



June 3, 2022

To the Governing Board  
Clovis Unified School District  
Clovis, California

We have audited the financial statements of Clovis Unified School District (the District) as of and for the year ended June 30, 2021, and have issued our report thereon dated June 3, 2022. Professional standards require that we advise you of the following matters relating to our audit.

**Our Responsibility in Relation to the Financial Statement Audit under Generally Accepted Auditing Standards and *Government Auditing Standards* and our Compliance Audit under the Uniform Guidance**

As communicated in our engagement letter dated July 12, 2021, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America and to express an opinion on whether the District complied with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on the District's major federal program. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of the District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Our responsibility, as prescribed by professional standards as it relates to the audit of the District's major federal program compliance, is to express an opinion on the compliance for the District's major federal program based on our audit of the types of compliance requirements referred to above. An audit of major program compliance includes consideration of internal control over compliance with the types of compliance requirements referred to above as a basis for designing audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the

effectiveness of internal control over compliance. Accordingly, as a part of our major program compliance audit, we considered internal control over compliance for these purposes and not to provide any assurance on the effectiveness of the District's internal control over compliance

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our comments regarding internal controls during our audit in our 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* dated June 3, 2022. We have also provided our comments regarding compliance with the types of compliance requirements referred to above and internal controls over compliance during our audit in our Independent Auditor's Report on Compliance with Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance dated June 3, 2022.

### **Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

### **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, our firm, and other firms utilized in the engagement, if applicable, have complied with all relevant ethical requirements regarding independence.

### **Qualitative Aspects of the Entity's Significant Accounting Practices**

#### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the District is included in Note 1 to the financial statements. As described in Notes 1 and 17 to the financial statements, the District changed accounting policies related to accounting for fiduciary activities to adopt the provisions of GASB Statement No. 84, Fiduciary Activities. Accordingly, the accounting change has been retrospectively applied to the financial statements beginning July 1, 2020. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements were:

Governmental Accounting Standards Board (GASB) requires the District to calculate, recognize, and report the costs and obligations associated with pensions in their financial statements. These amounts were all based on the District's proportionate share of the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) estimated net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense, which were actuarially determined; utilizing projections of future contributions and future earnings, actuarial assumptions such as inflation, salary increases, mortality rates, and investment rate of return and discount rates in the determination of the final balances reported in the CalSTRS and CalPERS audited financial statements. The District's proportionate share was determined by calculating the District's share of contributions to the pension plan relative to the contributions of all participating entities in the plan.

Management's estimate of the Net OPEB liability, related deferred outflows of resources, deferred inflows of resources, and OPEB expense are based on a calculation of actuarially determined contributions for health insurance benefits.

Management's estimates of the Health & Welfare Incurred But Not Reported (IBNR) liabilities and Worker's Compensation IBNR are based on current claims and a calculation of actuarially determined potential future claims of each insurance classification.

We evaluated the key factors and assumptions used to develop the pension and OPEB liabilities and determined that they are reasonable in relation to the basic financial statements taken as a whole.

Management's estimate of the net OPEB liability and the related deferred outflows of resources and deferred inflows of resources is based upon actuarial estimates provided by the actuary. We evaluated the key factors and assumptions used to develop the net OPEB liability and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Management's estimates of the Health & Welfare and Worker's Compensation IBNRs are based upon actuarial estimates provided by the actuaries. We evaluated the key factors and assumptions used to develop each insurance classification's claims liability and determined that it is reasonable in relation to the basic financial statements taken as a whole.

### *Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the

District’s financial statements relate to Net Other Postemployment Benefits (OPEB) Liability and Plan (Note 10) and the Employee Retirement Systems (Note 13).

**Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

**Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole.

The following information summarize the prior year and current year misstatements that we identified as a result of our audit procedures that were brought to the attention of, and corrected by, management:

Internal Service Fund - Self Insurance long term obligations

- Prior year overstatement of \$26,132,568 for reserves not meeting definition of a liability and improper allocation of OPEB liability
- Reduction in ending obligation of \$4,789,100 for reserves not meeting definition of a liability

The effect of these adjustments were an increase in the Self Insurance Funds beginning net position of \$26,132,568 and it’s ending net position of \$30,921,668. The adjustments increased beginning government-wide net position by \$4,725,451.

The following summarizes uncorrected financial statement misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements as a whole.

General Fund – Local Control Funding Formula (LCFF) Revenue		
Understatement of Accounts Receivable	\$467,410	
Understatement of LCFF Revenue		\$467,410
General Fund – Local Control Funding Formula (LCFF) Revenue		
Overstatement of LCFF Revenue	\$1,900,860	
Understatement of Accounts Payable		\$1,900,860

The effect of these uncorrected misstatements is an overstatement of net income of \$1,433,450 for the General Fund. This results in an overstatement of net income of \$1,433,460 for the government-wide statement of activities.

Additionally, the beginning balance of long term obligations related to the Certificates of Participation obligation were understated by \$1,467,053 which therefore overstated beginning government wide net position by the same amount.

## **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the District's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

## **Representations Requested from Management**

We have requested certain written representations from management that are included in the management representation letter dated June 3, 2022.

## **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

## **Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with the District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the entity, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the District's auditors. We did note and report a noncompliance issue with State Laws and Regulations related to Unduplicated Pupil Count data and a material weakness relating to the potential fiscal impact of the finding and restatements/adjustments related to the Self Insurance Fund's long term obligations.

## **Modification of the Auditor's Report**

We have made the following modification to our auditor's report.

### **Emphasis of Matter – Change in Accounting Principle and Correction of an Error**

As discussed in Notes 1 and 17 to the financial statements, Clovis Unified School District has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, which has resulted in a restatement of the net position and fund balance as of July 1, 2020. Additionally, an error was discovered in the current year related to net position reserves of the Self Insurance Fund that were previously recorded as liabilities. Our opinions are not modified with respect to this matter.

## **Other Information in Documents Containing Audited Financial**

Pursuant to professional standards, our responsibility as auditors for other information in documents containing the District's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information.

However, in accordance with such standards, we will review the information inputted into the data collection form and will consider whether such information, or the manner of its presentation, is materially consistent with the financial statements.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

This report is intended solely for the information and use of the Governing Board and management of the District and is not intended to be and should not be used by anyone other than these specified parties.

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

Fresno, California



Financial Statements  
June 30, 2021

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## Independent Auditor's Report

To the Governing Board  
Clovis Unified School District  
Clovis, 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 Clovis Unified School District (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Clovis Unified School District, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof 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 and Correction of an Error**

As discussed in Notes 1 and 17 to the financial statements, Clovis Unified School District has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, which has resulted in a restatement of the net position and fund balance as of July 1, 2020. Additionally, an error was discovered in the current year related to net position reserves of the Self Insurance Fund that were previously recorded as liabilities. 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, budgetary comparison information, schedule of changes in the District's net OPEB liability and related ratios, schedule of the District's proportionate share of the net OPEB liability – MPP program, schedule of the District's proportionate share of the net pension liability, and the schedule of District contributions, 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 Clovis Unified 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 June 3, 2022 on our consideration of Clovis Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Clovis Unified School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Clovis Unified School District's internal control over financial reporting and compliance.

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

Fresno, California  
June 3, 2022



## Management’s Discussion and Analysis June 30, 2021

This section of Clovis Unified School District’s (the District) annual financial report presents the management’s discussion and analysis of the District’s financial performance during the fiscal year that ended on June 30, 2021, with comparative information for the fiscal year ending June 30, 2020.

### Financial Highlights

The District continued its long history of implementing conservative budgets and proactively addressing the volatility of the State of California’s revenues resulting in the District maintaining reserve levels well above the State’s minimum amount of two percent.

### Overview of the Financial Statements

This annual report consists of three parts; management’s discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are government-wide financial statements that provide both short-term and long-term information about the District’s overall financial status.
- The remaining Fund statements are fund financial statements that focus on individual parts of the District, reporting the District’s operations in more detail than the government-wide statements.
  - The governmental funds statements tell how basic services like regular and special education were financed in the short term as well as what remains for future spending.
  - The proprietary fund statements report the activity of the self-insurance fund for the year such as claims liability and revenues generated for services provided.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District’s budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

#### **Governing Board**

Hugh Awtrey  
David DeFrank  
Steven G. Fogg, M.D.  
Susan K. Hatmaker  
Yolanda Moore  
Elizabeth J. Sandoval  
Tiffany Stoker Madsen

#### **Administration**

Elmear O’Farrell, Ed.D.  
*Superintendent*

Norm Anderson  
*Deputy Superintendent*

Robyn Castillo, Ed.D.  
*Associate Superintendent*

Corrine Folmer, Ed.D.  
*Associate Superintendent*

Barry S. Jager, Jr.  
*Associate Superintendent*

Michael Johnston  
*Associate Superintendent*

**Figure A-1. Organization of Clovis Unified's Annual Financial Report**

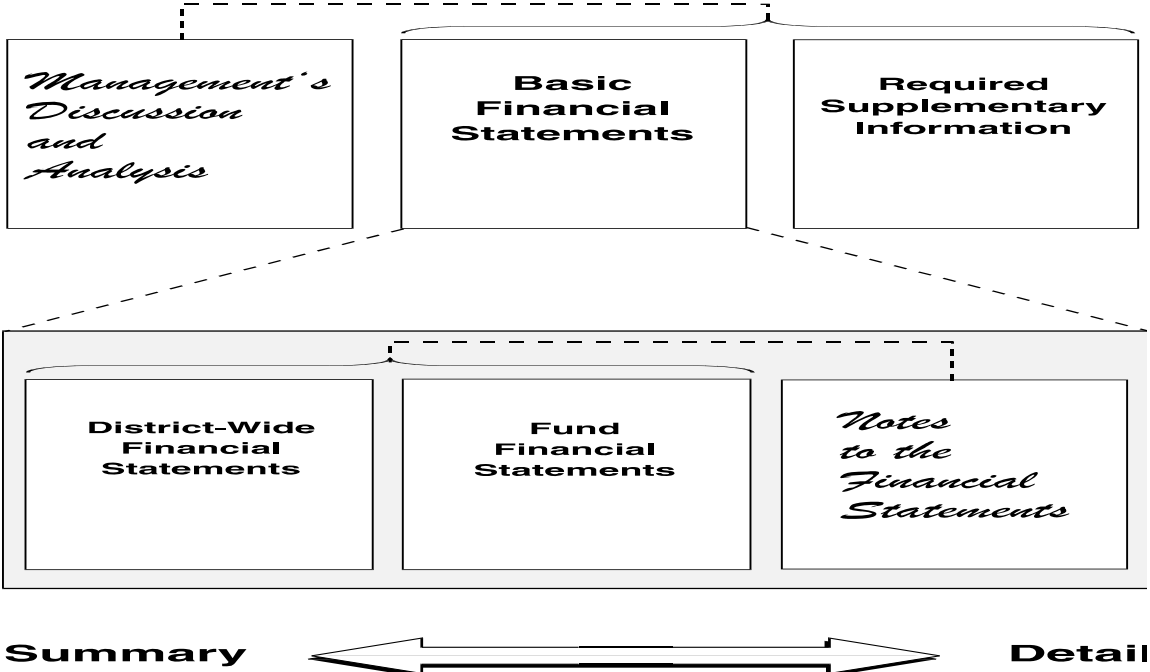


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

**Figure A-2. Major Features of the Government-wide and Fund Financial Statements**

<i>Type of Statements</i>	<b>Government-Wide</b>	<b>Fund Statements</b>	
		<b>Governmental Funds</b>	<b>Proprietary Funds</b>
Scope	Entire District	The activities of the District that are not, such as special education and building maintenance	The District's self-insurance fund accounts for the activity associated with the self-insured health and welfare, worker's compensation and a portion of the retiree benefits.
Required financial statements	<ul style="list-style-type: none"> <li>•Statement of net position</li> <li>•Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>•Balance sheet</li> <li>•Statement of revenues, expenditures and changes in fund balances</li> <li>•Reconciliation to government-wide financial statements</li> </ul>	<ul style="list-style-type: none"> <li>•Statement of net position</li> <li>•Statement of revenues, expenditures and changes in net position</li> <li>•Statement of Cash Flows</li> </ul>

**Figure A-2. Major Features of the Government-wide and Fund Financial Statements**

<i>Type of Statements</i>	<b>Fund Statement</b>	
	<b>Government-Wide</b>	<b>Governmental Funds</b>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of asset/liability information	All assets and liabilities both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter

**GOVERNMENT-WIDE STATEMENTS**

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District’s assets and liabilities. All of the current year’s revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

These two government-wide statements report the District’s net position and how it has changed. Net position (the difference between assets and liabilities) is one way to measure the District’s financial health or financial position.

- Over time, increases or decreases in the District’s net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District’s property tax base and the condition of school buildings and other facilities.
- In the government-wide financial statements, the District’s activities are combined into one category.
- Governmental activities - The District’s basic services are included here, such as regular and special education, transportation, food services, adult education and administration. Property taxes, state formula aid, categorical funding and fees charged, finance most of these activities.

## FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's most significant funds, not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. The District has two kinds of funds:

- Governmental funds - Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets, that can readily be converted to cash, flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statements that explain the relationship (or differences) between them.
- Proprietary funds - When the District charges users for the services it provides, whether to outside customers or to other departments within the District, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the *Statement of Net Position* and the *Statement of Revenues, Expenses, and Changes in Fund Net Position*. We use internal service funds to report activities that provide supplies and services for the District's other programs and activities, such as the District's Self-Insurance Fund. The internal service funds are reported with governmental activities in the government-wide financial statements.



**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

**Net Position:** The District's combined net position was \$42.8 million on June 30, 2021, increasing by \$5.1 million (13.6 percent). (See Table A-1.)

Table A-1

	Governmental Activities	
	2021	2020 as Restated*
<b>Assets</b>		
Current and other assets	\$ 523,289,108	\$ 387,592,241
Capital assets	944,376,485	956,642,591
Total assets	<u>1,467,665,593</u>	<u>1,344,234,832</u>
Deferred outflows of resources	<u>235,331,531</u>	<u>203,448,856</u>
<b>Liabilities</b>		
Current liabilities	82,330,711	59,856,527
Long-term liabilities	<u>1,561,879,197</u>	<u>1,422,404,098</u>
Total liabilities	<u>1,644,209,908</u>	<u>1,482,260,625</u>
Deferred inflows of resources	<u>16,014,147</u>	<u>27,786,144</u>
<b>Net Position</b>		
Net investment in capital assets	616,463,623	603,399,570
Restricted	162,260,944	143,249,641
Unrestricted (deficit)	<u>(735,951,498)</u>	<u>(709,012,292)</u>
Total net position	<u>\$ 42,773,069</u>	<u>\$ 37,636,919</u>

\* The current and other assets, long-term liabilities and restricted net position for fiscal year 2020 were restated to show the effects of GASB 84 for comparative purposes and restatements to the Self Insurance Fund.

**Changes in Net Position:** The District's total governmental revenues were \$669.8 million (see Table A-2). Property taxes and state aid formula accounted for most of the District's revenue, with federal and state aid contributing about \$317.5 million and property taxes contributing about \$140.3 million. Another \$160.5 million came from categorical programs, \$12.0 million came from capital grants, and the remainder came from fees charged for services of \$20.5 million and miscellaneous sources of \$18.9 million.

