CPAs & BUSINESS ADVISORS

December 20, 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, 2022, and have issued our report thereon dated December 20, 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 letter dated August 1, 2022, 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 each of the District's major federal programs. Our audit of the financial statements and major program compliance 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 each of the District's major federal programs 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 December 20, 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 December 20, 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 16 to the financial statements, the District changed accounting policies related to accounting for lease activities to adopt the provisions of GASB Statement No. 87, Leases. Accordingly, the accounting change has been retrospectively applied to the financial statements beginning July 1, 2021. 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.

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 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. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit. There were no uncorrected or corrected missstatements identified as a result of our audit procedures. There were no uncorrected or corrected missstatements identified as a result of our audit procedures.

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 financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Circumstances that Affect the Form and Content of the Auditor's Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. The following Emphasis of Matter paragraph was added to the Auditor's Report:

Emphasis of Matter

As discussed in Notes 1 and 16 to the financial statements, The District has adopted the provisions of GASB Statement No. 87, Leases, which has resulted in a restatement of the net position as of July 1, 2021. Our opinions are not modified with respect to this matter.

Representations Requested from Management

We have requested certain written representations from management which are included in the management representation letter dated December 20, 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.

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.

Eide Bailly LLP

Fresno, California

Financial Statements
June 30, 2022

Clovis Unified School District

Independent Auditor's Report

To the Governing Board
Clovis Unified School District
Clovis, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Clovis Unified School District as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Clovis Unified School District, as of June 30, 2022, 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.

Basis for Opinions

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

Adoption of New Accounting Standard

As discussed in Notes 1 and 16 to the financial statements, the Clovis Unified School District has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ended June 30, 2022. Accordingly, a restatement has been made to the governmental activities as of July 1, 2021, to restate beginning net position. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in the District's total OPEB liability and related ratios, schedule of the District's proportionate share of the net OPEB liability – MPP program, schedule of the District's proportionate share of the net pension liability, and the schedule of the District's contributions, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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.

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 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, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

Eide Bailly LLP

Fresno, California
December 20, 2022

Management's Discussion and Analysis
June 30, 2022

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, 2022, with comparative information for the fiscal year ending June 30, 2021.

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 fund 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.

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

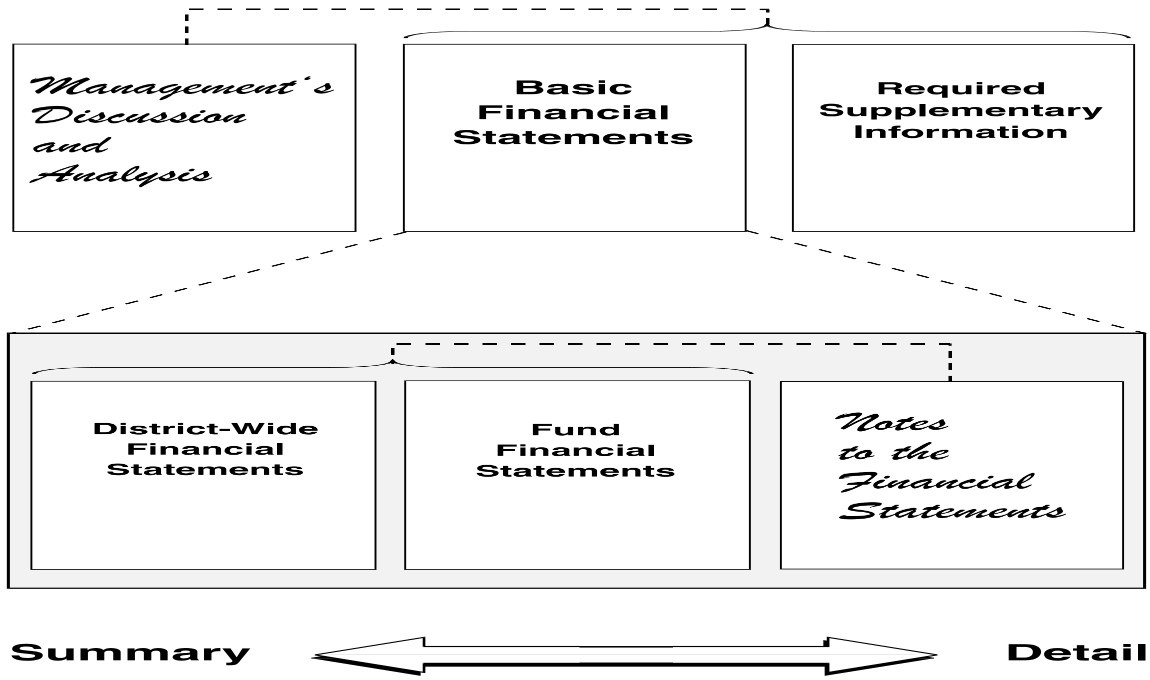

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents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

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

		Fund Statements	
Type of Statements	**Government-Wide**	**Governmental Funds**	**Proprietary Funds**
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	•Statement of net position •Statement of activities	•Balance sheet •Statement of revenues, expenditures and changes in fund balances •Reconciliation to government-wide financial statements	•Statement of net position •Statement of revenues, expenditures and changes in net position •Statement of Cash Flows

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

		Fund Statement
Type of Statements	**Government-Wide**	**Governmental Funds**
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 $113.2 million on June 30, 2022, increasing by $70.6 million (165.8%) (see Table A-1).

Table A-1

	Governmental Activities 2022	Governmental Activities 2021 as Restated
Assets		
Current and other assets	$ 618,212,891	$ 523,289,108
Capital assets	946,544,747	944,376,485
Right-to-use leased assets	4,170,303	4,468,182
Total assets	1,568,927,941	1,472,133,775
Deferred outflows of resources	200,412,491	235,331,531
Liabilities		
Current liabilities	56,034,694	82,330,711
Long-term liabilities	1,269,825,744	1,566,519,197
Total liabilities	1,325,860,438	1,648,849,908
Deferred inflows of resources	330,237,105	16,014,147
Net Position		
Net investment in capital assets	632,835,455	616,463,623
Restricted	232,977,156	162,260,944
Unrestricted (deficit)	(752,569,722)	(736,123,316)
Total net position	$ 113,242,889	$ 42,601,251

Changes in Net Position: The District's total governmental revenues were $690.1 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 $332.7 million and property taxes contributing about $139.8 million. Another $146.9 million came from categorical programs, $10.8 million came from capital grants, and the remainder came from fees charged for services of $23.7 million, and miscellaneous sources of $36.2 million.

The total cost of all governmental programs and services was $619.4 million (see Table A-2). The District's expenses are predominantly related to educating and caring for students (77.0%). The purely administrative activities of the District accounted for just five percent of total costs. Plant services was $67.6 million, accounting for 11.0% of the District's expenses. Revenues surpassed expenses, increasing net position by $70.6 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	
	2022	2021*
Revenues		
Program revenues		
Charges for services and sales	$ 23,696,517	$ 20,544,008
Operating grants and contributions	146,873,708	160,506,670
Capital grants and contributions	10,772,957	11,981,645
General revenues		
Federal and State aid not restricted	332,749,423	317,559,675
Property taxes	139,750,624	140,332,472
Other general revenues	36,210,020	18,857,807
Total revenues	690,053,249	669,782,277
Expenses		
Instruction-related	401,404,195	467,123,801
Pupil services	77,790,850	80,891,363
Administration	28,951,425	28,064,367
Plant services	67,568,942	56,972,702
Other	43,696,199	31,593,894
Total expenses	619,411,611	664,646,127
Change in net position	$ 70,641,638	$ 5,136,150

* The revenues and expenses for fiscal year 2021 were not restated to show the effects of GASB 87 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	
	2022	2021*	2022	2021*
Instruction	$ 401,404,195	$ 467,123,801	$ (290,612,433)	$ (322,716,793)
Pupil services	77,790,850	80,891,363	(47,539,278)	(57,960,156)
Administration	28,951,425	28,064,367	(22,737,919)	(26,501,382)
Plant services	67,568,942	56,972,702	(55,827,021)	(44,268,831)
All other services	43,696,199	31,593,894	(21,351,778)	(20,166,642)
Total	$ 619,411,611	$ 664,646,127	$ (438,068,429)	$ (471,613,804)

* The total and net cost of services for fiscal year 2021 were not restated to show the effects of GASB 87 for comparative purposes.

- The net cost of governmental activities this year was $438.1 million as reflected on the Statement of Activities.
- Some of the costs were paid by the users of the District's programs totaling $23.7 million.
- The federal and state governments subsidized certain programs with operating grants and contributions totaling $146.9 million.
- Most of the District's costs, $332.7 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 $501.6 million, which is an increase of $119.7 million from last year (Table A-4).

Table A-4

	Balances and Activity			
Governmental Funds	July 1, 2021 as Restated	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2022
General	$ 163,342,731	$ 572,289,756	$ 569,588,707	$ 166,043,780
Student Activities	2,256,869	6,748,158	5,526,081	3,478,946
Charter Schools	7,195,075	8,386,034	7,391,757	8,189,352
Adult Education	3,610,211	5,618,114	5,950,048	3,278,277
Child Development	1,269,327	19,850,712	12,845,384	8,274,655
Cafeteria	5,940,951	21,995,781	16,540,201	11,396,531
Deferred Maintenance	658,641	2,809,085	3,456,955	10,771
Building	51,148,952	5,022,519	24,686,757	31,484,714
Capital Facilities	40,195,591	22,990,715	11,915,608	51,270,698
County School Facilities	40,302,024	9,034,555	4,519,261	44,817,318
Special Reserve Fund for Capital Outlay Projects	15,381,208	109,206,874	3,702,733	120,885,349
Bond Interest and Redemption	50,597,729	177,952,165	176,105,731	52,444,163
Other Debt Service Fund	1,185	(234)	951	-
Total	$ 381,900,494	$ 961,904,234	$ 842,230,174	$ 501,574,554

The primary reasons for the changes are:

a. The fund balance in the General Fund increased $2.7 million to $166.0 million. The net increase is due primarily to additional Federal and State revenue received because of the COVID-19 pandemic.
b. The special revenue funds reported a net increase of $13.7 million with moderate changes across all funds except the Child Development Fund which had an increase of $7.0 million and the Cafeteria Fund which increased by $5.5 million.
c. The capital projects funds showed an increase of $101.4 million. This overall increase is due to $10.8 million in State construction funding that was finally received for several past projects and $102.5 million proceeds from the issuance of Certificates of Participation (COPs).
d. The Bond Interest and Redemption Fund reported an increase of $1.8 million primarily due to the refunding 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 $3.1 million.
- The Adopted Budget's revenues over expenditures resulted in the District anticipating a surplus of $7.2 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 COLA of 5.07% for the LCFF.
- The Board approved a 5.5% salary schedule increase subsequent to the adoption of the budget, resulting in increased expenditures.
- For the first time in several years, the District is experiencing declining enrollment. The decline is directly related to the pandemic. Enrollment declined by 932 during 2019-2020 and an additional 322 in 2021-2022; total decrease 1,254 in enrollment. The District is planning to return to a growth pattern as the pandemic comes to an end.
- Due to the pandemic, districts were held harmless and funded on 2019-2020 P-2 ADA for fiscal year 2021 and 2022.
- Actual revenues to expenditures resulted in a surplus of $2.7 million, however $2.5 million of the fund balance is non-spendable, $29.6 million is restricted for restricted programs and $77.7 million is committed for the District's board approved 10% stabilization policy and future program growth.
- District recognized $37.8 million in one-time COVID-19 relief and special education revenues from the State and Federal government during the 2021-2022 fiscal year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By June 30, 2022, the District had invested $950.7 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 increase of $1.9 million or 0.20% over last year. Total depreciation and amortization expenses for the year was $31.3 million.

