



Financial Statements
June 30, 2022

Madera Unified School District

| | |
|---|----|
| Independent Auditor's Report..... | 1 |
| Management's Discussion and Analysis | 5 |
| Government-Wide Financial Statements | |
| Statement of Net Position | 18 |
| Statement of Activities..... | 19 |
| Government Fund Financial Statements | |
| Balance Sheet – Governmental Funds | 20 |
| Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position | 21 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds | 22 |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 23 |
| Notes to Financial Statements..... | 25 |
| Required Supplementary Information | |
| Budgetary Comparison Schedule – General Fund | 69 |
| Schedule of Changes in the District's Net OPEB Liability and Related Ratios..... | 70 |
| Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program..... | 71 |
| Schedule of the District's Proportionate Share of the Net Pension Liability | 72 |
| Schedule of the District's Contributions | 74 |
| Notes to Required Supplementary Information | 76 |
| Supplementary Information | |
| Schedule of Expenditures of Federal Awards | 78 |
| Local Education Agency Organization Structure..... | 81 |
| Schedule of Average Daily Attendance..... | 82 |
| Schedule of Instructional Time | 83 |
| Reconciliation of Annual Financial and Budget Report with Audited Financial Statements | 84 |
| Schedule of Financial Trends and Analysis | 85 |
| Schedule of Charter Schools | 86 |
| Combining Balance Sheet – Non-Major Governmental Funds | 87 |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental Funds..... | 88 |
| Notes to Supplementary Information..... | 90 |
| Independent Auditor's Reports | |
| 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 <i>Government Auditing Standards</i> | 92 |
| Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance | 94 |
| Independent Auditor's Report on State Compliance..... | 97 |
| Schedule of Findings and Questioned Costs | |

Summary of Auditor’s Results..... 101

Financial Statement Findings 103

Federal Awards Findings and Questioned Costs..... 105

State Compliance Findings and Questioned Costs..... 106

Summary Schedule of Prior Audit Findings..... 107



Independent Auditor's Report

To the Governing Board
Madera Unified School District
Madera, 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 Madera 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 Madera Unified School District, as of June 30, 2022, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Madera 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 Madera 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 and net position 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 Madera 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 Madera 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 Madera 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 net OPEB liability and related ratios, schedule of the District's proportionate share of the net OPEB liability – MPP program, schedule of the District's proportionate share of the net pension liability, and the schedule of 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 Madera 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 15, 2022 on our consideration of Madera 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 Madera 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 Madera Unified School District's internal control over financial reporting and compliance.

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

Fresno, California
December 15, 2022



Madera Unified School District

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MANAGEMENT DISCUSSION AND ANALYSIS

This section of Madera Unified School District (the District) annual financial report presents the District'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 ended June 30, 2021.

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 district-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
- The governmental funds statements tell how basic services like regular and special education were financed in the short term as well as what remains for future spending.

The 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.

Our Vision: Madera Unified will set the standard for hard work, creativity and resiliency with a fearless drive to continuously improve.

**Figure A-1. Organization of Madera Unified’s
Annual Financial Report**

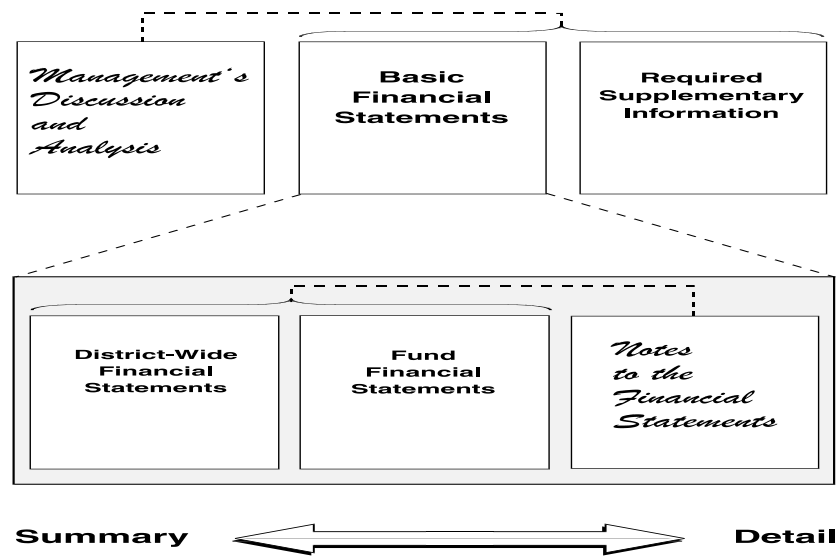


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights the structure and contents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

Figure A-2. Major Features of the District-Wide and Fund Financial Statements

| Type of Statements | District-Wide | Fund Financial Statements |
|--|--|--|
| Scope | Entire District, except fiduciary activities | The activities of the District that are not proprietary in nature. |
| Required financial statements | <ul style="list-style-type: none"> •Statement of net position •Statement of activities | <ul style="list-style-type: none"> •Balance sheet •Statement of revenues, expenditures and changes in fund balances •Reconciliation to government-wide financial statements |
| 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 |

District-Wide Statements

The district-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 district-wide statements report the District's net position and changes in them. Net position is the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources, which is one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position will serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Other factors to consider are changes in the District's property tax base and the condition of the District's facilities.

- Over time, increases or decreases in the District's net position is 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 district-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 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:

- Some funds are required by State law.
- The District establishes other funds to control and manage money for particular purposes (like food services and adult education) or to show that it is properly using certain revenues.

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 district-wide statements, we provide additional information at the bottom of the governmental funds statements that explains the relationship (or differences) between them.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position. The District's combined net position was \$267.5 million on June 30, 2022, increasing by \$111 million (see Table A-1).

Table A-1

| | Governmental Activities | |
|----------------------------------|----------------------------|-----------------------|
| | 2022 | 2021 as Restated |
| Assets | | |
| Current and other assets | \$ 324,000,920 | \$ 229,860,716 |
| Capital assets | 497,495,412 | 484,425,571 |
| Total assets | 821,496,332 | 714,286,287 |
| Deferred outflows of resources | 73,006,310 | 75,437,771 |
| Liabilities | | |
| Current liabilities | 50,593,730 | 26,457,260 |
| Long-term liabilities | 464,933,016 | 587,845,896 |
| Total liabilities | 515,526,746 | 614,303,156 |
| Deferred inflows of resources | 111,498,471 | 18,627,849 |
| Net Position | | |
| Net investment in capital assets | 264,650,987 | 244,373,710 |
| Restricted | 96,828,464 | 51,786,466 |
| Unrestricted (deficit) | (94,002,026) | (139,367,123) |
| Total net position | \$ 267,477,425 | \$ 156,793,053 |

Changes in net position. The District's total governmental revenues were \$416.7 million (see Table A-2). Property taxes and state aid formula accounted for most of the District's revenue, with federal and state unrestricted aid contributing about \$222.8 million and property taxes contributing about \$44.7 million. Another \$109.1 million came from categorical programs, \$36.3 million came from capital grants, \$2.7 million came from fees charged for services, and \$1.1 million came from miscellaneous sources including developer fees, however those revenues were impacted this year due to investment losses in the County Treasurers pool.

The total cost of all governmental programs and services was \$306 million. The District's expenses are primarily related to educating and caring for students (62 percent). The purely administrative activities of the District accounted for just eight percent of the total cost.

Total revenues surpassed expenses, increasing net position \$110.7 million over last year. Governmental activities contributed to the District's healthier fiscal status.

Table A-2

| | Governmental Activities | |
|--------------------------------------|----------------------------|----------------------|
| | 2022 | 2021* |
| Revenues | | |
| Program revenues | | |
| Charges for services and sales | \$ 2,697,262 | \$ 2,000,295 |
| Operating grants and contributions | 109,145,865 | 58,818,105 |
| Capital grants and contributions | 36,253,858 | 14,313,686 |
| General revenues | | |
| Federal and State aid not restricted | 222,793,741 | 203,047,524 |
| Property taxes | 44,695,779 | 43,616,445 |
| Other general revenues | 1,140,531 | 48,128,780 |
| Total revenues | <u>416,727,036</u> | <u>369,924,835</u> |
| Expenses | | |
| Instruction-related | 189,839,487 | 214,621,541 |
| Pupil services | 48,934,710 | 48,778,220 |
| Administration | 25,581,083 | 19,870,092 |
| Plant services | 18,433,522 | 31,556,021 |
| Other | 23,253,862 | 20,647,737 |
| Total expenses | <u>306,042,664</u> | <u>335,473,611</u> |
| Change in net position | <u>\$ 110,684,372</u> | <u>\$ 34,451,224</u> |

* The revenues and expenses for fiscal year 2021 were not restated to show the effects of GASB 87 for comparative purposes.

Governmental Activities

The District strives to uphold its fiduciary duties by protecting and preserving the fiscal prosperity of the District. Adherence to the Madera Unified mission statement of establishing a financially sound and effective organization plays a pivotal role in creating a safe and orderly learning environment, that will result in the greatest student achievement. Our goal is long-term stability to ensure that our focus remain true to providing a quality education, and safe and appropriate facilities for our students.

Table A-3 presents the cost of the District's major activities: instruction, pupil services, administration, plant services, and all other services. 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 | \$ 189,839,487 | \$ 214,621,541 | \$ (81,356,687) | \$ (163,514,072) |
| Pupil services | 48,934,710 | 48,778,220 | (25,154,409) | (31,084,782) |
| Administration | 25,581,083 | 19,870,092 | (18,327,565) | (17,923,185) |
| Plant services | 18,433,522 | 31,556,021 | (15,793,129) | (30,624,270) |
| All other services | 23,253,862 | 20,647,737 | (17,313,889) | (17,195,216) |
| Total | <u>\$ 306,042,664</u> | <u>\$ 335,473,611</u> | <u>\$ (157,945,679)</u> | <u>\$ (260,341,525)</u> |

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

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The strong financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$273.4 million which was an increase of \$70 million over the prior year. Below is a summary of some of the changes:

| Table A-4 | Balances and Activity | | | |
|---|-----------------------|--|---|-----------------------|
| | July 1, 2021 | Revenues and Other Financing Sources | Expenditures and Other Financing Uses | June 30, 2022 |
| Governmental Fund | | | | |
| General | \$ 95,510,183 | \$ 357,412,143 | \$ 345,567,123 | \$ 107,355,203 |
| Student Activities | 744,470 | 974,208 | 889,188 | 829,490 |
| Adult Education | 95,222 | 1,796,919 | 1,355,841 | 536,300 |
| Child Development | 581,093 | 3,262,742 | 3,281,147 | 562,688 |
| Cafeteria | 5,737,411 | 16,321,541 | 16,360,070 | 5,698,882 |
| Building | 41,537,700 | (1,329,679) | 832,444 | 39,375,577 |
| Capital Facilities | 3,861,874 | 3,613,693 | 1,159,592 | 6,315,975 |
| County School Facilities | 16,921,040 | 36,391,209 | 329,859 | 52,982,390 |
| Special Reserve Fund for Capital Outlay Projects | 23,933,218 | 29,039,211 | 4,141,097 | 48,831,332 |
| Bond Interest and Redemption | 13,630,688 | 17,113,545 | 20,551,000 | 10,193,233 |
| Debt Service | 850,557 | 6,063,168 | 6,187,605 | 726,120 |
| Total | <u>\$ 203,403,456</u> | <u>\$ 470,658,700</u> | <u>\$ 400,654,966</u> | <u>\$ 273,407,190</u> |

- The increase in the General Fund Balance of \$11.8 million is due primarily to an increase in Local Control Funding Formula, state learning loss mitigation funds, and cost management.
- The Building Fund decreased by \$2.2 million due to continued construction costs and the impact of the fair market value adjustment deficit applying to the cash in the county treasury.
- The County School Facilities Fund increased by \$36.1 million due to the receipt of past projects State funding.
- The Special Reserve Fund for Capital Outlay Projects increased by \$24.9 million due to contributions from the General Fund for future capital projects.

General Fund Budgetary Highlights

Four budget periods occur during the year, as the District revises its budget and addresses unexpected changes in revenues and expenditures. The Budget Advisory Committee members met three times during this fiscal year. The committee reviewed the budget and discussed the financial process. Federal and State revenue revisions were made during the year, increasing estimates as it became apparent that actual increases would be realized. Corresponding expenditure revisions were implemented to reflect increasing estimates. For 2022-2023, the committee is scheduled to meet four times. The committee includes Governing Board members, community members, and District administrators. Our goal is transparency, timely information, and community and District input.

The District budgeted a decrease in General Fund balance of approximately \$4.1 million. Revenues and transfers in were approximately \$9.3 million less than budgeted and expenditures and transfers out were approximately \$25.2 million less than budgeted, leaving the fund with an increase of approximately \$11.8 million.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of fiscal year 2022, the District had invested \$497.5 million in a broad range of capital assets, including land, school buildings, computer and audio visual equipment, and administrative offices (see Table A-5). This amount represents an increase of \$13.1 million (net of accumulated depreciation) over last year. The additions mostly included continued construction costs on the Madera Tech Exploration Center and various other modernizations that are ongoing.

Table A-5

| | Governmental Activities | |
|-----------------------------------|----------------------------|-----------------------|
| | 2022 | 2021 as Restated |
| Land and construction in progress | \$ 258,993,507 | \$ 249,583,592 |
| Buildings and improvements | 209,067,548 | 205,917,656 |
| Equipment | 19,422,208 | 18,351,597 |
| Leased assets | 10,012,149 | 10,572,726 |
| Total | <u>\$ 497,495,412</u> | <u>\$ 484,425,571</u> |

We present more detailed information about our capital assets in the Notes to Financial Statements.

Long-Term Liabilities

At year-end the District had \$464.9 million long-term liabilities outstanding – a decrease of 21% from last year (see Table A-6).

Table A-6

| | Governmental Activities | |
|----------------------------------|----------------------------|-----------------------|
| | 2022 | 2021 as Restated |
| Long-Term Liabilities | | |
| General obligation bonds | \$ 183,968,891 | \$ 189,842,727 |
| Certificates of participation | 85,080,000 | 87,095,000 |
| Unamortized premiums/(discounts) | 14,662,916 | 15,026,525 |
| Financed purchases | 1,620,868 | 1,949,323 |
| Leases | 10,557,745 | 10,681,480 |
| Compensated absences | 619,938 | 856,229 |
| PARS early retirement program | 2,756,277 | 3,445,346 |
| Net OPEB liability | 24,244,027 | 28,474,417 |
| Aggregate net pension liability | 140,242,144 | 248,910,873 |
| Total | <u>\$ 464,933,016</u> | <u>\$ 587,845,896</u> |

The District's Moody's bond rating as of the most recent bond issuance was "Aa3". In addition, the District's certificates of participation S&P rating at the time of their last issuance was "AAA".

