167,450	3,132,450
Total	$ 19,405,000	$ 13,179,419	$ 32,584,419

Supplemental Early Retirement Plan

The District offered an early retirement incentive to qualified employees under a qualified plan of Section 401 A of the Internal Revenue Code. Eligibility requirements are that the employees attain age 50 with at least 10 years of service with the District. Currently, there are 38 employees participating in the plan and the District's obligation to those retirees as of June 30, 2021, is $887,672. Future payments are as follows:

Year Ending June 30,	Total
2022	$ 465,393
2023	422,279
Total	$ 887,672

Compensated absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2021, amounted to $447,565.

Developer Fees Agreement

On November 23, 2004, the District entered into a First Amendment to Amended and Restated Memorandum of Understanding (“Agreement”) with Pinehurst LLC, which established a credit bank for permits issued within boundaries of the District. The credits issued were applied by the District to the land acquisition of the Evans Ranch Elementary School Site. Subsequently, on March 26, 2019 the District entered into a revised School Facilities Funding and Mitigation Agreement (“Agreement”) with Pinehurst LLC. This Agreement supersedes and replaces the prior Amended and Restated MOU and First Amended MOU in its entirety. In exchange for the School Site, Pinehurst LLC, will receive future Fee Credits in order to obtain Certificates of Compliance for all market-rate residential units and Age-Restricted Units. The District’s liability will be reduced by Fee Credits as they are earned. As of June 30, 2021, the outstanding balance on the site purchase to be reduced by future Fee Credits was $1,941,108.

Note 10 - Net Other Postemployment Benefits (OPEB) Liability

For the fiscal year ended June 30, 2021, 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	$ 1,855,706	$ 1,535,561	$ 128,678	$ (296,260)
Medicare Premium Payment (MPP) Program	688,631	-	-	103,551
Total	$ 2,544,337	$ 1,535,561	$ 128,678	$ (192,709)

The details of each plan are as follows:

District Plan

Plan Administration

The District's Governing Board administers the Postemployment Benefits 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, 2021, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	41
Active employees	863
Total	904

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 Menifee Teachers Association (MTA), the local California Service Employees Association (CSEA), and unrepresented groups. The benefit payment is based on projected pay-as-you-go financing requirements as determined annually through the agreements with the District, MTA, CSEA, and the unrepresented groups. For the measurement period of June 30, 2021, the District paid $638,054 in benefits.

Total OPEB Liability of the District

The District’s total OPEB liability of $1,855,706 was measured as of June 30, 2021, and the total OPEB liability was determined by an actuarial valuation as of January 1, 2021.

Actuarial Assumptions

The total OPEB liability in the January 1, 2021 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50	%
Salary increases	3.00	%, average, including inflation
Discount rate	1.92	%
Healthcare cost trend rates	5.70	% for 2021

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

Mortality rates were based on the 2020 CalSTRS Mortality Table for certificated employees and the 2017 CalPERS Active Mortality for Miscellaneous Employees Table for classified employees. Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or 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, 2021 valuation were based on the results of an actual experience study for the period December 31, 2019 to January 1, 2021.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance, June 30, 2020	$ 1,813,833
Service cost	73,717
Interest	38,429
Changes of benefit terms	89,147
Differences between expected and actual experience	(36,718)
Changes of assumptions	515,352
Benefit payments	(638,054)
Net change in total OPEB liability	41,873
Balance, June 30, 2021	$ 1,855,706

Changes of benefit terms: Since the previous valuation, the District agreed to pay all healthcare premiums for one recent retiree until the retiree reaches Medicare age.

Changes of assumptions reflect a change in discount rate from 2.45% in 2020 to 1.92% in 2021.

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

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

Discount Rate	Total OPEB Liability
1% decrease (0.92%)	$ 1,978,460
Current discount rate (1.92%)	1,855,706
1% increase (2.92%)	1,758,958

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

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

Healthcare Cost Trend Rates	Total OPEB Liability
1% decrease (4.70%)	$ 1,716,318
Current healthcare cost trend rate (5.70%)	1,855,706
1% increase (6.70%)	2,020,753

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

For the year ended June 30, 2021, the District recognized OPEB expense of $(296,260). At June 30, 2021, the District reported deferred outflows of resources and deferred inflow of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,059,459	$ 33,922
Changes of assumptions	476,102	94,756
Total	$ 1,535,561	$ 128,678

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	$ 140,501
2023	140,501
2024	140,501
2025	140,502
2026	142,610
Thereafter	702,268
Total	$ 1,406,883

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, 2019, 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 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, 2021, the District reported a liability of $688,631 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019. 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, 2020 and June 30, 2019, respectively, was 0.1625% and 0.1571%, resulting in a net increase in the proportionate share of 0.0054%.