Table A-5

	Governmental Activities 2022	Governmental Activities 2021 as Restated
Land and construction in progress	$ 141,686,748	$ 110,349,294
Buildings and improvements	771,914,126	797,850,068
Equipment	32,943,873	36,177,123
Leased assets	4,170,303	4,468,182
Total	$ 950,715,050	$ 948,844,667

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 $10.8 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.

Long-Term Liabilities

At year-end the District had $1.3 billion in long-term liabilities outstanding discussed below. This is a decrease of 19.0% from last year largely due to a reduction in the District's proportionate share of the net pension liability, as shown in Table A-6.

Table A-6

	Governmental Activities 2022	Governmental Activities 2021 as Restated
Long-Term Liabilities		
General obligation bonds	$ 461,986,499	$ 477,575,863
Certificates of participation	100,495,000	2,420,000
Unamortized premiums/(discounts)	5,841,076	9,321,185
Financed purchases	13,277,508	12,660,179
Leases	4,430,000	4,640,000
Compensated absences	3,189,394	4,185,913
Claims liability	27,731,358	28,136,235
Total OPEB liability	369,724,083	495,131,989
Aggregate net pension liability	283,150,826	532,447,833
Total	$ 1,269,825,744	$ 1,566,519,197

The District's S&P bond rating as of the most recent bond issuance was "AA" and for the 2022 refunding bond issuances. In addition, the District's certificates of participation S&P rating as of their 2022 issuance was "AA".

At year-end, the District has a net pension liability of $283.1 million versus $532.4 million last year, a decrease of $249.3 million, or 46.8%. The District also reported Deferred Outflows (asset) from pension activities of $97.9 million, and Deferred Inflows (liability) from pension activities of $203.7 million. The net impact on the District's net position of these pension related items is $(389.0) million.

At year-end, the District has an other postemployment benefits liability of $369.7 million versus $495.1 million last year, a decrease of $125.4 million, or 25.3%. The District also reported Deferred Outflows (asset) from pension activities of $91.2 million, and Deferred Inflows (liability) from pension activities of $126.3 million. The net impact on the District's net position of these pension related items is $(404.8) million.

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 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 19.8% General Reserve.
- The State's Local Control Funding Formula (LCFF) accounts for 78% of the District's General Fund revenues during a normal year. Due to the amount of one-time revenues received during the 2021-2022 fiscal year, the LCFF accounted for 72%.
- 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). The District's UPP averages 45-49%, 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 during the pandemic 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% 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.

	Governmental Activities
Assets	
Deposits and investments	$ 576,226,576
Receivables	38,316,382
Prepaid expense	1,118,000
Stores inventories	2,551,933
Capital assets not depreciated	141,686,748
Capital assets, net of accumulated depreciation	804,857,999
Right-to-use leased assets, net of accumulated amortization	4,170,303
Total assets	1,568,927,941
Deferred Outflows of Resources	
Deferred charge on refunding	11,252,536
Deferred outflows of resources related to OPEB	91,254,686
Deferred outflows of resources related to pensions	97,905,269
Total deferred outflows of resources	200,412,491
Liabilities	
Accounts payable	51,418,870
Unearned revenue	4,615,824
Long-term liabilities	
Long-term liabilities other than OPEB and pensions due within one year	43,606,547
Long-term liabilities other than OPEB and pensions due in more than one year	573,344,288
Net other postemployment benefits liability (OPEB)	369,724,083
Aggregate net pension liabilities	283,150,826
Total liabilities	1,325,860,438
Deferred Inflows of Resources	
Deferred charge on refunding	201,953
Deferred inflows of resources related to OPEB	126,294,235
Deferred inflows of resources related to pensions	203,740,917
Total deferred inflows of resources	330,237,105
Net Position	
Net investment in capital assets	632,835,455
Restricted for	
Debt service	52,444,163
Capital projects	96,088,016
Educational programs	37,327,145
Self insured programs	32,872,285
Child nutrition	10,766,601
Student activities	3,478,946
Unrestricted (deficit)	(752,569,722)
Total net position	$ 113,242,889

See Notes to Financial Statements

Functions/Programs	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities
Governmental Activities					
Instruction	$ 319,166,771	$ 20,571	$ 70,409,194	$ 10,772,957	$ (237,964,049)
Instruction-related activities					
Supervision of instruction	30,067,286	-	21,060,500	-	(9,006,786)
Instructional library, media, and technology	18,917,914	-	7,483,111	-	(11,434,803)
School site administration	33,252,224	-	1,045,429	-	(32,206,795)
Pupil services					
Home-to-school transportation	14,040,815	-	930,443	-	(13,110,372)
Food services	16,238,310	278,416	21,193,662	-	5,233,768
All other pupil services	47,511,725	29,691	7,819,360	-	(39,662,674)
Administration					
Data processing	6,208,066	-	1,182,554	-	(5,025,512)
All other administration	22,743,359	7,419	5,023,533	-	(17,712,407)
Plant services	67,568,942	5,072,480	6,669,441	-	(55,827,021)
Ancillary services	16,933,093	-	6,742,955	-	(10,190,138)
Community services	721,865	-	-	-	(721,865)
Enterprise services	(9,102)	-	-	-	9,102
Interest on long-term liabilities	24,586,140	-	-	-	(24,586,140)
Other outgo	1,464,203	18,287,940	(2,686,474)	-	14,137,263
Total governmental activities	$ 619,411,611	$ 23,696,517	$ 146,873,708	$ 10,772,957	(438,068,429)
General Revenues and Subventions					
Property taxes, levied for general purposes					89,896,205
Property taxes, levied for debt service					49,854,419
Federal and State aid not restricted to specific purposes					332,749,423
Interest and investment earnings					(10,441,563)
Interagency revenues					1,481,650
Miscellaneous and unspent state entitlements revenues					45,169,933
Subtotal, general revenues and subventions					508,710,067
Change in Net Position					70,641,638
Net Position - Beginning, as Restated					42,601,251
Net Position - Ending					$ 113,242,889

	General Fund	Cafeteria Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
Assets						
Deposits and investments	$ 179,960,828	$ 14,125,328	$ 31,837,610	$ 117,734,664	$ 169,819,584	$ 513,478,014
Receivables	31,642,670	2,874,896	-	-	1,751,300	36,268,866
Due from other funds	1,500,000	-	-	3,427,511	2,521,650	7,449,161
Prepaid expenditures	475,000	-	-	-	643,000	1,118,000
Stores inventories	1,875,705	629,930	-	-	46,298	2,551,933
Total assets	$ 215,454,203	$ 17,630,154	$ 31,837,610	$ 121,162,175	$ 174,781,832	$ 560,865,974
Liabilities and Fund Balances						
Liabilities						
Accounts payable	$ 44,393,413	$ 556,510	$ 352,896	$ 276,826	$ 1,656,034	$ 47,235,679
Due to other funds	401,186	5,677,113	-	-	1,361,618	7,439,917
Unearned revenue	4,615,824	-	-	-	-	4,615,824
Total liabilities	49,410,423	6,233,623	352,896	276,826	3,017,652	59,291,420
Fund Balances						
Nonspendable	2,494,705	629,930	-	-	692,798	3,817,433
Restricted	29,562,555	10,766,601	31,484,714	120,885,349	159,775,715	352,474,934
Committed	77,704,193	-	-	-	3,239,250	80,943,443
Assigned	-	-	-	-	8,056,417	8,056,417
Unassigned	56,282,327	-	-	-	-	56,282,327
Total fund balances	166,043,780	11,396,531	31,484,714	120,885,349	171,764,180	501,574,554
Total liabilities and fund balances	$ 215,454,203	$ 17,630,154	$ 31,837,610	$ 121,162,175	$ 174,781,832	$ 560,865,974

Total Fund Balance - Governmental Funds		$ 501,574,554
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	$ 1,430,509,086	
Accumulated depreciation is	(483,964,339)	
Net capital assets		946,544,747
Right-to-use leased assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of right-to-use leased assets is	4,915,000	
Accumulated amortization is	(744,697)	
Net right-to-use leased assets		4,170,303
An internal service fund is used by management to charge the costs of the workers' compensation insurance program to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities in the statement of net position.		32,872,285
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)	11,252,536	
Other postemployment benefits (OPEB)	91,254,686	
Net pension liability	97,905,269	
Total deferred outflows of resources to pensions		200,412,491
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)	(201,953)	
Other postemployment benefits (OPEB)	(126,294,235)	
Net pension liability	(203,740,917)	
Total deferred inflows of resources to pensions		(330,237,105)
Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		(283,150,826)
The District's OPEB liability is not due and payable in the current period, and is therefore reflected as a long term obligation.		(369,724,083)

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	(357,256,657)	
Certificates of participation	(100,495,000)	
Financed purchases	(13,277,508)	
Leases	(4,430,000)	
Compensated absences (vacations)	(3,189,394)	
Unamortized premiums and discounts, net	(5,841,076)	
In addition, capital appreciation general obligation bonds were issued. The accretion of interest to date on the general obligation bonds is	(104,729,842)	
Total long-term liabilities		(589,219,477)
Total net position - governmental activities		$ 113,242,889

	General Fund	Cafeteria Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
Revenues						
Local Control Funding Formula	$ 412,458,240	$ -	$ -	$ -	$ 8,229,407	$ 420,687,647
Federal sources	50,362,089	20,478,754	-	-	1,229,047	72,069,890
Other State sources	96,166,964	1,393,673	-	-	26,850,171	124,410,808
Other local sources	11,266,463	123,354	(1,335,923)	(57,699)	82,649,526	92,645,721
Total revenues	570,253,756	21,995,781	(1,335,923)	(57,699)	118,958,151	709,814,066
Expenditures						
Current						
Instruction	312,778,151	-	-	-	17,929,927	330,708,078
Instruction-related activities						
Supervision of instruction	29,438,861	-	-	-	2,421,009	31,859,870
Instructional library, media, and technology	18,974,152	-	-	-	182,582	19,156,734
School site administration	31,073,732	-	-	-	2,443,869	33,517,601
Pupil services						
Home-to-school transportation	14,318,952	-	-	-	-	14,318,952
Food services	280,000	16,096,606	-	-	-	16,376,606
All other pupil services	48,254,718	-	-	-	1,185,436	49,440,154
Administration						
Data processing	6,342,832	-	-	-	-	6,342,832
All other administration	19,554,003	421,395	-	-	794,536	20,769,934
Plant services	61,448,349	-	487,838	325,441	4,864,035	67,125,663
Ancillary services	8,551,776	-	-	-	5,526,081	14,077,857
Other outgo	1,464,203	-	-	-	-	1,464,203
Facility acquisition and construction	3,251,502	22,200	23,331,352	845,410	5,675,321	33,125,785
Debt service						
Principal	830,671	-	745,000	-	41,063,613	42,639,284
Refunding issuance costs	-	-	-	-	763,387	763,387
Interest and other	76,055	-	122,567	2,531,882	10,122,049	12,852,553
Total expenditures	556,637,957	16,540,201	24,686,757	3,702,733	92,971,845	694,539,493