The total cost of all governmental programs and services was \$664.6 million (see Table A-2). The District's expenses are predominantly related to educating and caring for students (83 percent). The purely administrative activities of the District accounted for just four percent of total costs. Plant services was \$56.8 million, accounting for nine percent of the District's expenses. Revenues surpassed expenses, increasing net position by \$3.9 million over last year predominately due to the additional Federal and State revenues the District received due to the COVID-19 pandemic.

Table A-2

	Governmental Activities	
	2021	2020*
Revenues		
Program revenues		
Charges for services	\$ 20,544,008	\$ 16,059,272
Operating grants and contributions	160,506,670	90,249,426
Capital grants and contributions	11,981,645	41,479,499
General revenues		
Federal and State aid not restricted	317,559,675	324,525,549
Property taxes	140,332,472	133,717,496
Other general revenues	18,857,807	39,691,018
Total revenues	669,782,277	645,722,260
Expenses		
Instruction-related	467,123,801	420,362,849
Pupil services	80,891,363	78,947,224
Administration	28,064,367	26,426,115
Plant services	56,972,702	59,284,257
Other	31,593,894	32,777,974
Total expenses	664,646,127	617,798,419
Change in net position	\$ 5,136,150	\$ 27,923,841

\* The revenues and expenses for fiscal year 2020 were not restated to show the effects of GASB 84 nor Self Insurance Fund restatements for comparative purposes.

**GOVERNMENTAL ACTIVITIES**

The continued good health of the District's finances can be credited to:

- Staffing formulas that maintain equality
- Maintaining an awareness of the changing fiscal issues and active participation from the Employee Compensation Committee and Employee Benefit Committee
- Projecting a minimum of five years out on the multi-year projection

Table A-3 presents the cost of four major District activities: instruction, pupil services, administration, plant services and then all remaining categories. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

Table A-3

	Total Cost of Services		Net Cost of Services	
	2021	2020*	2021	2020*
Instruction	\$ 467,123,801	\$ 420,362,849	\$ (322,716,793)	\$ (310,996,671)
Pupil services	80,891,363	78,947,224	(57,960,156)	(57,313,087)
Administration	28,064,367	26,426,115	(26,501,382)	(24,455,654)
Plant services	56,972,702	59,284,257	(44,268,831)	(56,890,567)
All other services	31,593,894	32,777,974	(20,166,642)	(20,354,243)
<b>Total</b>	<b>\$ 664,646,127</b>	<b>\$ 617,798,419</b>	<b>\$ (471,613,804)</b>	<b>\$ (470,010,222)</b>

\* The total cost of services and net cost of services for fiscal year 2020 were not restated to show the effects of GASB 84 nor Self Insurance Fund restatements for comparative purposes.

- The net cost of governmental activities this year was \$(471.6) million as reflected on the Statement of Activities.
- Some of the costs were paid by the users of the District's programs totaling \$20.5 million.
- The federal and state governments subsidized certain programs with operating grants and contributions totaling \$160.5 million.
- Most of the District's costs, \$317.5 million, however, were paid for by District taxpayers and the taxpayers of California, in general.

**THE DISTRICT'S FUNDS**

As the District completed this year, our governmental funds reported a combined fund balance of \$381.9 million which is an increase of \$109.4 million from last year (Table A-4).

Table A-4

Governmental Funds	Balances and Activity			June 30, 2021
	July 1, 2020 as Restated*	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	
General	\$ 131,081,879	\$ 553,277,716	\$ 521,016,864	\$ 163,342,731
Student Activities	2,276,488	1,502,300	1,521,919	2,256,869
Charter Schools	5,877,876	5,271,801	3,954,602	7,195,075
Adult Education	3,884,458	5,338,687	5,612,934	3,610,211
Child Development	784,305	6,454,695	5,969,673	1,269,327
Cafeteria	7,324,999	11,703,260	13,087,308	5,940,951
Deferred Maintenance	68,963	2,726,756	2,137,078	658,641
Building	4,348,353	52,315,067	5,514,468	51,148,952
Capital Facilities	18,058,604	24,879,975	2,742,988	40,195,591
County School Facilities	35,758,616	11,659,599	7,116,191	40,302,024
Special Reserve Fund for Capital Outlay Projects	15,467,962	1,170,791	1,257,545	15,381,208
Bond Interest and Redemption	47,524,715	68,046,262	64,973,248	50,597,729
COP Debt Service Fund	81,326	2,847	82,988	1,185
<b>Total</b>	<b>\$ 272,538,544</b>	<b>\$ 744,349,756</b>	<b>\$ 634,987,806</b>	<b>\$ 381,900,494</b>

\* The beginning fund balance for fiscal year 2020 was restated to show the effects of GASB 84 for comparative purposes.

The primary reasons for the changes are:

- a. The fund balance in the General Fund increased \$32.3 million to \$163.3 million. The net increase is due to additional Federal and State revenue received because of the COVID-19 pandemic.
- b. The special revenue funds reported a net increase of \$0.7 million with minimal changes across all funds except the Charter Schools Fund which had an increase of \$1.3 million and the Cafeteria Fund which decreased by \$1.4 million.
- c. The capital projects funds showed an increase of \$73.4 million. This overall increase is due to \$12.0 million in State construction funding that was finally received for several past projects and \$50.0 million in proceeds from a bond issuance.
- d. The Bond Interest and Redemption Fund reported an increase of \$3.0 million due to the bond issuance premium and property tax collections in excess of bond principal and interest payments.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

Over the course of the year the District revised the annual operating budget several times due to updated projections and actual costs. Following are highlights of the largest changes:

- Net increases in both revenue and expense for federal, state and local grant awards.
- Posting of deferred categorical revenue.
- GASB Statement No. 68 requires the District to recognize the State's share of the District's unfunded CalSTRS liability. This resulted in a revenue and expenditure adjustment of \$1.2 million.
- Decrease in Fee-based program revenue due to the COVID-19 pandemic.
- The Adopted Budget's revenues over expenditures resulted in the District anticipating a deficit of \$14.3 million. The Adopted Budget was structured in such a way that the District could manage any changes from the State. It was also developed under the assumptions released with the Governor's May Revision projecting a negative COLA (-7.92%) for the LCFF.
- For the first time in several years, the District is experiencing declining enrollment. The decline is directly related to the pandemic. The projected ADA growth at Adopted Budget was 196. Due to the pandemic districts were held harmless and funded on 2019-20 P-2 ADA. ADA was not reported to the State during the 2020-21 fiscal year. The District projects the 2020-21 ADA decline to be approximately 951 compared to 2019-20.
- Actual revenues to expenditures resulted in a surplus of \$32.3 million, however \$4.9 million of the fund balance is non-spendable, \$23.7 million is restricted for restricted programs and \$18.7 million is assigned for site and department carryover, student computer refresh, textbooks and LCAP Supplemental programs.
- District recognized \$60.5 million in COVID-19 relief revenues from the State and Federal government during the 2020-21 fiscal year.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

By June 30, 2021, the District had invested \$944.4 million in a broad range of capital assets, including school buildings, athletic facilities, computer and audio visual equipment, and administrative offices. (See Table A-5.) This amount represents a net decrease of \$12.3 million or 1.3 percent over last year. Total depreciation expense for the year was \$30.7 million.

Table A-5

	Governmental Activities	
	2021	2020
Land and construction in progress	\$ 110,349,294	\$ 151,026,515
Buildings and improvements	797,850,068	768,519,569
Equipment	36,177,123	37,096,507
Total	\$ 944,376,485	\$ 956,642,591

The District has work in progress related to modernization projects at multiple district sites as well as new construction. In addition, several equipment purchases such as several passenger buses, a truck, a cargo van, mowers and a forklift.

The District received \$12.0 million state facility revenue for projects completed several years ago. The District was able to proceed with planned modernizations due to the receipt of these funds.

The District opened Janet Young Elementary School in August 2021. The new site was funded with Developer Fee and bond revenues. The project cost \$38.8 million in its entirety. Continued support from the community resulted in a successful 2020 bond campaign. Measure A will provide \$335 million to support capital improvements. The majority will be allocated to the design and construction of Terry Bradley Educational Center.

**Long-Term Liabilities**

At year-end the District had \$1.6 billion in long-term liabilities outstanding discussed below. This is an increase of 9.9 percent from last year, as shown in Table A-6.

Table A-6

	Governmental Activities	
	2021	2020
Long-Term Liabilities		
General obligation bonds	\$ 477,575,863	\$ 452,098,291
Certificates of participation	2,420,000	1,538,005
Unamortized premiums/(discounts)	9,321,185	8,362,287
Capital leases	12,660,179	13,867,888
Compensated absences	4,185,913	3,473,663
Claims liability	28,136,235	28,750,028
Total OPEB liability	495,131,989	424,477,600
Aggregate net pension liability	532,447,833	489,521,762
Total	\$ 1,561,879,197	\$ 1,422,089,524

The District's S&P bond rating as of the most recent bond issuance was "AA" and "A-1+" for the most recent refunding bond issuance. In addition, the District's certificates of participation S&P rating at the time of their last issuance was "AA".

At year-end, the District has a net pension liability of \$532.4 million versus \$489.5 million last year, an increase of \$42.9 million, or 8.8 percent. The District also reported Deferred Outflows (asset) from pension activities of \$125.8 million, and Deferred Inflows (liability) from pension activities of \$15.8 million. The net impact on the District's net position of these pension related items is \$(422.4) million.

The District also has recognized a deferred outflow of resources (asset) of \$106.2 million related to its other postemployment benefits which helps to offset the obligations impact on the total net position of the District.

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

At the time these financial statements were prepared and audited, the District was aware of the following circumstances that could significantly affect its financial health in the future:

- The COVID-19 pandemic has posed economic challenges as it relates to school funding. The path to full recovery remains unknown. The District will continue to monitor and utilize the resources available to ensure financial solvency. Clovis Unified remains prepared to continue to provide high quality service to our students. The District closed the year with a 22.43 percent General Reserve.
- The State's Local Control Funding Formula (LCFF) accounts for 78 percent of the District's General Fund revenues during a normal year. Due to the amount of one-time revenues received during the 2020-21 fiscal year, the LCFF accounted for 71.5 percent.
- The LCFF attempts to fund students based on their needs related to household income, English language learner, homeless or foster youth. This portion of a district's student population is referred to as the unduplicated pupil percentage (UPP). Clovis Unified's UPP averages 42-45 percent, making the District eligible for the LCFF Base and Supplemental Grants only; the District is not eligible for the Concentration Grant. The District receives the least amount of funding per ADA in Fresno County due to its low UPP.
- Enrollment growth and student attendance is key to the District's financial projections. The District has consistently seen growth over the years and anticipated this trend to continue pre-pandemic. There is a significant amount of residential development within District boundaries and the District anticipates the declining enrollment experienced this year to be short lived. Enrollment growth continues to be projected conservatively on the multi-year projection.
- The Clovis Unified population of students with disabilities has grown an average of 3.0 percent annually over the previous five years.
- The state and federal government have never fully funded special education. The District is actively involved in advocating for increased funding from the State and Federal Governments.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Clovis Unified School District, 1450 Herndon Avenue, Clovis, California 93611.



Clovis Unified School District  
Statement of Net Position  
June 30, 2021

	Governmental Activities
<b>Assets</b>	
Deposits and investments	\$ 450,738,881
Receivables	69,188,319
Stores inventories	3,361,908
Capital assets not depreciated	110,349,294
Capital assets, net of accumulated depreciation	834,027,191
Total assets	1,467,665,593
<b>Deferred Outflows of Resources</b>	
Deferred charge on refunding	3,272,447
Deferred outflows of resources related to OPEB	106,221,771
Deferred outflows of resources related to pensions	125,837,313
Total deferred outflows of resources	235,331,531
<b>Liabilities</b>	
Overdrafts	106,020
Accounts payable	41,999,770
Unearned revenue	5,964,921
Short-term loans	34,260,000
Long-term liabilities	
Long-term liabilities other than OPEB and pensions due within one year	39,174,179
Long-term liabilities other than OPEB and pensions due in more than one year	495,125,196
Net other postemployment benefits liability (OPEB)	495,131,989
Aggregate net pension liabilities	532,447,833
Total liabilities	1,644,209,908
<b>Deferred Inflows of Resources</b>	
Deferred charge on refunding	215,417
Deferred inflows of resources related to pensions	15,798,730
Total deferred inflows of resources	16,014,147
<b>Net Position</b>	
Net investment in capital assets	616,463,623
Restricted for	
Debt service	50,598,914
Capital projects	80,497,615
Educational programs	23,898,323
Child nutrition	5,009,223
Student activities	2,256,869
Unrestricted (deficit)	(735,951,498)
Total net position	\$ 42,773,069

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

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position Governmental Activities
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities					
Instruction	\$ 390,180,923	\$ 9,141	\$ 112,529,348	\$ 11,981,645	\$ (265,660,789)
Instruction-related activities					
Supervision of instruction	28,958,288	-	16,000,054	-	(12,958,234)
Instructional library, media, and technology	9,763,842	-	621,983	-	(9,141,859)
School site administration	38,220,748	-	3,264,837	-	(34,955,911)
Pupil services					
Home-to-school transportation	12,142,588	-	932,855	-	(11,209,733)
Food services	13,776,697	67,916	11,748,496	-	(1,960,285)
All other pupil services	54,972,078	-	10,181,940	-	(44,790,138)
Administration					
Data processing	6,134,904	-	23,059	-	(6,111,845)
All other administration	21,929,463	2,949	1,536,977	-	(20,389,537)
Plant services	56,972,702	11,753,460	950,411	-	(44,268,831)
Ancillary services	10,138,674	-	1,558,290	-	(8,580,384)
Community services	726,145	-	-	-	(726,145)
Enterprise services	49,084	-	-	-	(49,084)
Interest on long-term liabilities	19,548,746	-	-	-	(19,548,746)
Other outgo	1,131,245	8,710,542	1,158,420	-	8,737,717
Total governmental activities	<u>\$ 664,646,127</u>	<u>\$ 20,544,008</u>	<u>\$ 160,506,670</u>	<u>\$ 11,981,645</u>	<u>(471,613,804)</u>
General Revenues and Subventions					
Property taxes, levied for general purposes					93,061,318
Property taxes, levied for debt service					46,776,338
Taxes levied for other specific purposes					494,816
Federal and State aid not restricted to specific purposes					317,559,675
Interest and investment earnings					590,634
Interagency revenues					1,345,939
Special and extraordinary					1,711,295
Miscellaneous					15,209,939
Subtotal, general revenues					<u>476,749,954</u>
Change in Net Position					5,136,150
Net Position - Beginning, as Restated					<u>37,636,919</u>
Net Position - Ending					<u>\$ 42,773,069</u>