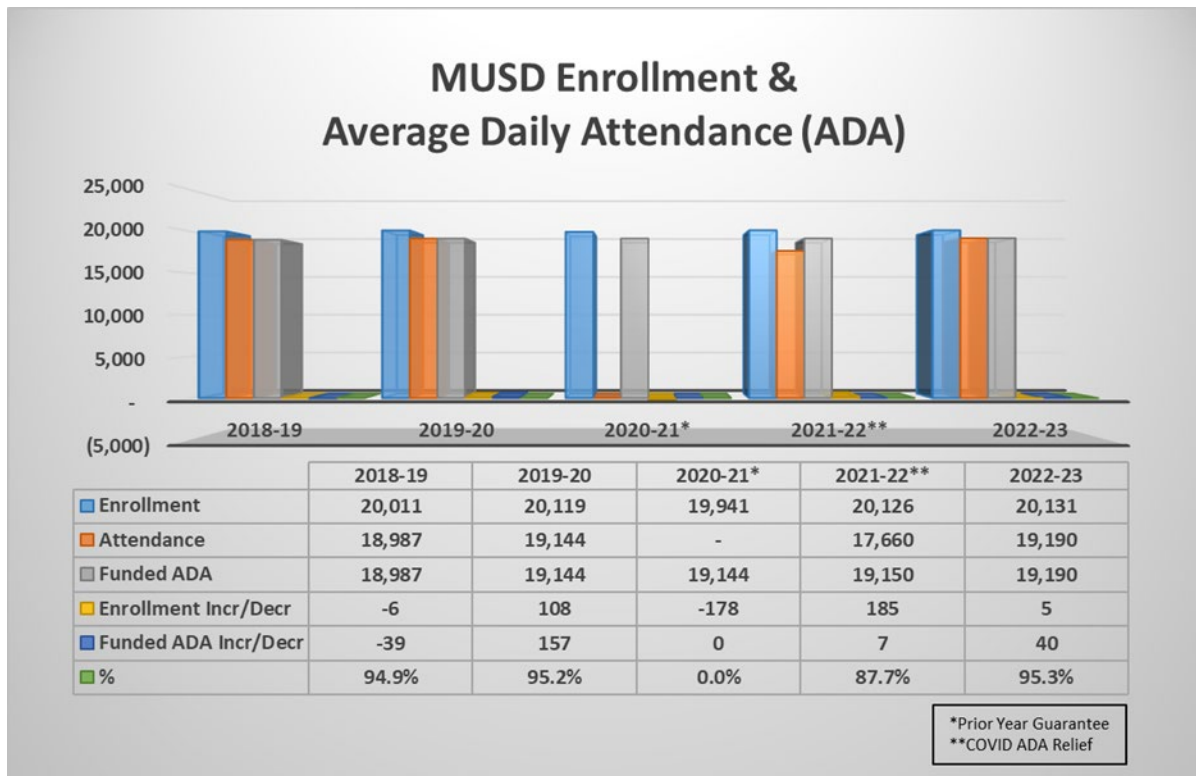
At year-end, the District has a net pension liability of \$140.2 million versus \$248.9 million last year, a decrease of \$108.7 million, or 44%. The District also reported deferred outflows of resources from pension activities of \$64.1 million, and deferred inflows of resources from pension activities of \$104.4 million. This results in a net reduction to the District's net position related to the net pension liability of \$308.7 million.

We present more detailed information about our long-term liabilities in the Notes to Financial Statements.

FACTORS BEARING ON THE DISTRICT'S FUTURE

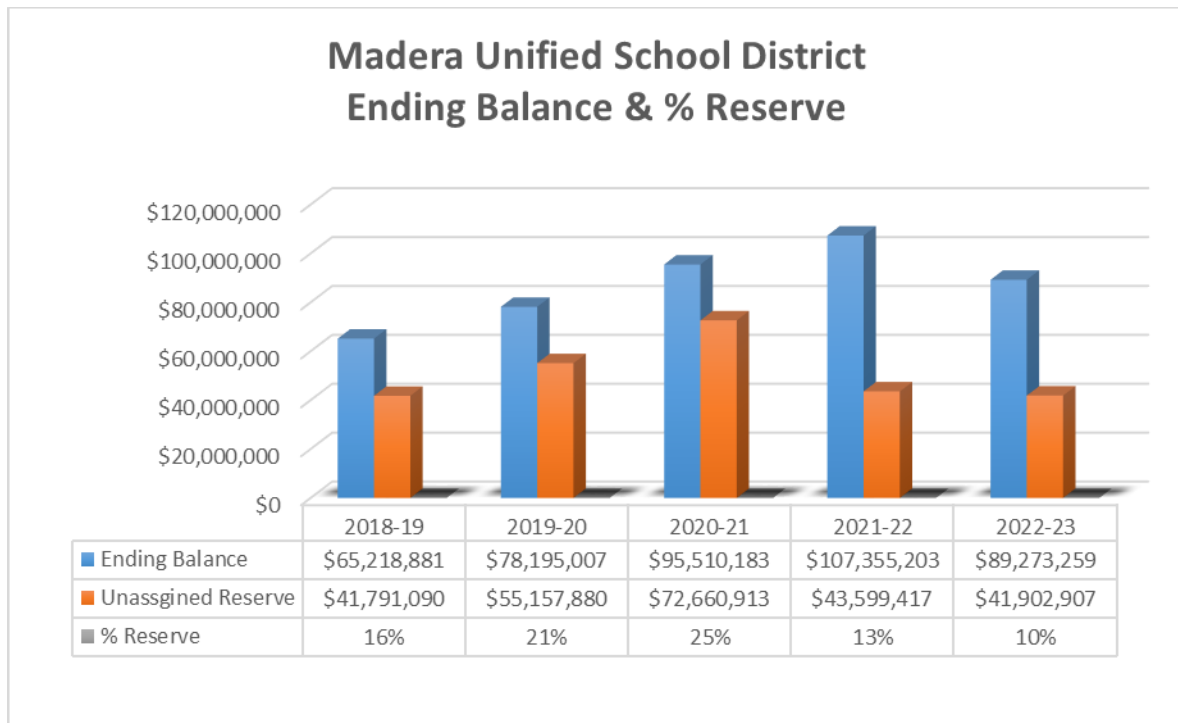
The District closely monitors its budget every month and has a multi-year projection for three years. The Local Control Funding Formula (LCFF) calculator is updated four times per year and revenue projections are evaluated. The 2021-2022 LCFF revenue included a 5.07% cost-of-living (COLA), while the LCFF for 2022-2023 will be funded with 6.56% COLA and an additional 6.70% base grant increase. The list below are factors that could impact financial stability in the future:

- The District enrollment for 2021-2022 was at 20,126. The average daily attendance (ADA) was reported at 17,660 this year. The COVID-19 pandemic affected our ADA greatly even after implementing the Independent Study Program. All districts in California reported lower than normal attendance
- The District will take advantage of the proxy measure adopted by the state for 2021-2022. The COVID Relief ADA will apply the ADA yield for 2019-2020 and divide it by the ADA yield for 2021-2022. If the resulting quotient is greater than one, indicating that attendance rates in 2019-2020 were higher than 2021-2022. Then, ADA will be adjusted by multiplying 2021-2022 actual ADA by the quotient. According to the calculation, the quotient for the District is 108.43%. The District will be funded on 19,150 ADA for 2021-2022.
- The 2022-2023 school year began on August 8, 2022. In-person instruction is taking place in all our schools and we continue to offer the K-12 Independent Study Program. The District will be reporting enrollment on the census day, the first Wednesday in October to the California Longitudinal Pupil Achievement Data System (CALPADS). The enrollment projection for this school year was estimated at 20,131. The District's enrollment is experiencing higher numbers than estimated as the transitional kindergarten (TK) program expands. The Local Control Funding Formula (LCFF) has been calculated using the estimated ADA at 19,190. Historically, the District ADA has been around 95%.



- The District in collaboration with its union partners were able to negotiate a two-year settlement expiring on June 30, 2024. All employees will receive a 6% salary increase for fiscal year 2022-2023 and a 4% salary increase for 2023-2024.
- We continue the plans to build new schools, modernization work, and purchase land for future growth. The construction planning for the King Hussein School, a new K-8 elementary, is in its early stages. The project to build the Torres High School stadium has been approved by the Governing Board and is estimated to cost approximately \$38 million. The District is installing solar systems at all our schools and the major departments to generate its own electricity. Few properties are being appraised for future purchases to expand programs and accommodate the District's growth.
- Increases in Step/Column, CalSTRS, and CalPERS and Health/Welfare costs continue to be monitored and are a major concern of the District. Multi-year projections will continue to include these increases. The multi-year projection is fundamental for financial and budget decisions related to future educational services for the students of Madera Unified School District.
- The General Fund ending balance as of June 30, 2022, is \$107.4 million and a reserve of 13%. The ending balance includes \$43.6 million from Unrestricted funds and \$19.3 million from Restricted funds. The focus will be on maximizing the use of one-time funds due to the restrictive nature and reserve local resources for future expenditures.

- Starting with Fiscal Year 2022-2023, the law imposes a 10% cap on the amount local school districts can maintain in their reserves. The Governing Board adopted resolution No.22-2021-2022 authorizing the increase or decrease of the inter-fund transfer to the Special Reserve Building Fund (Fund 41) to ensure the 10% reserve cap is met in 2022-2023 and in future years. The Governing Board also committed reserves with resolution No.41-2021-2022 to protect the board goals and district initiatives. The committed funds are excluded from the 10% reserve cap calculation. The committed reserve funds include the following:
 - Unrestricted Lottery Textbooks - \$10.4 million
 - LCFF Concentration Funds - \$13.6 million
 - Unrestricted LCFF Funds - \$22 million (to cover salaries & benefits currently paid with COVID-19 relief funds until 2023-24)
- The District's ending balance in the General Fund shows the good management of the District's finances and the prudence of the governing board's decisions. Maintaining a healthy reserve allows the District to manage cash flow, mitigate funding, address unexpected costs, save for large purchases, and reduce borrowing costs.



The District has been awarded a total of \$156 million in COVID Relief funds. These funds have brought an opportunity for the District to find ways to take advantage of this unique situation to benefit the District in future years. Using this approach, the District has maximized the use of these funds to fund new programs such as Elementary Elective classes, Teacher Mentor program, after-school tutoring, and zero and seventh period at our middle schools to name a few.

The table below shows the prior year expenditures, current year budgeted amounts, and available balances of the various COVID relief funds

COVID RELIEF FUNDS

| Resource | Fund Type | Expiration Date | Award Amount | Spent 2020-21 | Spent 2021-22 | Budgeted 2022-23* | Balance |
|----------|-----------------------|-----------------|----------------|------------------|------------------|----------------------|---------------|
| 32200 | LLM - CRF | 5/31/2021 | \$ 21,376,099 | \$ 21,376,099 | \$ - | \$ - | \$ - |
| 74200 | LLM - Prop 98 | 6/30/2021 | \$ 1,926,829 | \$ 1,926,829 | \$ - | \$ - | \$ - |
| 32100 | ESSER I | 9/30/2022 | \$ 7,079,582 | \$ 3,791,652 | \$ 3,287,930 | \$ - | \$ - |
| 32110 | ESSER Comm School | 9/30/2022 | \$ 999,999 | \$ - | \$ 793,637 | \$ 206,362 | \$ - |
| 32150 | LLM - GEER | 9/30/2022 | \$ 828,940 | \$ 178,421 | \$ 650,519 | \$ - | \$ - |
| 32120 | ESSER II | 9/30/2023 | \$ 30,562,526 | \$ 2,341 | \$ 20,107,038 | \$ 10,453,147 | \$ 0 |
| 32160 | ELO-G (State Reserve) | 9/30/2023 | \$ 2,391,439 | \$ - | \$ 517,695 | \$ 1,873,744 | \$ 0 |
| 32170 | ELO-G (ESSER II) | 9/30/2023 | \$ 548,857 | \$ - | \$ 548,857 | \$ - | \$ - |
| 74220 | IPI | 9/30/2024 | \$ 8,695,440 | \$ 3,937,331 | \$ 4,193,221 | \$ 564,888 | \$ (0) |
| 74250 | ELO-G* | 9/30/2024 | \$ 7,482,227 | \$ 2,203,317 | \$ 5,278,910 | \$ - | \$ - |
| 74260 | ELO-G - Paras* | 9/30/2024 | \$ 1,572,979 | \$ - | \$ 912,414 | \$ 660,565 | \$ 0 |
| 32180 | ELO-G (ESSER III) | 9/30/2024 | \$ 1,558,941 | \$ - | \$ - | \$ 1,558,941 | \$ - |
| 32190 | ELO-G (Learning Loss) | 9/30/2024 | \$ 2,687,345 | \$ - | \$ - | \$ 2,687,345 | \$ - |
| 32130 | ESSER III | 9/30/2024 | \$ 54,847,547 | \$ - | \$ 9,669,670 | \$ 24,151,623 | \$ 21,026,254 |
| 32140 | ESSER III (LLM) | 9/30/2024 | \$ 13,711,887 | \$ - | \$ - | \$ 4,000,000 | \$ 9,711,887 |
| | | | \$ - | \$ - | \$ - | \$ - | \$ - |
| | | | \$ 156,270,637 | \$ 33,415,990 | \$ 45,959,891 | \$ 46,156,615 | \$ 30,738,142 |

Madera Unified School District's goal is to maintain a balanced budget, minimal debt, competitive salaries; and most important, rigorous programs and high-quality learning for our students.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, 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 Madera Unified School District, 1902 Howard Road, Madera, California 93637.