	General Fund	Cafeteria Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
Excess (Deficiency) of Revenues Over Expenditures	13,615,799	5,455,580	(26,022,680)	(3,760,432)	25,986,306	15,274,573
Other Financing Sources (Uses)						
Transfers in	336,000	-	6,358,433	6,729,573	3,987,264	17,411,270
Other sources	-	-	9	-	1,091	1,100
Proceeds from financed purchase	1,700,000	-	-	-	-	1,700,000
Proceeds from general obligation					-	
refunding bonds	-	-	-		129,335,000	129,335,000
Proceeds from certificates of participation	-	-	-	102,535,000	-	102,535,000
Payments to escrow for refunding debt	-	-	-	-	(129,679,411)	(129,679,411)
Premium on bond issuance	-	-	-	-	1,107,798	1,107,798
Transfers out	(12,950,750)	-	-	-	(5,060,520)	(18,011,270)
Net Financing Sources (Uses)	(10,914,750)	-	6,358,442	109,264,573	(308,778)	104,399,487
Net Change in Fund Balances	2,701,049	5,455,580	(19,664,238)	105,504,141	25,677,528	119,674,060
Fund Balance - Beginning	163,342,731	5,940,951	51,148,952	15,381,208	146,086,652	381,900,494
Fund Balance - Ending	$ 166,043,780	$ 11,396,531	$ 31,484,714	$ 120,885,349	$ 171,764,180	$ 501,574,554

Total Net Change in Fund Balances - Governmental Funds		$ 119,674,060
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation and amortization expenses in the Statement of Activities.		
This is the amount by which capital outlays exceed depreciation and amortization expenses in the period.		
Depreciation and amortization expenses	$ (31,317,523)	
Capital outlays	33,187,906	
Net expense adjustment		1,870,383
The District issued capital appreciation general obligations bonds. The accretion of interest on the general obligation bonds during the current fiscal year was		(9,631,907)
Some of the capital assets acquired this year were financed purchases. The amount of the financed purchases is reported in the governmental funds as a source of financing. On the other hand, the financed purchases are not revenues in the Statement of Activities, but rather constitute long-term liabilities in the Statement of Net Position.		(1,700,000)
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.		996,519
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.		33,422,776
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.		(15,853,414)

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.	(231,870,000)
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.	11,207,130
Governmental funds report the effect of premiums, discounts, and the deferred charge on refunding when the debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities.	
Premium on issuance recognized	(1,107,798)
Discount on issuance recognized	1,707,179
Premium amortization	3,359,615
Discount amortization	(478,887)
Deferred charge on refunding amortization	(3,213,577)
Payment of principal on long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.	
General obligation bonds	154,556,271
Certificates of participation	4,460,000
Financed purchases	1,082,671
Leases	210,000
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.	1,950,617
Change in net position of governmental activities	$ 70,641,638

	Internal Service Self Insurance Fund
Assets	
Current assets	
Deposits and investments	$ 62,748,562
Receivables	2,047,516
Due from other funds	69,673
Total assets	64,865,751
Liabilities	
Current liabilities	
Accounts payable	4,183,191
Due to other funds	78,917
Total current liabilities	4,262,108
Noncurrent liabilities	
Claims liabilities	27,731,358
Total liabilities	31,993,466
Net Position	
Restricted for claims	32,872,285
Total net position	$ 32,872,285

	Internal Service Self Insurance Fund
Operating Revenues	
Charges for services	$ 84,643,856
Operating Expenses	
Payroll costs	307,906
Supplies and materials	706,588
Claim payments and adjustments	79,172,638
Total operating expenses	80,187,132
Operating Income	4,456,724
Nonoperating Revenues	
Investment earnings (losses)	(3,189,288)
Interest income	83,181
Total nonoperating revenues	(3,106,107)
Income before capital contributions and transfers	1,350,617
Transfers in	600,000
Change in Net Position	1,950,617
Total Net Position - Beginning	30,921,668
Total Net Position - Ending	$ 32,872,285

	Internal Service Self Insurance Fund
Operating Activities	
Cash receipts from customers	$ 3,931,124
Cash receipts from interfund services provided	83,305,822
Cash payments to other suppliers of goods or services	(706,588)
Cash payments to employees for services	(1,429,747)
Cash payments claims and adjustments	(78,049,999)
Other operating cash payments	(1,400)
Net Cash From Operating Activities	7,049,212
Noncapital Financing Activities	
Investment earnings (losses)	(3,189,288)
Capital and Related Financing Activities	
Capital contributions	600,000
Investing Activities	
Interest on investments	83,181
Net Change in Cash and Cash Equivalents	4,543,105
Cash and Cash Equivalents, Beginning	58,205,457
Cash and Cash Equivalents, Ending	$ 62,748,562
Reconciliation of Operating Income to Net Cash From Operating Activities	
Operating income	$ 4,456,724
Changes in assets and liabilities	
Receivables	(995,428)
Due to other funds	78,917
Due from other funds	2,988,518
Accounts payable	925,358
Incurred but not reported claims	(404,877)
Net Cash From Operating Activities	$ 7,049,212

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-four 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 $945,829.

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

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

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).

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.

- **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).

- **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.).

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.

- **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).

- **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 and amortization of leased assets. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program 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 governmental 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 expenses, 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.

The District records impairments of capital assets when it becomes probable that the carrying value of the assets will not be fully recovered over their estimated useful life. Impairments are recorded to reduce the carrying value of the assets to their net realizable value based on facts and circumstances in existence at the time of the determination. No impairments were recorded during the year ended June 30, 2022.

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

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.

Accrued Liabilities and Long-Term Liabilities

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

However, compensated absences, bonds, leases, and other long-term liabilities are recognized as liabilities in the entity-wide fund financial statement when due.

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District reports deferred inflows of resources for deferred charges on refunding of debt, for pension related items, and for OPEB 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 District Plan and the CalSTRS Medicare Premium Payment (MPP) Program and additions to/deductions from the District Plan and the MPP's fiduciary net position have been determined on the same basis as they are reported by the District Plan and the MPP. For this purpose, the District Plan and the MPP recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund.

Leases

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

Fund Balances - Governmental Funds

As of June 30, 2022, 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 $232,977,156 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. 87

As of July 1, 2021, the District adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use an underlying asset. The standard requires 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. The effect of the implementation of this standard on beginning net position is disclosed in Note 16 and the additional disclosures required by this standard is included in Notes 4 and 9.

Implementation of GASB Statement No. 92

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reporting
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan
- The applicability of Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits
- The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition

- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature
- Terminology used to refer to derivative instruments

The requirements of this Statement are effective as follows:

- The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
- The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2021.
- The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021.
- The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

The provisions of this Statement have been implemented as of June 30, 2022.

Implementation of GASB Statement No. 93

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR (Interbank Offered Rate). This Statement achieves that objective by:

- Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment
- Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate
- Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable
- Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap
- Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap
- Clarifying the definition of reference rate, as it is used in Statement 53, as amended
- Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

The provisions of this Statement have been implemented as of June 30, 2022.

Note 2 - Deposits and Investments

Summary of Deposits and Investments

Deposits and investments as of June 30, 2022, are classified in the accompanying financial statements as follows:

Governmental funds	$ 513,478,014
Proprietary funds	62,748,562
Total deposits and investments	$ 576,226,576

Deposits and investments as of June 30, 2022, consist of the following:

Cash awaiting deposit	$ 2,320,086
Cash on hand and in banks	15,022,340
Cash with fiscal agent	115,240,728
Cash in revolving	147,500
Investments	443,495,922
Total deposits and investments	$ 576,226,576

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 $443,495,922 in the Fresno County Treasury Investment Pool that has an average weighted maturity of 846 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% of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2022, $128,517,715 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, 2022, consisted of intergovernmental grants, entitlements, interest and other local sources. All receivables are considered collectible in full.

	General Fund	Cafeteria Fund	Non-Major Governmental Funds	Total Governmental Funds	Internal Service Fund	Total Governmental Activities
Federal Government						
Categorical aid	$ 21,478,683	$ 2,705,120	$ 233,861	$ 24,417,664	$ -	$ 24,417,664
State Government						
LCFF apportionment	6,970	-	-	6,970	-	6,970
State grants and entitlements	5,831,273	166,331	1,318,875	7,316,479	-	7,316,479
Local Sources	4,325,744	3,445	198,564	4,527,753	2,047,516	6,575,269
Total	$ 31,642,670	$ 2,874,896	$ 1,751,300	$ 36,268,866	$ 2,047,516	$ 38,316,382

Note 4 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2022, was as follows:

	Balance July 1, 2021 as Restated	Additions	Deductions	Balance June 30, 2022
Governmental Activities				
Capital assets not being depreciated				
Land	$ 103,444,421	$ -	$ -	$ 103,444,421
Construction in progress	6,904,873	32,995,757	(1,658,303)	38,242,327
Total capital assets not being depreciated	110,349,294	32,995,757	(1,658,303)	141,686,748
Capital assets being depreciated				
Land improvements	130,037,166	187,512	-	130,224,678
Buildings and improvements	1,073,060,049	546,053	-	1,073,606,102
Furniture and equipment	83,874,671	1,116,887	(2,113,079)	82,878,479
Total capital assets being depreciated	1,286,971,886	1,850,452	(2,113,079)	1,286,709,259
Total capital assets	1,397,321,180	34,846,209	(3,771,382)	1,428,396,007
Accumulated depreciation				
Land improvements	(91,478,991)	(3,885,754)	-	(95,364,745)
Buildings and improvements	(313,768,156)	(22,783,753)	-	(336,551,909)
Furniture and equipment	(47,697,548)	(4,350,137)	2,113,079	(49,934,606)
Total accumulated depreciation	(452,944,695)	(31,019,644)	2,113,079	(481,851,260)
Net depreciable capital assets	834,027,191	(29,169,192)	-	804,857,999
Right-to-use leased assets being amortized				
Buildings and improvements	4,915,000	-	-	4,915,000
Accumulated amortization				
Buildings and improvements	(446,818)	(297,879)	-	(744,697)
Net right-to-use leased assets	4,468,182	(297,879)	-	4,170,303
Governmental activities capital assets and right-to-use leased assets, net	$ 948,844,667	$ 3,528,686	$ (1,658,303)	$ 950,715,050

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

Governmental Activities	
Instruction	$ 18,348,156
School site administration	2,044,639
Food services	297,879
All other pupil services	3,047,333
Ancillary services	3,016,295
Community services	721,865
All other administration	2,256,164
Plant services	1,585,192
Total depreciation and amortization expenses - governmental activities	$ 31,317,523