For the year ended June 30, 2021, the District recognized OPEB expense of $103,551.

Actuarial Methods and Assumptions

The June 30, 2020 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2019, and rolling forward the total OPEB liability to June 30, 2020 using the assumptions listed in the following table:

Measurement Date	June 30, 2020	June 30, 2019
Valuation Date	June 30, 2019	June 30, 2018
Experience Study	July 1, 2014 through June 30, 2018	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	2.21%	3.50%
Medicare Part A Premium Cost Trend Rate	4.50%	3.70%
Medicare Part B Premium Cost Trend Rate	5.40%	4.10%

For the valuation as of June 30, 2019, 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 294 or an average of 0.18% of the potentially eligible population (159,339).

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, 2020, 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.

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

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

Discount Rate	Net OPEB Liability
1% decrease (1.21%)	$ 761,474
Current discount rate (2.21%)	688,631
1% increase (3.21%)	626,648

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 rate:

Medicare Costs Trend Rate	Net OPEB Liability
1% decrease (3.50% Part A and 4.40% Part B)	$ 624,405
Current Medicare costs trend rate (4.50% Part A and 5.40% Part B)	688,631
1% increase (5.50% Part A and 6.40% Part B)	762,567

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 bond holders, and may initiate foreclosure proceedings. Special assessment debt of $199,400,000 as of June 30, 2021, does not represent debt of the District and, as such, does not appear in the accompanying basic financial statements.

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	Non-Major Governmental Funds	Total
Nonspendable						
Revolving cash	$ 5,000	$ -	$ -	$ -	$ -	$ 5,000
Stores inventories	-	-	-	-	187,267	187,267
Total nonspendable	5,000	-	-	-	187,267	192,267
Restricted						
Legally restricted programs	6,319,407	41,052,805	-	-	168,323	47,540,535
Food service	-	-	-	-	1,558,714	1,558,714
Student activities					108,054	108,054
Capital projects	-	-	16,096,641	20,345,722	-	36,442,363
Debt service	-	-	-	-	16,831,833	16,831,833
Total restricted	6,319,407	41,052,805	16,096,641	20,345,722	18,666,924	102,481,499
Committed						
Deferred maintenance program	-	-	-	-	85,200	85,200
Assigned						
Energy conservation project	595,714	-	-	-	-	595,714
Budget contingencies	5,921,130					5,921,130
Textbook adoption	1,816,730	-	-	-	-	1,816,730
Early intervention grant	1,063,235	-	-	-	-	1,063,235
LCFF supplemental	2,941,169	-	-	-	-	2,941,169
Donations carryover	321,908	-	-	-	-	321,908
Instructional materials	259,519	-	-	-	-	259,519
Other	20,299	-	-	-	-	20,299
Total assigned	12,939,704	-	-	-	-	12,939,704
Unassigned						
Reserve for economic uncertainties	3,502,171	-	-	-	-	3,502,171
Total	$ 22,766,282	$ 41,052,805	$ 16,096,641	$ 20,345,722	$ 18,939,391	$119,200,841

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 of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2021, the District contracted with Riverside Schools' Insurance Authority (RSIA) for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

For fiscal year June 30, 2021, 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.

Employee Medical Benefits

The District has contracted with the Self-Insured Schools of California (SISC III) to provide employee health 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, 2021, the District reported its proportionate share of net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	$ 90,373,992	$ 27,322,297	$ 3,862,091	$ 13,937,678
CalPERS	31,446,317	7,396,955	-	7,154,331
Total	$ 121,820,309	$ 34,719,252	$ 3,862,091	$ 21,092,009

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2019, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

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

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

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

The STRP provisions and benefits in effect at June 30, 2021, are summarized as follows:

	STRP Defined Benefit Program	
Hire date	On or before December 31, 2012	On or after January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	16.15%	16.15%
Required state contribution rate	10.328%	10.328%

Contributions

Required member District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2021, are presented above and the District's total contributions were $8,414,160.