Madera Unified School District
Statement of Net Position
June 30, 2022

| | <u>Governmental Activities</u> |
|--|------------------------------------|
| Assets | |
| Deposits and investments | \$ 301,718,217 |
| Receivables | 20,568,636 |
| Prepaid expense | 96,016 |
| Stores inventories | 1,618,051 |
| Capital assets not depreciated | 258,993,507 |
| Capital assets, net of accumulated depreciation | 228,489,756 |
| Right-to-use leased assets, net of accumulated amortization | <u>10,012,149</u> |
| Total assets | <u>821,496,332</u> |
| Deferred Outflows of Resources | |
| Deferred outflows of resources related to OPEB | 8,903,205 |
| Deferred outflows of resources related to pensions | <u>64,103,105</u> |
| Total deferred outflows of resources | <u>73,006,310</u> |
| Liabilities | |
| Accounts payable | 43,972,664 |
| Unearned revenue | 6,621,066 |
| Long-term liabilities | |
| Long-term liabilities other than OPEB and pensions due within one year | 10,574,123 |
| Long-term liabilities other than OPEB and pensions due in more than one year | 289,872,722 |
| Net other postemployment benefits liability (OPEB) | 24,244,027 |
| Aggregate net pension liabilities | <u>140,242,144</u> |
| Total liabilities | <u>515,526,746</u> |
| Deferred Inflows of Resources | |
| Deferred inflows of resources related to OPEB | 7,093,419 |
| Deferred inflows of resources related to pensions | <u>104,405,052</u> |
| Total deferred inflows of resources | <u>111,498,471</u> |
| Net Position | |
| Net investment in capital assets | 264,650,987 |
| Restricted for | |
| Debt service | 10,919,353 |
| Capital projects | 59,298,365 |
| Educational programs | 20,082,374 |
| Child nutrition | 5,698,882 |
| Student activities | 829,490 |
| Unrestricted (deficit) | <u>(94,002,026)</u> |
| Total net position | <u>\$ 267,477,425</u> |

Madera Unified School District

Statement of Activities

Year Ended June 30, 2022

| Functions/Programs | Expenses | Program Revenues | | | Net (Expenses) Revenues and Changes in Net Position Governmental Activities |
|---|-----------------------|--------------------------------------|--|--|--|
| | | Charges for Services and Sales | Operating Grants and Contributions | Capital Grants and Contributions | |
| Governmental Activities | | | | | |
| Instruction | \$ 157,599,401 | \$ 32,256 | \$ 59,338,331 | \$ 36,253,858 | \$ (61,974,956) |
| Instruction-related activities | | | | | |
| Supervision of instruction | 11,308,608 | 16,142 | 5,827,338 | - | (5,465,128) |
| Instructional library, media, and technology | 2,284,554 | 2,795 | 980,546 | - | (1,301,213) |
| School site administration | 18,646,924 | 44,763 | 5,986,771 | - | (12,615,390) |
| Pupil services | | | | | |
| Home-to-school transportation | 6,338,970 | 48 | 124,923 | - | (6,213,999) |
| Food services | 15,477,356 | 96,161 | 15,152,597 | - | (228,598) |
| All other pupil services | 27,118,384 | 148,998 | 8,257,574 | - | (18,711,812) |
| Administration | | | | | |
| Data processing | 6,129,228 | - | 519,954 | - | (5,609,274) |
| All other administration | 19,451,855 | 4,622 | 6,728,942 | - | (12,718,291) |
| Plant services | 18,433,522 | 8,024 | 2,632,369 | - | (15,793,129) |
| Ancillary services | 6,649,070 | 78 | 2,384,290 | - | (4,264,702) |
| Community services | 21,318 | - | 28 | - | (21,290) |
| Enterprise services | 296,483 | - | - | - | (296,483) |
| Interest on long-term liabilities | 12,155,728 | - | - | - | (12,155,728) |
| Other outgo | 4,131,263 | 2,343,375 | 1,212,202 | - | (575,686) |
| Total governmental activities | <u>\$ 306,042,664</u> | <u>\$ 2,697,262</u> | <u>\$ 109,145,865</u> | <u>\$ 36,253,858</u> | <u>(157,945,679)</u> |
| General Revenues and Subventions | | | | | |
| Property taxes, levied for general purposes | | | | | 33,640,394 |
| Property taxes, levied for debt service | | | | | 9,940,378 |
| Taxes levied for other specific purposes | | | | | 1,115,007 |
| Federal and State aid not restricted to specific purposes | | | | | 222,793,741 |
| Interest and investment earnings | | | | | (6,618,287) |
| Interagency revenues | | | | | 589,184 |
| Miscellaneous and unspent state entitlement revenues | | | | | <u>7,169,634</u> |
| Subtotal, general revenues and subventions | | | | | <u>268,630,051</u> |
| Change in Net Position | | | | | 110,684,372 |
| Net Position - Beginning, as Restated | | | | | <u>156,793,053</u> |
| Net Position - Ending | | | | | <u>\$ 267,477,425</u> |

Madera Unified School District
Balance Sheet – Governmental Funds
June 30, 2022

| | General Fund | Building Fund | County School Facilities Fund | Special Reserve Fund for Capital Outlay Projects | Non-Major Governmental Funds | Total Governmental Funds |
|--|-----------------------|----------------------|-------------------------------------|--|------------------------------------|--------------------------------|
| Assets | | | | | | |
| Deposits and investments | \$ 137,965,144 | \$ 39,378,606 | \$ 52,984,853 | \$ 49,080,115 | \$ 22,309,499 | \$ 301,718,217 |
| Receivables | 17,930,561 | - | - | - | 2,638,075 | 20,568,636 |
| Due from other funds | 614,326 | - | - | - | 176 | 614,502 |
| Prepaid expenditures | 74,719 | - | - | - | 21,297 | 96,016 |
| Stores inventories | 418,222 | - | - | - | 1,199,829 | 1,618,051 |
| Total assets | \$ 157,002,972 | \$ 39,378,606 | \$ 52,984,853 | \$ 49,080,115 | \$ 26,168,876 | \$ 324,615,422 |
| Liabilities and Fund Balances | | | | | | |
| Liabilities | | | | | | |
| Accounts payable | \$ 43,433,293 | \$ 3,029 | \$ 2,463 | \$ 248,783 | \$ 285,096 | \$ 43,972,664 |
| Due to other funds | 176 | - | - | - | 614,326 | 614,502 |
| Unearned revenue | 6,214,300 | - | - | - | 406,766 | 6,621,066 |
| Total liabilities | 49,647,769 | 3,029 | 2,463 | 248,783 | 1,306,188 | 51,208,232 |
| Fund Balances | | | | | | |
| Nonspendable | 517,941 | - | - | - | 1,226,266 | 1,744,207 |
| Restricted | 19,310,714 | 39,375,577 | 52,982,390 | - | 23,332,391 | 135,001,072 |
| Committed | 43,067,496 | - | - | - | - | 43,067,496 |
| Assigned | 859,635 | - | - | 48,831,332 | 304,031 | 49,994,998 |
| Unassigned | 43,599,417 | - | - | - | - | 43,599,417 |
| Total fund balances | 107,355,203 | 39,375,577 | 52,982,390 | 48,831,332 | 24,862,688 | 273,407,190 |
| Total liabilities and fund balances | \$ 157,002,972 | \$ 39,378,606 | \$ 52,984,853 | \$ 49,080,115 | \$ 26,168,876 | \$ 324,615,422 |

Madera Unified School District
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2022

| | | |
|--|----------------------|-----------------------|
| Total Fund Balance - Governmental Funds | | \$ 273,407,190 |
| 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 | \$ 628,111,912 | |
| Accumulated depreciation is | <u>(140,628,649)</u> | |
| Net capital assets | | 487,483,263 |
| 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 | 10,670,369 | |
| Accumulated amortization is | <u>(658,220)</u> | |
| Net right-to-use leased assets | | 10,012,149 |
| Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the governmental funds. Deferred outflows of resources amounted to and related to | | |
| Other postemployment benefits (OPEB) | 8,903,205 | |
| Net pension liability | <u>64,103,105</u> | |
| Total deferred outflows of resources | | 73,006,310 |
| Deferred inflows of resources represent an acquisition of net position that applies to a future period and is not reported in the governmental funds. Deferred inflows of resources amount to and related to | | |
| Other postemployment benefits (OPEB) | (7,093,419) | |
| Net pension liability | <u>(104,405,052)</u> | |
| Total deferred inflows of resources | | (111,498,471) |
| Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds. | | (140,242,144) |
| The District's OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds. | | (24,244,027) |
| 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 including unamortized premiums | (174,961,389) | |
| Certificates of participation including unamortized premiums | (85,080,000) | |
| Financed purchases | (1,620,868) | |
| Leases | (10,557,745) | |
| Compensated absences (vacations) | (619,938) | |
| Special termination benefits payable | (3,936,487) | |
| In addition, capital appreciation general obligation bonds were issued. The accretion of interest to date on the general obligation bonds is | <u>(23,670,418)</u> | |
| Total long-term liabilities | | <u>(300,446,845)</u> |
| Total net position - governmental activities | | <u>\$ 267,477,425</u> |

Madera Unified School District
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2022

| | General Fund | Building Fund | County School Facilities Fund | Special Reserve Fund for Capital Outlay Projects | Non-Major Governmental Funds | Total Governmental Funds |
|---|---------------|---------------|-------------------------------|--|------------------------------|--------------------------|
| Revenues | | | | | | |
| Local control funding formula | \$251,765,212 | \$ - | \$ - | \$ - | \$ - | \$251,765,212 |
| Federal sources | 53,559,979 | - | - | - | 15,896,330 | 69,456,309 |
| Other State sources | 46,643,810 | - | 38,346,671 | - | 5,182,936 | 90,173,417 |
| Other local sources | 5,374,584 | (1,329,679) | (1,955,462) | (960,789) | 14,157,890 | 15,286,544 |
| Total revenues | 357,343,585 | (1,329,679) | 36,391,209 | (960,789) | 35,237,156 | 426,681,482 |
| Expenditures | | | | | | |
| Current | | | | | | |
| Instruction | 169,350,252 | - | - | - | 2,966,920 | 172,317,172 |
| Instruction-related activities | | | | | | |
| Supervision of instruction | 11,737,254 | - | - | - | 449,175 | 12,186,429 |
| Instructional library, media, and technology | 2,384,059 | - | - | - | - | 2,384,059 |
| School site administration | 19,649,343 | - | - | - | 473,115 | 20,122,458 |
| Pupil services | | | | | | |
| Home-to-school transportation | 6,434,859 | - | - | - | - | 6,434,859 |
| Food services | 53,324 | - | - | - | 15,260,857 | 15,314,181 |
| All other pupil services | 29,376,015 | - | - | - | 92,992 | 29,469,007 |
| Administration | | | | | | |
| Data processing | 6,213,891 | - | - | - | - | 6,213,891 |
| All other administration | 18,398,142 | - | - | - | 675,376 | 19,073,518 |
| Plant services | 30,561,822 | - | - | 22,687 | 1,012,413 | 31,596,922 |
| Ancillary services | 5,879,686 | - | - | - | 889,188 | 6,768,874 |
| Community services | 21,058 | - | - | - | - | 21,058 |
| Other outgo | 4,131,263 | - | - | - | - | 4,131,263 |
| Enterprise services | 293,639 | - | - | - | - | 293,639 |
| Facility acquisition and construction | 5,376,727 | 832,444 | 329,859 | 4,118,410 | 76,002 | 10,733,442 |
| Debt service | | | | | | |
| Principal | 328,455 | - | - | - | 9,495,000 | 9,823,455 |
| Interest and other | 70,959 | - | - | - | 9,937,304 | 10,008,263 |
| Total expenditures | 310,260,748 | 832,444 | 329,859 | 4,141,097 | 41,328,342 | 356,892,490 |
| Excess (Deficiency) of Revenues Over Expenditures | 47,082,837 | (2,162,123) | 36,061,350 | (5,101,886) | (6,091,186) | 69,788,992 |
| Other Financing Sources (Uses) | | | | | | |
| Transfers in | 68,558 | - | - | 30,000,000 | 6,387,617 | 36,456,175 |
| Proceeds from bond issuance | - | - | - | - | 6,765,000 | 6,765,000 |
| Proceeds from bond issuance premium | - | - | - | - | 756,043 | 756,043 |
| Payments into escrow for refunding | - | - | - | - | (7,306,301) | (7,306,301) |
| Transfers out | (35,306,375) | - | - | - | (1,149,800) | (36,456,175) |
| Net Financing Sources (Uses) | (35,237,817) | - | - | 30,000,000 | 5,452,559 | 214,742 |
| Net Change in Fund Balances | 11,845,020 | (2,162,123) | 36,061,350 | 24,898,114 | (638,627) | 70,003,734 |
| Fund Balance - Beginning | 95,510,183 | 41,537,700 | 16,921,040 | 23,933,218 | 25,501,315 | 203,403,456 |
| Fund Balance - Ending | \$107,355,203 | \$39,375,577 | \$ 52,982,390 | \$ 48,831,332 | \$ 24,862,688 | \$273,407,190 |

Madera Unified School District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2022

| | |
|--|---------------|
| Total Net Change in Fund Balances - Governmental Funds | \$ 70,003,734 |
|--|---------------|

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 exceeds depreciation and amortization expenses in the period.

| | |
|--|-------------------|
| Depreciation and amortization expenses | \$ (10,875,850) |
| Capital outlays | <u>23,945,691</u> |

| | |
|------------------------|------------|
| Net expense adjustment | 13,069,841 |
|------------------------|------------|

| | |
|--|-------------|
| The District issued capital appreciation general obligations bonds. The accretion of interest on the general obligation bonds during the current fiscal year was | (2,016,164) |
|--|-------------|

| | |
|---|-----------|
| Lease agreements were entered into for right-to-use assets. The present value of these leases is reported in the governmental funds as a source. On the other hand, the leases are not revenues in the Statement of Activities, but rather constitute long-term liabilities in the Statement of Net Position. | (209,472) |
|---|-----------|

| | |
|---|-----------|
| In the Statement of Activities, certain operating expenses, such as compensated absences (vacations) and special termination benefits (early retirements) 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). Special termination benefits is the difference between the amount awarded and the amount paid. Compensated absences is the difference between vacation earned and used. | 1,309,126 |
|---|-----------|

| | |
|---|------------|
| In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and net pension liability during the year. | 12,567,757 |
|---|------------|

| | |
|--|-----------|
| 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. | 5,029,279 |
|--|-----------|

Madera Unified School District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2022

| | | |
|--|--|-----------------------|
| 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. | | (6,765,000) |
| Governmental funds report the effect of premiums, discounts, and the deferred charge on refunding when the debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities. | | |
| Premium on issuance recognized | | (756,043) |
| Premium amortization | | 1,119,652 |
| 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 | | 14,655,000 |
| Certificates of participation | | 2,015,000 |
| Financed purchases | | 328,455 |
| Leases | | 333,207 |
| Change in net position of governmental activities | | <u>\$ 110,684,372</u> |

Note 1 - Summary of Significant Accounting Policies**Financial Reporting Entity**

The Madera Unified School District (the District) was established in 1966, 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 and adults, as mandated by the State and/or Federal agencies. The District operates eighteen elementary schools, three middle schools, two comprehensive high schools, two alternative education schools, one community day school, and one adult education school.

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 Madera Unified School District, this includes general operations, food service, and student related activities of the District.

Component Units

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

The Madera Unified School District Financing Corporation financial activity is presented in the financial statements as the COP Debt Service Fund. Certificates of participation issued by the Corporation are included as long-term liabilities in the government-wide financial statements.

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 all governmental.

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

Major Governmental Funds

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

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

County School Facilities Fund The County School Facilities Fund is established pursuant to Education Code Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), the 2004 State School Facilities Fund (Proposition 55), the 2006 State School Facilities Fund (Proposition 1D), or the 2016 State School Facilities Fund (Proposition 51) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (Education Code Section 17070 et seq.).

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

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 local revenues generated for and expenditures used by school sites to support their student body activities including student clubs, general operations, scholarships and athletics.
- **Adult Education Fund** The Adult Education Fund is used to account separately for Federal, State, and local revenues that are restricted or committed for adult education programs and is to be expended for adult education purposes only.
- **Child Development Fund** The Child Development Fund is used to account separately for Federal, State, and local revenues to operate child development programs and is to be used only for expenditures for the operation of child development programs.

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

Capital 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).

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

- **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).
- **COP Debt Service Fund** The COP Debt Service Fund is used to account for the interest and redemption of principal of Certificates of Participation.

Basis of Accounting - Measurement Focus

Government-Wide Financial Statements The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting, which 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 program revenues 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 fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major governmental funds are aggregated and presented in a single column.