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, 2022, 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	$ 1,500,000	$ 401,186
Cafeteria	-	5,677,113
Special Reserve Fund for Capital Outlay Projects	3,427,511	-
Non-Major Governmental Funds		
Charter Schools	1,318,246	315,384
Adult Education	49,538	-
Child Development	-	911,410
Deferred Maintenance	25,000	-
Capital Facilities	1,128,866	-
County School Facilities	-	134,824
Proprietary Fund		
Internal Service-Self Insurance	69,673	78,917
Total	$ 7,518,834	$ 7,518,834

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, 2022, consisted of the following:

The General Fund transferred to the Deferred Maintenance Non-Major Governmental Fund for future repairs and maintenance projects.	$ 2,825,000
The General Fund transferred to the Building Fund for the COPs debt service payment.	856,887
The General Fund transferred to the Building Fund from the restricted maintenance account for construction projects.	1,500,000
The General Fund transferred to the Special Reserve Fund for Capital Outlay Projects for construction project costs.	6,121,983
The General Fund transferred to the Special Reserve Fund for Capital Outlay Projects for a one-time furniture refresh.	200,000
The General Fund transferred to the Adult Education Non-Major Governmental Fund for the District's Adult Education contribution.	846,880
The General Fund transferred to the Internal Service - Self Insurance Fund for additional employer contribution to the health fund.	600,000
The Charter School Non-Major Governmental Fund transferred to the Capital Facilities Non-Major Governmental Fund for the portables construction project.	315,384
The Deferred Maintenance Non-Major Governmental Fund transferred to the Building Fund for the Clovis West High School modernization project.	1,000,000
The Capital Facilities Non-Major Governmental Fund transferred to the General Fund for the three percent administrative fee.	336,000
The Capital Facilities Non-Major Governmental Fund transferred to the Building Fund as a contribution towards construction project costs.	3,000,000
The County School Facilities Non-Major Governmental Fund transferred to the Special Reserve Fund for Capital Outlay Projects for capital project costs.	407,591
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.	594
The Other Debt Service Non-Major Governmental Fund transferred to the Building Fund for cafeteria tables.	951
Total	$ 18,011,270

Note 6 - Accounts Payable

Accounts payable at June 30, 2022, consisted of the following:

	General Fund	Cafeteria Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects
Vendor payables	$ 9,141,789	$ 556,510	$ 352,896	$ 276,826
LCFF apportionment	4,103,328	-	-	-
Deferred payroll	30,209,280	-	-	-
Other	939,016	-	-	-
Total	$ 44,393,413	$ 556,510	$ 352,896	$ 276,826

	Non-Major Governmental Funds	Total Governmental Funds	Internal Service Fund	Total Governmental Activities
Vendor payables	$ 1,656,034	$ 11,984,055	$ 4,183,191	$ 16,167,246
LCFF apportionment	-	4,103,328	-	4,103,328
Deferred payroll	-	30,209,280	-	30,209,280
Other	-	939,016	-	939,016
Total	$ 1,656,034	$ 47,235,679	$ 4,183,191	$ 51,418,870

Note 7 - Unearned Revenue

Unearned revenue at June 30, 2022, consists of the following:

	General Fund
Federal financial assistance	$ 36,639
State categorical aid	4,579,185
Total	$ 4,615,824

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 matured on December 30, 2021 with an interest rate of 0.25%. 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 2020-2021 and 2021-2022. 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% of principal and interest are due on the account to a designated fiscal agent by the November 30, 2021 (50% of principal on September 30, 2021, 50% of principal on November 30, 2021, and 100% of the interest on November 30, 2021). As of June 30, 2022, the District had no outstanding Note Participations.

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

Issue Date	Rate	Maturity Date	Outstanding July 1, 2021	Additions	Payments	Outstanding June 30, 2022
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, 2021 as Restated	Additions	Deductions	Balance June 30, 2022	Due in One Year
Long-Term Liabilities					
General obligation bonds	$ 477,575,863	$ 138,966,907	$ (154,556,271)	$ 461,986,499	$ 40,180,000
Certificates of participation	2,420,000	102,535,000	(4,460,000)	100,495,000	2,745,000
Unamortized debt premiums	9,815,040	1,107,798	(3,359,615)	7,563,223	-
Unamortized debt discounts	(493,855)	(1,707,179)	478,887	(1,722,147)	-
Financed purchases	12,660,179	1,700,000	(1,082,671)	13,277,508	461,547
Leases	4,640,000	-	(210,000)	4,430,000	220,000
Compensated absences	4,185,913	-	(996,519)	3,189,394	-
Claims liability	28,136,235	589,896	(994,773)	27,731,358	-
Total	$ 538,939,375	$ 243,192,422	$ (165,180,962)	$ 616,950,835	$ 43,606,547

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 the Capital Facilities Fund. The premiums and discounts will be amortized over the life of the related debt. Payments on the financed purchases, 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. The District is self-insured for the claims liability which is funded through the District's Self Insurance Fund.

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, 2021	Issued	Interest Accreted	Redeemed	Bonds Outstanding June 30, 2022	Due in One Year
2003	01B	2028	3.6-5.23%	$ 29,000,256	$ 10,367,941	$ -	$ -	$ (1,253,903)	$ 9,114,038	$ 1,117,405
Accreted interest on bonds					16,680,926	-	1,251,133	(1,921,097)	16,010,962	1,907,595
2005	04A	2030	3.8-6.15%	119,998,286	43,200,940	-	-	-	43,200,940	5,708,333
Accreted interest on bonds					61,742,291	-	5,759,027	-	67,501,318	8,256,667
2006	04B	2031	4.0-5.0%	48,001,060	13,847,060	-	-	-	13,847,060	-
Accreted interest on bonds					14,924,725	-	1,352,642	-	16,277,367	-
2012	12R	2022	2.0-5.0%	17,935,000	4,555,000	-	-	(4,555,000)	-	-
2013	12A	2038	1.0-5.5%	79,996,801	11,815,000	-	-	(8,300,000)	3,515,000	3,515,000
2014	12B	2024	2.0-6.12%	49,996,579	1,988,532	-	-	(610,025)	1,378,507	-
Accreted interest on bonds					1,157,136	-	129,024	(354,975)	931,185	-
2015	12C	2035	3.19-4.52%	64,995,505	55,170,504	-	-	(42,681,069)	12,489,435	1,305,000
Accreted interest on bonds					3,615,523	-	279,922	(2,775,916)	1,119,529	-
2016	12D	2041	3.37-5.0%	103,007,034	85,247,034	-	-	(47,882,034)	37,365,000	1,325,000
Accreted interest on bonds					4,111,267	-	215,985	(4,327,252)	-	-
2017	16R	2022	2.0-5.0%	30,510,000	2,550,000	-	-	(2,550,000)	-	-
2017	17R	2036	3.18-5.0%	43,121,677	39,071,677	-	-	(255,000)	38,816,677	-
Accreted interest on bonds					2,245,307	-	644,174	-	2,889,481	-
2018	18R	2023	2.694-4.357%	20,710,000	17,050,000	-	-	(17,050,000)	-	-
2020	19R	2038	1.786-3.257%	23,630,000	18,360,000	-	-	(165,000)	18,195,000	165,000
2021	21R	2022	0.200%	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	10,810,000
2022	21R	2040	0.286-3.067%	125,145,000	-	125,145,000	-	-	125,145,000	6,070,000
2022	22R	2032	5.00%	4,190,000	-	4,190,000	-	-	4,190,000	-
Total					$477,575,863	$129,335,000	$ 9,631,907	$ (154,556,271)	$461,986,499	$40,180,000

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
2023	$ 7,494,210	$ 10,615,790	$ 18,110,000	$ -	$ 18,110,000
2024	8,699,258	11,201,820	19,901,078	1,023,922	20,925,000
2025	8,052,673	10,833,575	18,886,248	1,993,752	20,880,000
2026	8,064,656	10,914,140	18,978,796	3,111,204	22,090,000
2027	8,544,039	12,729,577	21,273,616	4,886,384	26,160,000
2028-2032	30,395,144	45,545,459	75,940,603	29,759,397	105,700,000
2033-2036	15,671,677	2,889,481	18,561,158	9,348,842	27,910,000
Total	$ 86,921,657	$ 104,729,842	$ 191,651,499	$ 50,123,501	$ 241,775,000

The current interest bonds mature as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2023	$ 23,190,000	$ 8,131,020	$ 31,321,020
2024	1,760,000	7,868,454	9,628,454
2025	1,450,000	7,793,259	9,243,259
2026	1,585,000	7,722,331	9,307,331
2027	5,005,000	7,600,586	12,605,586
2028-2032	38,755,000	35,532,997	74,287,997
2033-2037	67,675,000	26,160,625	93,835,625
2038-2042	115,495,000	10,720,443	126,215,443
2043-2046	15,420,000	720,562	16,140,562
Total	$ 270,335,000	$ 112,250,277	$ 382,585,277

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%. As of June 30, 2022, the principal balance outstanding was $1,675,000.

2021 Certificates of Participation

In October 2011, the Central Valley Support Services JPA issued 2021 Certificates of Participation and entered into a lease agreement to fund the debt with the District in the amount of $102,535,000 with interest rates ranging from 0.435% to 3.100%. As of June 30, 2022, the principal balance outstanding was $98,820,000.

Debt Service Requirements to Maturity

Year Ending June 30,	Principal	Interest	Total
2023	$ 2,745,000	$ 2,943,826	$ 5,688,826
2024	2,775,000	2,911,497	5,686,497
2025	2,950,000	2,864,866	5,814,866
2026	2,980,000	2,803,261	5,783,261
2027	2,520,000	2,751,061	5,271,061
2028-2032	13,390,000	12,965,009	26,355,009
2033-2037	15,205,000	11,146,911	26,351,911
2038-2042	17,740,000	8,613,901	26,353,901
2043-2047	20,830,000	5,521,038	26,351,038
2048-2051	19,360,000	1,715,390	21,075,390
Total	$ 100,495,000	$ 54,236,760	$ 154,731,760

Financed Purchases

The District has entered into agreements to lease various facilities and equipment. 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 financed purchases have minimum payments as follows:

Year Ending June 30,	Principal	Interest to Maturity	Total
2023	$ 461,547	$ 482,143	$ 943,690
2024	1,955,490	478,199	2,433,689
2025	2,014,471	414,618	2,429,089
2026	1,652,000	348,800	2,000,800
2027	1,717,000	284,400	2,001,400
2028-2030	5,477,000	440,600	5,917,600
Total	$ 13,277,508	$ 2,448,760	$ 15,726,268

Leases

The District has entered into an agreement to lease the building located at 310 N. Sunnyside, Clovis, CA for their Campus Catering (food services) department. The lease began June 1, 2020, and ends June 1, 2036, and under the terms of the lease the District will make semi-annual payments ranging from $8,000 - $448,800 (principal portion increasing and interest portion decreasing over the life of the lease). The annual interest rate charged to the lease is 4.0%. At June 30, 2022, the District has recognized right-to-use asset of $4,915,000 and a total lease liability of $4,430,000 related to the lease agreement. During the fiscal year, the District recorded $297,879 in amortization expenses and $210,000 in principal and $185,600 in interest payments for the right-to-use of the building. The District also pays for the maintenance and upkeep of the building, which is not included in the measurement of the lease liability as they are variable in nature. The District's liability on the lease is summarized below:

Lease	Restated Leases Outstanding July 1, 2021	Addition	Payments	Leases Outstanding June 30, 2022
Campus Catering	$ 4,640,000	$ -	$ (210,000)	$ 4,430,000

The remaining principal and interest payment requirements for the lease obligation debt as of June 30, 2022, are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	$ 220,000	$ 177,200	$ 397,200
2024	225,000	168,400	393,400
2025	240,000	159,400	399,400
2026	265,000	149,800	414,800
2027	275,000	139,200	414,200
2028-2032	1,600,000	520,400	2,120,400
2033-2036	1,605,000	165,200	1,770,200
Total	$ 4,430,000	$ 1,479,600	$ 5,909,600

Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2022, amounted to $3,189,394.