See Notes to Financial Statements

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

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Deposits and investments	\$ 174,263,797	\$ 52,107,310	\$ 50,597,729	\$ 115,564,588	\$ 392,533,424
Receivables	66,133,674	-	-	2,002,557	68,136,231
Due from other funds	99,999	116,295	-	1,544,309	1,760,603
Stores inventories	2,383,166	-	-	978,742	3,361,908
<b>Total assets</b>	<b>\$ 242,880,636</b>	<b>\$ 52,223,605</b>	<b>\$ 50,597,729</b>	<b>\$ 120,090,196</b>	<b>\$ 465,792,166</b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Overdrafts	\$ -	\$ -	\$ -	\$ 106,020	\$ 106,020
Accounts payable	35,440,873	716,681	-	2,584,383	38,741,937
Due to other funds	3,872,111	357,972	-	588,711	4,818,794
Other current liabilities	34,260,000	-	-	-	34,260,000
Unearned revenue	5,964,921	-	-	-	5,964,921
<b>Total liabilities</b>	<b>79,537,905</b>	<b>1,074,653</b>	<b>-</b>	<b>3,279,114</b>	<b>83,891,672</b>
<b>Fund Balances</b>					
Nonspendable	2,527,166	-	-	982,242	3,509,408
Restricted	23,261,525	51,148,952	50,597,729	103,782,898	228,791,104
Committed	-	-	-	4,218,338	4,218,338
Assigned	20,700,533	-	-	7,827,604	28,528,137
Unassigned	116,853,507	-	-	-	116,853,507
<b>Total fund balances</b>	<b>163,342,731</b>	<b>51,148,952</b>	<b>50,597,729</b>	<b>116,811,082</b>	<b>381,900,494</b>
<b>Total liabilities and fund balances</b>	<b>\$ 242,880,636</b>	<b>\$ 52,223,605</b>	<b>\$ 50,597,729</b>	<b>\$ 120,090,196</b>	<b>\$ 465,792,166</b>

Clovis Unified School District

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

June 30, 2021

Total Fund Balance - Governmental Funds		\$ 381,900,494
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	\$ 1,397,359,792	
Accumulated depreciation is	<u>(452,983,307)</u>	
Net capital assets		944,376,485
Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the governmental funds. Deferred outflows of resources amounted to and related to		
Debt refundings (deferred charge on refunding)	3,272,447	
Other postemployment benefits (OPEB)	106,221,771	
Net pension liability	<u>125,837,313</u>	
Total deferred outflows of resources		235,331,531
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		
Debt refundings (deferred charge on refunding)	(215,417)	
Net pension liability	<u>(15,798,730)</u>	
Total deferred inflows of resources		(16,014,147)
Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		
		(532,447,833)
The District's OPEB liability is not due and payable in the current period, and is therefore reflected as a long term obligation.		
		(495,131,989)
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	(373,098,688)	
Certificates of participation	(2,420,000)	
Capital leases	(12,660,179)	
Compensated absences (vacations)	(4,185,913)	
Unamortized premiums and discounts, net	(9,321,185)	
In addition, capital appreciation general obligation bonds were issued. The accretion of interest to date on the general obligation bonds is	<u>(104,477,175)</u>	
Total long-term liabilities		<u>(506,163,140)</u>
Total net position - governmental activities		<u>\$ 42,773,069</u>

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

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Local Control Funding Formula	\$ 395,449,309	\$ -	\$ -	\$ 4,740,289	\$ 400,189,598
Federal sources	45,759,575	-	-	11,972,366	57,731,941
Other State sources	100,006,366	-	316,794	21,495,550	121,818,710
Other local sources	10,920,091	1,015,566	46,311,173	28,368,584	86,615,414
Total revenues	<u>552,135,341</u>	<u>1,015,566</u>	<u>46,627,967</u>	<u>66,576,789</u>	<u>666,355,663</u>
<b>Expenditures</b>					
<b>Current</b>					
Instruction	315,715,853	-	-	9,102,047	324,817,900
Instruction-related activities					
Supervision of instruction	27,040,564	-	-	478,462	27,519,026
Instructional library, media, and technology	7,214,871	-	-	225,271	7,440,142
School site administration	28,808,542	-	-	2,308,648	31,117,190
Pupil services					
Home-to-school transportation	13,704,855	-	-	-	13,704,855
Food services	580,000	-	-	12,538,326	13,118,326
All other pupil services	42,632,183	-	-	1,145,406	43,777,589
Administration					
Data processing	5,659,625	-	-	-	5,659,625
All other administration	18,473,767	-	-	1,217,989	19,691,756
Plant services	48,423,356	163,169	-	3,841,057	52,427,582
Ancillary services	5,141,807	-	-	1,521,919	6,663,726
Other outgo	1,131,244	-	-	-	1,131,244
Facility acquisition and construction	1,485,670	3,410,331	-	9,458,699	14,354,700
Debt service					
Principal	892,710	710,000	36,095,000	315,000	38,012,710
Refunding issuance costs	-	-	149,105	-	149,105
Interest and other	35,296	514,369	8,913,472	-	9,463,137
Total expenditures	<u>516,940,343</u>	<u>4,797,869</u>	<u>45,157,577</u>	<u>42,152,824</u>	<u>609,048,613</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>35,194,998</u>	<u>(3,782,303)</u>	<u>1,470,390</u>	<u>24,423,965</u>	<u>57,307,050</u>
<b>Other Financing Sources (Uses)</b>					
Transfers in	1,142,375	937,001	-	4,133,922	6,213,298
Proceeds from sale of general obligation bonds	-	50,000,000	-	-	50,000,000
Proceeds from general obligation refunding bonds	-	-	19,875,000	-	19,875,000
Payments to escrow for refunding debt	-	-	(19,725,895)	-	(19,725,895)
Premium on bond issuance	-	362,500	1,543,295	-	1,905,795
Transfers out	(4,076,521)	(716,599)	(89,776)	(1,330,402)	(6,213,298)
Net Financing Sources (Uses)	<u>(2,934,146)</u>	<u>50,582,902</u>	<u>1,602,624</u>	<u>2,803,520</u>	<u>52,054,900</u>
Net Change in Fund Balances	32,260,852	46,800,599	3,073,014	27,227,485	109,361,950
Fund Balance - Beginning, as Restated	<u>131,081,879</u>	<u>4,348,353</u>	<u>47,524,715</u>	<u>89,583,597</u>	<u>272,538,544</u>
Fund Balance - Ending	<u>\$ 163,342,731</u>	<u>\$ 51,148,952</u>	<u>\$ 50,597,729</u>	<u>\$ 116,811,082</u>	<u>\$ 381,900,494</u>

Clovis Unified School District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities  
Year Ended June 30, 2021

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Total Net Change in Fund Balances - Governmental Funds \$ 109,361,950

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because

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

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

Depreciation expense	\$ (30,685,635)
Capital outlays	<u>18,432,185</u>

Net expense adjustment	(12,253,450)
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The District issued capital appreciation general obligations bonds. The accretion of interest on the general obligation bonds during the current fiscal year was (10,346,665)

Loss(Gain) on disposal of capital assets is reported in the government-wide Statement of Net Position, but is not recorded in the governmental funds. (12,656)

In the Statement of Activities, certain operating expenses, such as compensated absences (vacations) 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. (712,250)

In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and net pension liability during the year. (39,185,728)

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. (31,405,069)

Proceeds received from general obligation bonds or certificates of participation are a revenue in the governmental funds, but increase long-term liabilities in the Statement of Net Position and do not affect the Statement of Activities. (71,342,053)

Clovis Unified School District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental  
Funds to the Statement of Activities  
Year Ended June 30, 2021

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<p>Deferred charge on refunding (the difference between the reacquisition price and the net carrying amount of the refunded debt) are capitalized and amortized over the remaining life of the new or old debt, whichever is shorter.</p>	1,076,801
<p>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.</p>	
Premium on issuance recognized	(1,905,795)
Premium amortization	976,229
Discount amortization	(29,332)
Deferred charge on refunding amortization	(411,792)
<p>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.</p>	
General obligation bonds	54,744,093
Certificates of participation	585,058
Capital leases	<u>1,207,709</u>
<p>An internal service fund is used by management to charge the costs of the self insurance program to the individual funds. The net revenue of the Internal Service Fund is reported with governmental activities.</p>	
	<u>4,789,100</u>
Change in net position of governmental activities	<u><u>\$ 5,136,150</u></u>

Clovis Unified School District  
Statement of Net Position – Proprietary Funds  
June 30, 2021

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	Internal Service
	Self Insurance Fund
Assets	
Current assets	
Deposits and investments	\$ 58,205,457
Receivables	1,052,088
Due from other funds	3,058,191
Total assets	62,315,736
Liabilities	
Current liabilities	
Accounts payable	3,257,833
Noncurrent liabilities	
Claims liabilities	28,136,235
Total liabilities	31,394,068
Net Position	
Unrestricted - designated for excess reserves	6,548,426
Unrestricted - designated for postemployment benefit claims	23,416,666
Unrestricted - designated for other claims	956,576
Total net position	\$ 30,921,668



Clovis Unified School District  
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds  
Year Ended June 30, 2021

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	Internal Service Self Insurance Fund
Operating Revenues	
Charges for services	\$ 78,067,784
Total operating revenues	78,067,784
Operating Expenses	
Payroll costs	365,938
Supplies and materials	565,888
Claim payments and adjustments	71,845,646
Total operating expenses	72,777,472
Operating Income	5,290,312
Nonoperating Revenues	
Investment earnings	(501,212)
Change in Net Position	4,789,100
Total Net Position - Beginning, as Restated	26,132,568
Total Net Position - Ending	\$ 30,921,668

Clovis Unified School District  
Statement of Cash Flows – Proprietary Funds  
Year Ended June 30, 2021

	Internal Service Self Insurance Fund
Operating Activities	
Cash receipts from interfund services provided	\$ 77,929,375
Cash payments to other suppliers of goods or services	(565,888)
Cash payments to employees for services	(365,938)
Cash payments claims and adjustments	<u>(72,677,593)</u>
Net Cash From Operating Activities	<u>4,319,956</u>
Noncapital Financing Activities	
Investment earnings	<u>(501,212)</u>
Net Change in Cash and Cash Equivalents	3,818,744
Cash and Cash Equivalents, Beginning	<u>54,386,713</u>
Cash and Cash Equivalents, Ending	<u><u>\$ 58,205,457</u></u>
Reconciliation of Operating Loss to Net Cash From Operating Activities	
Operating income	\$ 5,290,312
Changes in assets and liabilities	
Receivables	449,208
Due from other fund	(587,617)
Accounts payable	96,420
Incurred but not reported claims	<u>(928,367)</u>
Net Cash From Operating Activities	<u><u>\$ 4,319,956</u></u>

## **Note 1 - Summary of Significant Accounting Policies**

### **Financial Reporting Entity**

The Clovis Unified School District (the District) was established in 1960 under the laws of the State of California. The District operates under a locally elected seven-member Board form of government and provides educational services to grades K - 12 as mandated by the State and/or Federal agencies. The District operates thirty-three elementary schools, five intermediate schools, five high schools, three alternative education schools, one adult school, the Clovis Online Charter School, and the Center for Advanced Research and Technology as a joint high school with Fresno Unified School District.

A reporting entity is comprised of the primary government 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 Clovis Unified School District, this includes general operations, food service, and student related activities of the District. The District has also approved a charter for Clovis Online Charter School pursuant to *Education Code* Section 47605. The Clovis Online Charter School is operated by the District, and its financial activities are presented in the Charter School Fund.

### **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 proprietary.

**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. Due to GASB 84, the District has consolidated the Warrant Pass-Through Fund, for financial reporting purposes, while keeping the funds and related activities separate for internal reporting purposes. As a result, the General Fund reflects an increase in assets and liabilities of \$933,284.

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

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

#### **Non-Major Governmental Funds**

**Special Revenue Funds** The Special Revenue funds are 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 Activities Fund** The Student Activities 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.
- **Charter School Fund** The Charter School Fund may be used by authorizing districts to account separately for the operating activities of district-operated charter schools that would otherwise be reported in the authorizing District's General Fund.
- **Adult Education Fund** The Adult Education Fund is used to account separately for Federal, State, and local revenues that are restricted or committed for adult education programs and is to be expended for adult education purposes only.
- **Child Development Fund** The Child Development Fund is used to account separately for Federal, State, and local revenues to operate child development programs and is to be used only for expenditures for the operation of child development programs.
- **Cafeteria Fund** The Cafeteria Fund is used to account separately for Federal, State, and local resources to operate the food service program (*Education Code* Sections 38090-38093) and is used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code* Sections 38091 and 38100).
- **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).

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

- **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 approval (*Education Code* Sections 17620-17626 and *Government Code* Section 65995 et seq.). Expenditures are restricted to the purposes specified in *Government Code* Sections 65970-65981 or to the items specified in agreements with the developer (*Government Code* Section 66006).
- **County School Facilities Fund** The County School Facilities Fund is established pursuant to Education Code Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), the 2004 State School Facilities Fund (Proposition 55), the 2006 State School Facilities Fund (Proposition 1D), or the 2016 State School Facilities Fund (Proposition 51), authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code* Section 17070 et seq.).
- **Special Reserve Fund for Capital Outlay Projects** The Special Reserve Fund for Capital Outlay Projects exists primarily to provide for the accumulation of General Fund monies for capital outlay purposes (*Education Code* Section 42840).

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

- **Other Debt Service Fund** The Other Debt Service Fund is used to account for the accumulation of resources for the payment of principal and interest on certificates of participation or capital lease obligations of the District.

**Proprietary Funds** Proprietary funds are used to account for activities that are more business-like than government-like in nature. Business-type activities include those for which a fee is charged to external users or to other organizational units of the local education agency, normally on a full cost-recovery basis. Proprietary funds are generally intended to be self-supporting and are classified as enterprise or internal service. The District has the following proprietary fund:

- **Internal Service Fund** Internal Service funds may be used to account for goods or services provided to other funds of the District on a cost-reimbursement basis. The District operates a Self Insurance Fund that is accounted for in an internal service fund that accounts for the costs associated with the District's self-insurance programs and its retiree benefits.

**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. This is the same approach used in the preparation of the proprietary fund financial statements, but differs from the manner in which governmental fund financial statements are prepared.

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

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

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

- **Governmental Funds** All governmental funds are accounted for using the flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting, and the governmental fund financial statements, prepared using the flow of current financial resources measurement focus and the modified accrual basis of accounting.
- **Proprietary Funds** Proprietary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of this fund are included in the statement of net position. The statement of changes in fund net position presents increases (revenues) and decreases (expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary fund.

**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 restrictions. 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.

### **Cash and Cash Equivalents**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include cash with county treasury balances for purposes of the statement of cash flows.

### **Investments**

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

### **Prepaid Expenditures (Expenses)**

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

### **Stores Inventories**

Inventories consist of expendable food and supplies held for consumption. Inventories are stated at cost, on the first-in, first-out basis. The costs of inventory items are recorded as expenditures in the governmental funds and expenses in the proprietary fund 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. Capital assets are long-lived assets of the District. The District maintains a capitalization threshold of \$25,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized, but are expensed as incurred.

When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in the government-wide statement of net position. The valuation basis for capital assets is 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 is computed using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 50 years; improvements/infrastructure, 5 to 50 years; equipment, 5 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, except for the net residual amounts due between governmental and business-type activities which are presented as internal balances.

### **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 as long-term obligations.

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.



### **Accounts Payable and Long-Term Liabilities**

Accounts payable and long-term liabilities are reported in the government-wide and proprietary fund financial statements. In general, governmental fund accounts payable that are paid in a timely manner and in full from current financial resources are reported as liabilities of the funds.

### **Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District reports deferred outflows of resources for deferred charges on refunding of debt, for pension related items, and for OPEB related items. The deferred charge on refunding resulted from the difference between the carrying value of the refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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 deferred charges on refunding of debt and pension related items.