- **Governmental Funds** All governmental funds are accounted for using 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.

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

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

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

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

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 held 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 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 type funds when consumed rather than when purchased.

Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the District. The District maintains a capitalization threshold of \$5,000. 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 of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 50 years; improvements/infrastructure, 5 to 50 years; equipment, 2 to 15 years.

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

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.

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

Accrued Liabilities and Long-Term Liabilities

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

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

Premiums

In the government-wide financial statements, long-term liabilities are reported as liabilities in the governmental activities statement of net position. Debt premiums related to those obligations are deferred and amortized over the life of the bonds using the straight-line method.

Deferred Outflows of Resources and Deferred Inflows of Resources

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

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

Pensions

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

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the 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. The District has no committed fund balances.

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

Unassigned - all other spendable amounts.

Spending Order Policy

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

Minimum Fund Balance Policy

The governing board adopted a minimum fund balance policy for the General Fund in order to protect the district against revenue shortfalls or unpredicted one-time expenditures. The policy states that the District intends to maintain a minimum unassigned fund balance, which includes a reserve for economic uncertainties, of ten percent of the District's 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 \$96,828,464 of restricted net position.

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 on 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 Madera 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 | <u>\$ 301,718,217</u> |
|--------------------|-----------------------|

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

| | |
|------------------------------------|---------------------------|
| Cash on hand and in banks | \$ 742,717 |
| Cash in revolving | 30,140 |
| Investments | <u>300,945,360</u> |
| Total deposits and investments | <u>\$ 301,718,217</u> |

Policies and Practices

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

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

General Authorizations

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

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the County Pool which purchases a combination of shorter term and longer term investments and which also times 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 \$300,945,360 in the Madera County Treasury Investment Pool that has an average weighted maturity of 725 days.

Credit Risk - Investments

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 Madera 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, \$499,073 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, and local sources. All receivables are considered collectible in full.

| | General Fund | Non-Major Governmental Funds | Total |
|--------------------|-----------------------------|------------------------------------|-----------------------------|
| | <u> </u> | <u> </u> | <u> </u> |
| Federal Government | | | |
| Categorical aid | \$ 15,539,171 | \$ 2,390,123 | \$ 17,929,294 |
| State Government | | | |
| Categorical aid | 150,589 | - | 150,589 |
| Lottery | 1,102,273 | - | 1,102,273 |
| Other State | - | 236,992 | 236,992 |
| Local sources | <u>1,138,528</u> | <u>10,960</u> | <u>1,149,488</u> |
| | <u> </u> | <u> </u> | <u> </u> |
| Total | <u>\$ 17,930,561</u> | <u>\$ 2,638,075</u> | <u>\$ 20,568,636</u> |

Note 4 - Capital Assets

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

| | Balance July 1, 2021 as Restated | Additions | Deductions | Balance June 30, 2022 |
|--|--|----------------------|-----------------------|--------------------------|
| Governmental Activities | | | | |
| Capital assets not being depreciated | | | | |
| Land | \$ 13,763,332 | \$ 8,730,000 | \$ - | \$ 22,493,332 |
| Construction in progress | 235,820,260 | 9,401,113 | (8,721,198) | 236,500,175 |
| Total capital assets not being depreciated | 249,583,592 | 18,131,113 | (8,721,198) | 258,993,507 |
| Capital assets being depreciated | | | | |
| Land improvements | 23,342,275 | 1,331,066 | - | 24,673,341 |
| Buildings and improvements | 285,103,959 | 9,139,910 | - | 294,243,869 |
| Furniture and equipment | 46,141,642 | 4,064,800 | (5,247) | 50,201,195 |
| Total capital assets being depreciated | 354,587,876 | 14,535,776 | (5,247) | 369,118,405 |
| Total capital assets | 604,171,468 | 32,666,889 | (8,726,445) | 628,111,912 |
| Accumulated depreciation | | | | |
| Land improvements | (11,152,433) | (1,214,515) | - | (12,366,948) |
| Buildings and improvements | (91,376,145) | (6,106,569) | - | (97,482,714) |
| Furniture and equipment | (27,790,045) | (2,994,189) | 5,247 | (30,778,987) |
| Total accumulated depreciation | (130,318,623) | (10,315,273) | 5,247 | (140,628,649) |
| Net depreciable capital assets | 224,269,253 | 4,220,503 | - | 228,489,756 |
| Right-to-use leased assets being amortized | | | | |
| Buildings and improvements | 10,670,369 | - | - | 10,670,369 |
| Accumulated amortization | | | | |
| Buildings and improvements | (97,643) | (560,577) | - | (658,220) |
| Net right-to-use leased assets | 10,572,726 | (560,577) | - | 10,012,149 |
| Governmental activities capital assets and right-to-use leased assets, net | <u>\$ 484,425,571</u> | <u>\$ 21,791,039</u> | <u>\$ (8,721,198)</u> | <u>\$ 497,495,412</u> |

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

| | |
|--|-----------------------------|
| Governmental Activities | |
| Instruction | \$ 5,516,824 |
| Supervision of instruction | 390,155 |
| Instructional library, media, and technology | 76,327 |
| School site administration | 644,231 |
| Home-to-school transportation | 206,015 |
| Food services | 490,292 |
| All other pupil services | 943,466 |
| Ancillary Services | 216,706 |
| Community Services | 674 |
| Enterprise | 9,401 |
| All other administration | 1,171,226 |
| Data processing | 198,941 |
| Plant services | 1,011,592 |
| | <u> </u> |
| Total depreciation and amortization expenses - governmental activities | <u><u>\$ 10,875,850</u></u> |

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 are as follows:

| <u>Funds</u> | <u>Due from Other Funds</u> | <u>Due to Other Funds</u> |
|------------------------------|---------------------------------|-------------------------------|
| Major Governmental Fund | | |
| General | \$ 614,326 | \$ 176 |
| Non-Major Governmental Funds | | |
| Adult Education | - | 63 |
| Child Development | 176 | 71,266 |
| Cafeteria | - | 474,439 |
| Capital Facilities | - | 68,558 |
| | <u> </u> | <u> </u> |
| Total | <u><u>\$ 614,502</u></u> | <u><u>\$ 614,502</u></u> |

Madera Unified School District

Notes to Financial Statements

June 30, 2022

| | |
|--|-------------------|
| The General Fund owes the Child Development Non-Major Governmental Fund for indirect costs. | \$ 176 |
| The Adult Education Non-Major Governmental Fund owes the General Fund for indirect costs | 63 |
| The Child Development Non-Major Governmental Fund owes the General Fund for an expense transfer. | 71,266 |
| The Cafeteria Non-Major Governmental Fund owes the General Fund for indirect costs. | 474,439 |
| The Capital Facilities Non-Major Governmental Fund owes the General Fund for the allowable three percent developer administration fee. | 68,558 |
| | <u>68,558</u> |
| Total Interfund Receivables/Payables | <u>\$ 614,502</u> |

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, consist of the following:

| | |
|--|----------------------|
| The General Fund transferred to the Special Reserve Fund for Capital Outlay Projects for future new school construction needs. | \$ 30,000,000 |
| The General Fund transferred to the Adult Non-Major Governmental Fund for cash flow purposes. | 300,000 |
| The General Fund transferred to the Debt Service Non-Major Governmental Fund for the annual COP debt service payment. | 5,006,375 |
| The Capital Facilities Non-Major Governmental Fund transferred to the General Fund for the allowable three percent developer administration fee. | 68,558 |
| The Capital Facilities Non-Major Governmental Fund transferred to the Debt Service Non-Major Governmental Fund for debt service payment. | 1,081,242 |
| | <u>1,081,242</u> |
| Total | <u>\$ 36,456,175</u> |

Note 6 - Prepaid Expenditures

Prepaid expenditures at June 30, 2022, consist of the following:

| | General Fund | Non-Major Governmental Funds | Total |
|------------------------|------------------|------------------------------------|------------------|
| Travel and conferences | <u>\$ 74,719</u> | <u>\$ 21,297</u> | <u>\$ 96,016</u> |

Note 7 - Accounts Payable

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

| | General Fund | Building Fund | County School Facilities Fund | Special Reserve Fund for Capital Outlay Projects | Non-Major Governmental Funds | Total |
|----------------------------------|----------------------|------------------|-------------------------------------|--|------------------------------------|----------------------|
| Vendor payables | \$ 35,223,408 | \$ 3,029 | \$ 2,463 | \$ 248,783 | \$ 285,096 | \$ 35,762,779 |
| LCFF apportionment | 91,286 | - | - | - | - | 91,286 |
| Accrued salaries and benefits | 8,118,599 | - | - | - | - | 8,118,599 |
| Total | <u>\$ 43,433,293</u> | <u>\$ 3,029</u> | <u>\$ 2,463</u> | <u>\$ 248,783</u> | <u>\$ 285,096</u> | <u>\$ 43,972,664</u> |

Note 8 - Unearned Revenue

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

| | General Fund | Non-Major Governmental Funds | Total |
|------------------------------|---------------------|------------------------------------|---------------------|
| Federal financial assistance | \$ 3,518,320 | \$ - | \$ 3,518,320 |
| State categorical aid | 2,695,980 | 406,766 | 3,102,746 |
| Total | <u>\$ 6,214,300</u> | <u>\$ 406,766</u> | <u>\$ 6,621,066</u> |

Note 9 - Long-Term Liabilities Other than OPEB and Pensions

Summary

The changes in the District's long-term liabilities other than OPEB and pensions during the year 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 | \$ 189,842,727 | \$ 8,781,164 | \$ (14,655,000) | \$ 183,968,891 | \$ 6,060,000 |
| Certificates of participation | 87,095,000 | - | (2,015,000) | 85,080,000 | 2,110,000 |
| Unamortized debt premiums | 15,026,525 | 756,043 | (1,119,652) | 14,662,916 | 926,224 |
| Financed purchases | 1,949,323 | - | (328,455) | 1,620,868 | 339,551 |
| Leases | 10,681,480 | 209,472 | (333,207) | 10,557,745 | 100,094 |
| Classified early retirement program | 1,563,976 | 21,466 | (405,232) | 1,180,210 | 349,185 |
| PARS early retirement program | 3,445,346 | - | (689,069) | 2,756,277 | 689,069 |
| Compensated absences | 856,229 | - | (236,291) | 619,938 | - |
| Total | <u>\$ 310,460,606</u> | <u>\$ 9,768,145</u> | <u>\$ (19,781,906)</u> | <u>\$ 300,446,845</u> | <u>\$ 10,574,123</u> |

Payments on the general obligation bonds are made by the Bond Interest and Redemption Fund with local tax revenues. The COP Debt Service Fund makes payments for the Certificates of Participation. The premiums will be amortized over the life of the related debt. Payments on the financed purchases are made by the General Fund. The leases are paid by the fund using the right-to-use asset. The compensated absences and early retirement programs will be paid by the fund for which the employee worked.

General Obligation Bonds

The outstanding general obligation bonded debt is as follows:

| Issuance Date | Series | Final Maturity Date | Interest Rate | Original Issue | Bonds Outstanding July 1, 2021 | Issued | Interest Accreted | Redeemed | Bonds Outstanding June 30, 2022 |
|-----------------------------------|-------------------|---------------------|---------------|----------------|--------------------------------|---------------------|---------------------|------------------------|---------------------------------|
| Current Interest Bonds | | | | | | | | | |
| 2/22/12 | 2012 | 8/2028 | 2.0-3.625% | \$ 12,925,000 | \$ 8,825,000 | \$ - | \$ - | \$ (7,965,000) | \$ 860,000 |
| 12/3/14 | 2014 | 8/2023 | 3.0-5.0% | 15,535,000 | 5,795,000 | - | - | (1,750,000) | 4,045,000 |
| 8/3/16 | 2006-Series 2016 | 8/2040 | 2.5-2.875% | 4,501,000 | 4,501,000 | - | - | - | 4,501,000 |
| 6/1/17 | 2014-Series 2017 | 8/2046 | 2.0-5.0% | 63,000,000 | 59,645,000 | - | - | - | 59,645,000 |
| 6/26/19 | 2018-Series 2019 | 8/2048 | 3.0-5.0% | 35,000,000 | 31,925,000 | - | - | (2,385,000) | 29,540,000 |
| 8/4/20 | 2018-Series 2020 | 8/2050 | 2.375-4.0% | 35,000,000 | 35,000,000 | - | - | (50,000) | 34,950,000 |
| 8/4/20 | 2022-Series 2022 | | | 6,765,000 | - | 6,765,000 | - | - | 6,765,000 |
| Capital Appreciation Bonds | | | | | | | | | |
| 5/1/05 | 2002-Series 2005 | 8/2029 | 4.77-5.23% | 13,329,104 | 10,266,464 | - | - | (998,536) | 9,267,928 |
| | Accreted interest | | | - | 13,014,375 | - | 1,101,614 | (1,201,464) | 12,914,525 |
| 3/1/06 | 2002-Series 2006 | 8/2029 | 4.68% | 1,885,059 | 1,570,930 | - | - | (155,224) | 1,415,706 |
| | Accreted interest | | | - | 1,743,970 | - | 152,456 | (149,776) | 1,746,650 |
| 3/1/07 | 2006-Series 2007 | 8/2031 | 4.41-4.52% | 9,308,839 | 9,308,839 | - | - | - | 9,308,839 |
| | Accreted interest | | | - | 8,247,149 | - | 762,094 | - | 9,009,243 |
| Total | | | | | <u>\$ 189,842,727</u> | <u>\$ 6,765,000</u> | <u>\$ 2,016,164</u> | <u>\$ (14,655,000)</u> | <u>\$ 183,968,891</u> |

Debt Service Requirements to Maturity

The capital appreciation bonds mature as follows:

| Bonds Maturing Fiscal Year | Initial Bond Value | Accreted Interest | Accreted Obligation | Unaccreted Interest | Maturity Value |
|----------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| 2023 | \$ 1,143,251 | \$ 1,481,749 | \$ 2,625,000 | \$ - | \$ 2,625,000 |
| 2024 | 1,125,372 | 1,478,862 | 2,604,234 | 130,766 | 2,735,000 |
| 2025 | 2,288,538 | 2,602,212 | 4,890,750 | 479,250 | 5,370,000 |
| 2026 | 2,267,996 | 2,603,032 | 4,871,028 | 738,972 | 5,610,000 |
| 2027 | 2,251,733 | 2,598,922 | 4,850,655 | 1,009,345 | 5,860,000 |
| 2028-2032 | 10,915,243 | 12,905,981 | 23,821,224 | 9,443,776 | 33,265,000 |
| Total | <u>\$ 19,992,133</u> | <u>\$ 23,670,758</u> | <u>\$ 43,662,891</u> | <u>\$ 11,802,109</u> | <u>\$ 55,465,000</u> |

Madera Unified School District

Notes to Financial Statements

June 30, 2022

The current interest bonds mature as follows:

| <u>Fiscal Year</u> | <u>Principal</u> | <u>Interest to Maturity</u> | <u>Total</u> |
|--------------------|-----------------------|-----------------------------|-----------------------|
| 2023 | \$ 3,435,000 | \$ 5,328,705 | \$ 8,763,705 |
| 2024 | 3,250,000 | 5,258,563 | 8,508,563 |
| 2025 | 1,350,000 | 5,103,663 | 6,453,663 |
| 2026 | 1,705,000 | 5,038,463 | 6,743,463 |
| 2027 | 1,990,000 | 4,959,213 | 6,949,213 |
| 2028-2032 | 11,310,000 | 23,319,186 | 34,629,186 |
| 2033-2037 | 19,976,000 | 20,413,401 | 40,389,401 |
| 2038-2042 | 31,735,000 | 15,347,498 | 47,082,498 |
| 2043-2047 | 46,165,000 | 7,403,930 | 53,568,930 |
| 2048-2051 | 19,390,000 | 933,349 | 20,323,349 |
| Total | <u>\$ 140,306,000</u> | <u>\$ 93,105,971</u> | <u>\$ 233,411,971</u> |

Certificates of Participation

In February 2014, the Madera Unified School District issued certificates of participation in the amount of \$16,745,000 with an interest rate of 3.87%. The proceeds were used to refund the \$16,235,000 remaining balance of the 2004 Certificates of Participation.