Note 10 - Net Other Postemployment Benefit (OPEB) Liability

For the fiscal year ended June 30, 2022, the District reported net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

OPEB Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	$ 367,509,441	$ 91,254,686	$ 126,294,235	$ 27,074,324
Medicare Premium Payment (MPP) Program	2,214,642	-	-	(479,357)
Total	$ 369,724,083	$ 91,254,686	$ 126,294,235	$ 26,594,967

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	3,537
Total	4,773

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, 2022, the District paid $10,741,553 in benefits which did not include credit for an implicit rate subsidy.

Total OPEB Liability of the District

The District’s total OPEB liability of $367,509,441 was measured as of June 30, 2022, 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, 2022, unless otherwise specified:

Actuarial cost method	Entry age, level percent of pay
Salary increases	3.00%
Inflation rate	2.75%
Discount rate	3.69%
Healthcare cost trend rate	5.00% for 2022-2023; 4.00% for 2024-2069; 4.00% for 2070 and later; Medicare ages 4.00% 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:

1. 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.
2. 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, 2021	$ 492,437,990
Service cost	18,589,705
Interest	9,709,103
Changes of assumptions or other inputs	(142,485,804)
Benefit payments	(10,741,553)
Net change in total OPEB liability	(124,928,549)
Balance, June 30, 2022	$ 367,509,441

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

Changes of Assumptions - The discount rate was changed from 1.92% to 3.69% since the previous valuation.

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

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

Discount Rate	Total OPEB Liability
1% decrease (2.69%)	$ 439,959,040
Current discount rate (3.69%)	367,509,441
1% increase (4.69%)	310,976,729

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%)	$ 299,901,419
Current healthcare cost trend rate (5.00%)	367,509,441
1% increase (6.00%)	458,480,773

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

At June 30, 2022, District reported deferred outflows of resources and deferred inflow of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 20,393,846	$ -
Changes of assumptions and other inputs	70,860,840	126,294,235
Total	$ 91,254,686	$ 126,294,235

Amounts reported as deferred outflows of resources and deferred inflows of resources related to changes of assumptions and differences between expected and actual experience 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
2023	$ 14,967,085
2024	14,967,085
2025	14,967,085
2026	14,967,085
2027	14,967,085
Thereafter	16,419,261
Total	$ 91,254,686

Year Ended June 30,	Deferred Inflows of Resources
2023	$ (16,191,569)
2024	(16,191,569)
2025	(16,191,569)
2026	(16,191,569)
2027	(16,191,569)
Thereafter	(45,336,390)
Total	$ (126,294,235)

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, 2020, 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, 2022, the District reported a liability of $2,214,642 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. 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, 2021 and June 30, 2020, respectively, was 0.5552% and 0.6357%, resulting in a net decrease in the proportionate share of 0.0805%.

For the year ended June 30, 2022, the District recognized OPEB expense of $(479,357).

Actuarial Methods and Assumptions

The June 30, 2021 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2020, and rolling forward the total OPEB liability to June 30, 2021, using the assumptions listed in the following table:

Measurement Date	June 30, 2021	June 30, 2020
Valuation Date	June 30, 2020	June 30, 2019
Experience Study	June 30, 2015 through June 30, 2018	June 30, 2014 through June 30, 2018
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	2.16%	2.21%
Medicare Part A Premium Cost Trend Rate	4.50%	4.50%
Medicare Part B Premium Cost Trend Rate	5.40%	5.40%

For the valuation as of June 30, 2020, CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among our members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

Assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 245 or an average of 0.16% of the potentially eligible population (152,062).

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, 2021, 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, 2021, is 2.16%. 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 2.16%, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2021, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate decreased 0.05% from 2.21% as of June 30, 2020.

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 (1.16%)	$ 2,441,142
Current discount rate (2.16%)	2,214,642
1% increase (3.16%)	2,021,118

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)	$ 2,013,957
Current Medicare costs trend rates (4.50% Part A and 5.40% Part B)	2,214,642
1% increase (5.50% Part A and 6.40% Part B)	2,444,718

Note 11 - Fund Balances

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

	General Fund	Cafeteria Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total
Nonspendable						
Revolving cash	$ 144,000	$ -	$ -	$ -	$ 3,500	$ 147,500
Stores inventories	1,875,705	629,930	-	-	46,298	2,551,933
Prepaid expenditures	475,000	-	-	-	643,000	1,118,000
Total nonspendable	2,494,705	629,930	-	-	692,798	3,817,433
Restricted						
Legally restricted programs	29,562,555	-	-	-	180,730	29,743,285
Student activities	-	-	-	-	3,478,946	3,478,946
Food service	-	10,766,601	-	-	-	10,766,601
Childcare programs	-	-	-	-	7,583,860	7,583,860
Capital projects	-	-	31,484,714	120,885,349	96,088,016	248,458,079
Debt services	-	-	-	-	52,444,163	52,444,163
Total restricted	29,562,555	10,766,601	31,484,714	120,885,349	159,775,715	352,474,934
Committed						
10% stabilization, BP 3100	56,958,871	-	-	-	-	56,958,871
Deferred maintenance program	-	-	-	-	10,771	10,771
Future program growth	15,263,597	-	-	-	-	15,263,597
Textbooks	5,481,725	-	-	-	-	5,481,725
Adult education future program growth	-	-	-	-	728,479	728,479
Adult education capital improvements	-	-	-	-	2,500,000	2,500,000
Total committed	77,704,193	-	-	-	3,239,250	80,943,443
Assigned						
Childcare programs future growth	-	-	-	-	690,795	690,795
Charter school future program growth	-	-	-	-	369,588	369,588
Charter school capital improvements	-	-	-	-	6,996,034	6,996,034
Total assigned	-	-	-	-	8,056,417	8,056,417
Unassigned						
Remaining unassigned	56,282,327	-	-	-	-	56,282,327
Total	$166,043,780	$ 11,396,531	$ 31,484,714	$120,885,349	$171,764,180	$501,574,554

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 $27,731,358 reported in the Self Insurance Fund at June 30, 2022, 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, damage, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2022, 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, 2020 to June 30, 2022:

	Health Care	Workers' Compensation	Stop-Loss, Disability and Property	Total
Liability Balance, July 1, 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	(69,889,730)	(2,699,059)	(400,895)	(72,989,684)
Liability Balance, June 30, 2021	12,409,462	15,019,911	706,862	28,136,235
Claims and changes in estimates	589,896	-	-	589,896
Claims payments	-	(287,911)	(706,862)	(994,773)
Liability Balance, June 30, 2022	$ 12,999,358	$ 14,732,000	$ -	$ 27,731,358

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, 2022, 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	$ 168,097,217	$ 72,732,582	$ 153,757,720	$ 12,465,882
CalPERS	115,053,609	25,172,687	49,983,197	11,469,547
Total	$ 283,150,826	$ 97,905,269	$ 203,740,917	$ 23,935,429

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, 2020, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

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

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

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

The STRP provisions and benefits in effect at June 30, 2022, are summarized as follows:

	STRP Defined Benefit Program	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	16.92%	16.92%
Required state contribution rate	10.828%	10.828%

Contributions

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2022, are presented above and the District's total contributions were $36,574,644.

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

At June 30, 2022, 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	$ 168,097,217
State's proportionate share of the net pension liability	84,580,000
Total	$ 252,677,217

The net pension liability was measured as of June 30, 2021. 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, 2021 and June 30, 2020, respectively, was 0.3694% and 0.3648%, resulting in a net increase in the proportionate share of 0.0046%.

For the year ended June 30, 2022, the District recognized pension expense of $12,465,882. In addition, the District recognized pension expense and revenue of $2,893,800 for support provided by the State. At June 30, 2022, 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	$ 36,574,644	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	11,919,256	2,899,443
Differences between projected and actual earnings on pension plan investments	-	132,969,228
Differences between expected and actual experience in the measurement of the total pension liability	421,093	17,889,049
Changes of assumptions	23,817,589	-
Total	$ 72,732,582	$ 153,757,720

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	$ (33,766,210)
2024	(30,885,051)
2025	(31,651,512)
2026	(36,666,455)
Total	$ (132,969,228)

The deferred outflows of resources and deferred 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
2023	$ 8,707,115
2024	10,859,589
2025	(23,927)
2026	(1,011,671)
2027	(1,153,949)
Thereafter	(2,007,711)
Total	$ 15,369,446

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, 2020, and rolling forward the total pension liability to June 30, 2021. The financial reporting actuarial valuation as of June 30, 2020, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2020
Measurement date	June 30, 2021
Experience study	July 1, 2015 through June 30, 2018
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2021, are summarized in the following table:

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

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	$ 342,185,770
Current discount rate (7.10%)	168,097,217
1% increase (8.10%)	23,607,043

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, 2020, 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, 2022, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	22.91%	22.91%

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 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, 2022, are presented above and the total District contributions were $20,783,561.

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

As of June 30, 2022, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $115,053,609. The net pension liability was measured as of June 30, 2021. 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, 2021 and June 30, 2020, respectively, was 0.5658% and 0.5830%, resulting in a net decrease in the proportionate share of 0.0172%.

For the year ended June 30, 2022, the District recognized pension expense of $11,469,547. At June 30, 2022, 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	$ 20,783,561	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	954,481	5,557,817
Differences between projected and actual earnings on pension plan investments	-	44,154,151
Differences between expected and actual experience in the measurement of the total pension liability	3,434,645	271,229
Total	$ 25,172,687	$ 49,983,197

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	$ (11,073,823)
2024	(10,183,371)
2025	(10,616,830)
2026	(12,280,127)
Total	$ (44,154,151)

The deferred outflows of resources and deferred 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
2023	$ 1,252,205
2024	(1,266,060)
2025	(1,298,915)
2026	(127,150)
Total	$ (1,439,920)

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, 2020, and rolling forward the total pension liability to June 30, 2021. The financial reporting actuarial valuation as of June 30, 2020, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2020
Measurement date	June 30, 2021
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and service

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

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

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

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.15%)	$ 193,996,540
Current discount rate (7.15%)	115,053,609
1% increase (8.15%)	49,514,038

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% of gross salary to APPLE. The District is required to contribute 3.75% of gross salary expenditures to APPLE. The District's contributions to APPLE for the fiscal year ending June 30, 2022, 2021, 2020 were $683,658, $617,251, and $701,197, 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 $23,755,717 (10.828% of annual payroll). Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Note 14 - Commitments and Contingencies

Grants

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2022.