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

At June 30, 2021, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the District were as follows:

Total net pension liability, including State share	
Proportionate share of net pension liability	$ 90,373,992
State’s proportionate share of the net pension liability	46,587,804
Total	$ 136,961,796

The net pension liability was measured as of June 30, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2020 and June 30, 2019, respectively, was 0.0933% and 0.0888%, resulting in a net increase in the proportionate share of 0.0045%.

For the year ended June 30, 2021, the District recognized pension expense of $13,937,678. In addition, the District recognized pension expense and revenue of $6,526,494 for support provided by the State. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 8,414,160	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	7,789,158	1,313,389
Differences between projected and actual earnings on pension plan investments	2,146,766	-
Differences between expected and actual experience in the measurement of the total pension liability	159,469	2,548,702
Changes of assumptions	8,812,744	-
Total	$ 27,322,297	$ 3,862,091

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
2022	$ (1,309,944)
2023	731,443
2024	1,459,310
2025	1,265,957
Total	$ 2,146,766

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
2022	$	4,111,872
2023		3,595,973
2024		3,527,875
2025		413,798
2026		754,967
Thereafter		494,795
Total	$	12,899,280

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, 2019, and rolling forward the total pension liability to June 30, 2020. The financial reporting actuarial valuation as of June 30, 2019, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2019
Measurement date	June 30, 2020
Experience study	July 1, 2015 through June 30, 2018
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

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

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

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

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	$ 136,542,513
Current discount rate (7.10%)	90,373,992
1% increase (8.10%)	52,255,376

California Public Employees Retirement System (CalPERS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2019 annual actuarial valuation 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, 2021, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	20.700%	20.700%

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, 2021, are presented above and the total District contributions were $3,121,199.

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

As of June 30, 2021, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $31,446,317. The net pension liability was measured as of June 30, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2020 and June 30, 2019, was 0.1025% and 0.0907%, resulting in a net increase in the proportionate share of 0.0118%.

For the year ended June 30, 2021, the District recognized pension expense of $7,154,331. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Pension contributions subsequent to measurement date	$ 3,121,199
Change in proportion and differences between contributions made and District's proportionate share of contributions	1,946,188
Differences between projected and actual earnings on pension plan investments	654,613
Differences between expected and actual experience in the measurement of the total pension liability	1,559,640
Changes of assumptions	115,315
Total	$ 7,396,955

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
2022	$ (244,969)
2023	218,504
2024	379,797
2025	301,281
Total	$ 654,613

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

Year Ended June 30,	Deferred Outflows of Resources
2022	$ 1,826,394
2023	1,055,381
2024	675,983
2025	63,385
Total	$ 3,621,143

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2019, and rolling forward the total pension liability to June 30, 2020. The financial reporting actuarial valuation as of June 30, 2019, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2019
Measurement date	June 30, 2020
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and service

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

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

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

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

Discount Rate	Net Pension Liability
1% decrease (6.15%)	$ 45,209,815
Current discount rate (7.15%)	31,446,317
1% increase (8.15%)	20,023,304

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 $5,272,345 (10.328% of annual payroll). Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Note 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, 2021.

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2021.

Construction Commitments

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

Capital Project	Remaining Construction Commitment	Expected Date of Completion
Modernization at various sites		
Harvest Hill STEAM Academy 6-8 Wing Addition	$ 373,322	September 2022
Shade Structures	95,146	February 2022
Menifee Valley Middle School Reconstruction	4,754,638	October 2021
Chester W. Morrison Kindergarten	1,103,573	December 2021
District Safety Items	1,592	August 2022
Access Control Project	136,075	September 2021
Middle School #4	52,461,838	November 2022
Elementary School #15	4,040,079	August 2025
Bus Yard Fueling Station	3,000	January 2022
Roofing Projects	416,980	October 2021
Preschool Project	59,000	June 2022
Menifee Valley Middle School Building Renovation	139,520	August 2021
Virtual Academy Project	277,890	August 2021
Total	$ 63,862,653	

Note 16 - Participation in Joint Power 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, 2021, the District made payments of $939,558, $1,243,844, and $7,624,515 to RSIA, PIPS, and SISC III, respectively, for its property and liability, worker' compensation, and health coverage.