In August 2018, the District issued \$75,070,000 in Certificates of Participation. The Certificates were issued to finance improvements to education facilities within the District. The Certificates were issued at a five percent interest rate and mature from September 1, 2021 through September 1, 2048.

| <u>Year Ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------------------------|----------------------|----------------------|-----------------------|
| 2023 | \$ 2,110,000 | \$ 4,111,659 | \$ 6,221,659 |
| 2024 | 2,200,000 | 4,014,263 | 6,214,263 |
| 2025 | 2,305,000 | 3,912,554 | 6,217,554 |
| 2026 | 2,410,000 | 3,805,837 | 6,215,837 |
| 2027 | 2,520,000 | 3,694,360 | 6,214,360 |
| 2028-2032 | 14,470,000 | 16,606,776 | 31,076,776 |
| 2033-2037 | 14,405,000 | 13,134,389 | 27,539,389 |
| 2038-2042 | 15,505,000 | 9,690,250 | 25,195,250 |
| 2043-2047 | 19,785,000 | 5,406,500 | 25,191,500 |
| 2048-2049 | 9,370,000 | 708,500 | 10,078,500 |
| Total | <u>\$ 85,080,000</u> | <u>\$ 65,085,088</u> | <u>\$ 150,165,088</u> |

Financed Purchases

The District has entered into an energy retrofit lease which is, in substance, a purchase and is reported as a financed purchase. The District's liability on the lease agreement with options to purchase is summarized below:

| <u>Year Ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---------------------------------|---------------------|-------------------|---------------------|
| 2023 | \$ 339,551 | \$ 51,488 | \$ 391,039 |
| 2024 | 350,970 | 40,069 | 391,039 |
| 2025 | 362,921 | 28,117 | 391,038 |
| 2026 | 375,137 | 15,901 | 391,038 |
| 2027 | 192,289 | 3,230 | 195,519 |
| Total | <u>\$ 1,620,868</u> | <u>\$ 138,805</u> | <u>\$ 1,759,673</u> |

Leases

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

| <u>Lease</u> | <u>Leases Outstanding July 1, 2021</u> | <u>Addition</u> | <u>Payments</u> | <u>Leases Outstanding June 30, 2022</u> |
|----------------------|--|-------------------|---------------------|---|
| Madera TEC | \$ 10,063,586 | \$ 209,472 | \$ (60,000) | \$ 10,213,058 |
| Madera TEC Equipment | 129,090 | - | (18,424) | 110,666 |
| Madera Adult School | 488,804 | - | (254,783) | 234,021 |
| Total | <u>\$ 10,681,480</u> | <u>\$ 209,472</u> | <u>\$ (333,207)</u> | <u>\$ 10,557,745</u> |

Madera Technical Exploration Center

The District entered an agreement to lease Madera Technical Exploration Center for thirty-five years, beginning March 16, 2021. Under the terms of the lease, the District paid quarterly payments of \$15,000, which amounted to total principal and interest costs of \$60,000. The annual interest rate charged on the lease is 2.07%. At June 30, 2022, the District has recognized a right-to-use asset of \$10,026,698 and a lease liability of \$10,213,058 related to this agreement. During the fiscal year, the District recorded \$286,477 in amortization expense and (\$149,472) in interest expense for the right-to-use of the building.

Madera Technical Exploration Center Equipment Lease Agreement

The District entered an agreement to lease equipment at Madera Technical Exploration Center for seven years, beginning March 16, 2021. Under the terms of the lease, the District paid quarterly payments of \$5,000, which amounted to total principal and interest costs of \$20,000. The annual interest rate charged on the lease is 1.29%. At June 30, 2022, the District has recognized a right-to-use asset of \$133,659 and a lease liability of \$110,667 related to this agreement. During the fiscal year, the District recorded \$19,094 in amortization expense and \$18,424 in interest expense for the right-to-use of the equipment.

Madera Adult School

The District renewed an agreement to lease Madera Adult School for two years on April 13, 2021. Under the terms of the lease, the District paid monthly payments of \$21,297, which amounted to total principal and interest costs of \$510,012. The annual interest rate charged on the lease is 0.21%. At June 30, 2022, the District has recognized a right-to-use asset of \$233,755 and a lease liability of \$234,021 related to this agreement. During the fiscal year, the District recorded \$255,006 in amortization expense and \$870 in interest expense for the right-to-use of the equipment.

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 | \$100,094 | \$214,173 | \$ 314,267 |
| 2024 | (\$136,869) | \$216,869 | 80,000 |
| 2025 | (\$139,873) | \$219,873 | 80,000 |
| 2026 | (\$142,942) | \$222,942 | 80,000 |
| 2027 | (\$146,077) | \$226,077 | 80,000 |
| 2028-2032 | \$1,193,170 | \$1,098,080 | 2,291,250 |
| 2033-2037 | \$1,689,111 | \$935,889 | 2,625,000 |
| 2038-2042 | \$1,872,801 | \$752,199 | 2,625,000 |
| 2043-2047 | \$2,076,468 | \$548,532 | 2,625,000 |
| 2048-2052 | \$2,302,284 | \$322,716 | \$2,625,000 |
| 2053-2057 | \$1,889,578 | \$79,171 | 1,968,749 |
| Total | <u>\$ 10,557,745</u> | <u>\$ 4,836,521</u> | <u>\$ 15,394,266</u> |

Classified Early Retirement Program

The District has entered into contracts with certain eligible employees whereby a predetermined percentage of the employees final years' salary will be paid for a 60-month period for Certificated employees and a 36-month period for Classified employees and continued medical insurance coverage equivalent to the medical plan in effect for all Classified employees until age 65. The outstanding contract amount for this purpose is \$1,180,210. The amount paid during the current fiscal year related to the early retirement program totaled \$405,232.

PARS Early Retirement Program

The District has entered into an agreement with the Public Agency Retirement System (PARS) to provide an early retirement incentive to qualified certificated employees. The District is required to make five annual payments to the program for the benefit of participating retirees in the amount of \$689,069 per year beginning July 10, 2016. The District's outstanding obligation at June 30, 2022, is \$2,756,277.

Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2022, amounted to \$619,938.

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 |
|--|----------------------|--------------------------------|-------------------------------|---------------------|
| Retiree Health Plan | \$ 23,053,466 | \$ 8,903,205 | \$ 7,093,419 | \$ 2,557,308 |
| Medicare Premium Payment (MPP) Program | 1,190,561 | - | - | (166,835) |
| Total | <u>\$ 24,244,027</u> | <u>\$ 8,903,205</u> | <u>\$ 7,093,419</u> | <u>\$ 2,390,473</u> |

The details of each plan are as follows:

District Plan**Plan Administration**

The District's governing board administers the Postemployment Benefits Plan (the Plan). The Plan is a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible retirees and their spouses. There are no required contributions to the trust. Contributions are made based on the availability of funds and administrations directives.

Plan Membership

At June 30, 2021, the valuation date, the Plan membership consisted of the following:

| | |
|---|--------------|
| Inactive employees or beneficiaries currently receiving benefits payments | 95 |
| Active employees | <u>1,840</u> |
| Total | <u>1,935</u> |

Benefits Provided

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

Contributions

The benefit payment requirements of the Plan members and the District are established and may be amended by the District, the Madera Unified Teachers Association (MUTA), the local California Service Employees Association (CSEA), and unrepresented groups. The benefit payment is based on projected pay-as-you-go financing requirements as determined annually through the agreements with the District, MUTA, CSEA, and the unrepresented groups. There are no required contributions in excess of the required premium payments. For the measurement period of June 30, 2022, the District contributed \$1,919,753, consisting of \$323,152 in an implicit rate subsidy credit, to the plan.

Total OPEB Liability of the District

Actuarial Assumptions

The total OPEB liability as of June 30, 2022, was determined with the actuarial valuation and measurement as of June 30, 2022, by applying certain roll-forward procedures to the valuation prepared as of June 30, 2021, using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

| | |
|--|---|
| Inflation | 2.75% |
| Salary increases | 3.00%, average, including inflation |
| Discount rate | 6.00% |
| Investment rate of return | 6.00%, net of OPEB plan investment expense, including inflation |
| Healthcare cost trend rates | 4.00% for 2022-2023, 5.20% for 2024, and 4.00% for 2070 and later years. |
| Retirees' share of benefit-related costs | Employee pays excess premiums over \$1,391/month, scheduled to increase by 3.0% a year. |

The preretirement and postretirement mortality rates for active certificated employees were based on the CalSTRS Experience Analysis (2015-2018) and for active classified employees were based on the CalPERS Experience Study (1997-2015).

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actual experience study for the period June 30, 2019 to June 30, 2021.

Changes in the Net OPEB Liability

| | Increase (Decrease) | | |
|------------------------------------|--------------------------------|---------------------------------------|------------------------------------|
| | Total OPEB Liability (a) | Plan Fiduciary Net Position (b) | Net OPEB Liability (a) - (b) |
| Balance, June 30, 2021 | \$ 31,045,894 | \$ 3,928,872 | \$ 27,117,022 |
| Service cost | 867,197 | - | 867,197 |
| Interest | 1,858,032 | - | 1,858,032 |
| District contributions | - | 7,419,753 | (7,419,753) |
| Benefit payments | (1,919,753) | (615,665) | (1,304,088) |
| Net investment income | - | (1,919,753) | 1,919,753 |
| Administrative expense | - | (15,303) | 15,303 |
| Net change in total OPEB liability | 805,476 | 4,869,032 | (4,063,556) |
| Balance, June 30, 2022 | \$ 31,851,370 | \$ 8,797,904 | \$ 23,053,466 |

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

Changes of Assumptions - There were no changes in assumptions since the previous valuation.

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

The following presents the net OPEB liability of the District, as well as what the District's 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 (5%) | \$ 25,789,667 |
| Current discount rate (6%) | 23,053,466 |
| 1% increase (7%) | 20,577,625 |

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the net OPEB liability of the District, as well as what the District's net 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:

| <u>Healthcare Cost Trend Rate</u> | <u>Net OPEB Liability</u> |
|------------------------------------|---------------------------|
| 1% decrease | \$ 19,806,071 |
| Current healthcare cost trend rate | 23,053,466 |
| 1% increase | 26,832,057 |

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

For the year ended June 30, 2022, the District recognized OPEB expense of \$2,557,308. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences between expected and actual experience | \$ 7,583,334 | \$ 702,705 |
| Changes of assumptions and other inputs | 434,197 | 6,085,977 |
| Net difference between projected and actual earnings on OPEB plan investments | <u>885,674</u> | <u>304,737</u> |
| Total | <u><u>\$ 8,903,205</u></u> | <u><u>\$ 7,093,419</u></u> |

The deferred outflows of resources and deferred inflows of resources related to the difference in the projected and actual earnings on plan investments will be amortized over five years as required by GASB 75.

The deferred outflows of resources and deferred inflows of resources related to differences between the expected and actual experience and changes of assumptions and other inputs 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 deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year Ended June 30, | Deferred Outflows of Resources | Deferred Inflows of Resources |
|------------------------|-----------------------------------|----------------------------------|
| 2023 | \$ 1,376,869 | \$ (1,071,390) |
| 2024 | 1,376,869 | (1,071,390) |
| 2025 | 1,375,779 | (1,071,390) |
| 2026 | 1,375,777 | (969,811) |
| 2027 | 1,154,905 | (969,811) |
| Thereafter | 2,243,006 | (1,939,627) |
| Total | <u>\$ 8,903,205</u> | <u>\$ (7,093,419)</u> |

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 \$1,190,561 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 0.2985% and 0.3203%, resulting in a net decrease in the proportionate share of 0.0218%.

For the year ended June 30, 2022, the District recognized OPEB expense of (\$166,835).

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%) | \$ 1,312,324 |
| Current discount rate (2.16%) | 1,190,561 |
| 1% increase (3.16%) | 1,086,525 |

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) | \$ 1,082,676 |
| Current Medicare costs trend rate (4.50% Part A and 5.40% Part B) | 1,190,561 |
| 1% increase (5.50% Part A and 6.40% Part B) | 1,314,247 |

Note 11 - Fund Balances

Fund balances are composed of the following elements:

| | General Fund | Building Fund | County School Facilities Fund | Special Reserve Fund for Capital Outlay Projects | Non-Major Governmental Funds | Total |
|--|----------------------|---------------------|-------------------------------------|--|------------------------------------|----------------------|
| Nonspendable | | | | | | |
| Revolving cash | \$ 25,000 | \$ - | \$ - | \$ - | \$ 5,140 | \$ 30,140 |
| Stores inventories | 418,222 | - | - | - | 1,199,829 | 1,618,051 |
| Prepaid expenditures | 74,719 | - | - | - | 21,297 | 96,016 |
| Total nonspendable | 517,941 | - | - | - | 1,226,266 | 1,744,207 |
| Restricted | | | | | | |
| Legally restricted programs | 19,310,714 | - | - | - | 771,660 | 20,082,374 |
| Student activities | - | - | - | - | 829,490 | 829,490 |
| Food service | - | - | - | - | 4,495,913 | 4,495,913 |
| Capital projects | - | 39,375,577 | 52,982,390 | - | 6,315,975 | 98,673,942 |
| Debt services | - | - | - | - | 10,919,353 | 10,919,353 |
| Total restricted | 19,310,714 | 39,375,577 | 52,982,390 | - | 23,332,391 | 135,001,072 |
| Committed | | | | | | |
| Positions moved to ESSER III | 22,000,000 | - | - | - | - | 22,000,000 |
| Concentration funds for Unduplicated Textbooks | 13,614,028 | - | - | - | - | 13,614,028 |
| | 7,453,468 | - | - | - | - | 7,453,468 |
| Total committed | 43,067,496 | - | - | - | - | 43,067,496 |
| Assigned | | | | | | |
| Vacation accruals | 859,635 | - | - | - | - | 859,635 |
| carryovers | - | - | - | - | 304,031 | 304,031 |
| Capital projects | - | - | - | 48,831,332 | - | 48,831,332 |
| Total assigned | 859,635 | - | - | 48,831,332 | 304,031 | 49,994,998 |
| Unassigned | | | | | | |
| Reserve for economic uncertainties | 10,367,014 | - | - | - | - | 10,367,014 |
| Remaining unassigned | 33,232,403 | - | - | - | - | 33,232,403 |
| Total unassigned | 43,599,417 | - | - | - | - | 43,599,417 |
| Total | \$107,355,203 | \$39,375,577 | \$52,982,390 | \$ 48,831,332 | \$24,862,688 | \$273,407,190 |

Note 12 - Risk Management**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 California Risk Management Authority (CRMA) for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

The District pays for workers' compensation through the California Risk Management Authority.