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, 2022.

Construction Commitments

As of June 30, 2022, the District had the following commitments with respect to the unfinished capital projects:

Location	Description	Remaining Construction Commitment	Expected Date of Completion
Various sites	Three Special Education portables	$ 1,158,576	November 2022
Various sites	Install sinks and toilets in Special Education portables	417,608	November 2022
Clovis East High School	CTE construction	28,551	September 2022
Buchanan High School	CTE construction	306,621	November 2022
District-wide	School site paving	354,415	August 2022
Various sites	Shade structures at 34 sites	1,849,576	September 2022
Bud Rank Elementary	Roofing	666,160	August 2022
Nelson Elementary	Classroom modernization	217,943	November 2022
Various sites	Field lights	2,970,221	November 2022
Clovis East High School	Soccer stadium	672,097	August 2023
Herndon/Fowler	New Special Education/online school	1,227,929	August 2024
Buchanan High School	Walk-in modernization	17,800	August 2023
Fowler/McKinley	New elementary school (design stage)	318,380	August 2024
Bradley Center	New education center (design stage)	7,430,454	August 2026
Dry Creek Elementary	Site modernization	163,497	August 2022
Clovis West High School	New wing	951,329	September 2022
Clovis West High School	Pool	5,577,732	May 2023
Clovis East High School/ Reyburn Intermediate	Fire panel upgrade	2,477,173	December 2022
Various sites	HVAC upgrade	213,716	September 2022
Various sites	EMS upgrade	109,738	August 2024
Various sites	Lockdown project	414,284	August 2024
Total		$ 27,543,800	

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, 2022, the District made no direct payments to SELF for liability insurance coverage. The payments are made through ASCIP.

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

During the year ended June 30, 2022, the District made payments of $3,843,922 to ASCIP for property and liability insurance coverage and $1,096,981 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, 2022, 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.

During the year ended June 30, 2022, the District made payments of $1,252,487 to 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, 2022, the District made payments of $1,326,980 to CART for the financing and operation of a joint technical center for high school age students.

Note 16 - Restatement of Prior Year Net Position and Fund Balance

As of July 1, 2021, the District adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use an underlying asset. The Statement requires 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. Beginning net position was restated to retroactively adopt the provisions of GASB Statement No. 87 as follows:

Government-Wide Financial Statements	
Net Position - Beginning	$ 42,773,069
Right-to-use intangible asset, net of amortization	4,468,182
Lease liability	(4,640,000)
Net Position - Beginning, as Restated	$ 42,601,251

Required Supplementary Information
June 30, 2022

Clovis Unified School District

	Budgeted Amounts			Variances - Positive (Negative)
	Original	Final	Actual	Final to Actual
Revenues				
Local Control Funding Formula	$416,909,623	$412,458,240	$412,458,240	$ -
Federal sources	97,777,377	52,159,347	50,362,089	(1,797,258)
Other State sources	87,538,643	96,166,964	96,166,964	-
Other local sources	13,669,580	9,469,205	11,266,463	1,797,258
Total revenues	615,895,223	570,253,756	570,253,756	-
Expenditures				
Current				
Certificated salaries	202,510,507	217,328,092	217,328,092	-
Classified salaries	87,735,508	89,605,971	89,605,971	-
Employee benefits	148,675,804	155,529,930	155,529,930	-
Books and supplies	132,311,519	46,565,164	46,565,164	-
Services and operating expenditures	35,049,489	41,523,838	41,523,838	-
Other outgo	(249,040)	248,268	248,268	-
Capital outlay	914,889	4,929,968	4,929,968	-
Debt service				
Debt service - principal	829,492	830,671	830,671	-
Debt service - interest and other	13,567	76,055	76,055	-
Total expenditures	607,791,735	556,637,957	556,637,957	-
Excess (Deficiency) of Revenues Over Expenditures	8,103,488	13,615,799	13,615,799	-
Other Financing Sources (Uses)				
Transfers in	3,336,000	336,000	336,000	-
Proceeds from financed purchase	1,700,000	1,700,000	1,700,000	-
Transfers out	(5,923,968)	(12,950,750)	(12,950,750)	-
Net financing sources (uses)	(887,968)	(10,914,750)	(10,914,750)	-
Net Change in Fund Balances	7,215,520	2,701,049	2,701,049	-
Fund Balance - Beginning	163,342,731	163,342,731	163,342,731	-
Fund Balance - Ending	$170,558,251	$166,043,780	$166,043,780	$ -

	Budgeted Amounts			Variances - Positive (Negative)
	Original	Final	Actual	Final to Actual
Revenues				
Federal sources	$ 11,888,920	$ 20,478,754	$ 20,478,754	$ -
Other State sources	749,523	1,393,673	1,393,673	-
Other local sources	3,958,431	123,354	123,354	-
Total revenues	16,596,874	21,995,781	21,995,781	-
Expenditures				
Current				
Classified salaries	5,733,536	5,384,208	5,384,208	-
Employee benefits	3,440,080	3,169,298	3,169,298	-
Books and supplies	7,394,879	7,323,557	7,323,557	-
Services and operating expenditures	638,832	219,543	219,543	-
Other outgo	495,151	421,395	421,395	-
Capital Outlay	-	22,200	22,200	-
Total expenditures	17,702,478	16,540,201	16,540,201	-
Net Change in Fund Balances	(1,105,604)	5,455,580	5,455,580	-
Fund Balance - Beginning	5,940,951	5,940,951	5,940,951	-
Fund Balance - Ending	$ 4,835,347	$ 11,396,531	$ 11,396,531	$ -

	2022	2021	2020	2019	2018
Total OPEB Liability					
Service cost	$ 18,589,705	$ 15,181,865	$ 12,130,038	$ 10,492,371	$ 10,186,768
Interest	9,709,103	10,742,328	11,432,331	11,229,316	10,741,686
Difference between expected and actual experience	-	26,058,802	-	-	-
Changes of assumptions	(142,485,804)	28,157,603	49,513,934	29,849,079	-
Benefit payments	(10,741,553)	(9,836,098)	(8,063,788)	(9,221,780)	(5,725,349)
Net change in total OPEB liability	(124,928,549)	70,304,500	65,012,515	42,348,986	15,203,105
Total OPEB Liability - Beginning	492,437,990	422,133,490	357,120,975	314,771,989	299,568,884
Total OPEB Liability - Ending	$ 367,509,441	$ 492,437,990	$ 422,133,490	$ 357,120,975	$ 314,771,989
Covered Payroll	N/A [1]	N/A [1]	N/A [1]	N/A [1]	N/A [1]
Total OPEB Liability as a Percentage of Covered Payroll	N/A [1]	N/A [1]	N/A [1]	N/A [1]	N/A [1]
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

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

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

Year ended June 30,	2022	2021	2020	2019	2018
Proportion of the net OPEB liability	0.5552%	0.6357%	0.6295%	0.6221%	0.6108%
Proportionate share of the net OPEB liability	$ 2,214,642	$ 2,693,999	$ 2,344,110	$ 2,381,187	$ 2,569,769
Covered payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Plan fiduciary net position as a percentage of the total OPEB liability	(0.80%)	(0.71%)	(0.81%)	(0.40%)	0.01%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

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

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

	2022	2021	2020	2019
CalSTRS				
Proportion of the net pension liability	0.3694%	0.3648%	0.3558%	0.3466%
Proportionate share of the net pension liability	$ 168,097,217	$ 353,552,614	321,370,136	318,541,616
State's proportionate share of the net pension liability	84,580,000	182,256,414	175,328,864	182,379,973
Total	$ 252,677,217	$ 535,809,028	$ 496,699,000	$ 500,921,589
Covered payroll	$ 199,959,300	$ 197,774,778	$ 192,616,677	$ 188,468,233
Proportionate share of the net pension liability as a percentage of its covered payroll	84.07%	178.77%	166.84%	169.02%
Plan fiduciary net position as a percentage of the total pension liability	87%	72%	73%	71%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
CalPERS				
Proportion of the net pension liability	0.5658%	0.5830%	0.5770%	0.5610%
Proportionate share of the net pension liability	$ 115,053,609	$ 178,895,219	$ 168,151,626	$ 149,586,205
Covered payroll	$ 81,379,290	$ 84,038,649	$ 80,165,104	$ 74,208,963
Proportionate share of the net pension liability as a percentage of its covered payroll	141.38%	212.87%	209.76%	201.57%
Plan fiduciary net position as a percentage of the total pension liability	81%	70%	70%	71%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

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

	2018	2017	2016	2015
CalSTRS				
Proportion of the net pension liability	0.3374%	0.3363%	0.3507%	0.3264%
Proportionate share of the net pension liability	312,018,523	271,983,817	236,088,495	190,731,688
State's proportionate share of the net pension liability	184,587,522	154,835,535	124,864,788	115,172,028
Total	$ 496,606,045	$ 426,819,352	$ 360,953,283	$ 305,903,716
Covered payroll	$ 182,374,682	$ 171,698,993	$ 163,040,732	$ 150,043,685
Proportionate share of the net pension liability as a percentage of its covered payroll	171.09%	158.41%	144.80%	127.12%
Plan fiduciary net position as a percentage of the total pension liability	69%	70%	74%	77%
Measurement Date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
CalPERS				
Proportion of the net pension liability	0.5487%	0.5366%	0.5465%	0.5259%
Proportionate share of the net pension liability	$ 130,998,817	$ 105,981,422	$ 80,561,650	$ 59,703,034
Covered payroll	$ 70,034,469	$ 64,365,730	$ 60,511,656	$ 55,215,032
Proportionate share of the net pension liability as a percentage of its covered payroll	187.05%	164.66%	133.13%	108.13%
Plan fiduciary net position as a percentage of the total pension liability	72%	74%	79%	83%
Measurement Date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

	2022	2021	2020	2019
CalSTRS				
Contractually required contribution	$ 36,574,644	$ 32,293,427	$ 33,819,487	$ 31,357,995
Less contributions in relation to the contractually required contribution	36,574,644	32,293,427	33,819,487	31,357,995
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 216,162,199	$ 199,959,300	$ 197,774,778	$ 192,616,677
Contributions as a percentage of covered payroll	16.92%	16.15%	17.10%	16.28%
CalPERS				
Contractually required contribution	$ 20,783,561	$ 16,845,513	$ 16,573,262	$ 14,479,421
Less contributions in relation to the contractually required contribution	20,783,561	16,845,513	16,573,262	14,479,421
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 90,718,293	$ 81,379,290	$ 84,038,649	$ 80,165,104
Contributions as a percentage of covered payroll	22.910%	20.700%	19.7210%	18.0620%

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

	2018	2017	2016	2015
CalSTRS				
Contractually required contribution	$ 27,195,966	$ 22,942,735	$ 18,423,302	$ 14,478,017
Less contributions in relation to the contractually required contribution	27,195,966	22,942,735	18,423,302	14,478,017
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 188,468,233	$ 182,374,682	$ 171,698,993	$ 163,040,732
Contributions as a percentage of covered payroll	14.43%	12.58%	10.73%	8.88%
CalPERS				
Contractually required contribution	$ 11,525,394	$ 9,726,387	$ 7,625,408	$ 7,122,827
Less contributions in relation to the contractually required contribution	11,525,394	9,726,387	7,625,408	7,122,827
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 74,208,963	$ 70,034,469	$ 64,365,730	$ 60,511,656
Contributions as a percentage of covered payroll	15.5310%	13.8880%	11.8470%	11.7710%

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

Note 1 - Purpose of Schedules

Budgetary Comparison Schedules

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

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

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

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 1.92% to 3.69% since last study.