The deferred amounts related to pension and OPEB relate to differences between expected and actual experience, changes of assumptions, and other pension and OPEB related changes.

### **Pensions**

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

### **Postemployment Benefits Other than Pensions (OPEB)**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the CalSTRS Medicare Premium Payment (MPP) Program and additions to/deductions from the MPP's fiduciary net position have been determined on the same basis as they are reported by the MPP. For this purpose, 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 fund in which the employee worked.

### **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, the assistant superintendent of business services or the associate superintendent of administrative 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 requires a Reserve for Economic Uncertainties consisting of unassigned amounts equal to no less than ten percent of General Fund expenditures and other financing uses.

### **Net Position**

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position net of investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external

restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District 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 \$193,182,612 of restricted net position.

### **Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are premiums charged to the operating funds to support the health and welfare and workers' compensation coverage. Operating expenses are necessary costs incurred to provide the services that are the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

### **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 and after non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented in the financial statements. Interfund transfers are eliminated in the governmental activities column of the Statement of Activities.

### **Estimates**

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

### **Property Tax**

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County of Fresno 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 (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their 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. The effect of the implementation of this standard on beginning fund balance and net position is disclosed in Note 17.

**New Accounting Pronouncements**

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The requirements of this Statement are effective for the reporting periods beginning after June 15, 2021. Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

**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	\$ 392,533,424
Proprietary funds	<u>58,205,457</u>
Total deposits and investments	<u><u>\$ 450,738,881</u></u>

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

Cash awaiting deposit	\$ 1,828,825
Cash on hand and in banks	11,435,859
Cash with fiscal agent	13,462,309
Cash in revolving	147,500
Investments	<u>423,864,388</u>
Total deposits and investments	<u><u>\$ 450,738,881</u></u>

### Policies and Practices

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

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

### General Authorizations

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

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

### **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 has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the County Pool which purchases a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The District maintains an investment of \$423,864,388 in the Fresno County Treasury Investment Pool that has an average weighted maturity of 791 days.

### **Credit Risk**

Credit risk is the risk that an issuer of an investment will not fulfill its obligations 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 with the Fresno County Treasury Investment Pool is currently not rated, nor is it required to be rated.

### **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, \$27,589,616 of the District's bank balance was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

**Note 3 - Receivables**

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

	General Fund	Non-Major Governmental Funds	Total Governmental Funds	Internal Service Fund	Total Governmental Activities
Federal Government					
Categorical aid	\$ 13,320,779	\$ 553,332	\$ 13,874,111	\$ -	\$ 13,874,111
State Government					
LCFF apportionment	25,886,198	114,753	26,000,951	-	26,000,951
State Grants and Entitlements	22,095,064	1,192,596	23,287,660	-	23,287,660
Local sources	4,831,633	141,876	4,973,509	1,052,088	6,025,597
	<u>\$ 66,133,674</u>	<u>\$ 2,002,557</u>	<u>\$ 68,136,231</u>	<u>\$ 1,052,088</u>	<u>\$ 69,188,319</u>
Total					

**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
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 102,491,793	\$ 952,628	\$ -	\$ 103,444,421
Construction in progress	48,534,722	15,092,723	(56,722,572)	6,904,873
Total capital assets not being depreciated	151,026,515	16,045,351	(56,722,572)	110,349,294
Capital assets being depreciated				
Land improvements	127,972,063	2,065,103	-	130,037,166
Buildings and improvements	1,019,355,208	53,704,841	-	1,073,060,049
Furniture and equipment	80,573,821	3,339,462	(38,612)	83,874,671
Total capital assets being depreciated	1,227,901,092	59,109,406	(38,612)	1,286,971,886
Total capital assets	1,378,927,607	75,154,757	(56,761,184)	1,397,321,180
Accumulated depreciation				
Land improvements	(87,655,855)	(3,823,136)	-	(91,478,991)
Buildings and improvements	(291,151,847)	(22,616,309)	-	(313,768,156)
Furniture and equipment	(43,477,314)	(4,246,190)	25,956	(47,697,548)
Total accumulated depreciation	(422,285,016)	(30,685,635)	25,956	(452,944,695)
Governmental activities capital assets, net	\$ 956,642,591	\$ 44,469,122	\$ (56,735,228)	\$ 944,376,485

Depreciation expense was charged as a direct expense to governmental functions as follows:

<b>Governmental Activities</b>	
Instruction	\$ 18,793,136
School site administration	2,057,685
All other pupil services	3,046,430
Ancillary services	3,015,401
Community services	726,145
All other administration	1,414,148
Plant services	1,632,690
Total depreciation expenses governmental activities	\$ 30,685,635



**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, and internal service fund are as follows:

Funds	Due from Other Funds	Due to Other Funds
Major Governmental Funds		
General	\$ 99,999	\$ 3,872,111
Building	116,295	357,972
Non-Major Governmental Funds		
Charter Schools	863,196	-
Adult Education	94,342	-
Child Development	-	136,371
Cafeteria	-	262,617
Capital Facilities	316,867	-
County School Facilities	-	106,735
Special Reserve Fund for Capital Outlay Projects	269,904	-
Other Debt Service	-	82,988
Internal Service-Self Insurance	3,058,191	-
Total	<u>\$ 4,818,794</u>	<u>\$ 4,818,794</u>

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

**Operating Transfers**

Interfund transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Interfund transfers for the year ended June 30, 2021, consisted of the following:

The General Fund transferred to the Deferred Maintenance Non-Major Governmental Fund for future repairs and maintenance projects.	\$ 2,700,000
The General Fund transferred to the Building Fund for the COPs debt service payment.	854,013
The General Fund transferred to the Special Reserve Fund for Capital Outlay Projects Non-Major Governmental Fund the remaining revenue from fully matured bonds for future capital outlay projects.	98,508
The General Fund transferred to the Adult Education Non-Major Governmental Fund for the District's Adult Education contribution.	424,000
The Capital Facilities Non-Major Governmental Fund transferred to the General Fund for the three percent administrative fee.	336,000
The County School Facilities Non-Major Governmental Fund transferred to the Special Reserve Fund for Capital Outlay Projects Non-Major Governmental Fund to cover capital project costs.	106,735
The Child Development Non-Major Governmental Fund transferred to the Special Reserve Fund for Capital Outlay Non-Major Governmental Fund for portables at various sites.	804,679
The Building Fund transferred to the County School Facilities Non-Major Governmental Fund for various capital expenditures.	716,599
The Bond Interest and Redemption Fund transferred to the General Fund the funds remaining from fully matured bond issuances to close out the related bond sub-accounts.	89,776
The Debt Service Non-Major Governmental Fund transferred to the Building Fund for cafeteria tables.	<u>82,988</u>
Total	<u><u>\$ 6,213,298</u></u>

**Note 6 - Accounts Payable**

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

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds	Internal Service Fund	Total Governmental Activities
Vendor payables	\$ 6,485,664	\$ 716,681	\$ 2,584,383	\$ 9,786,728	\$ 3,257,833	\$13,044,561
Deferred payroll	28,632,273	-	-	28,632,273	-	28,632,273
<b>Total</b>	<b><u>\$35,440,873</u></b>	<b><u>\$ 716,681</u></b>	<b><u>\$ 2,584,383</u></b>	<b><u>\$ 38,741,937</u></b>	<b><u>\$ 3,257,833</u></b>	<b><u>\$41,999,770</u></b>

**Note 7 - Unearned Revenue**

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

	General Fund
Federal financial assistance	\$ 2,987,917
State categorical aid	2,977,004
<b>Total</b>	<b><u>\$ 5,964,921</u></b>

**Note 8 - Note Participations**

The District issued \$34,260,000 of Fiscal Year 2020-2021 Note Participations, Series E dated March 23, 2021, through the California Education Notes Program. The notes mature on December 30, 2021 with an interest rate of 0.25 percent. The notes were sold to provide operating cash for the District's working capital expenditures and the investment and reinvestment of funds for the District prior to the receipt of anticipated tax payments and other revenues for Fiscal Years 2020-21 & 2021-22. Each note is secured by a pledge of certain unrestricted revenues received by the District and each note shall constitute a first lien and charge thereon and shall be payable from the first moneys received by the District from pledged revenues. Each note shall be paid from any moneys lawfully available. Repayment terms stipulate that 100 percent of principal and interest are due on the account to a designated fiscal agent by the November 30, 2021 (50 percent of principal on September 30, 2021, 50 percent of principal on November 30, 2021, and 100 percent of the interest on November 30, 2021). As of June 30, 2021, the District had outstanding Note Participations in the amount of \$34,260,000.

Changes in the outstanding liabilities for the Note Participations are as follows:

Issue Date	Rate	Maturity Date	Outstanding July 1, 2020	Additions	Payments	Outstanding June 30, 2021
3/23/2021	0.25%	12/30/2021	\$ -	\$ 34,260,000	\$ -	\$ 34,260,000

**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 consisted of the following:

	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021	Due in One Year
<b>Long-Term Liabilities</b>					
General obligation bonds	\$ 452,098,291	\$ 80,221,665	\$ (54,744,093)	\$ 477,575,863	\$ 37,860,000
Certificates of participation	1,538,005	1,467,053	(585,058)	2,420,000	745,000
Unamortized debt premiums	8,885,474	1,905,795	(976,229)	9,815,040	-
Unamortized debt discounts	(523,187)	-	29,332	(493,855)	-
Capital leases	13,867,888	-	(1,207,709)	12,660,179	569,179
Compensated absences	3,473,663	712,250	-	4,185,913	-
Claims liability	28,750,028	72,375,891	(72,989,684)	28,136,235	-
<b>Total</b>	<u>\$ 508,090,162</u>	<u>\$ 156,682,654</u>	<u>\$(130,473,441)</u>	<u>\$ 534,299,375</u>	<u>\$ 39,174,179</u>

The General Obligation Bonds are paid by the Bond Interest and Redemption Fund with local tax revenue. The Certificates of Participation are paid by the Building Fund and Other Debt Service Fund. The premiums and discounts will be amortized over the life of the related debt. Payments on the capital leases and child development portables are made from General Fund, Building Fund and Child Development Fund. Payments on compensated absences are made from the fund which the related employee worked.

**General Obligation Bonds**

The outstanding general obligation bonded debt is as follows:

Fiscal Year Issued	Series	Fiscal Year of Final Maturity	Interest Rate	Original Issue	Bonds Outstanding July 1, 2020	Issued	Interest Accreted	Redeemed	Bonds Outstanding June 30, 2021	Due in One Year
2003	01B	2028	3.6-5.23%	\$ 29,000,256	\$ 11,761,367	\$ -	\$ -	\$ (1,393,426)	\$ 10,367,941	\$ 1,253,903
Accreted interest on bonds					17,250,431	-	1,356,162	(1,925,667)	16,680,926	1,921,097
2005	04A	2030	3.8-6.15%	119,998,286	48,945,837	-	-	(5,744,897)	43,200,940	-
Accreted interest on bonds					62,960,899	-	5,466,495	(6,685,103)	61,742,291	-
2006	04B	2031	4.0-5.0%	48,001,060	13,847,060	-	-	-	13,847,060	-
Accreted interest on bonds					13,554,291	-	1,370,434	-	14,924,725	-
2012	12R	2022	2.0-5.0%	17,935,000	4,555,000	-	-	-	4,555,000	4,555,000
2013	12A	2038	1.0-5.5%	79,996,801	30,245,000	-	-	(18,430,000)	11,815,000	3,165,000
2014	12B	2039	2.0-6.12%	49,996,579	3,230,547	-	-	(1,242,015)	1,988,532	610,025
Accreted interest on bonds					1,594,390	-	175,731	(612,985)	1,157,136	354,975
2015	12C	2040	3.19-4.52%	64,995,505	55,170,504	-	-	-	55,170,504	1,125,000
Accreted interest on bonds					3,029,260	-	586,263	-	3,615,523	-
2016	12D	2041	3.37-5.0%	103,007,034	86,822,034	-	-	(1,575,000)	85,247,034	1,030,000
Accreted interest on bonds					3,341,531	-	769,736	-	4,111,267	-
2017	16R	2022	2.0-5.0%	30,510,000	12,605,000	-	-	(10,055,000)	2,550,000	2,550,000
2017	17R	2036	3.18-5.0%	43,121,677	39,711,677	-	-	(640,000)	39,071,677	255,000
Accreted interest on bonds					1,623,463	-	621,844	-	2,245,307	-
2018	18R	2039	2.694-4.357%	20,710,000	18,220,000	-	-	(1,170,000)	17,050,000	1,000,000
2020	19R	2038	1.786-3.257%	23,630,000	23,630,000	-	-	(5,270,000)	18,360,000	165,000
2021	21R	2022	0.200%	19,875,000	-	19,875,000	-	-	19,875,000	19,875,000
2021	20A	2046	2.0-4.0%	50,000,000	-	50,000,000	-	-	50,000,000	-
Total					<u>\$ 452,098,291</u>	<u>\$ 69,875,000</u>	<u>\$ 10,346,665</u>	<u>\$ (54,744,093)</u>	<u>\$ 477,575,863</u>	<u>\$ 37,860,000</u>

**Debt Service Requirements to Maturity**

The capital appreciation bonds mature as follows:

Bonds Maturing Fiscal Year	Initial Bond Value	Accreted Interest	Accreted Obligation	Unaccreted Interest	Maturity Value
2022	\$ 1,863,928	\$ 2,276,072	\$ 4,140,000	\$ -	\$ 4,140,000
2023	7,494,210	9,718,938	17,213,148	896,852	18,110,000
2024	8,699,258	10,226,767	18,926,025	1,998,975	20,925,000
2025	8,052,673	9,910,111	17,962,784	2,917,216	20,880,000
2026	8,064,656	9,978,099	18,042,755	4,047,245	22,090,000
2027-2031	46,015,226	55,593,923	101,609,149	43,130,851	144,740,000
2032-2036	28,442,898	6,316,172	34,759,070	21,790,930	56,550,000
2037	1,440,839	457,093	1,897,932	1,907,068	3,805,000
Total	<u>\$ 110,073,688</u>	<u>\$ 104,477,175</u>	<u>\$ 214,550,863</u>	<u>\$ 76,689,137</u>	<u>\$ 291,240,000</u>

The current interest bonds mature as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2022	\$ 33,720,000	\$ 8,757,522	\$ 42,477,522
2023	17,120,000	8,291,270	25,411,270
2024	1,760,000	7,956,681	9,716,681
2025	1,450,000	7,848,737	9,298,737
2026	1,585,000	7,777,808	9,362,808
2027-2031	20,735,000	37,076,689	57,811,689
2032-2036	38,020,000	30,567,936	68,587,936
2037-2041	129,930,000	18,157,794	148,087,794
2042-2046	18,705,000	1,100,362	19,805,362
Total	<u>\$ 263,025,000</u>	<u>\$ 127,534,799</u>	<u>\$ 390,559,799</u>

### Certificates of Participation

#### 2011 Certificates of Participation

In January 2011, the Central Valley Support Services JPA issued 2011 Certificates of Participation and entered into a lease agreement to fund the debt with the District in the amount of \$4,450,000 with interest rates ranging from 2.00 to 4.50 percent. As of June 30, 2021, the principal balance outstanding was \$952,947.