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

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

	Non-Major Governmental Funds	Total Governmental Funds
Beginning Fund Balance Previously Reported at June 30, 2020	$ 12,618,191	$ 101,187,464
Prior Period Adjustment - Implementation of GASB 84		
Reclassified student body acitivty from fiduciary to special revenue fund	156,823	156,823
Fund Balance restated at July 1, 2020	$ 12,775,014	$ 101,344,287

The restatement of net position is identified as follows:

Custodial Funds	
Beginning Net Position - Fiduciary Funds Report at June 30, 2020	$ -
Reclassification of agency funds to custodial funds	34,623,360
Net Position - Fiduciary Funds restated at July 1, 2020	$ 34,623,360
Governmental Activities	
Beginning Net Position - Government-Wide as Previously Reported at June 30, 2020	$ 172,048,889
Reclassified student body activity from fiduciary to special revenue fund	156,823
Net Position - Government-Wide restated at July 1, 2020	$ 172,205,712

Required Supplementary Information
June 30, 2021

Menifee Union School District

	Budgeted Amounts			Variances - Positive (Negative)
	Original	Final	Actual	Final to Actual
Revenues				
Local Control Funding Formula	$ 87,802,098	$ 92,745,711	$ 92,737,805	$ (7,906)
Federal sources	4,621,112	14,991,915	10,485,534	(4,506,381)
Other State sources	9,332,614	12,389,632	13,271,635	882,003
Other local sources	5,486,140	6,756,643	7,155,431	398,788
Total revenues	107,241,964	126,883,901	123,650,405	(3,233,496)
Expenditures				
Current				
Certificated salaries	53,613,657	53,411,784	52,855,673	556,111
Classified salaries	16,919,830	16,454,709	16,317,823	136,886
Employee benefits	29,597,349	28,520,308	28,114,716	405,592
Books and supplies	3,132,675	8,467,988	7,274,290	1,193,698
Services and operating expenditures	8,852,061	11,754,385	10,488,355	1,266,030
Other outgo	51,767	173,554	227,780	(54,226)
Capital outlay	86,000	261,449	168,953	92,496
Debt service				
Debt service - principal	1,158,647	1,158,647	1,158,647	-
Debt service - interest and other	110,936	110,936	132,788	(21,852)
Total expenditures	113,522,922	120,313,760	116,739,025	3,574,735
Excess (Deficiency) of Revenues Over Expenditures	(6,280,958)	6,570,141	6,911,380	341,239
Other Financing Sources (Uses)				
Transfers in	30,000	52,500	52,004	(496)
Transfers out	(10,000)	-	-	-
Net financing sources (uses)	20,000	52,500	52,004	(496)
Net Change in Fund Balances	(6,260,958)	6,622,641	6,963,384	340,743
Fund Balance - Beginning	15,802,898	15,802,898	15,802,898	-
Fund Balance - Ending	$ 9,541,940	$ 22,425,539	$ 22,766,282	$ 340,743

	2021	2020	2019	2018
Total OPEB Liability				
Service cost	$ 73,717	$ 73,501	$ 66,039	$ 8,900
Interest	38,429	69,422	44,392	57,866
Changes of benefit terms	89,147	-	458,446	-
Difference between expected and actual experience	(36,718)	-	1,405,311	-
Changes of assumptions	515,352	(29,698)	(81,571)	(16,871)
Benefit payments	(638,054)	(884,142)	(936,270)	(536,348)
Net change in total OPEB liability	41,873	(770,917)	956,347	(486,453)
Total OPEB Liability - Beginning	1,813,833	2,584,750	1,628,403	2,114,856
Total OPEB Liability - Ending	$ 1,855,706	$ 1,813,833	$ 2,584,750	$ 1,628,403
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, 2021	June 30, 2020	June 30, 2020	June 30, 2019

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

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

Year ended June 30,	2021	2020	2019	2018
Proportion of the net OPEB liability	0.1625%	0.1571%	0.1517%	0.1583%
Proportionate share of the net OPEB liability	$ 688,631	$ 585,080	$ 580,715	$ 665,933
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	-0.71%	-0.81%	-0.40%	0.01%
Measurement Date	June 30, 2020	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.