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 plan's fiduciary net position. In the future, as data becomes available, ten years of information will be presented.

- *Changes in Benefit Terms* - There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* - The plan rate of investment return assumption was changed from 2.21% to 2.16% since the previous valuation.

Schedule of the District's Proportionate Share of the Net Pension Liability

This schedule presents information on the District's proportionate share of the net pension liability (NPL), the plans' fiduciary net position and, when applicable, the State's proportionate share of the NPL associated with the District. In the future, as data becomes available, ten years of information will be presented.

- *Changes in Benefit Terms* - There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.
- *Changes of Assumptions* - There were no changes in economic assumptions for either the CalSTRS or CalPERS plans from the previous valuations.

Schedule of the District's Contributions

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

Supplementary Information
June 30, 2022

Clovis Unified School District

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Indian Education - Grants to Local Educational Agencies	84.060	[1]	$ 149,730
Federal Pell Grant Program	84.063	[1]	153,276
School Climate Tranformation	84.184G	[1]	705,908
Passed Through California Department of Education (CDE)			
Special Education Cluster			
Special Education Grants to States - Basic Local Assistance	84.027	13379	6,759,412
COVID-19, Special Education: ARP IDEA Part B, Local Assistance Entitlement	84.027	15638	134,104
Special Education Grants to States - Mental Health	84.027A	14468	491,497
Subtotal (84.027)			7,385,013
Special Education Preschool Grants	84.173	13430	119,310
COVID-19, Special Education: ARP IDEA, Preschool Grants	84.173	15639	22,313
Special Education Preschool Grants - Alternate Dispute Resolution	84.173A	13007	63,227
Special Education Preschool Grants - Preschool Staff Development	84.173	13431	1,272
Subtotal (84.173)			206,122
Total Special Education Cluster			7,591,135
COVID-19, Elementary and Secondary School Emergency Relief Fund (ESSER)	84.425D	15536	3,648,427
COVID-19, Elementary and Secondary School Emergency Relief Fund II (ESSER II)	84.425D	15547	4,620,776
COVID-19, Expanded Learning Opportunities (ELO) Grant: ESSER II: State Reserve	84.425D	15618	3,544,158
COVID-19 Governor’s Emergency Education Relief Fund (GEER)	84.425C	15517	515,112
COVID-19, Expanded Learning Opportunities (ELO) Grant GEER II	84.425C	15619	477,560
COVID-19, Elementary and Secondary School Emergency Relief Fund III (ESSER III)	84.425U	15559	14,425,413
COVID-19, Expanded Learning Opportunities (ELO) Grant: ESSER III: State Reserve, Emergency Needs	84.425U	15620	2,619,033
COVID-19, Elementary and Secondary School Emergency Relief Fund III (ESSER III): Learning Loss	84.425U	10155	1,131,539
COVID-19, Expanded Learning Opportunities (ELO) Grant: ESSER III: State Reserve, Learning Loss	84.425U	15621	354,525
Subtotal (84.425)			31,336,543

[1] Not applicable, District is direct funded

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)			
Adult Education - Basic Grants to States: Adult Basic	84.002	14508	244,965
Adult Education - Basic Grants to States: Adult Secondary	84.002	13978	423,806
Subtotal (84.002)			668,771
Title I Grants to Local Educational Agencies	84.010	14329	8,098,647
ESEA: ESSA School Impovement (CSI) Funding for LEAs	84.010	15438	419,726
Subtotal (84.010)			8,518,373
English Language Acquisition State Grants - IEP	84.365	15146	6,919
English Language Acquisition State Grants - LEP	84.365	14346	184,257
Subtotal (84.365)			191,176
Career and Technical Education - Basic Grants to States, Secondary	84.048	14894	273,590
Career and Technical Education - Basic Grants to States, Adult, Section 132	84.048	14893	50,000
Subtotal (84.048)			323,590
Supporting Effective Instruction State Grants - Teacher Quality	84.367	14341	759,348
Student Support and Academic Enrichment Program	84.424	15396	554,890
Special Education-Grants for Infants and Families	84.181	23761	81,623
Rehabilitation Services Vocational Rehabilitation Grants to States - Workability II	84.126	10006	129,674
Total U.S. Department of Education			51,164,037
U.S. Department of Health and Human Services			
Passed Through California Department of Social Services			
CCDF Cluster: COVID-19, Child Development: Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act - One-Time Stipend	93.575	15555	314,213
Total U.S. Department of Health and Human Services			314,213
U.S. Department of Defense			
ROTC Language and Culture Training Grants	12.357	[1]	70,098
Total U.S. Department of Defense			70,098

[1] Not applicable, District is direct funded

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 Agriculture			
Passed Through California Department of Education			
COVID-19, SNAP, Pandemic Electronic Benefits Transfer Local Administrative Grant	10.649	15644	5,814
Child Nutrition Cluster			
National School Lunch Program	10.555	13391	114,251
COVID-19, SNP, Emergency Operational Costs Reimbursement (ECR)	10.555	15637	276,511
National School Lunch Program - Commodity Supplemental Food	10.555	13391	1,296,706
Subtotal (10.555)			1,687,468
National School Lunch Program - Summer Food Program	10.559	13004	18,785,473
Total Child Nutrition Cluster			20,472,941
Total U.S. Department of Agriculture			20,478,755
Total Federal Financial Assistance			$ 72,027,103

Organization

The Clovis Unified School District was established in 1960 and consists of an area comprising approximately 198 square miles. The District operates thirty-four 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
Elizabeth Sandoval	Member	2022
Vacant	Member	2022

Administration

Eimear O’Brien, Ed.D.	Superintendent
Norm Anderson	Deputy Superintendent
Michael Johnston	Associate Superintendent, Administrative Services
Barry Jager	Associate Superintendent, Human Resources and Employee Relations
Corrine Folmer, Ed.D.	Associate Superintendent, School Leadership
Susan Rutledge	Assistant Superintendent, Business Services

	Second Period Report	Annual Report
Clovis Unified School District		
Regular ADA		
Transitional kindergarten through third	11,407.54	11,420.75
Fourth through sixth	8,963.80	8,966.78
Seventh and eighth	6,102.19	6,094.29
Ninth through twelfth	12,078.34	11,972.98
Total regular ADA	38,551.87	38,454.80
Extended Year Special Education		
Transitional kindergarten through third	11.78	11.78
Fourth through sixth	6.42	6.42
Seventh and eighth	3.51	3.51
Ninth through twelfth	9.38	9.38
Total extended year special education	31.09	31.09
Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	-	0.14
Fourth through sixth	4.56	4.38
Seventh and eighth	5.04	4.56
Ninth through twelfth	6.85	6.31
Total special education, nonpublic, nonsectarian schools	16.45	15.39
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	-	0.01
Fourth through sixth	-	0.33
Seventh and eighth	0.71	0.82
Ninth through twelfth	1.24	1.46
Total extended year special education, nonpublic, nonsectarian schools	1.95	2.62
Community Day School		
Fourth through sixth	5.07	5.56
Seventh and eighth	15.30	14.86
Ninth through twelfth	22.07	23.36
Total community day school	42.44	43.78
Total ADA	38,643.80	38,547.68
Clovis Online Charter School		
Regular ADA, Non-Classroom Based		
Transitional kindergarten through third	69.48	71.05
Fourth through sixth	69.90	72.34
Seventh and eighth	105.78	111.15
Ninth through twelfth	544.28	558.14
Total regular ADA	789.44	812.68

Grade Level	1986-1987 Minutes Requirement	2021-2022 Actual Minutes	Number of Actual Days	Status
Kindergarten	36,000	36,045	180	Complied
Grades 1 - 3	50,400			
Grade 1		56,475	180	Complied
Grade 2		56,475	180	Complied
Grade 3		56,475	180	Complied
Grades 4 - 8	54,000			
Grade 4		56,655	180	Complied
Grade 5		56,622	180	Complied
Grade 6		56,655	180	Complied
Grade 7		62,785	181	Complied
Grade 8		62,785	181	Complied
Grades 9 - 12	64,800			
Grade 9		65,263	181	Complied
Grade 10		65,263	181	Complied
Grade 11		65,263	181	Complied
Grade 12		65,263	181	Complied

There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2022.

	(Budget) 2023 [1]	2022	2021	2020
General Fund				
Revenues	$ 684,584,647	$ 570,253,756	$ 552,135,341	$ 506,014,389
Other sources and tranfers in	836,000	2,036,000	1,142,375	2,584,851
Total Revenues and Other Sources	685,420,647	572,289,756	553,277,716	508,599,240
Expenditures	657,379,880	556,637,957	516,940,343	483,038,866
Other uses and transfers out	7,471,066	12,950,750	4,076,521	9,903,108
Total Expenditures and Other Uses	664,850,946	569,588,707	521,016,864	492,941,974
Increase in Fund Balance	20,569,701	2,701,049	32,260,852	15,657,266
Ending Fund Balance	$ 186,613,481	$ 166,043,780	$ 163,342,731	$ 131,081,879
Available Reserves [2]	$ 64,879,348	$ 56,282,327	$ 116,853,507	$ 99,623,391
Available Reserves as a Percentage of Total Outgo	9.76%	9.88%	22.43%	20.21%
Long-Term Liabilities [3]	Not Available	$ 1,269,825,744	$ 1,566,519,197	$ 1,427,129,549
Average Daily Attendance at P-2	40,144	38,644	41,558	41,558

The General Fund balance has increased by $34,961,901 over the past two years. The fiscal year 2022-2023 budget projects an increase of $20,569,701 (12.0%). 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 2022-2023 fiscal year. Total long-term obligations have decreased by $157,303,805 over the past two years due to the issuance of general obligation refunding bonds and decreases in the District's net pension liability and other postemployment benefits obligations in the current year.

Average daily attendance has decreased by 2,914 over the past two years, the decrease was due primarily to the impact of COVID-19 on student attendance. Growth of 1,500 ADA is anticipated during fiscal year 2022-2023.

[1] Budget 2023 is included for analytical purposes only and has not been subjected to audit.
[2] Available reserves consist of all unassigned fund balances including all amounts reserved for economic uncertainties contained within the General Fund.
[3] The long-term liabilities balance was restated as of June 30, 2021, due to the implementation of GASB Statement No. 87.