#### Debt Service Requirements to Maturity

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 745,000	\$ 111,888	\$ 856,888
2023	330,000	86,775	416,775
2024	345,000	69,056	414,056
2025	500,000	45,000	545,000
2026	500,000	15,000	515,000
Total	<u>\$ 2,420,000</u>	<u>\$ 327,719</u>	<u>\$ 2,747,719</u>

#### Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2021, amounted to \$4,185,913.

#### Capital Leases

The District has entered into agreements to lease various facilities and equipment. Such agreements are, in substance, purchases (capital leases) and are reported as capital lease obligations. Two such on-going leases are a computer refresh lease and a lease-back agreement with the Central Valley Support Services JPA. The lease agreement was entered into with the JPA to provide funds for construction and modernization projects within the District and to provide the JPA with the source of funds to make the required debt service payments on the JPA's \$11,755,000 2020 Certificates of Participation issuance.

The District's liability on lease agreements with options to purchase is summarized below:

Balance, July 1, 2020	\$ 13,867,888
Payments	<u>(1,207,709)</u>
Balance, July 1, 2021	<u><u>\$ 12,660,179</u></u>

The capital leases have minimum lease payments as follows:

Year Ending June 30,	Lease Payment
2022	\$ 1,049,770
2023	512,200
2024	2,002,200
2025	1,997,600
2026	2,000,800
2027-2030	<u>8,003,000</u>
Total	15,565,570
Less amount representing interest	<u>(2,905,391)</u>
Present value of minimum lease payments	<u><u>\$ 12,660,179</u></u>

**Note 10 - Net Other Postemployment Benefit (OPEB) Liability**

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

OPEB Plan	Net OPEB Liability	Deferred Outflows of Resources	OPEB Expense
Retiree Health Plan	\$ 492,437,990	\$ 106,221,771	\$ 40,891,278
Medicare Premium Payment (MPP) Program	2,693,999	-	349,889
Total	<u><u>\$ 495,131,989</u></u>	<u><u>\$ 106,221,771</u></u>	<u><u>\$ 41,241,167</u></u>

The details of each plan are as follows:

**District Plan**

**Plan Administration**

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

**Plan Membership**

At July 1, 2020, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	1,236
Active employees	<u>3,537</u>
Total	<u><u>4,773</u></u>

**Benefits Provided**

The Plan provides lifetime postemployment benefits to eligible certificated and classified retirees and their spouses. To qualify, employees hired prior to August 31, 2007 (June 30, 2013 for CSEA members), must have 15 benefited service years with the District and attained the age of 55. Employees hired after September 1, 2007 (July 1, 2013 for CSEA members), must have 30 benefited service years with the District and attained the age of 55. Dental and vision benefits are provided for five years, but not beyond age 65. Benefits are payable for the lifetime of the retiree and spouse, with the District’s plan becoming secondary to Medicare once one attains age 65. Survivor benefits are provided if a retiree pre-deceases his/her spouse. However, retirees retired prior to March 1985 do not have their dependent or survivor coverage paid for by the District.

If an employee hired on or after September 1, 2007 (July 1, 2013 for CSEA members) has met the 30-year service and enrollment requirements, but retires prior to age 62, the retiree may continue coverage at his or her expense until age 62, at which time the retiree will be eligible for lifetime District-paid benefits. However, District-paid dental and vision benefits terminate at time of retirement in this situation. An employee hired on or after September 1, 2007 (July 1, 2013 for CSEA members) may retire under the disability provisions of the program, in which case the age 62 requirement is waived, and benefits are provided as described above.

Board Members - employees are subject to the same retirement eligibility as the Certificated and the Classifieds, with one exception: one may retire with District-paid benefits, regardless of attained age, after completing 12 years of service with the District.

The District’s governing board has the authority to establish and amend the benefits terms as contained within the negotiated labor agreements.



### Contributions

The benefit payment requirements of the Plan members and the District are established and may be amended by the District. The benefit payment is based on projected pay-as-you-go financing requirements as determined annually through the agreements with the District. For measurement period of June 30, 2021, the District paid \$9,836,098 in benefits.

### Total OPEB Liability of the District

The District's total OPEB liability of \$492,437,990 was measured as of June 30, 2021, and was determined by applying updated procedures to the financial reporting actuarial valuation as of July 1, 2020.

### Actuarial Assumptions

The following assumptions were applied to all periods included in the measurement as of June 30, 2021, unless otherwise specified:

Actuarial cost method	Entry age, level percent of pay
Salary increases	3.00 percent
Inflation rate	2.75 percent
Discount rate	3.00 percent
Healthcare cost trend rate	5.00 percent for 2021-2023; 4.00 percent for 2024-2069; 4.00 percent for 2070 and later; Medicare ages 4.00 percent for all years

Pre-retirement mortality rates for active employees are from CalSTRS Experience Analysis (2015-2018) and from CalPERS Experience Study (1997-2015), as appropriate, without projection. Post-retirement mortality rates for retired members and beneficiaries are from CalSTRS Experience Analysis (2015-2018) and for healthy recipients are from CalPERS Experience Study (1997-2015), as appropriate, without projection.

Discount rate. GASB 75 requires a discount rate that reflects the following:

- a) The long-term expected rate of return on OPEB plan investments – to the extent that the OPEB plan's fiduciary net position (if any) is projected to be enough to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return.
- b) A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher – to the extent that the conditions in (a) are not met.

Actuarial assumptions used in the July 1, 2020 valuation were based on a review of plan experience during the period July 1, 2018 to June 30, 2020.

**Changes in the Total OPEB Liability**

	Total OPEB Liability
Balance, June 30, 2020	\$ 422,133,490
Service cost	15,181,865
Interest	10,742,328
Differences between expected and actual experience	26,058,802
Changes of assumptions or other inputs	28,157,603
Benefit payments	(9,836,098)
Net change in total OPEB liability	70,304,500
Balance, June 30, 2021	\$ 492,437,990

Changes in Benefit Terms - There were no changes in the benefit terms since the previous valuation.

Changes of Assumptions - The inflation rate was changed from 3.00 percent to 2.75 percent since last study and the beginning health care cost trend rate changed from 5.40 percent to 5.00 percent.

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

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

Discount Rate	Total OPEB Liability
1% decrease (0.92%)	\$ 604,474,070
Current discount rate (1.92%)	492,437,990
1% increase (2.92%)	406,804,013

**Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend 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 healthcare cost trend rates that are one percent lower or higher than the current healthcare costs trend rate:

Healthcare Cost Trend Rate	Total OPEB Liability
1% decrease (4.00%)	\$ 393,617,645
Current healthcare cost trend rate (5.00%)	492,437,990
1% increase (6.00%)	627,616,147

**OPEB Expense and Deferred Outflows of Resources related to OPEB**

At June 30, 2021, the District reported deferred outflows of resources totaling \$106,221,771 for the differences between projected and changes in assumptions. The deferred outflows of resources related to differences between projected and actual experience 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 and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources
2022	\$ 14,967,085
2023	14,967,085
2024	14,967,085
2025	14,967,085
2026	14,967,085
Thereafter	31,386,346
Total	\$ 106,221,771

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

**Net OPEB Liability and OPEB Expense**

At June 30, 2021, the District reported a liability of \$2,693,999 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 0.6357 percent and 0.6295 percent, resulting in a net increase in the proportionate share of 0.0062 percent.

For the year ended June 30, 2021, the District recognized OPEB expense of \$349,889.

**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 percent 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 percent 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.

**Discount Rate**

The discount rate used to measure the total OPEB liability as of June 30, 2020, is 2.21 percent. As the MPP Program is funded on a pay-as-you-go basis as previously noted, the OPEB Plan’s fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 2.21 percent, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2020, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate decreased 1.29 percent from 3.50 percent as of June 30, 2019.

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

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

Discount Rate	Net OPEB Liability
1% decrease (1.21%)	\$ 2,978,966
Current discount rate (2.21%)	2,693,999
1% increase (3.21%)	2,451,513

**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 current Medicare costs trend rates, as well as what the net OPEB liability would be if it were calculated using Medicare costs trend rates that are one percent lower or higher than the current rates:

Medicare Costs Trend Rates	Net OPEB Liability
1% decrease (3.50% Part A and 4.40% Part B)	\$ 2,442,740
Current Medicare costs trend rates (4.50% Part A and 5.40% Part B)	2,693,999
1% increase (5.50% Part A and 6.40% Part B)	2,983,244

**Note 11 - Fund Balances, Governmental Funds**

Fund balances for Governmental Funds are composed of the following elements:

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total
<b>Nonspendable</b>					
Revolving cash	\$ 144,000	\$ -	\$ -	\$ 3,500	\$ 147,500
Stores inventories	2,383,166	-	-	978,742	3,361,908
Total nonspendable	<u>2,527,166</u>	<u>-</u>	<u>-</u>	<u>982,242</u>	<u>3,509,408</u>
<b>Restricted</b>					
Legally restricted programs	23,261,525	-	-	185,205	23,446,730
Student activities	-	-	-	2,256,869	2,256,869
Food service	-	-	-	5,009,223	5,009,223
Childcare programs	-	-	-	451,593	451,593
Capital projects	-	51,148,952	-	95,878,823	147,027,775
Debt services	-	-	50,597,729	1,185	50,598,914
Total restricted	<u>23,261,525</u>	<u>51,148,952</u>	<u>50,597,729</u>	<u>103,782,898</u>	<u>228,791,104</u>
<b>Committed</b>					
Adult education program	-	-	-	3,559,697	3,559,697
Deferred maintenance program	-	-	-	658,641	658,641
Total committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,218,338</u>	<u>4,218,338</u>
<b>Assigned</b>					
Textbook carryover	361,474	-	-	-	361,474
Site carryovers	2,863,411	-	-	-	2,863,411
Department/program carryovers	5,164,926	-	-	-	5,164,926
Student computer refresh	3,105,579	-	-	-	3,105,579
Fair market value adjustment	2,413,996	-	-	94,301	2,508,297
LCAP supplemental	-	-	-	39,239	39,239
LCAP carryover	6,791,147	-	-	-	6,791,147
Childcare programs future growth	-	-	-	810,369	810,369
Charter school future program growth	-	-	-	515,506	515,506
Capital projects/maintenance	-	-	-	6,368,189	6,368,189
Total assigned	<u>20,700,533</u>	<u>-</u>	<u>-</u>	<u>7,827,604</u>	<u>28,528,137</u>
<b>Unassigned</b>					
Remaining unassigned	116,853,507	-	-	-	116,853,507
Total unassigned	<u>116,853,507</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>116,853,507</u>
Total	<u>\$ 163,342,731</u>	<u>\$ 51,148,952</u>	<u>\$ 50,597,729</u>	<u>\$ 116,811,082</u>	<u>\$ 381,900,494</u>

## **Note 12 - Risk Management**

### **Workers' Compensation, Short-Term Disability, and Employee Medical Benefits**

The District is self-insured for workers' compensation, short-term disability, health, vision and dental programs. The District accounts for and finances its uninsured risks of loss in the Self Insurance Fund. The District provides coverage for up to a maximum of \$350,000 for each workers' compensation claim and up to \$700,000 for each health insurance claim. The District purchases commercial insurance for claims in excess of coverage provided by the General Fund and Self Insurance Fund and for all other risks of loss.

All funds of the District, which reflect salary costs, participate in the program and make payments to the Self Insurance Fund based on actuarial estimates of the amounts needed to pay prior and current year claims. The claims liability of \$35,641,237 reported in the Self Insurance Fund at June 30, 2021, is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. This amount also consists of a reserved for health and welfare claims based on an actuary study of estimated losses.

### **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 the Schools Excess Liability Fund (SELF) and the Alliance of Schools for Cooperative Insurance Programs (ASCIP) 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.

### **Claims Liabilities**

The District records an estimated liability for indemnity torts and other claims against the District. Claims liabilities are based on estimates of the ultimate cost of reported claims (including future claim adjustment expenses) and an estimate for claims incurred, but not reported based on historical experience.

**Unpaid Claims Liabilities**

The District establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represent the changes in approximate aggregate liabilities for the District from July 1, 2019 to June 30, 2021:

	Health Care	Workers' Compensation	Stop-Loss, Disability and Property	Total
Liability Balance, July 1, 2019	\$ 11,576,331	\$ 15,976,487	\$ 215,665	\$ 27,768,483
Claims and changes in estimates	73,980,064	1,788,387	817,403	76,585,854
Claims payments	<u>(73,387,067)</u>	<u>(1,788,387)</u>	<u>(428,855)</u>	<u>(75,604,309)</u>
Liability Balance, June 30, 2020	12,169,328	15,976,487	604,213	28,750,028
Claims and changes in estimates	70,129,864	1,742,483	503,544	72,375,891
Claims payments	<u>(69,889,730)</u>	<u>(2,699,059)</u>	<u>(400,895)</u>	<u>(72,989,684)</u>
Liability Balance, June 30, 2021	<u>\$ 12,409,462</u>	<u>\$ 15,019,911</u>	<u>\$ 706,862</u>	<u>\$ 28,136,235</u>

**Note 13 - Employee Retirement Systems**

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

For the fiscal year ended June 30, 2021, the District reported its proportionate share of net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	\$ 353,552,614	\$ 93,333,961	\$ 13,012,464	\$ 50,870,275
CalPERS	<u>178,895,219</u>	<u>32,503,352</u>	<u>2,786,266</u>	<u>37,454,393</u>
Total	<u>\$ 532,447,833</u>	<u>\$ 125,837,313</u>	<u>\$ 15,798,730</u>	<u>\$ 88,324,668</u>



The details of each plan are as follows:

### **California State Teachers' Retirement System (CalSTRS)**

#### **Plan Description**

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

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

#### **Benefits Provided**

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

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

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

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

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

### 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 percent 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 \$32,293,427.

### 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	\$ 353,552,614
State's proportionate share of the net pension liability	182,256,414
Total	\$ 535,809,028

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 0.3648 percent and 0.3558 percent, resulting in a net increase in the proportionate share of 0.0090 percent.

For the year ended June 30, 2021, the District recognized pension expense of \$50,870,275. In addition, the District recognized pension expense and revenue of \$25,532,335 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	\$ 32,293,427	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	17,541,915	3,041,675
Differences between projected and actual earnings on pension plan investments	8,398,374	-
Differences between expected and actual experience in the measurement of the total pension liability	623,858	9,970,789
Changes of assumptions	34,476,387	-
Total	\$ 93,333,961	\$ 13,012,464

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 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 of Resources
2022	\$ (5,124,639)
2023	2,861,479
2024	5,708,973
2025	4,952,561
Total	\$ 8,398,374

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	\$ 12,430,695
2023	10,597,137
2024	12,745,480
2025	1,996,356
2026	1,007,057
Thereafter	852,971
Total	<u>\$ 39,629,696</u>

#### Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 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 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

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

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Public equity	42%	4.8%
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 percent. 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 percent) 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:

<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% decrease (6.10%)	\$ 534,168,751
Current discount rate (7.10%)	353,552,614
1% increase (8.10%)	204,428,558

**California Public Employees Retirement System (CalPERS)**

**Plan Description**

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 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 provides 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 December 31, 2012	On or after January 1, 2013
Hire date		
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	20.70%	20.70%

**Contributions**

Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2021, are presented above and the total District contributions were \$16,845,513.