	2021	2020	2019	2018	2017	2016	2015
CalSTRS							
Proportion of the net pension liability	0.0933%	0.0888%	0.0845%	0.0874%	0.0838%	0.0816%	0.0750%
Proportionate share of the net pension liability	$ 90,373,992	$ 80,212,650	$ 77,684,671	$ 80,856,865	$ 67,770,888	$ 54,954,910	$ 43,807,701
State's proportionate share of the net pension liability	46,587,804	43,761,356	44,478,108	47,834,238	38,580,758	29,065,089	26,452,981
Total	$ 136,961,796	$ 123,974,006	$ 122,162,779	$ 128,691,103	$ 106,351,646	$ 84,019,999	$ 70,260,682
Covered payroll	$ 51,273,468	$ 47,846,800	$ 45,674,380	$ 46,519,428	$ 41,439,497	$ 36,965,574	$ 31,564,659
Proportionate share of the net pension liability as a percentage of its covered payroll	176.26%	167.64%	170.08%	173.81%	163.54%	148.67%	138.79%
Plan fiduciary net position as a percentage of the total pension liability	72%	73%	71%	69%	70%	74%	77%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
CalPERS							
Proportion of the net pension liability	0.1025%	0.0907%	0.0895%	0.0857%	0.0862%	0.0840%	0.0813%
Proportionate share of the net pension liability	$ 31,446,317	$ 26,441,798	$ 23,866,036	$ 20,458,154	$ 17,018,276	$ 12,375,927	$ 9,235,131
Covered payroll	$ 14,835,804	$ 12,713,016	$ 11,704,340	$ 11,000,468	$ 10,609,834	$ 9,099,414	$ 8,479,987
Proportionate share of the net pension liability as a percentage of its covered payroll	211.96%	207.99%	203.91%	185.98%	160.40%	136.01%	108.91%
Plan fiduciary net position as a percentage of the total pension liability	70%	70%	71%	72%	74%	79%	83%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

	2021	2020	2019	2018	2017	2016	2015
CalSTRS							
Contractually required contribution	$ 8,414,160	$ 8,767,763	$ 7,789,459	$ 6,590,813	$ 5,852,144	$ 4,446,458	$ 3,282,543
Less contributions in relation to the contractually required contribution	8,414,160	8,767,763	7,789,459	6,590,813	5,852,144	4,446,458	3,282,543
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 52,100,062	$ 51,273,468	$ 47,846,800	$ 45,674,380	$ 46,519,428	$ 41,439,497	$ 36,965,574
Contributions as a percentage of covered payroll	16.15%	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%
CalPERS							
Contractually required contribution	$ 3,121,199	$ 2,925,769	$ 2,296,225	$ 1,817,801	$ 1,527,745	$ 1,256,947	$ 1,071,092
Less contributions in relation to the contractually required contribution	3,121,199	2,925,769	2,296,225	1,817,801	1,527,745	1,256,947	1,071,092
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 15,078,256	$ 14,835,804	$ 12,713,016	$ 11,704,340	$ 11,000,468	$ 10,609,834	$ 9,099,414
Contributions as a percentage of covered payroll	20.700%	19.721%	18.062%	15.531%	13.888%	11.847%	11.771%

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

Note 1 - Purpose of Schedules

Budgetary Comparison 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* – Since the previous valuation, the District agreed to pay all healthcare premiums for one recent retiree until the retiree reaches Medicare age.
- *Change of Assumptions* – There discount rate changed from 2.45% in 2020 to 1.92% in 2021.

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 total OPEB Liability- MPP Program and the plans’ fiduciary net position. In the future, as data becomes available, ten years of information will be presented.

- *Change in Benefit T*erms – There were no changes in the benefit terms since the previous valuation.
- *Change of Assumptions* – The plan rate of investment return assumption was changed from 3.50% to 2.21% 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 either the CalSTRS or CalPERS plans from the previous valuations.