Employee Medical Benefits

The District has contracted with California's Valued Trust to provide employee health, dental and vision benefits. Benefits are self-funded and are paid out of the assets of the Trust. Each participating school district's contribution to the Trust is determined by the collective bargaining agreement between the individual district and CTA or California School Employees Association and/or by the participating agreement between the district and the Trust with respect to employees not covered by a collective bargaining agreement. The District pays a monthly contribution, which is placed in a common fund from which claim payments are made for all participating districts. Claims are paid for all participants regardless of claims flow.

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 | \$ 90,366,761 | \$ 50,063,035 | \$ 83,467,380 | \$ 9,606,942 |
| CalPERS | 49,875,383 | 14,040,070 | 20,937,672 | 6,051,071 |
| Total | <u>\$ 140,242,144</u> | <u>\$ 64,103,105</u> | <u>\$ 104,405,052</u> | <u>\$ 15,658,013</u> |

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 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 December 31, 2012 | On or after January 1, 2013 |
| Hire date | | |
| Benefit formula | 2% at 60 | 2% at 62 |
| Benefit vesting schedule | 5 years of service | 5 years of service |
| Benefit payments | Monthly for life | Monthly for life |
| Retirement age | 60 | 62 |
| Monthly benefits as a percentage of eligible compensation | 2.0% - 2.4% | 2.0% - 2.4% |
| Required employee contribution rate | 10.25% | 10.205% |
| Required employer contribution rate | 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 \$19,084,478.

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 | \$ 90,366,761 |
| State's proportionate share of the net pension liability | 45,469,049 |
| Total | <u>\$ 135,835,810</u> |

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 0.1986% and 0.1838%, resulting in a net increase in the proportionate share of 0.0148%.

Madera Unified School District

Notes to Financial Statements

June 30, 2022

For the year ended June 30, 2022, the District recognized pension expense of \$9,606,942. In addition, the District recognized pension expense and revenue of \$1,555,667 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 | \$ 19,084,478 | \$ - |
| Change in proportion and differences between contributions made and District's proportionate share of contributions | 17,948,173 | 2,368,038 |
| Differences between projected and actual earnings on pension plan investments | - | 71,482,435 |
| Differences between expected and actual experience in the measurement of the total pension liability | 226,374 | 9,616,907 |
| Changes of assumptions | 12,804,010 | - |
| Total | <u>\$ 50,063,035</u> | <u>\$ 83,467,380</u> |

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

The deferred outflows 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 | \$ (18,152,252) |
| 2024 | (16,603,381) |
| 2025 | (17,015,419) |
| 2026 | (19,711,383) |
| Total | <u>\$ (71,482,435)</u> |

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 | \$7,624,488 |
| 2024 | 7,760,167 |
| 2025 | 1,595,684 |
| 2026 | 223,155 |
| 2027 | 1,338,900 |
| Thereafter | 451,218 |
| Total | <u>\$ 18,993,612</u> |

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 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%) | \$183,954,382 |
| Current discount rate (7.10%) | 90,366,761 |
| 1% increase (8.10%) | 12,690,823 |

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 December 31, 2012 | On or after January 1, 2013 |
| Hire date | | |
| Benefit formula | 2% at 55 | 2% at 62 |
| Benefit vesting schedule | 5 years of service | 5 years of service |
| Benefit payments | Monthly for life | Monthly for life |
| Retirement age | 55 | 62 |
| Monthly benefits as a percentage of eligible compensation | 1.1% - 2.5% | 1.0% - 2.5% |
| Required employee contribution rate | 7.00% | 7.00% |
| Required employer contribution rate | 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 \$9,141,292.

Pension Liabilities, Pension Expense, and Deferred Outflows 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 \$49,875,383. 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 0.2453% and 0.2306%, resulting in a net increase in the proportionate share of 0.0147%.

For the year ended June 30, 2022, the District recognized pension expense of \$6,051,071. At June 30, 2022, the District reported deferred outflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Pension contributions subsequent to measurement date | \$ 9,141,292 | \$ - |
| Change in proportion and differences between contributions made and District's proportionate share of contributions | 3,409,870 | 1,679,407 |
| Differences between projected and actual earnings on pension plan investments | - | 19,140,688 |
| Differences between expected and actual experience in the measurement of the total pension liability | 1,488,908 | 117,577 |
| Total | <u>\$ 14,040,070</u> | <u>\$ 20,937,672</u> |

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

The deferred outflows 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 | \$ (4,800,468) |
| 2024 | (4,414,461) |
| 2025 | (4,602,362) |
| 2026 | (5,323,397) |
| Total | <u>\$ (19,140,688)</u> |

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 (EARS�) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARS� 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 | \$ 1,463,467 |
| 2024 | 579,670 |
| 2025 | 957,607 |
| 2026 | 101,050 |
| Total | <u>\$ 3,101,794</u> |

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%) | \$84,096,899 |
| Current discount rate (7.15%) | 49,875,383 |
| 1% increase (8.15%) | 21,464,182 |

Social Security

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 Social Security as its alternative plan. Contributions made by the District and an employee vest immediately. The District contributes 6.2% of an employee's gross earnings. An employee is required to contribute 6.2% of his or her gross earnings to the pension plan.

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of \$12,629,765 (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 and have been included in the calculation of available reserves.

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:

| Capital Projects | Remaining Construction Commitment | Expected Date of Completion |
|------------------------------------|---|-----------------------------------|
| Matilda Torres High School Stadium | \$ 36,107,878 | October 2023 |
| Dixieland Portable Project | 690,000 | July 2023 |
| King Husein School | 81,700,000 | July 2025 |
| Total | <u>\$ 118,497,878</u> | |

Note 15 - Participation in Public Entity Risk Pools

The District is a member of the California Risk Management Authority (CRMA) and the California's Valued Trust (CVT) public entity risk pools. The District pays an annual premium to these entities for its property and liability, workers' compensation and health coverage. The relationship between the District and the pools is such that they are not component units of the District for financial reporting purposes.

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

The District has appointed one member to the governing board of CRMA and CVT.

During the year ended June 30, 2022, the District made payment of \$1,535,799 to CRMA for property and liability, and \$2,313,111 for workers' compensation coverage.

During the year ended June 30, 2022, the District made payment of \$39,135,501 to CVT for health and welfare benefits.

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. Beginning net position was restated to retroactively adopt the provisions of GASB Statement No. 87 as follows:

Government-Wide Financial Statements

| | |
|--|------------------------------|
| Net Position - Beginning | \$ 156,901,807 |
| Right-to-use intangible asset, net of amortization | 10,572,726 |
| Lease liability | <u>(10,681,480)</u> |
| Net Position - Beginning, as Restated | <u><u>\$ 156,793,053</u></u> |



Required Supplementary Information
June 30, 2022

Madera Unified School District

Madera Unified School District
 Budgetary Comparison Schedule – General Fund
 Year Ended June 30, 2022

| | Budgeted Amounts | | Actual | Variances - Positive (Negative) |
|--------------------------------------|------------------|----------------|----------------|---------------------------------------|
| | Original | Final | | Final to Actual |
| Revenues | | | | |
| Local control funding formula | \$ 240,744,841 | \$ 249,924,386 | \$ 251,765,212 | \$ 1,840,826 |
| Federal sources | 16,610,246 | 80,381,701 | 53,559,979 | (26,821,722) |
| Other State sources | 18,466,311 | 27,369,015 | 46,643,810 | 19,274,795 |
| Other local sources | 5,648,244 | 8,886,007 | 5,374,584 | (3,511,423) |
| Total revenues | 281,469,642 | 366,561,109 | 357,343,585 | (9,217,524) |
| Expenditures | | | | |
| Current | | | | |
| Certificated salaries | 115,166,124 | 118,106,809 | 116,433,144 | 1,673,665 |
| Classified salaries | 38,456,107 | 41,677,682 | 41,116,025 | 561,657 |
| Employee benefits | 86,125,780 | 89,659,834 | 92,058,268 | (2,398,434) |
| Books and supplies | 12,029,999 | 51,912,714 | 16,997,734 | 34,914,980 |
| Services and operating expenditures | 17,108,683 | 36,454,919 | 30,531,798 | 5,923,121 |
| Other outgo | 4,637,445 | 4,991,529 | 3,455,937 | 1,535,592 |
| Capital outlay | 1,273,117 | 11,504,350 | 9,268,428 | 2,235,922 |
| Debt service | | | | |
| Debt service - principal | 328,455 | 328,455 | 328,455 | - |
| Debt service - interest and other | 70,959 | 70,959 | 70,959 | - |
| Total expenditures | 275,196,669 | 354,707,251 | 310,260,748 | 44,446,503 |
| Excess of Revenues Over Expenditures | 6,272,973 | 11,853,858 | 47,082,837 | 35,228,979 |
| Other Financing Sources (Uses) | | | | |
| Transfers in | 30,000 | 30,000 | 68,558 | 38,558 |
| Transfers out | (16,006,375) | (16,006,375) | (35,306,375) | (19,300,000) |
| Net financing sources (uses) | (15,976,375) | (15,976,375) | (35,237,817) | (19,261,442) |
| Net Change in Fund Balances | (9,703,402) | (4,122,517) | 11,845,020 | 15,967,537 |
| Fund Balance - Beginning | 95,510,183 | 95,510,183 | 95,510,183 | - |
| Fund Balance - Ending | \$ 85,806,781 | \$ 91,387,666 | \$ 107,355,203 | \$ 15,967,537 |

Madera Unified School District
Schedule of Changes in the District's Net OPEB Liability and Related Ratios
Year Ended June 30, 2022

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| Total OPEB Liability | | | | | |
| Service cost | \$ 867,197 | \$ 811,889 | \$ 590,491 | \$ 653,482 | \$ 634,449 |
| Interest | 1,858,032 | 1,647,308 | 1,666,544 | 898,745 | 927,918 |
| Difference between expected and actual experience | - | 2,377,591 | 8,208,721 | - | - |
| Difference between expected and actual plan earnings | - | - | (634,894) | - | - |
| Changes of assumptions | - | 561,901 | (8,694,252) | (1,142,321) | - |
| Benefit payments | (1,919,753) | (1,963,488) | (1,488,306) | (2,305,085) | (2,680,864) |
| Net change in total OPEB liability | 805,476 | 3,435,201 | (351,696) | (1,895,179) | (1,118,497) |
| Total OPEB Liability - Beginning | 31,045,894 | 27,610,693 | 27,962,389 | 29,857,568 | 30,976,065 |
| Total OPEB Liability - Ending (a) | <u>\$ 31,851,370</u> | <u>\$ 31,045,894</u> | <u>\$ 27,610,693</u> | <u>\$ 27,962,389</u> | <u>\$ 29,857,568</u> |
| Plan Fiduciary Net Position | | | | | |
| Contributions - employer | \$ 7,419,753 | \$ 2,463,488 | \$ 4,099,707 | | |
| Net investment income | (615,665) | 696,898 | 141,526 | | |
| Difference between expected and actual plan earnings | - | - | (5,450) | | |
| Benefit payments | (1,919,753) | (1,963,488) | (1,488,306) | | |
| Administrative expense | (15,303) | (9,836) | (5,667) | | |
| Net change in plan fiduciary net position | 4,869,032 | 1,187,062 | 2,741,810 | | |
| Plan Fiduciary Net Position - Beginning | 3,928,872 | 2,741,810 | - | | |
| Plan Fiduciary Net Position - Ending (b) | <u>\$ 8,797,904</u> | <u>\$ 3,928,872</u> | <u>\$ 2,741,810</u> | | |
| Net OPEB Liability - Ending (a) - (b) | <u>\$ 23,053,466</u> | <u>\$ 27,117,022</u> | <u>\$ 24,868,883</u> | | |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability | 27.62% | 12.66% | 9.93% | | |
| Covered Payroll | N/A ¹ | N/A ¹ | N/A ¹ | N/A ¹ | N/A ¹ |
| Net/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, 2019 | June 30, 2018 | June 30, 2017 |

¹ The District's OPEB Plan is administered through a trust, however, 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.

Madera Unified School District
Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program
Year Ended June 30, 2022

| Year ended June 30, | 2022 | 2021 | 2020 | 2019 | 2018 |
|--|------------------|------------------|------------------|------------------|------------------|
| Proportion of the net OPEB liability | 0.2985% | 0.3203% | 0.3099% | 0.3050% | 0.3050% |
| Proportionate share of the net OPEB liability | \$ 1,190,561 | \$ 1,357,395 | \$ 1,154,141 | \$ 1,242,438 | \$ 1,242,438 |
| 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.

Madera Unified School District
Schedule of the District's Proportionate Share of the Net Pension Liability
Year Ended June 30, 2022

| | 2022 | 2021 | 2020 | 2019 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| CalSTRS | | | | |
| Proportion of the net pension liability | 0.1986% | 0.1838% | 0.1752% | 0.1808% |
| Proportionate share of the net pension liability | \$ 90,366,761 | \$ 178,140,520 | \$ 158,229,205 | \$ 166,206,226 |
| State's proportionate share of the net pension liability | 45,469,049 | 91,831,459 | 86,324,595 | 95,160,838 |
| Total | <u>\$ 135,835,810</u> | <u>\$ 269,971,979</u> | <u>\$ 244,553,800</u> | <u>\$ 261,367,064</u> |
| Covered payroll | <u>\$ 107,000,354</u> | <u>\$ 98,063,000</u> | <u>\$ 97,230,516</u> | <u>\$ 96,877,838</u> |
| Proportionate share of the net pension liability as a percentage of its covered payroll | 84.45% | 181.66% | 162.74% | 171.56% |
| 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 | 0.2453% | 0.2306% | 0.2353% | 0.2327% |
| Proportionate share of the net pension liability | \$ 49,875,383 | \$ 70,770,353 | \$ 68,572,169 | \$ 62,042,813 |
| Covered payroll | \$ 35,881,755 | \$ 33,261,640 | \$ 32,720,513 | \$ 30,838,735 |
| Proportionate share of the net pension liability as a percentage of its covered payroll | 139.00% | 212.77% | 209.57% | 201.18% |
| 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.