**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 \$178,895,219. 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, respectively, was 0.5830 percent and 0.5770 percent, resulting in a net increase in the proportionate share of 0.0060 percent.

For the year ended June 30, 2021, the District recognized pension expense of \$37,454,393. 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	\$ 16,845,513	\$ -
Change in proportion and differences between contributions made and District’s proportionate share of contributions	2,405,140	2,786,266
Differences between projected and actual earnings on pension plan investments	3,724,029	-
Differences between expected and actual experience in the measurement of the total pension liability	8,872,654	-
Changes of assumptions	656,016	-
Total	\$ 32,503,352	\$ 2,786,266

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 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 of Resources
2022	\$ (1,393,608)
2023	1,243,050
2024	2,160,625
2025	1,713,962
Total	\$ 3,724,029

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	\$ 6,541,265
2023	2,601,501
2024	30,316
2025	(25,538)
Total	\$ 9,147,544

**Actuarial Methods and Assumptions**

Total pension liability for the SEP 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, 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 percent 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 percent. 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%)	\$ 257,194,500
Current discount rate (7.15%)	178,895,219
1% increase (8.15%)	113,910,746

## **Accumulation Program for Part-Time and Limited-Service Employees Plan (APPLE)**

### **Plan Description**

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by social security or an alternative plan. The District has elected to use the Accumulation Program for Part-time and Limited-service Employees (APPLE) Plan as its alternative plan.

The APPLE program applies to all part-time employees working less than 20 hours per week and are not eligible for CalPERS or CalSTRS retirement programs. This includes all part-time classified and certificated employees working less than 20 hours, as well as substitute employees.

Employees are eligible for plan benefits upon termination with the District and have the option of rolling over their benefit into an individual retirement account or receiving a direct payment. Those with account balances of less than \$3,500 and who do not indicate which alternative they choose will receive a direct distribution from the plan.

### **Funding Policy**

Participants in APPLE are required to contribute 3.75 percent of gross salary to APPLE. The District is required to contribute 3.75 percent of gross salary expenditures to APPLE. The District's contributions to APPLE for the fiscal year ending June 30, 2021, 2020, 2019 were \$617,251, \$701,197, and \$749,547, respectively.

### **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 \$20,626,013 (10.328 percent of annual payroll). Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

**Note 14 - Commitments and Contingencies**

**Grants**

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2021.

**Litigation**

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

**Operating Leases**

The District has entered into various operating leases for equipment and facilities use with lease terms in excess of one year. All of these agreements contain purchase options. All agreements contain a termination clause providing for cancellation after a specified number of days written notice to lessors, but it is unlikely that the District will cancel any of the agreements prior to the expiration date.

The District currently has a rental agreement with the Central Valley Support Services JPA to fund the JPA's repayment of their Certificates of Participation issuance. The funded project was for the District's Campus Catering facility. The required rental payments are as follows:

Year Ending June 30,	Lease Payment
2022	\$ 395,600
2023	397,200
2024	393,400
2025	399,400
2026	414,800
2027-2031	2,101,200
2032-2036	2,203,600
Total	\$ 6,305,200

**Construction Commitments**

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

Location	Description	Remaining Construction Commitment	Expected Date of Completion
Dry Creek Elementary School	Modernization	\$ 2,760,606	March 2022
Clovis East High School	CTE construction	1,799,406	December 2021
Buchanan High School	CTE construction	2,435,171	December 2021
District-wide	School site paving	394,289	August 2021
District-wide	School site painting	<u>223,837</u>	August 2021
Total		<u>\$ 7,613,309</u>	

**Note 15 - Participation in Joint Powers Authorities**

The District is a member of the Schools Excess Liability Fund (SELF), Alliance of Schools for Cooperative Insurance Programs (ASCIP), Central Valley Support Services (CVSS), Education Technology, and the Center for Advanced Research & Technology (CART) joint powers authorities (JPAs). The District pays an annual premium to ASCIP for its property liability coverage. Payments for services received from JPAs are paid to CVSS and CART. 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.

One designee for each district votes for a 16-member Board of Directors for SELF.

During the year ended June 30, 2021, the District made a payment of \$469,381 to SELF for liability insurance coverage.

Eleven voting members of the ASCIP Executive Committee appointed by the member districts.

During the year ended June 30, 2021, the District made payments of \$3,646,885 to ASCIP for property and liability insurance coverage and \$984,896 for workers' compensation insurance coverage.

One designee and one alternate from each founding member district votes for a five-member Board of Directors for the Education Technology JPA.

During the year ended June 30, 2021, the District made no payments to the Education Technology JPA.

The Governing Board of CVSS shall consist of a District representative appointed by the Superintendent and a member of the operations staff of each educational agency holding membership in CVSS selected by that agency, and the Treasurer of CVSS.

The Governing Board of CART is comprised of representatives from the member public educational agencies and related associations.

During the year ended June 30, 2021, the District made payments of \$1,113,798 to CART for the financing and operation of a joint technical center for high school age students.

## **Note 16 - Subsequent Events**

### **2021 and 2022 Refunding General Obligation Bond Issuances**

On October 21, 2021, the District issued \$125,145,000 2021 Series B and \$4,190,000 of 2022 refunding general obligation bonds, to be funded by the taxpayers within the District, to refund certain maturities of outstanding general obligation bonds. Interest payments are required on the outstanding bonds each February 1 and August 1 commencing February 1, 2022 (2021 Refunding Bonds) and August 1, 2022 (2022 Refunding Bonds).

The net proceeds of the 2021 Refunding Bonds will be used to refund 2012 Series C bonds aggregate principal amount \$64,995,505, 2012 Series D aggregate principal amount \$103,007,034, and 2018 Refunding Bonds aggregate principal of 20,710,000. The interest rates on the bonds are 0.286 – 2.978 percent with the final maturity August 1, 2039.

The net proceeds of the 2022 Refunding Bonds will be used to refund 2012 Series A bonds aggregate principal amount of \$79,996,801 The interest rate on the bonds is 5.00 percent with the final maturity August 1, 2031.

### **2021 Certificates of Participation Issuance**

On October 28, 2021, CVSS issued \$102,535,000 of certificates of participation (COPS) to be funded by lease payments from the District. The COPS will provide financing for a number of capital projects in the District, including a center to be known as the Terry Bradley Education Center and pay delivery costs. The interest rates on the COPS are 0.435 – 3.568 percent with the final maturity June 1, 2051. Interest payments are required on the outstanding COPS each June 1 and December 1 commencing December 1, 2021.

**Equipment Lease Purchase**

On July 1, 2021, the District entered into a three-year equipment lease agreement for \$1,700,000. The equipment consisting of computers and related equipment: desktop computers, laptops, all replacement parts, additions, repairs, modifications, attachments, accessories, all substitutions, and replacements or exchanges. The interest rate is 0.94 percent with the first payment due August 15, 2021 and the final payment August 15, 2024.

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

As of July 1, 2020, the Clovis Unified School 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 beginning net position of the Governmental Activities and the Self Insurance Fund was restated to adjust noncurrent claims liability for amounts being held as reserves that were previously recorded as liabilities. The following tables describe the effects of the restatements on beginning fund balance/net position.

	Non-Major Governmental Funds	Total Governmental Funds
Beginning Fund Balance previously reported at June 30, 2020	\$ 87,307,109	\$ 270,262,056
Reclassification of student activity funds from agency funds to a special revenue fund	2,276,488	2,276,488
Fund Balance - Beginning as Restated July 1, 2020	\$ 89,583,597	\$ 272,538,544
		Governmental Activities
Governmental Activities Financial Statements		
Beginning Net Position Governmental Activities previously reported at June 30, 2020		\$ 30,634,980
Reclassification of student activity funds from agency funds to a special revenue fund		2,276,488
Restatement of noncurrent liabilities relating to claims liabilities		4,725,451
Net Position - Beginning as Restated July 1, 2020		\$ 37,636,919
		Self Insurance Fund
Beginning Net Position previously reported at June 30, 2020		\$ -
Restatement of noncurrent liabilities relating to claims liabilities and other postemployment obligations		26,132,568
Net Position - Beginning as Restated July 1, 2020		\$ 26,132,568



Required Supplementary Information  
June 30, 2021

**Clovis Unified School District**

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

	Budgeted Amounts		Actual	Variances -
	Original	Final		Positive (Negative) Final to Actual
<b>Revenues</b>				
Local Control Funding Formula	\$363,732,508	\$395,449,309	\$395,449,309	\$ -
Federal sources	23,462,958	45,759,575	45,759,575	-
Other State sources	66,552,937	100,006,366	100,006,366	-
Other local sources	14,729,645	10,920,091	10,920,091	-
Total revenues	<u>468,478,048</u>	<u>552,135,341</u>	<u>552,135,341</u>	<u>-</u>
<b>Expenditures</b>				
Current				
Certificated salaries	200,321,171	208,875,486	208,875,486	-
Classified salaries	84,742,990	86,907,636	86,907,636	-
Employee benefits	139,520,625	139,981,768	139,981,768	-
Books and supplies	23,249,962	35,945,451	35,945,451	-
Services and operating expenditures	30,573,784	39,862,572	39,862,572	-
Other outgo	(483,918)	805,969	805,969	-
Capital outlay	398,389	4,526,165	4,526,165	-
Debt service				
Debt service - principal	892,710	-	-	-
Debt service - interest and other	35,296	35,296	35,296	-
Total expenditures	<u>479,251,009</u>	<u>516,940,343</u>	<u>516,940,343</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(10,772,961)</u>	<u>35,194,998</u>	<u>35,194,998</u>	<u>-</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	531,000	1,142,375	1,142,375	-
Transfers out	(4,078,013)	(4,076,521)	(4,076,521)	-
Net financing sources (uses)	<u>(3,547,013)</u>	<u>(2,934,146)</u>	<u>(2,934,146)</u>	<u>-</u>
Net Change in Fund Balances	(14,319,974)	32,260,852	32,260,852	-
Fund Balance - Beginning	<u>131,081,879</u>	<u>131,081,879</u>	<u>131,081,879</u>	<u>-</u>
Fund Balance - Ending	<u><u>\$116,761,905</u></u>	<u><u>\$163,342,731</u></u>	<u><u>\$163,342,731</u></u>	<u><u>\$ -</u></u>



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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability				
Service cost	\$ 15,181,865	\$ 12,130,038	\$ 10,492,371	\$ 10,186,768
Interest	10,742,328	11,432,331	11,229,316	10,741,686
Difference between expected and actual experience	26,058,802	-	-	-
Changes of assumptions	28,157,603	49,513,934	29,849,079	-
Benefit payments	<u>(9,836,098)</u>	<u>(8,063,788)</u>	<u>(9,221,780)</u>	<u>(5,725,349)</u>
Net change in total OPEB liability	70,304,500	65,012,515	42,348,986	15,203,105
Total OPEB Liability - Beginning	<u>422,133,490</u>	<u>357,120,975</u>	<u>314,771,989</u>	<u>299,568,884</u>
Total OPEB Liability - Ending	<u><u>\$ 492,437,990</u></u>	<u><u>\$ 422,133,490</u></u>	<u><u>\$ 357,120,975</u></u>	<u><u>\$ 314,771,989</u></u>
Covered Payroll	<u>N/A <sup>1</sup></u>	<u>N/A <sup>1</sup></u>	<u>N/A <sup>1</sup></u>	<u>N/A <sup>1</sup></u>
Total OPEB Liability as a Percentage of Covered Payroll	<u>N/A <sup>1</sup></u>	<u>N/A <sup>1</sup></u>	<u>N/A <sup>1</sup></u>	<u>N/A <sup>1</sup></u>
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

<sup>1</sup> The OPEB Plan is not administered through a trust and contributions are not made based on a measure of pay; therefore, no measure of payroll is presented.

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

Clovis Unified School District  
Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program  
Year Ended June 30, 2021

Year ended June 30,	2021	2020	2019	2018
Proportion of the net OPEB liability	0.6357%	0.6295%	0.6221%	0.6108%
Proportionate share of the net OPEB liability	\$ 2,693,999	\$ 2,344,110	\$2,381,187	\$2,569,769
Covered payroll	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>
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

<sup>1</sup> 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.

Clovis Unified School District  
Schedule of the District's Proportionate Share of the Net Pension Liability  
Year Ended June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>CaSTRS</b>				
Proportion of the net pension liability	<u>0.3648%</u>	<u>0.3558%</u>	<u>0.3466%</u>	<u>0.3374%</u>
Proportionate share of the net pension liability	<u>\$ 353,552,614</u>	<u>321,370,136</u>	<u>318,541,616</u>	<u>312,018,523</u>
State's proportionate share of the net pension liability	<u>182,256,414</u>	<u>175,328,864</u>	<u>182,379,973</u>	<u>184,587,522</u>
Total	<u><u>\$ 535,809,028</u></u>	<u><u>\$ 496,699,000</u></u>	<u><u>\$ 500,921,589</u></u>	<u><u>\$ 496,606,045</u></u>
Covered payroll	<u>\$ 197,774,778</u>	<u>\$ 192,616,677</u>	<u>\$ 188,468,233</u>	<u>\$ 182,374,682</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>178.77%</u>	<u>166.84%</u>	<u>169.02%</u>	<u>171.09%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>72%</u>	<u>73%</u>	<u>71%</u>	<u>69%</u>
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
<b>CaIPERS</b>				
Proportion of the net pension liability	<u>0.5830%</u>	<u>0.5770%</u>	<u>0.5610%</u>	<u>0.5487%</u>
Proportionate share of the net pension liability	<u>\$ 178,895,219</u>	<u>\$ 168,151,626</u>	<u>\$ 149,586,205</u>	<u>\$ 130,998,817</u>
Covered payroll	<u>\$ 84,038,649</u>	<u>\$ 80,165,104</u>	<u>\$ 74,208,963</u>	<u>\$ 70,034,469</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>212.87%</u>	<u>209.76%</u>	<u>201.57%</u>	<u>187.05%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>70%</u>	<u>70%</u>	<u>71%</u>	<u>72%</u>
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

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

Clovis Unified School District  
Schedule of the District's Proportionate Share of the Net Pension Liability  
Year Ended June 30, 2021

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>CalSTRS</b>			
Proportion of the net pension liability	<u>0.3363%</u>	<u>0.3507%</u>	<u>0.3264%</u>
Proportionate share of the net pension liability	<u>271,983,817</u>	<u>236,088,495</u>	<u>190,731,688</u>
State's proportionate share of the net pension liability	<u>154,835,535</u>	<u>124,864,788</u>	<u>115,172,028</u>
Total	<u>\$ 426,819,352</u>	<u>\$ 360,953,283</u>	<u>\$ 305,903,716</u>
Covered payroll	<u>\$ 171,698,993</u>	<u>\$ 163,040,732</u>	<u>\$ 150,043,685</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>158.41%</u>	<u>144.80%</u>	<u>127.12%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>70%</u>	<u>74%</u>	<u>77%</u>
Measurement Date	June 30, 2016	June 30, 2015	June 30, 2014
<b>CalPERS</b>			
Proportion of the net pension liability	<u>0.5366%</u>	<u>0.5465%</u>	<u>0.5259%</u>
Proportionate share of the net pension liability	<u>\$ 105,981,422</u>	<u>\$ 80,561,650</u>	<u>\$ 59,703,034</u>
Covered payroll	<u>\$ 64,365,730</u>	<u>\$ 60,511,656</u>	<u>\$ 55,215,032</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>164.66%</u>	<u>133.13%</u>	<u>108.13%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>74%</u>	<u>79%</u>	<u>83%</u>
Measurement Date	June 30, 2016	June 30, 2015	June 30, 2014