Schedule of District Contributions

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

Supplementary Information
June 30, 2021

Menifee Union School District

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	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			
Special Education Grants to States - Basic Local Assistance	84.027	13379	$ 1,623,389
Special Education Grants to States - Mental Health Allocation Plan	84.027A	15197	3,091
Special Education Preschool Grants	84.173	13430	51,659
Special Education Preschool Grants - Preschool Staff Development	84.173A	13431	600
Total Special Education (IDEA) Cluster			1,678,739
Passed Through California Department of Education (CDE)			
COVID-19 Elementary and Secondary Emergency Relief (ESSER) Fund	84.425D	15536	933,633
COVID-19 Elementary and Secondary Emergency Relief II (ESSER II) Fund	84.425D	15547	982,141
COVID-19 Governor's Emergency Education Relief (GEER) Fund	84.425C	15517	76,712
COVID-19 CARES Act Supplemental Meal Reimbursement	84.425D	15535	47,919
Subtotal			2,040,405
Title I Grants to Local Educational Agencies	84.010	14329	1,308,259
Supporting Effective Instruction State Grants	84.367	14341	161,319
English Language Acquisition State Grants - English Learner Student Program	84.365	14346	17,108
Student Support and Academic Enrichment Program	84.424	15396	94,422
Education for Homeless Children and Youth	84.196	14332	1,429
Total U.S. Department of Education			5,301,681
U.S. Department of Agriculture			
Passed Through CDE			
Child Nutrition Cluster			
National School Lunch Program - Summer Food Program	10.559	13004	3,436,920
National School Lunch Program - Commodity Supplemental Food	10.555	13391	371,555
Total Child Nutrition Cluster			3,808,475
Child and Adult Care Food Program	10.558	13393	266
Total U.S. Department of Agriculture			3,808,741
U.S. Department of Treasury			
Passed Through California Department of Education			
COVID-19 Coronavirus Relief Fund	21.019	25516	5,231,772
Total Federal Financial Assistance			$14,342,194

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 eleven elementary schools, one STEAM Academy, three middle schools, and two preschools. There were no boundary changes during this year.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Jacquelyn Johansen	President	2022
Morgan Singleton II	Vice President	2022
Xavier Padilla	Clerk	2024
J. Kyle Root	Deputy Clerk	2022
Robert “Bob” O’Donnell	Member	2024

ADMINISTRATION

Dr. Jennifer Root	Superintendent
Marc Bommarito	Assistant Superintendent, Business Services
Chad McGough	Assistant Superintendent, Personnel Services
Dr. Kimberly Ann Huesing	Assistant Superintendent, Educational Services
Regina Hanson	Director of Fiscal Services

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

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

	(Budget) 2022 [1]	2021	2020	2019
General Fund				
Revenues	$ 132,011,843	$ 123,650,405	$ 113,342,160	$ 111,483,890
Other sources	30,000	52,004	25,200	78,668
Total Revenues and Other Sources	132,041,843	123,702,409	113,367,360	111,562,558
Expenditures	138,536,959	116,739,025	110,196,071	106,456,168
Other uses	350,000	-	363,165	364,802
Total Expenditures and Other Uses	138,886,959	116,739,025	110,559,236	106,820,970
Increase/(Decrease) in Fund Balance	(6,845,116)	6,963,384	2,808,124	4,741,588
Ending Fund Balance	$ 15,921,166	$ 22,766,282	$ 15,802,898	$ 12,994,774
Available Reserves [2]	$ 4,166,609	$ 3,502,171	$ 6,868,048	$ 3,090,773
Available Reserves as a Percentage of Total Outgo	3.00%	3.00%	6.21%	3.00%
Long-Term Liabilities	N/A	$ 312,030,509	$ 259,825,120	$ 260,115,419
K-12 Average Daily Attendance at P-2	10,247	10,274	10,274	9,965

The General Fund balance has increased by $9,771,508 over the past two years. The fiscal year 2021-2022 budget projects a decrease of $6,845,116 (30.07%). For a district this size, the State recommends available reserves of at least 3% of total General Fund expenditures, and other uses (total outgo).

The District has incurred operating surpluses in all of the past three years but anticipates incurring an operating deficit during the 2021-2022 fiscal year. Total long-term liabilities have increased by $51,915,090 over the past two years.