Madera Unified School District
Schedule of the District's Proportionate Share of the Net Pension Liability
Year Ended June 30, 2022

| | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|------------------------------|------------------------------|------------------------------|------------------------------|
| CalSTRS | | | | |
| Proportion of the net pension liability | <u>0.1684%</u> | <u>0.1650%</u> | <u>0.1630%</u> | <u>0.1504%</u> |
| Proportionate share of the net pension liability | <u>\$ 155,779,286</u> | <u>\$ 133,433,285</u> | <u>\$ 109,768,136</u> | <u>\$ 87,863,363</u> |
| State's proportionate share of the net pension liability | <u>92,157,710</u> | <u>75,961,189</u> | <u>58,055,243</u> | <u>53,055,692</u> |
| Total | <u><u>\$ 247,936,996</u></u> | <u><u>\$ 209,394,474</u></u> | <u><u>\$ 167,823,379</u></u> | <u><u>\$ 140,919,055</u></u> |
| Covered payroll | <u>\$ 90,127,401</u> | <u>\$ 83,354,240</u> | <u>\$ 74,943,153</u> | <u>\$ 68,012,364</u> |
| Proportionate share of the net pension liability as a percentage of its covered payroll | <u>172.84%</u> | <u>160.08%</u> | <u>146.47%</u> | <u>129.19%</u> |
| Plan fiduciary net position as a percentage of the total pension liability | <u>69%</u> | <u>70%</u> | <u>74%</u> | <u>77%</u> |
| Measurement Date | June 30, 2017 | June 30, 2016 | June 30, 2015 | June 30, 2014 |
| CalPERS | | | | |
| Proportion of the net pension liability | <u>0.2240%</u> | <u>0.2119%</u> | <u>0.2062%</u> | <u>0.1894%</u> |
| Proportionate share of the net pension liability | <u>\$ 53,481,744</u> | <u>\$ 41,858,308</u> | <u>\$ 30,391,170</u> | <u>\$ 21,502,181</u> |
| Covered payroll | <u>\$ 28,608,648</u> | <u>\$ 25,446,577</u> | <u>\$ 22,981,956</u> | <u>\$ 20,186,890</u> |
| Proportionate share of the net pension liability as a percentage of its covered payroll | <u>186.94%</u> | <u>164.49%</u> | <u>132.24%</u> | <u>106.52%</u> |
| Plan fiduciary net position as a percentage of the total pension liability | <u>72%</u> | <u>74%</u> | <u>79%</u> | <u>83%</u> |
| 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.

Madera Unified School District
Schedule of the District's Contributions
Year Ended June 30, 2022

| | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|---|-----------------------|-----------------------|----------------------|----------------------|
| CalSTRS | | | | |
| Contractually required contribution | \$ 19,084,478 | \$ 17,280,557 | \$ 16,768,773 | \$ 15,829,128 |
| Less contributions in relation to the contractually required contribution | <u>19,084,478</u> | <u>17,280,557</u> | <u>16,768,773</u> | <u>15,829,128</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered payroll | <u>\$ 112,792,423</u> | <u>\$ 107,000,354</u> | <u>\$ 98,063,000</u> | <u>\$ 97,230,516</u> |
| Contributions as a percentage of covered payroll | <u>16.92%</u> | <u>16.15%</u> | <u>17.10%</u> | <u>16.28%</u> |
| CalPERS | | | | |
| Contractually required contribution | \$ 9,141,292 | \$ 7,427,523 | \$ 6,559,528 | \$ 5,909,979 |
| Less contributions in relation to the contractually required contribution | <u>9,141,292</u> | <u>7,427,523</u> | <u>6,559,528</u> | <u>5,909,979</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered payroll | <u>\$ 39,900,882</u> | <u>\$ 35,881,755</u> | <u>\$ 33,261,640</u> | <u>\$ 32,720,513</u> |
| Contributions as a percentage of covered payroll | <u>22.910%</u> | <u>20.700%</u> | <u>19.7210%</u> | <u>18.0620%</u> |

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

Madera Unified School District
Schedule of the District's Contributions
Year Ended June 30, 2022

| | 2018 | 2017 | 2016 | 2015 |
|---|----------------------|----------------------|----------------------|----------------------|
| CalSTRS | | | | |
| Contractually required contribution | \$ 13,979,472 | \$ 11,338,027 | \$ 8,943,910 | \$ 6,654,952 |
| Less contributions in relation to the contractually required contribution | <u>13,979,472</u> | <u>11,338,027</u> | <u>8,943,910</u> | <u>6,654,952</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered payroll | <u>\$ 96,877,838</u> | <u>\$ 90,127,401</u> | <u>\$ 83,354,240</u> | <u>\$ 74,943,153</u> |
| Contributions as a percentage of covered payroll | <u>14.43%</u> | <u>12.58%</u> | <u>10.73%</u> | <u>8.88%</u> |
| CalPERS | | | | |
| Contractually required contribution | \$ 4,789,564 | \$ 3,973,169 | \$ 3,014,656 | \$ 2,705,206 |
| Less contributions in relation to the contractually required contribution | <u>4,789,564</u> | <u>3,973,169</u> | <u>3,014,656</u> | <u>2,705,206</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered payroll | <u>\$ 30,838,735</u> | <u>\$ 28,608,648</u> | <u>\$ 25,446,577</u> | <u>\$ 22,981,956</u> |
| Contributions as a percentage of covered payroll | <u>15.5310%</u> | <u>13.8880%</u> | <u>11.8470%</u> | <u>11.7710%</u> |

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

Note 1 - Purpose of Schedules

Budgetary Comparison Schedule

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

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

This schedule 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 Net OPEB Liability and Related Ratios

This schedule presents information on the District's changes in the net/total OPEB liability, including beginning and ending balances, the plan's fiduciary net position, and the net/total 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* - There were no changes in assumptions since the previous valuation.

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

This schedule presents information on the District's proportionate share of the net OPEB Liability - MPP Program and the 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

Madera Unified School District

Madera Unified School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

| 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 | | | |
| Sustaining Upgraded Culture and Climate through an Enhanced System of Supports (SUCCESS) Program | 84.184G | [1] | \$ 608,250 |
| Passed Through California Department of Education (CDE) | | | |
| Title I - Part A, Basic | 84.010 | 14329 | 9,508,226 |
| ESSA School Improvement (CSI) Funding for LEAs | 84.010 | 15438 | 939,278 |
| Subtotal, 84.010 | | | 10,447,504 |
| Title I - Part C, Migrant Education - Regular | 84.011 | 14326 | 278,443 |
| Title I - Part C, Migrant Education - Summer | 84.011 | 10005 | 7,025 |
| Subtotal, 84.011 | | | 285,468 |
| Title III - English Language Acquisition - Immigrant Education Program | 84.365 | 15146 | 4,620 |
| Title III - English Language Acquisition - Limited English Proficient | 84.365 | 14346 | 843,769 |
| Subtotal, 84.365 | | | 848,389 |
| COVID-19, Elementary and Secondary Emergency Relief (ESSER) Fund | 84.425D | 15536 | 3,287,930 |
| COVID-19, Child Nutrition: COVID CARES Act Supplemental Meal Reimbursement | 84.425 | 15535 | 20,173 |
| COVID-19, ESSER - California Community Schools Partnership Program | 84.425 | 15537 | 793,637 |
| COVID-19, 21st Century Community Learning Centers (CCLC) Rate Increase | 84.425 | 15651 | 403,147 |
| COVID-19, Elementary and Secondary Emergency Relief (ESSER II) Fund | 84.425D | 15547 | 20,107,038 |
| COVID-19, Elementary and Secondary School Emergency Relief III (ESSER III) Fund | 84.425U | 15559 | 9,669,670 |
| COVID-19, Expanded Learning Opportunities (ELO) Grant ESSER II State Reserve | 84.425D | 15618 | 517,695 |
| COVID-19, Governor's Emergency Education Relief (GEER) Fund: Learning Loss Mitigation | 84.425C | 15517 | 650,519 |
| COVID-19, Expanded Learning Opportunities (ELO) Grant GEER II | 84.425C | 15619 | 548,857 |
| COVID-19, American Rescue Plan - Homeless Children and Youth II (ARP HYC II) | 84.425W | 15566 | 5,018 |
| COVID-19, American Rescue Plan-Homeless Children and Youth (ARP-HCY) Program | 84.425W | 15564 | 3,741 |
| Subtotal, 84.425 | | | 36,007,425 |

[1] Pass-Through Identifying Number not available

Madera Unified School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

| 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: Adult Basic Education & ELA (Section 231) | 84.002A | 14508 | 137,399 |
| Adult Education: Adult Secondary Education (Section 231) | 84.002 | 13978 | 128,954 |
| Adult English Literacy and Civics Education | 84.002A | 14109 | 905 |
| Adult Education: Institutionalized Adults (Section 225) | 84.002 | 13971 | 27,099 |
| Subtotal, 84.002 | | | 294,357 |
| Special Education Cluster | | | |
| Special Education Grants to States - Basic Local Assistance | 84.027 | 13379 | 1,139,159 |
| COVID-19, Special Ed: ARP IDEA Part B, Sec. 611, Local Assistance Entitlement | 84.027 | 15638 | 277,622 |
| Special Education: IDEA Local Assistance, Part B, Sec 611, Early Intervening Services | 84.027 | 10119 | 142,148 |
| COVID-19, Special Ed: ARP IDEA Part B, Sec. 611, Local Assistance Private School ISPs | 84.027 | 10169 | 4,067 |
| Special Education - Local Assistance, Part B, Private Schools | 84.027 | 10115 | 18,166 |
| Subtotal Special Education Cluster | | | 1,581,162 |
| Career and Technical Education - Secondary, Section 131 | 84.048 | 14894 | 248,562 |
| ESEA - Education for Homeless Children and Youth, Subtitle VII-B McKinney-Vento Act | 84.196 | 14332 | 64,119 |
| Title IV - Part B, Twenty First Century Community Learning Centers | 84.287 | 14349 | 1,180,318 |
| Title II - Part A, Supporting Effective Instruction | 84.367 | 14341 | 1,300,259 |
| Title IV - Part A, Student Support and Academic Enrichment Program | 84.424 | 15396 | 619,880 |
| Total U.S. Department of Education | | | 53,485,693 |
| U.S. Department of Justice | | | |
| STOP School Violence | 16.839 | [1] | 85,774 |
| COPS Office School Violence Prevention Program (SVPP) | 16.710 | [1] | 297,229 |
| Total U.S. Department of Justice | | | 383,003 |

[1] Pass-Through Identifying Number not available

Madera Unified School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

| 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 Health and Human Services Passed Through California Department of Education Child Care and Development Fund (CCDF) Cluster COVID-19, Child Development CRRSA Act- One-time Stipend | 93.575 | 15555 | 147,735 |
| U.S. Department of Agriculture Passed Through California Department of Education Child Nutrition Cluster School Breakfast Program - National School Breakfast | 10.553 | 13525 | 2,008 |
| School Breakfast Program - Especially Needy Breakfast | 10.553 | 13526 | 8,110 |
| Subtotal, 10.553 | | | 10,118 |
| National School Lunch Program | 10.555 | 13391 | 42,069 |
| National School Lunch Program - Meal Supplements | 10.555 | 13396 | 341,959 |
| National School Lunch Program - Commodity Supplemental Food | 10.555 | 13391 | 1,324,364 |
| COVID-19, SNP COVID-19 Emergency Operational Costs Reimbursement (ECR) | 10.555 | 15637 | 103,344 |
| Subtotal, 10.555 | | | 1,811,736 |
| National School Lunch Program - Summer Food Program | 10.559 | 13004 | 13,381,775 |
| Child Nutrition: Fresh Fruit and Vegetable Program | 10.582 | 14968 | 235,744 |
| Subtotal Child Nutrition Cluster | | | 15,439,373 |
| COVID-19, Pandemic EBT Local Administrative Grant | 10.649 | 15644 | 5,814 |
| Total U.S. Department of Agriculture | | | 15,445,187 |
| Total Federal Financial Assistance | | | \$ 69,461,618 |

Organization

The Madera Unified School District was established in 1966 and consists of an area comprising approximately 400 square miles. The District operates eighteen elementary schools, three middle schools, two comprehensive high schools, two alternative education schools, one community day school, and one adult education school. There were no boundary changes during the year.

Governing Board

| Member | Office | Term Expires |
|----------------|-----------|--------------|
| Ed McIntyre | President | 2022 |
| Lucy Salazar | Clerk | 2022 |
| Nadeem Ahmad | Trustee | 2024 |
| Israel Cortes | Trustee | 2024 |
| Joetta Fleak | Trustee | 2022 |
| Ruben Mendoza | Trustee | 2024 |
| Ray G. Seibert | Trustee | 2024 |

Administration

| | |
|------------------|---|
| Todd Lile | Superintendent |
| Sandon Schwartz | Deputy Superintendent |
| Sheryl Sisil | Assistant Superintendent of Educational Services |
| Joseph Aiello | Assistant Superintendent of Human Resources |
| Arelis Garcia | Chief Financial Officer |
| Ladislao Lopez | Area Assistant Superintendent |
| Jesse Carrasco | Area Assistant Superintendent |
| Oracio Rodriguez | Area Assistant Superintendent |
| Babatunde Illori | Executive Director of Accountability and Communications |
| Prince Marshall | Executive Director of Student and Family Support Services |

Madera Unified School District
Schedule of Average Daily Attendance
Year Ended June 30, 2022

| | Second Period Report | Annual Report |
|--|-------------------------|------------------|
| Regular ADA | | |
| Transitional kindergarten through third | 5,398.89 | 5,450.00 |
| Fourth through sixth | 4,152.80 | 4,182.06 |
| Seventh and eighth | 2,643.58 | 2,651.89 |
| Ninth through twelfth | 5,445.38 | 5,396.04 |
| Total regular ADA | 17,640.65 | 17,679.99 |
| Extended Year Special Education | | |
| Transitional kindergarten through third | 2.31 | 2.31 |
| Fourth through sixth | 2.54 | 2.54 |
| Seventh and eighth | 0.09 | 0.09 |
| Ninth through twelfth | 0.27 | 0.27 |
| Total extended year special education | 5.21 | 5.21 |
| Special Education, Nonpublic, Nonsectarian Schools | | |
| Fourth through sixth | 0.20 | 0.34 |
| Total special education, nonpublic, nonsectarian schools | 0.20 | 0.34 |
| Community Day School | | |
| Seventh and eighth | 2.99 | 3.37 |
| Ninth through twelfth | 11.94 | 11.44 |
| Total community day school | 14.93 | 14.81 |
| Total ADA | 17,660.99 | 17,700.35 |