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

Clovis Unified School District  
Schedule of the District Contributions  
Year Ended June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>CaSTRS</b>				
Contractually required contribution	\$ 32,293,427	\$ 33,819,487	\$ 31,357,995	\$ 27,195,966
Less contributions in relation to the contractually required contribution	<u>32,293,427</u>	<u>33,819,487</u>	<u>31,357,995</u>	<u>27,195,966</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 199,959,300</u>	<u>\$ 197,774,778</u>	<u>\$ 192,616,677</u>	<u>\$ 188,468,233</u>
Contributions as a percentage of covered payroll	<u>16.15%</u>	<u>17.10%</u>	<u>16.28%</u>	<u>14.43%</u>
<b>CaPERS</b>				
Contractually required contribution	\$ 16,845,513	\$ 16,573,262	\$ 14,479,421	\$ 11,525,394
Less contributions in relation to the contractually required contribution	<u>16,845,513</u>	<u>16,573,262</u>	<u>14,479,421</u>	<u>11,525,394</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 81,379,290</u>	<u>\$ 84,038,649</u>	<u>\$ 80,165,104</u>	<u>\$ 74,208,963</u>
Contributions as a percentage of covered payroll	<u>20.700%</u>	<u>19.7210%</u>	<u>18.0620%</u>	<u>15.5310%</u>

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

Clovis Unified School District  
Schedule of the District Contributions  
Year Ended June 30, 2021

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>CalSTRS</b>			
Contractually required contribution	\$ 22,942,735	\$ 18,423,302	\$ 14,478,017
Less contributions in relation to the contractually required contribution	<u>22,942,735</u>	<u>18,423,302</u>	<u>14,478,017</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 182,374,682</u>	<u>\$ 171,698,993</u>	<u>\$ 163,040,732</u>
Contributions as a percentage of covered payroll	<u>12.58%</u>	<u>10.73%</u>	<u>8.88%</u>
<b>CalPERS</b>			
Contractually required contribution	\$ 9,726,387	\$ 7,625,408	\$ 7,122,827
Less contributions in relation to the contractually required contribution	<u>9,726,387</u>	<u>7,625,408</u>	<u>7,122,827</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 70,034,469</u>	<u>\$ 64,365,730</u>	<u>\$ 60,511,656</u>
Contributions as a percentage of covered payroll	<u>13.8880%</u>	<u>11.8470%</u>	<u>11.7710%</u>

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 State of America as prescribed by the Governmental Accounting Standards Board and provisions of the California *Education Code*. The governing board is required to hold a public hearing and adopt an operating budget no later than July 1 of each year. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

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

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 OPEB Liability and Related Ratios**

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

- *Changes in Benefit Terms* – There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* – The inflation rate was changed from 3.00 percent to 2.75 percent since last study and the beginning health care cost trend rate changed from 5.40 percent to 5.00 percent.

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

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

- *Changes in Benefit Terms* – There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* – The plan rate of investment return assumption was changed from 3.50 percent to 2.21 percent 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

**Clovis Unified School District**

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

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			
Indian Education - Grants to Local Educational Agencies	84.060	[1]	\$ 143,987
Federal Pell Grant Program	84.063	[1]	165,312
School Climate Transformation	84.184G	[1]	326,075
Passed Through California Department of Education (CDE)			
Special Education Cluster			
Special Education Grants to States - Basic Local Assistance	84.027	13379	7,141,186
Special Education Grants to States - Mental Health	84.027A	14468	491,497
Special Education Grants to States - Private School ISP	84.027	10115	<u>33,484</u>
Subtotal (84.027)			<u>7,666,167</u>
Special Education Preschool Grants	84.173	13430	117,472
Special Education Preschool Grants - Alternate Dispute Resolution	84.173A	13007	20,998
Special Education Preschool Grants - Preschool Staff Development	84.173	13431	<u>598</u>
Subtotal (84.173)			<u>139,068</u>
Total Special Education Cluster			<u>7,805,235</u>
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER)	84.425D	15536	2,332,878
COVID-19 Elementary and Secondary School Emergency Relief Fund II (ESSER II)	84.425D	15547	7,231,907
COVID-19 Governor's Emergency Education Relief Fund (GEER)	84.425C	15517	1,312,973
COVID-19, Cares Act Child Nutrition Supplemental Meal Reimbursement	84.425	15535	<u>772,556</u>
Subtotal (84.425)			<u>11,650,314</u>
Adult Education - Basic Grants to States: Adult Basic	84.002	14508	230,895
Adult Education - Basic Grants to States: Adult Secondary	84.002	13978	<u>414,296</u>
Subtotal (84.002)			<u>645,191</u>
Title I Grants to Local Educational Agencies	84.010	14329	6,542,477
ESEA: ESSA School Improvement (CSI) Funding for LEAs	84.010	15438	<u>522,170</u>
Subtotal (84.010)			<u>7,064,647</u>
English Language Acquisition State Grants - IEP	84.365	15146	21,608
English Language Acquisition State Grants - LEP	84.365	14346	<u>196,277</u>
Subtotal (84.365)			<u>217,885</u>

[1] Not applicable, District is direct funded

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

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 California Department of Education (CDE)			
Career and Technical Education - Basic Grants to States, Secondary	84.048	14894	158,817
Career and Technical Education - Basic Grants to States, Rural Community Equipment	84.048	15295	<u>72,183</u>
Subtotal (84.048)			<u>231,000</u>
Supporting Effective Instruction State Grants - Teacher Quality	84.367	14341	391,514
Student Support and Academic Enrichment Program	84.424	15396	552,218
Special Education-Grants for Infants and Families	84.181	23761	81,623
Rehabilitation Services Vocational Rehabilitation Grants to States - Workability II	84.126	10006	<u>156,608</u>
Total U.S. Department of Education			<u>29,431,609</u>
U.S. Department of the Treasury			
Passed Through California Department of Education			
COVID-19, Coronavirus Relief Fund (CRF): Learning Loss Mitigation	21.019	25516	<u>17,976,443</u>
Total U.S. Department of the Treasury			<u>17,976,443</u>
U.S. Department of Defense			
ROTC Language and Culture Training Grants	12.357	[1]	<u>39,297</u>
U.S. Department of Agriculture			
Passed Through California Department of Education			
Child Nutrition Cluster			
National School Lunch Program	10.555	13391	120,670
National School Lunch Program - Meal Supplements	10.555	13396	77,537
National School Lunch Program - Commodity Supplemental Food	10.555	13391	<u>1,015,966</u>
Subtotal (10.555)			<u>1,214,173</u>
School Breakfast Program - Especially Needy Breakfast	10.553	13526	3,368
National School Lunch Program - Summer Food Program	10.559	13004	<u>8,752,838</u>
Total Child Nutrition Cluster			<u>9,970,379</u>
Total U.S. Department of Agriculture			<u>9,970,379</u>
Total Federal Financial Assistance			<u>\$ 57,417,728</u>

[1] Not applicable, District is direct funded

**Organization**

The Clovis Unified School District was established in 1960 and consists of an area comprising approximately 198 square miles. The District operates thirty-three elementary schools, five intermediate schools, five high schools, three alternative education schools, one adult school, the Clovis Online Charter School, and the Center for Advanced Research and Technology as a joint high school with Fresno Unified School District. There were no boundary changes during the year.

**Governing Board**

Member	Office	Term Expires
Tiffany Stoker Madsen	President	2022
David DeFrank	Vice-President	2024
Yolanda Moore	Clerk	2024
Hugh Awtrey	Member	2024
Steven G. Fogg	Member	2024
Susan K. Hatmaker	Member	2022
Elizabeth Sandoval	Member	2022

**Administration**

Eimear O’Brien, Ed.D.	Superintendent
Don Ulrich, Ed. D.	Deputy Superintendent
Michael Johnston	Associate Superintendent, Administrative Services
Barry Jager	Associate Superintendent, Human Resources and Employee Relations
Norm Anderson	Associate Superintendent, School Leadership
Susan Rutledge	Assistant Superintendent, Business Services
Denise Cariaga	Director of Budget & Finance

Clovis Unified School District

Schedule of Instructional Time

Year Ended June 30, 2021

Grade Level	Number of Actual Days		Number of Days Credited Form J-13A*	Total Days Offered	Status
	Traditional Calendar	Multitrack Calendar			
Kindergarten	180	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
Grades 9 - 12					
Grade 9	180	N/A	-	180	Complied
Grade 10	180	N/A	-	180	Complied
Grade 11	180	N/A	-	180	Complied
Grade 12	180	N/A	-	180	Complied

\* The District received an approved J-13A for no days.

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

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The following adjustments was made to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2021.

	Self Insurance Fund
Net Position	
Balance, June 30, 2021, Unaudited Actuals	\$ -
Decrease in claims liabilities and other postemployment benefit obligations	30,921,668
Balance, June 30, 2021, Audited Financial Statements	\$ 30,921,668

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

	(Budget) 2022 <sup>1</sup>	2021	2020	2019
General Fund				
Revenues	\$ 615,895,222	\$ 552,135,341	\$ 506,014,389	\$ 502,764,929
Other sources	5,036,000	1,142,375	2,584,851	3,729,339
<b>Total Revenues and Other Sources</b>	<b>620,931,222</b>	<b>553,277,716</b>	<b>508,599,240</b>	<b>506,494,268</b>
Expenditures	607,793,732	516,940,343	483,038,866	477,580,830
Other uses and transfers out	5,923,967	4,076,521	9,903,108	7,854,336
<b>Total Expenditures and Other Uses</b>	<b>613,717,699</b>	<b>521,016,864</b>	<b>492,941,974</b>	<b>485,435,166</b>
Increase in Fund Balance	7,213,523	32,260,852	15,657,266	21,059,102
Ending Fund Balance	\$ 170,556,254	\$ 163,342,731	\$ 131,081,879	\$ 115,424,613
Available Reserves <sup>2</sup>	\$ 124,067,028	\$ 116,853,507	\$ 99,623,391	\$ 92,721,804
Available Reserves as a Percentage of Total Outgo	20.22%	22.43%	20.21%	19.10%
Long-Term Liabilities	Not Available	\$ 1,561,879,197	\$ 1,427,129,549	\$ 1,312,296,293
Average Daily Attendance at P-2	41,560	41,558	41,558	41,166

The General Fund balance has increased by \$47,918,118 over the past two years. The fiscal year 2021-2022 budget projects an increase of \$7,213,523 (four percent). For a district this size, the State recommends available reserves of at least two percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in each of the past three years and anticipates incurring an operating surplus during the 2021-2022 fiscal year. Total long-term obligations have increased by \$255,578,853 over the past two years due to the issuance of bonds for facilities additions and improvements, and increases in the District's net pension liability and other postemployment benefits obligations.

Average daily attendance has increased by 392 over the past two years. Additional growth of two ADA is anticipated during fiscal year 2021-2022.

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

<sup>2</sup> Available reserves consist of all unassigned fund balances including all amounts reserved for economic uncertainties contained within the General Fund.

Clovis Unified School District  
Schedule of Charter Schools  
Year Ended June 30, 2021

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<u>Name of Charter School</u>	<u>Charter Number</u>	<u>Included in Audit Report</u>
Clovis Online School	1006	Yes



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

	Student Activities Fund	Charter School Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Other Debt Service Fund	Total Non-Major Governmental Funds
<b>Assets</b>											
Deposits and investments	\$ 2,256,869	\$ 6,194,267	\$ 2,942,072	\$ 523,219	\$ 5,586,337	\$ 1,276,501	\$ 40,211,022	\$ 41,261,264	\$ 15,228,864	\$ 84,173	\$ 115,564,588
Receivables	-	144,216	551,695	925,454	377,476	-	3,716	-	-	-	2,002,557
Due from other funds	-	863,196	94,342	-	-	-	316,867	-	269,904	-	1,544,309
Stores inventories	-	-	47,014	-	931,728	-	-	-	-	-	978,742
<b>Total assets</b>	<b>\$ 2,256,869</b>	<b>\$ 7,201,679</b>	<b>\$ 3,635,123</b>	<b>\$ 1,448,673</b>	<b>\$ 6,895,541</b>	<b>\$ 1,276,501</b>	<b>\$ 40,531,605</b>	<b>\$ 41,261,264</b>	<b>\$ 15,498,768</b>	<b>\$ 84,173</b>	<b>\$ 120,090,196</b>
<b>Liabilities and Fund Balances</b>											
<b>Liabilities</b>											
Overdrafts	\$ -	\$ -	\$ -	\$ -	\$ 106,020	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 106,020
Accounts payable	-	6,604	24,912	42,975	585,953	617,860	336,014	852,505	117,560	-	2,584,383
Due to other funds	-	-	-	136,371	262,617	-	-	106,735	-	82,988	588,711
<b>Total liabilities</b>	<b>-</b>	<b>6,604</b>	<b>24,912</b>	<b>179,346</b>	<b>954,590</b>	<b>617,860</b>	<b>336,014</b>	<b>959,240</b>	<b>117,560</b>	<b>82,988</b>	<b>3,279,114</b>
<b>Fund Balances</b>											
Nonspendable	-	-	50,514	-	931,728	-	-	-	-	-	982,242
Restricted	2,256,869	185,205	-	451,593	5,009,223	-	40,195,591	40,302,024	15,381,208	1,185	103,782,898
Committed	-	-	3,559,697	-	-	658,641	-	-	-	-	4,218,338
Assigned	-	7,009,870	-	817,734	-	-	-	-	-	-	7,827,604
<b>Total fund balances</b>	<b>2,256,869</b>	<b>7,195,075</b>	<b>3,610,211</b>	<b>1,269,327</b>	<b>5,940,951</b>	<b>658,641</b>	<b>40,195,591</b>	<b>40,302,024</b>	<b>15,381,208</b>	<b>1,185</b>	<b>116,811,082</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,256,869</b>	<b>\$ 7,201,679</b>	<b>\$ 3,635,123</b>	<b>\$ 1,448,673</b>	<b>\$ 6,895,541</b>	<b>\$ 1,276,501</b>	<b>\$ 40,531,605</b>	<b>\$ 41,261,264</b>	<b>\$ 15,498,768</b>	<b>\$ 84,173</b>	<b>\$ 120,090,196</b>