Average daily attendance has increased by 309 over the past two years. A decline of 27 ADA is anticipated during fiscal year 2021-2022.

[1] Budget 2022 is 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.

Name of Charter School	Charter Number	Included in Audit Report
Santa Rosa Academy	0730	No

	Student Activity Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Bond Interest and Redemption Fund	Debt Service Fund for Blended Component Units	Non-Major Governmental Funds
Assets							
Deposits and investments	$ 108,054	$ 337,200	$ 684,004	$ 85,137	$ 12,824,954	$ 4,006,879	$ 18,046,228
Receivables	-	38,166	1,009,830	63	-	-	1,048,059
Stores inventories	-	-	187,267	-	-	-	187,267
Total assets	$ 108,054	$ 375,366	$ 1,881,101	$ 85,200	$ 12,824,954	$ 4,006,879	$ 19,281,554
Liabilities and Fund Balances							
Liabilities							
Accounts payable	$ -	$ 34,591	$ 96,939	$ -	$ -	$ -	$ 131,530
Due to other funds	-	3,619	38,181	-	-	-	41,800
Unearned revenue	-	168,833	-	-	-	-	168,833
Total liabilities	-	207,043	135,120	-	-	-	342,163
Fund Balances							
Nonspendable	-	-	187,267	-	-	-	187,267
Restricted	108,054	168,323	1,558,714	-	12,824,954	4,006,879	18,666,924
Committed	-	-	-	85,200	-	-	85,200
Total fund balances	108,054	168,323	1,745,981	85,200	12,824,954	4,006,879	18,939,391
Total liabilities and fund balances	$ 108,054	$ 375,366	$ 1,881,101	$ 85,200	$ 12,824,954	$ 4,006,879	$ 19,281,554

See Notes to Supplementary Information

Menifee Union School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental Funds

Year Ended June 30, 2021

	Student Activity Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Bond Interest and Redemption Fund	Debt Service Fund for Blended Component Units	Non-Major Governmental Funds
Revenues							
Federal sources	$ -	$ 46,305	$ 3,856,660	$ -	$ -	$ -	$ 3,902,965
Other State sources	-	611,106	334,604	-	65,256	-	1,010,966
Other local sources	10,055	11,129	2,841	400	7,899,919	1,806,607	9,730,951
Total revenues	10,055	668,540	4,194,105	400	7,965,175	1,806,607	14,644,882
Expenditures							
Current							
Instruction	-	337,393	-	-	-	-	337,393
Instruction-related activities							
Supervision of instruction	-	226,368	-	-	-	-	226,368
Pupil services							
Food services	-	-	3,330,286	-	-	-	3,330,286
All other pupil services	-	14,039	-	-	-	-	14,039
Administration							
All other administration	-	34,211	164,105	-	-	-	198,316
Plant services	-	224	-	42,541	-	-	42,765
Ancillary services	58,824	-	-	-	-	-	58,824
Other outgo	-	-	-	-	-	35,950	35,950
Facility acquisition and	-						
construction		10,000	-	-	-	-	10,000
Debt service							
Principal	-	-	-	-	3,995,000	70,000	4,065,000
Interest and other	-	-	-	-	3,761,223	739,850	4,501,073
Total expenditures	58,824	622,235	3,494,391	42,541	7,756,223	845,800	12,820,014

	Student Activity Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Bond Interest and Redemption Fund	Debt Service Fund for Blended Component Units	Non-Major Governmental Funds
Excess (Deficiency) of Revenues Over Expenditures	$ (48,769)	$ 46,305	$ 699,714	$ (42,141)	$ 208,952	$ 960,807	$ 1,824,868
Other Financing Sources							
Other sources - premium from issuance of general obligation bonds	-	-	-	-	4,339,509	-	4,339,509
Net Change in Fund Balances	(48,769)	46,305	699,714	(42,141)	4,548,461	960,807	6,164,377
Fund Balance - Beginning, as restated	156,823	122,018	1,046,267	127,341	8,276,493	3,046,072	12,775,014
Fund Balance - Ending	$ 108,054	$ 168,323	$ 1,745,981	$ 85,200	$ 12,824,954	$ 4,006,879	$ 18,939,391

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 District under programs of the federal government for the year ended June 30, 2021. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or fund balance.