Name of Charter School	Charter Number	Included in Audit Report
Clovis Online School	1006	Yes

	Student Activities Fund	Charter School Fund	Adult Education Fund	Child Development Fund	Deferred Maintenance Fund	Capital Facilities Fund	County School Facilities Fund	Bond Interest and Redemption Fund	Other Debt Service Fund	Total Non-Major Governmental Funds
Assets										
Deposits and investments	$ 3,478,946	$ 7,141,923	$ 2,629,564	$ 8,413,725	$ 606,446	$ 50,147,955	$ 44,956,862	$ 52,444,163	$ -	$ 169,819,584
Receivables	-	156,328	645,685	945,573	-	3,714	-	-	-	1,751,300
Due from other funds	-	1,318,246	49,538	-	25,000	1,128,866	-	-	-	2,521,650
Prepaid expenditures	-	643,000	-	-	-	-	-	-	-	643,000
Stores inventories	-	-	46,298	-	-	-	-	-	-	46,298
Total assets	$ 3,478,946	$ 9,259,497	$ 3,371,085	$ 9,359,298	$ 631,446	$ 51,280,535	$ 44,956,862	$ 52,444,163	$ -	$ 174,781,832
Liabilities and Fund Balances										
Liabilities										
Accounts payable	$ -	$ 754,761	$ 92,808	$ 173,233	$ 620,675	$ 9,837	$ 4,720	$ -	$ -	$ 1,656,034
Due to other funds	-	315,384	-	911,410	-	-	134,824	-	-	1,361,618
Total liabilities	-	1,070,145	92,808	1,084,643	620,675	9,837	139,544	-	-	3,017,652
Fund Balances										
Nonspendable	-	643,000	49,798	-	-	-	-	-	-	692,798
Restricted	3,478,946	180,730	-	7,583,860	-	51,270,698	44,817,318	52,444,163	-	159,775,715
Committed	-	-	3,228,479	-	10,771	-	-	-	-	3,239,250
Assigned	-	7,365,622	-	690,795	-	-	-	-	-	8,056,417
Total fund balances	3,478,946	8,189,352	3,278,277	8,274,655	10,771	51,270,698	44,817,318	52,444,163	-	171,764,180
Total liabilities and fund balances	$ 3,478,946	$ 9,259,497	$ 3,371,085	$ 9,359,298	$ 631,446	$ 51,280,535	$ 44,956,862	$ 52,444,163	$ -	$ 174,781,832

	Student Activities Fund	Charter School Fund	Adult Education Fund	Child Development Fund	Deferred Maintenance Fund	Capital Facilities Fund	County School Facilities Fund	Bond Interest and Redemption Fund	Other Debt Service Fund	Total Non-Major Governmental Funds
Revenues										
Local Control Funding Formula	$ -	$ 8,229,407	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 8,229,407
Federal sources	-	-	872,047	357,000	-	-	-	-	-	1,229,047
Other State sources	-	423,928	2,691,240	12,651,455	-	-	10,772,957	310,591	-	26,850,171
Other local sources	6,748,158	(267,301)	1,207,947	6,842,257	(15,915)	22,675,331	(1,738,402)	47,197,685	(234)	82,649,526
Total revenues	6,748,158	8,386,034	4,771,234	19,850,712	(15,915)	22,675,331	9,034,555	47,508,276	(234)	118,958,151
Expenditures										
Current										
Instruction	-	5,399,842	2,547,896	9,982,189	-	-	-	-	-	17,929,927
Instruction-related activities										
Supervision of instruction	-	34,652	624,609	1,761,748	-	-	-	-	-	2,421,009
Instructional library, media, and technology	-	145,227	37,355	-	-	-	-	-	-	182,582
School site administration	-	504,541	1,939,328	-	-	-	-	-	-	2,443,869
Pupil services										
All other pupil services	-	659,359	343,055	183,022	-	-	-	-	-	1,185,436
Administration										
All other administration	-	116,526	114,155	563,855	-	-	-	-	-	794,536
Plant services	-	27,632	343,650	-	1,210,275	3,282,478	-	-	-	4,864,035
Ancillary services	5,526,081	-	-	-	-	-	-	-	-	5,526,081
Facility acquisition and construction	-	188,594	-	102,570	1,246,680	25,807	4,111,670	-	-	5,675,321
Debt service										
Principal	-	-	-	252,000	-	3,715,000	-	37,096,613	-	41,063,613
Refunding issuance costs	-	-	-	-	-	-	-	763,387	-	763,387
Interest and other	-	-	-	-	-	1,556,323	-	8,565,726	-	10,122,049
Total expenditures	5,526,081	7,076,373	5,950,048	12,845,384	2,456,955	8,579,608	4,111,670	46,425,726	-	92,971,845
Excess (Deficiency) of Revenues Over Expenditures	1,222,077	1,309,661	(1,178,814)	7,005,328	(2,472,870)	14,095,723	4,922,885	1,082,550	(234)	25,986,306
Other Financing Sources (Uses)										
Transfers in	-	-	846,880	-	2,825,000	315,384	-	-	-	3,987,264
Other sources	-	-	-	-	-	-	-	1,091	-	1,091
Proceeds from general obligation refunding bonds	-	-	-	-	-	-	-	129,335,000	-	129,335,000
Payments to escrow for refunding debt	-	-	-	-	-	-	-	(129,679,411)	-	(129,679,411)
Premium on bond issuance	-	-	-	-	-	-	-	1,107,798	-	1,107,798
Transfers out	-	(315,384)	-	-	(1,000,000)	(3,336,000)	(407,591)	(594)	(951)	(5,060,520)

	Student Activities Fund	Charter School Fund	Adult Education Fund	Child Development Fund	Deferred Maintenance Fund	Capital Facilities Fund	County School Facilities Fund	Bond Interest and Redemption Fund	Other Debt Service Fund	Total Non-Major Governmental Funds
Net Financing Sources (Uses)	-	(315,384)	846,880	-	1,825,000	(3,020,616)	(407,591)	763,884	(951)	(308,778)
Net Change in Fund Balances	1,222,077	994,277	(331,934)	7,005,328	(647,870)	11,075,107	4,515,294	1,846,434	(1,185)	25,677,528
Fund Balance - Beginning	2,256,869	7,195,075	3,610,211	1,269,327	658,641	40,195,591	40,302,024	50,597,729	1,185	146,086,652
Fund Balance - Ending	$ 3,478,946	$ 8,189,352	$ 3,278,277	$ 8,274,655	$ 10,771	$ 51,270,698	$ 44,817,318	$ 52,444,163	$ -	$171,764,180

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, 2022. 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, 2022, the District had used $1,296,706 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 Child Development: Coronavirus Response and Relief Supplemental Apportionments Act One-Time Stipend prior year revenues expended in the current year and unspent Child Development: ARP California State Preschool Program One-Time Stipend revenues received.

Description	Federal Financial Assistance Listing/Federal CFDA Number	Amount
Total Federal Revenues reported on the financial statements		$ 72,069,890
COVID-19, Child Development: Coronavirus Response and Relief Supplemental Apporpriations Act - One-Time Stipend	93.575	314,213
COVID-19, Child Development: ARP California State Preschool Program One-Time Stipend	93.575	(357,000)
Total Schedule of Expenditures of Federal Awards		$ 72,027,103

Local Education Agency Organization Structure

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

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

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

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

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Schedule of Financial Trends and Analysis

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

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, 2022

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, 2022, 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 December 20, 2022.

Adoption of New Accounting Standard

As discussed in Notes 1 and 16 to the financial statements, the Clovis Unified School District has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ended June 30, 2022. Accordingly, a restatement has been made to the governmental activities net position as of July 1, 2021, to restate beginning net position. Our opinions are not modified with respect to this matter.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered 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 material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Eide Bailly LLP

Fresno, California
December 20, 2022

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

To the Governing Board
Clovis Unified School District
Clovis, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Clovis Unified School District's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Clovis Unified School District's major federal programs for the year ended June 30, 2022. 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.

In our opinion, Clovis Unified School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Eide Bailly LLP

Fresno, California
December 20, 2022

CPAs & BUSINESS ADVISORS

Independent Auditor's Report on State Compliance

To the Governing Board
Clovis Unified School District
Clovis, California

Report on Compliance

Opinion on State Compliance

We have audited Clovis Unified School District's (the District) compliance with the requirements specified in the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, applicable to the District's state program requirements identified below for the year ended June 30, 2022.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the laws and regulations of the state programs noted in the table below for the year ended June 30, 2022.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

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Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the District's internal controls over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine the District's compliance with the state laws and regulations applicable to the following items:

2021-2022 K-12 Audit Guide Procedures	Procedures Performed
Local Education Agencies Other Than Charter Schools	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No (see below)
GANN Limit Calculation	Yes

2021-2022 K-12 Audit Guide Procedures	Procedures Performed
Local Education Agencies Other Than Charter Schools	
School Accountability Report Card	Yes
Juvenile Court Schools	No (see below)
Middle or Early College High Schools	No (see below)
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	No (see below)
Comprehensive School Safety Plan	Yes
District of Choice	No (see below)
School Districts, County Offices of Education, and Charter Schools	
California Clean Energy Jobs Act	No (see below)
After/Before School Education and Safety Program	No (see below)
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study - Course Based	No (see below)
Immunizations	No (see below)
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Yes
In Person Instruction Grant	Yes
Charter Schools	
Attendance	Yes
Mode of Instruction	No (see below)
Nonclassroom-Based Instruction/Independent Study	Yes
Determination of Funding for Nonclassroom-Based Instruction	Yes
Annual Instructional Minutes - Classroom Based	No (see below)
Charter School Facility Grant Program	No (see below)

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

We did not perform procedures for Juvenile Court Schools because the district does not operate this type of school.

We did not perform procedures for Middle or Early College High Schools because the district does not operate these programs.

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

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

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

The District does not offer a Before School Education and Safety Program; therefore, we did not perform procedures related to the Before School Education and Safety Program.

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

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

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

We did not perform procedures for the Charter Schools Mode of Instruction nor Annual Instruction Minutes Classroom-Based because the District's charter school is entirely nonclassroom-based.

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

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

Report on Internal Control over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Fresno, California
December 20, 2022

Schedule of Findings and Questioned Costs
June 30, 2022

Clovis Unified School District

Financial Statements

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

Federal Awards

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

Identification of major programs

Name of Federal Program or Cluster	Federal Financial Assistance Listing/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
COVID-19, Expanded Learning Opportunities (ELO) Grant: ESSER II: State Reserve	84.425D
COVID-19 Governor's Emergency Education Relief Fund (GEER)	84.425C
COVID-19, Expanded Learning Opportunities (ELO) Grant GEER II	84.425C
COVID-19, Elementary and Secondary School Emergency Relief Fund III (ESSER III)	84.425U
COVID-19, Expanded Learning Opportunities (ELO) Grant: ESSER III: State Reserve, Emergency Needs	84.425U
COVID-19, Elementary and Secondary School Emergency Relief Fund III (ESSER III): Learning Loss	84.425U
COVID-19, Expanded Learning Opportunities (ELO) Grant: ESSER III: State Reserve, Learning Loss	84.425U
Child Nutrition Cluster	10.555, 10.559

Dollar threshold used to distinguish between type A and type B programs	$ 2,160,813
Auditee qualified as low-risk auditee?	No

State Compliance

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

None reported.

None reported.

None reported.

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

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.

Current Status

Implemented.

State Compliance Findings

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 mentioned 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% 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.

Current Status

Implemented.