Clovis Unified School District

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

Year Ended June 30, 2021

	Student Activities Fund	Charter School Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Other Debt Service Fund	Total Non-Major Governmental Funds
<b>Revenues</b>											
Local Control Funding Formula	\$ -	\$ 4,740,289	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,740,289
Federal sources	-	32,532	882,686	314,213	10,742,935	-	-	-	-	-	11,972,366
Other State sources	-	342,836	2,602,082	5,710,494	858,493	-	-	11,981,645	-	-	21,495,550
Other local sources	1,502,300	156,144	1,429,919	429,988	101,832	26,756	24,879,975	(322,046)	160,869	2,847	28,368,584
<b>Total revenues</b>	<b>1,502,300</b>	<b>5,271,801</b>	<b>4,914,687</b>	<b>6,454,695</b>	<b>11,703,260</b>	<b>26,756</b>	<b>24,879,975</b>	<b>11,659,599</b>	<b>160,869</b>	<b>2,847</b>	<b>66,576,789</b>
<b>Expenditures</b>											
<b>Current</b>											
Instruction	-	2,553,248	2,453,751	4,095,048	-	-	-	-	-	-	9,102,047
Instruction-related activities											
Supervision of instruction	-	1,530	476,932	-	-	-	-	-	-	-	478,462
Instructional library, media, and technology	-	75,816	149,455	-	-	-	-	-	-	-	225,271
School site administration	-	527,326	1,781,322	-	-	-	-	-	-	-	2,308,648
Pupil services											
Food services	-	-	-	-	12,538,326	-	-	-	-	-	12,538,326
All other pupil services	-	662,881	323,957	158,568	-	-	-	-	-	-	1,145,406
Administration											
All other administration	-	74,355	116,660	477,992	548,982	-	-	-	-	-	1,217,989
Plant services	-	59,446	300,216	31,508	-	754,644	1,867,497	-	827,746	-	3,841,057
Ancillary services	1,521,919	-	-	-	-	-	-	-	-	-	1,521,919
Facility acquisition and construction	-	-	10,641	86,878	-	1,382,434	539,491	7,009,456	429,799	-	9,458,699
Debt service											
Principal	-	-	-	315,000	-	-	-	-	-	-	315,000
<b>Total expenditures</b>	<b>1,521,919</b>	<b>3,954,602</b>	<b>5,612,934</b>	<b>5,164,994</b>	<b>13,087,308</b>	<b>2,137,078</b>	<b>2,406,988</b>	<b>7,009,456</b>	<b>1,257,545</b>	<b>-</b>	<b>42,152,824</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(19,619)</b>	<b>1,317,199</b>	<b>(698,247)</b>	<b>1,289,701</b>	<b>(1,384,048)</b>	<b>(2,110,322)</b>	<b>22,472,987</b>	<b>4,650,143</b>	<b>(1,096,676)</b>	<b>2,847</b>	<b>24,423,965</b>
<b>Other Financing Sources (Uses)</b>											
Transfers in	-	-	424,000	-	-	2,700,000	-	-	1,009,922	-	4,133,922
Transfers out	-	-	-	(804,679)	-	-	(336,000)	(106,735)	-	(82,988)	(1,330,402)
<b>Net Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>424,000</b>	<b>(804,679)</b>	<b>-</b>	<b>2,700,000</b>	<b>(336,000)</b>	<b>(106,735)</b>	<b>1,009,922</b>	<b>(82,988)</b>	<b>2,803,520</b>
<b>Net Change in Fund Balances</b>	<b>(19,619)</b>	<b>1,317,199</b>	<b>(274,247)</b>	<b>485,022</b>	<b>(1,384,048)</b>	<b>589,678</b>	<b>22,136,987</b>	<b>4,543,408</b>	<b>(86,754)</b>	<b>(80,141)</b>	<b>27,227,485</b>
<b>Fund Balance - Beginning, as Restated</b>	<b>2,276,488</b>	<b>5,877,876</b>	<b>3,884,458</b>	<b>784,305</b>	<b>7,324,999</b>	<b>68,963</b>	<b>18,058,604</b>	<b>35,758,616</b>	<b>15,467,962</b>	<b>81,326</b>	<b>89,583,597</b>
<b>Fund Balance - Ending</b>	<b>\$ 2,256,869</b>	<b>\$ 7,195,075</b>	<b>\$ 3,610,211</b>	<b>\$ 1,269,327</b>	<b>\$ 5,940,951</b>	<b>\$ 658,641</b>	<b>\$ 40,195,591</b>	<b>\$ 40,302,024</b>	<b>\$ 15,381,208</b>	<b>\$ 1,185</b>	<b>\$ 116,811,082</b>

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

Summary of Significant Accounting Policies

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

Indirect Cost Rate

The District does not draw for indirect administrative expenses and has not elected to use the ten percent de minimus cost rate.

Food Donation

Nonmonetary assistance is reported in this schedule at the fair market value of the commodities received and disbursed. For the fiscal year ended June 30, 2021, the District had used \$1,015,966 in food commodities.

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 amount consists of the unspent Child Development: Coronavirus Response and Relief Supplemental Apportionments Act revenue received.

Description	<u>Federal Financial Assistance Listing/Federal CFDA Number</u>	<u>Amount</u>
Total Federal Revenues reported on the financial statements		\$ 57,731,941
Child Development: Coronavirus Response and Relief Supplemental Appropriations Act	93.575	<u>(314,213)</u>
Total Schedule of Expenditures of Federal Awards		<u><u>\$ 57,417,728</u></u>

### **Local Education Agency Organization Structure**

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

### **Schedule of Instructional Time**

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



Independent Auditor's Reports  
June 30, 2021

# Clovis Unified School District



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

To the Governing Board  
Clovis Unified School District  
Clovis, 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 Clovis Unified School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Clovis Unified School District’s basic financial statements and have issued our report thereon dated June 3, 2022.

**Emphasis of Matter – Change in Accounting Principle and Correction of Error**

As discussed in Notes 1 and 17 to the financial statements, Clovis Unified School District has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, which has resulted in a restatement of the net position and fund balance as of July 1, 2020. Additionally, an error was discovered in the current year related to net position reserves of the Self Insurance Fund that were previously recorded as liabilities. 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 Clovis Unified School 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 Clovis Unified School District’s internal control. Accordingly, we do not express an opinion on the effectiveness of Clovis Unified School 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 significant deficiencies. We did identify deficiencies in internal controls, described in the accompanying *Schedule of Financial Statement Findings* as item 2021-001, that we considered to be a material weaknesses.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Clovis Unified School 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 an instances of noncompliance that is required to be reported under *Government Auditing Standards* described in the accompanying *Schedule of State Compliance Findings and Questioned Costs* as item 2021-002.

### **Clovis Unified School District's Response to Findings**

Clovis Unified School District's response to the findings identified in our audit are described in the accompanying schedule of *Financial Statement Findings* and *State Compliance Findings and Questioned Costs*, respectively. Clovis Unified School District's responses were not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **Purpose of this Report**

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

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

Fresno, California  
June 3, 2022



## **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  
Clovis Unified School District  
Clovis, California

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

We have audited Clovis Unified School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Clovis Unified School District's major federal programs for the year ended June 30, 2021. Clovis Unified School 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 Clovis Unified School 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 Clovis Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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



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

In our opinion, Clovis Unified School 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 Clovis Unified School 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 Clovis Unified School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Clovis Unified School 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.

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

Fresno, California  
June 3, 2022



## Independent Auditor's Report on State Compliance

To the Governing Board  
Clovis Unified School District  
Clovis, California

### **Report on State Compliance**

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

### **Management's Responsibility**

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

### **Auditor's Responsibility**

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

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

**Compliance Requirements Tested**

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

	<u>Procedures Performed</u>
<b>LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS</b>	
Attendance and Distance Learning	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No (see below)
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
K-3 Grade Span Adjustment	Yes
Apprenticeship: Related and Supplemental Instruction	No (see below)
Comprehensive School Safety Plan	Yes
District of Choice	No (see below)
<b>SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS</b>	
California Clean Energy Jobs Act	No (see below)
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Independent Study - Course Based	No (see below)
<b>CHARTER SCHOOLS</b>	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study	Yes
Determination of Funding for Nonclassroom-Based Instruction	Yes
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 and the Charter School do not offer an Independent Study - Course Based Program; therefore, we did not perform any procedures related to the Independent Study - Course Based Program.

Additionally, we did not perform procedures for the Charter School Facility Grant Program because the District did not receive funding for this program.

***Basis for Qualified Opinion on Unduplicated Local Control Funding Formula Pupil Counts***

As described in the accompanying *Schedule of State Compliance Findings and Questioned Costs*, Clovis Unified School District did not comply with requirements regarding Unduplicated Local Control Funding Formula Pupil Counts, as identified in Findings 2021-001. Compliance with such requirements is necessary, in our opinion, for Clovis Unified School District to comply with the requirements referred to above.

***Qualified Opinion on Unduplicated Local Control Funding Formula Pupil Counts***

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Clovis Unified School District complied, in all material respects, with the compliance requirements referred to above for the year ended June 30, 2021.

Clovis Unified School District's response to the noncompliance finding identified in our audit is described in the accompanying *Schedule of State Compliance Findings and Questioned Costs*. Clovis Unified School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

***Unmodified Opinion on Each of the Other Programs***

In our opinion, Clovis Unified School 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, except as described in the accompanying *Schedule of State Compliance Findings and Questioned Costs*.

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.



Fresno, California  
June 3, 2022



Schedule of Findings and Questioned Costs  
June 30, 2021

# Clovis Unified School District

**Financial Statements**

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified	Yes
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 Elementary and Secondary School Emergency Relief Fund (ESSER)	84.425D
COVID-19 Elementary and Secondary School Emergency Relief Fund II (ESSER II)	84.425D
American Rescue Plan: Elementary and Secondary School Emergency Relief Fund III (ESSER III)	84.425U
COVID-19 Governor's Emergency Education Relief Fund (GEER)	84.425C
COVID-19, Coronavirus Relief Fund (CRF): Learning Loss Mitigation	21.019
Title I Grants to Local Educational Agencies	84.010
Dollar threshold used to distinguish between type A and type B programs	\$ 1,722,532
Auditee qualified as low-risk auditee?	Yes

**State Compliance**

Type of auditor's report issued on compliance for programs	Unmodified
Unmodified for all programs except for the following program which was qualified	

Name of Program
Unduplicated Local Control Funding Formula Pupil Counts

The following finding represents a material weakness related to the financial statements that is required to be reported in accordance with Government Auditing Standards. The finding has been coded as follows:

Five Digit Code	AB 3627 Finding Type
30000	Internal Control

**2021-001      30000**

***Internal Control Over Financial Reporting***

**Criteria**

School districts are responsible for maintaining accurate financial statement information including properly recording and reporting all financial transactions and balances and to ensure compliance with laws and regulations that, if violated, could have a material impact on the financial statements.

**Condition**

As noted in the State Awards Findings and Questioned Costs section of this report, the District was found to be out of compliance with certain requirements of the Unduplicated Pupil Counts compliance requirements causing an overstatement in the number of eligible students. The overstatement caused the District to be overpaid an amount of Local Control Funding Formula State apportionments that was nearly material to the financial statements. Additionally, in testing the Self Insurance Funds ending liabilities balances, we noted ending balances that were not adjusted to the actuarially determined balances.

**Effect**

Some related amounts were material and an audit adjustment was necessary both at the fund reporting level as well as additional full accrual conversion entries for the entity wide financial statements.

**Cause**

It has become known that, at times, adjustments to student data within the local student database do not always accurately upload to the State's CalPADS database system. Typically, these issues are found when students who qualified as a Free/Reduced Price Meal classification changes to a Paid status. The Self Insurance Fund adjustments were due to management calculating amounts to be held in reserve for variances inherent of claims estimates, but had recorded such amounts as obligations.

This finding is not a repeat of or related to a finding in the previous year.

**Recommendation**

The District should implement procedures to ensure the classifications reported to CalPADS are supported by the accurate survey results. A sample should be pulled after the first month of the issuance of the survey to verify if it is classifying pupils correctly before October. Additionally, the ending liability balances relating to estimated claims payments should be adjusted to the actuarially determined estimates.

**Corrective Action Plan and Views of Responsible Officials**

Management concurs with the finding. Please refer to the response to the State Compliance finding response. Additionally, in the future, management will only record liabilities that are validated or determined by actuarially determined estimates or actual obligations and will reflect additional “reserves” as net position and not liabilities.



None reported.

The following finding represents an instance of noncompliance and questioned costs relating to compliance with state laws and regulations. The finding has been coded as follows:

Five Digit Code	AB 3627 Finding Type
40000	State Compliance

**2021-002      40000**

***Unduplicated Local Control Funding Formula Pupil Count***

**Criteria**

With the Local Control Funding Formula, school districts receive supplemental funding known as the Supplement Grant and Concentration Grant. The amount of funding received is generated by the number of students who are either English Learners (EL) or participants in the Free/Reduced meal program in accordance with *Educational Code* Sections 2574(b)(3)(C), 42238.02(b)(3)(b), and 41020.

**Condition**

During the audit of the unduplicated local control funding formula pupil count, numerous pupils were incorrectly reported as free/reduced on the CalPADS report based on their alternative income verification survey.

**Questioned Cost**

The above mention net effect has a questioned cost of \$(1,900,860). The estimated questioned cost was calculated using the California Department of Education provided "Audit Finding Calculator for Fiscal year 2019-2020 and Each Year Thereafter."

**Effect**

Sixty pupils were initially selected as a testing sample and during our audit we determined 19 pupils were incorrectly classified as free or reduced. Through 100 percent testing, a total of 3,418 pupils were determined to be incorrectly classified resulting in the total 20-21 unduplicated pupil count going from 23,394 to 19,976.

**Cause**

Due to Covid-19, the annual required income verification was performed via an electronic survey. It appears when the information was uploaded to CALPADS, the software incorrectly transferred many "Paid/Denied" students as either "Free" or "Reduced."

**Repeat Finding (Yes or No)**

This is the first year this finding was noted and is not a repeat from a prior year nor was it related to a finding in the previous audit year.

**Recommendation**

The District should implement procedures to ensure the classifications reported to CalPADS are supported by the accurate survey results. A sample should be pulled after the first month of the issuance of the survey to verify if it is classifying pupils correctly before October.

**Corrective Action Plan and Views of Responsible Officials**

The District will implement procedures to ensure that accurate survey results are reported in CalPADS, including selecting a sample of survey results to verifying that the correct classifications for pupils is being reported prior to the information being uploading in October.

Except as specified in previous sections of this report, summarized below is the current status of all audit findings reported in the prior year's Schedule of Findings and Questioned Costs.

### Financial Statement Findings

**2020-001    30000**

#### ***Internal Control Over Financial Reporting***

##### **Criteria**

School districts are responsible for maintaining accurate financial statement information including properly recording and reporting all financial transactions and balances.

##### **Condition**

We discovered the balance of cash proceeds were not recorded within the District's general ledger and therefore, not uploaded into their final Unaudited Actuals reporting package as of June 30, 2020. The cash balance and related transaction for the proceeds from the lease agreement related to Certificates of Participation issued by the Central Valley Support Services JPA amounted to \$12,528,811.

##### **Effect**

The amounts were material and an audit adjustment was necessary both at the fund reporting level as well as additional full accrual conversion entries for the entity wide financial statements.

##### **Cause**

These types of adjustments are extremely rare for the District. A few factors contributed to the oversight. The proceeds from this transaction were not expected to be deposited with the fiscal agent until July 2020, not June 30, 2020 at which date they posted to the accounts. Additionally, the COVID-19 pandemic had the business office almost entirely working in a completely or partially remote environment; that, coupled with additional responsibilities and issues requiring attention regarding COVID-19 grants and the distance learning coordination and planning we feel led to the oversight.

This finding is not a repeat of or related to a finding in the previous year.

##### **Recommendation**

The District should always validate, especially in late fiscal year transactions, the ending June 30, balance of all District related accounts especially those held by fiscal agents as those accounts are typically quite large and active.

**Current Status**

Implemented.