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, 2021, the District did not report any 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 Child Care and Development Block Grant funds that have been recorded in the current period as revenues that have not been expended as of June 30, 2021. These unspent balances are reported as legally restricted ending balances within the Child Development Non-Major Governmental Fund.

Description	Federal Financial Assistance Listing/Federal CFDA Number	Amount
Total Federal Revenues reported on the financial statements		$ 14,388,499
COVID-19 Child Care and Development Block Grant	93.575	(46,305)
Total Schedule of Expenditures of Federal Awards		$ 14,342,194

Local Education Agency Organization Structure

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

Schedule of Instructional Time

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

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

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

Independent Auditor's Reports
June 30, 2021

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, 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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 31, 2022.

Emphasis of Matter – Change in Accounting Principle
As discussed in Notes 1 and 17 to the financial statements, the District has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, which has resulted in a restatement of the net position and fund balance as of July 1, 2020. Our opinions are not modified with respect to this matter.

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

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

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

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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*.

We noted certain matters that we reported to management of the District in a separate letter dated January 31, 2022.

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

Eide Bailly LLP

Rancho Cucamonga, California
January 31, 2022

CPAs & BUSINESS ADVISORS

Independent Auditor's Report on Compliance for Each Major Program and 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

We have audited Menifee Union School District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2021. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

Eide Bailly LLP

Rancho Cucamonga, California
January 31, 2022

Independent Auditor's Report on State Compliance

To the Governing Board
Menifee Union School District
Menifee, California

Report on State Compliance

We have audited Menifee Union School District's (the District) compliance with the types of compliance requirements described in the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting,* applicable to the state laws and regulations listed in the table below for the year ended June 30, 2021.

Management's Responsibility

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

Auditor's Responsibility

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

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

Compliance Requirements Tested

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

	Procedures Performed
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS	
Attendance and Distance Learning	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No, see below
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
K-3 Grade Span Adjustment	Yes
Apprenticeship: Related and Supplemental Instruction	No, see below
Comprehensive School Safety Plan	Yes
District of Choice	No, see below
SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS	
California Clean Energy Jobs Act	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Independent Study - Course Based	No, see below
CHARTER SCHOOLS	
Attendance	No, see below
Mode of Instruction	No, see below
Nonclassroom-Based Instruction/Independent Study	No, see below
Determination of Funding for Nonclassroom-Based Instruction	No, see below
Charter School Facility Grant Program	No, see below

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

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

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

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

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

The Charter School is independent of the District; therefore, we did not perform any procedures related to charter schools.

Unmodified Opinion

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

The purpose of this report on state compliance is solely to describe the results of our testing based on the requirements of the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Rancho Cucamonga, California
January 31, 2022

Schedule of Findings and Questioned Costs
June 30, 2021

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:

Name of Federal Program or Cluster	Federal Financial Assistance Listing/ Federal CFDA Number
COVID-19 Coronavirus Relief Fund	21.019
COVID-19 Education Stabilization Fund	84.425C, 84.425D

Dollar threshold used to distinguish between type A and type B programs:	$750,000
Auditee qualified as low-risk auditee?	Yes

STATE COMPLIANCE

Type of auditor's report issued on compliance for programs:	Unmodified

None reported.

None reported.

None reported.

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

EideBailly

CPAs & BUSINESS ADVISORS

Management
Menifee Union School District
Menifee, California

In planning and performing our audit of the financial statements of Template Binders (the District) for the year ended June 30, 2021, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we noted matters that are opportunities for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated January 31, 2022, on the government-wide financial statements of the District.

Associated Student Body (ASB) – Inventory

Observation
In reviewing the monthly reconciliation and financial statements we noted that the inventory detail balances do not equal the inventory balance in the financial statements. The purpose of performing the monthly inventory reconciliation is to ensure that no errors have occurred in counting inventory and that the inventory balances, and monthly activity is accurately reported.

Recommendation
The District should ensure that the reconciled details of assets of the student body equal the balances in the financial statements. If an unreconciled difference is found, it should be investigated to determine in what account the error has occurred. The account would then be adjusted appropriately.

We will review the status of the current year comments during our next audit engagement.

Eide Bailly LLP

Rancho Cucamonga, California
January 31, 2022

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