Madera Unified School District

Schedule of Instructional Time

Year Ended June 30, 2022

| Grade Level | 1986-1987 Minutes Requirement | 2021-2022 Actual Minutes | Number of Actual Days | Status |
|---------------|-------------------------------------|--------------------------------|--------------------------|----------|
| Kindergarten | 36,000 | 60,105 | 180 | Complied |
| Grades 1 - 3 | 50,400 | | | |
| Grade 1 | | 59,205 | 180 | Complied |
| Grade 2 | | 59,205 | 180 | Complied |
| Grade 3 | | 59,205 | 180 | Complied |
| Grades 4 - 8 | 54,000 | | | |
| Grade 4 | | 59,205 | 180 | Complied |
| Grade 5 | | 59,205 | 180 | Complied |
| Grade 6 | | 59,205 | 180 | Complied |
| Grade 7 | | 59,205 | 180 | Complied |
| Grade 8 | | 59,205 | 180 | Complied |
| Grades 9 - 12 | 64,800 | | | |
| Grade 9 | | 65,046 | 180 | Complied |
| Grade 10 | | 65,046 | 180 | Complied |
| Grade 11 | | 65,046 | 180 | Complied |
| Grade 12 | | 65,046 | 180 | Complied |

Madera Unified School District
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
Year Ended June 30, 2022

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

Madera Unified School District
Schedule of Financial Trends and Analysis
Year Ended June 30, 2022

| | (Budget) 2023 ¹ | 2022 | 2021 | 2020 |
|---|-------------------------------|-----------------------|-----------------------|-----------------------|
| General Fund | | | | |
| Revenues and other sources | \$ 403,241,845 | \$ 357,343,585 | \$ 311,346,730 | \$ 273,272,501 |
| Transfers in | 30,000 | 68,558 | 91,566 | 42,641 |
| Total revenues and other sources | <u>403,271,845</u> | <u>357,412,143</u> | <u>311,438,296</u> | <u>273,315,142</u> |
| Expenditures and other uses | 397,338,291 | 310,260,748 | 281,215,330 | 249,339,016 |
| Transfers out | 24,015,500 | 35,306,375 | 12,907,791 | 11,000,000 |
| Total expenditures and other uses | <u>421,353,791</u> | <u>345,567,123</u> | <u>294,123,121</u> | <u>260,339,016</u> |
| Increase/(Decrease) in Fund Balance | <u>(18,081,946)</u> | <u>11,845,020</u> | <u>17,315,175</u> | <u>12,976,126</u> |
| Ending Fund Balance | <u>\$ 89,273,257</u> | <u>\$ 107,355,203</u> | <u>\$ 95,510,183</u> | <u>\$ 78,195,008</u> |
| Available Reserves ² | <u>\$ 41,902,904</u> | <u>\$ 43,599,417</u> | <u>\$ 72,659,663</u> | <u>\$ 53,789,702</u> |
| Available Reserves as a Percentage of Total Outgo | <u>9.94%</u> | <u>12.62%</u> | <u>24.70%</u> | <u>20.66%</u> |
| Long-Term Liabilities ³ | <u>Not Available</u> | <u>\$ 464,933,016</u> | <u>\$ 587,845,896</u> | <u>\$ 517,693,671</u> |
| Average Daily Attendance at P-2 | <u>19,179</u> | <u>17,661</u> | <u>19,147</u> | <u>19,147</u> |

The General Fund balance has increased by \$29,160,195 over the past two years. The fiscal year 2022-2023 budget projects a decrease of \$18,081,946 (16.884%). For a district this size, the State recommends available reserves of at least three 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 but anticipates incurring an operating deficit during the 2022-2023 fiscal year. Total long-term liabilities have decreased by \$52,760,655 over the past two years due primarily to a reduction in the net pension liability.

Average daily attendance has decreased by 1,486 over the past two years. Growth of 1,518 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 contained within the General Fund.

³ The long-term liabilities balance was restated as of June 30, 2021, due to the implementation of GASB Statements No. 87, *Leases*.

Madera Unified School District
Schedule of Charter Schools
Year Ended June 30, 2022

| <u>Name of Charter School</u> | <u>Charter Number</u> | <u>Included in Audit Report</u> |
|------------------------------------|---------------------------|-------------------------------------|
| Ezequiel Tafoya Alvarado Academy | 0676 | No |
| Sherman Thomas Charter High School | 1058 | No |
| Sherman Thomas Charter School | 0507 | No |
| Sherman Thomas STEM Academy | 1780 | No |

Madera Unified School District
Combining Balance Sheet – Non-Major Governmental Funds
June 30, 2022

| | Student Activities Fund | Adult Education Fund | Child Development Fund | Cafeteria Fund | Capital Facilities Fund | Bond Interest and Redemption Fund | COP Debt Service Fund | Total Non-Major Governmental Funds |
|--|-------------------------------|----------------------------|------------------------------|---------------------|-------------------------------|--|-----------------------------|---|
| Assets | | | | | | | | |
| Deposits and investments | \$ 829,490 | \$ 278,189 | \$ 997,395 | \$ 2,898,089 | \$ 6,386,983 | \$ 10,193,233 | \$ 726,120 | \$ 22,309,499 |
| Receivables | - | 248,570 | 112,112 | 2,277,393 | - | - | - | 2,638,075 |
| Due from other funds | - | - | 176 | - | - | - | - | 176 |
| Prepaid expenditures | - | 21,297 | - | - | - | - | - | 21,297 |
| Stores inventories | - | - | - | 1,199,829 | - | - | - | 1,199,829 |
| Total assets | <u>\$ 829,490</u> | <u>\$ 548,056</u> | <u>\$ 1,109,683</u> | <u>\$ 6,375,311</u> | <u>\$ 6,386,983</u> | <u>\$ 10,193,233</u> | <u>\$ 726,120</u> | <u>\$ 26,168,876</u> |
| Liabilities | | | | | | | | |
| Accounts payable | \$ - | \$ 11,693 | \$ 68,963 | \$ 201,990 | \$ 2,450 | \$ - | \$ - | \$ 285,096 |
| Due to other funds | - | 63 | 71,266 | 474,439 | 68,558 | - | - | 614,326 |
| Unearned revenue | - | - | 406,766 | - | - | - | - | 406,766 |
| Total liabilities | <u>-</u> | <u>11,756</u> | <u>546,995</u> | <u>676,429</u> | <u>71,008</u> | <u>-</u> | <u>-</u> | <u>1,306,188</u> |
| Fund Balances | | | | | | | | |
| Nonspendable | - | 23,297 | - | 1,202,969 | - | - | - | 1,226,266 |
| Restricted | 829,490 | 208,972 | 562,688 | 4,495,913 | 6,315,975 | 10,193,233 | 726,120 | 23,332,391 |
| Assigned | - | 304,031 | - | - | - | - | - | 304,031 |
| Total fund balances | <u>829,490</u> | <u>536,300</u> | <u>562,688</u> | <u>5,698,882</u> | <u>6,315,975</u> | <u>10,193,233</u> | <u>726,120</u> | <u>24,862,688</u> |
| Total liabilities and fund balances | <u>\$ 829,490</u> | <u>\$ 548,056</u> | <u>\$ 1,109,683</u> | <u>\$ 6,375,311</u> | <u>\$ 6,386,983</u> | <u>\$ 10,193,233</u> | <u>\$ 726,120</u> | <u>\$ 26,168,876</u> |

Madera Unified School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental Funds
Year Ended June 30, 2022

| | Student Activities Fund | Adult Education Fund | Child Development Fund | Cafeteria Fund |
|--|-------------------------------|----------------------------|------------------------------|-------------------|
| Revenues | | | | |
| Federal sources | \$ - | \$ 294,357 | \$ 162,600 | \$ 15,439,373 |
| Other State sources | - | 1,122,863 | 3,133,411 | 859,310 |
| Other local sources | 974,208 | 79,699 | (33,269) | 22,858 |
| Total revenues | 974,208 | 1,496,919 | 3,262,742 | 16,321,541 |
| Expenditures | | | | |
| Current | | | | |
| Instruction | - | 501,704 | 2,465,216 | - |
| Instruction-related activities | | | | |
| Supervision of instruction | - | 10,142 | 439,033 | - |
| Instructional library, media, and technology | - | - | - | - |
| School site administration | - | 470,840 | 2,275 | - |
| Pupil services | | | | |
| Food services | - | - | - | 15,260,857 |
| All other pupil services | - | 48,381 | 44,611 | - |
| Administration | | | | |
| Data processing | - | - | - | - |
| All other administration | - | 6,271 | 206,649 | 462,406 |
| Plant services | - | 318,503 | 57,103 | 636,807 |
| Ancillary services | 889,188 | - | - | - |
| Facility acquisition and construction | - | - | 66,260 | - |
| Debt service | | | | |
| Principal | - | - | - | - |
| Interest and other | - | - | - | - |
| Total expenditures | 889,188 | 1,355,841 | 3,281,147 | 16,360,070 |
| Excess (Deficiency) of Revenues Over Expenditures | 85,020 | 141,078 | (18,405) | (38,529) |
| Other Financing Sources (Uses) | | | | |
| Transfers in | - | 300,000 | - | - |
| Sourced from bond issuance, par | - | - | - | - |
| Sources from bond issuance premium | - | - | - | - |
| Payments into escrow for refunding | - | - | - | - |
| Transfers out | - | - | - | - |
| Net Financing Sources (Uses) | - | 300,000 | - | - |
| Net Change in Fund Balances | 85,020 | 441,078 | (18,405) | (38,529) |
| Fund Balance - Beginning | 744,470 | 95,222 | 581,093 | 5,737,411 |
| Fund Balance - Ending | \$ 829,490 | \$ 536,300 | \$ 562,688 | \$ 5,698,882 |

Madera Unified School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental Funds
Year Ended June 30, 2022

| | Capital Facilities Fund | Bond Interest and Redemption Fund | COP Debt Service Fund | Total Non-Major Governmental Funds |
|--|-------------------------------|--|-----------------------------|---|
| Revenues | | | | |
| Federal sources | \$ - | \$ - | \$ - | \$ 15,896,330 |
| Other State sources | - | 67,352 | - | 5,182,936 |
| Other local sources | 3,613,693 | 9,525,150 | (24,449) | 14,157,890 |
| Total revenues | 3,613,693 | 9,592,502 | (24,449) | 35,237,156 |
| Expenditures | | | | |
| Current | | | | |
| Instruction | - | - | - | 2,966,920 |
| Instruction-related activities | | | | |
| Supervision of instruction | - | - | - | 449,175 |
| Instructional library, media, and technology | - | - | - | - |
| School site administration | - | - | - | 473,115 |
| Pupil services | | | | |
| Food services | - | - | - | 15,260,857 |
| All other pupil services | - | - | - | 92,992 |
| Administration | | | | |
| Data processing | - | - | - | - |
| All other administration | 50 | - | - | 675,376 |
| Plant services | - | - | - | 1,012,413 |
| Ancillary services | - | - | - | 889,188 |
| Facility acquisition and construction | 9,742 | - | - | 76,002 |
| Debt service | | | | |
| Principal | - | 7,480,000 | 2,015,000 | 9,495,000 |
| Interest and other | - | 5,764,699 | 4,172,605 | 9,937,304 |
| Total expenditures | 9,792 | 13,244,699 | 6,187,605 | 41,328,342 |
| Excess (Deficiency) of Revenues Over Expenditures | 3,603,901 | (3,652,197) | (6,212,054) | (6,091,186) |
| Other Financing Sources (Uses) | | | | |
| Transfers in | - | - | 6,087,617 | 6,387,617 |
| Sourced from bond issuance, par | - | 6,765,000 | - | 6,765,000 |
| Sources from bond issuance premium | - | 756,043 | - | 756,043 |
| Payments into escrow for refunding | - | (7,306,301) | - | (7,306,301) |
| Transfers out | (1,149,800) | - | - | (1,149,800) |
| Net Financing Sources (Uses) | (1,149,800) | 214,742 | 6,087,617 | 5,452,559 |
| Net Change in Fund Balances | 2,454,101 | (3,437,455) | (124,437) | (638,627) |
| Fund Balance - Beginning | 3,861,874 | 13,630,688 | 850,557 | 25,501,315 |
| Fund Balance - Ending | \$ 6,315,975 | \$ 10,193,233 | \$ 726,120 | \$ 24,862,688 |

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 Madera 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Summary of Significant Accounting Policies

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

Indirect Cost Rate

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

Food Donation

Nonmonetary assistance is reported in this schedule at the fair market value of the commodities received and disbursed. At June 30, 2022, the District had used such food commodities in the amount of \$1,324,364 for the 2021-2022 fiscal year.

SEFA Reconciliation

The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts consist primarily of Child Development: Coronavirus Response and Relief Supplemental Appropriations (CRRSA) One Time funds that in the previous period were recorded as revenues but were unspent. These unspent balances have been expended in the current period.

| Description | Federal Financial Assistance Listing/Federal CFDA Number | Amount |
|--|---|----------------------|
| Total Federal Revenues reported on the financial statements | | \$ 69,456,309 |
| COVID-19, Child Development: ARP California State Preschool Program One-time Stipend | 93.575 | (162,600) |
| COVID-19, Child Development: Coronavirus Response and Relief Supplemental Appropriations One-time Stipend | 93.575 | 147,736 |
| COVID-19, Child Nutrition: COVID CARES Act Supplemental Meal Reimbursement | 84.425 | 20,173 |
| Total Schedule of Expenditures of Federal Awards | | <u>\$ 69,461,618</u> |

Local Education Agency Organization Structure

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

Schedule of 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

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



Independent Auditor's Reports
June 30, 2022

Madera 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
Madera Unified School District
Madera, 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 Madera Unified School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Madera Unified School District's basic financial statements and have issued our report thereon dated December 15, 2022.

Adoption of New Accounting Standard

As discussed in Notes 1 and 16 to the financial statements, the Madera 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 Madera 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 Madera Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Madera 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2022-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Madera 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*.

Madera Unified School District's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on Madera Unified School District's response to the finding identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. Madera Unified School District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

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

Fresno, California
December 15, 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
Madera Unified School District
Madera, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Madera 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 Madera Unified School District's major federal programs for the year ended June 30, 2022. Madera 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, Madera 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 Madera 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 Madera 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 Madera 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 Madera 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 Madera 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 Madera 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 Madera 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 Madera 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.

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

Fresno, California
December 15, 2022



Independent Auditor's Report on State Compliance

To the Governing Board
Madera Unified School District
Madera, California

Report on Compliance

Opinion on State Compliance

We have audited Madera 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.

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) |

| 2021-2022 K-12 Audit Guide Procedures | Procedures Performed |
|--|----------------------|
| Local Education Agencies Other Than Charter Schools | |
| GANN Limit Calculation | Yes |
| School Accountability Report Card | Yes |
| Juvenile Court Schools | No (see below) |
| Middle or Early College High Schools | No (see below) |
| K-3 Grade Span Adjustment | Yes |
| Transportation Maintenance of Effort | Yes |
| Apprenticeship: Related and Supplemental Instruction | No (see below) |
| Comprehensive School Safety Plan | Yes |
| District of Choice | No (see below) |
| School Districts, County Offices of Education, and Charter Schools | |
| California Clean Energy Jobs Act | No (see below) |
| After/Before School Education and Safety Program | Yes |
| 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 | No (see below) |
| Mode of Instruction | No (see below) |
| Nonclassroom-Based Instruction/Independent Study | No (see below) |
| Determination of Funding for Nonclassroom-Based Instruction | No (see below) |
| Annual Instructional Minutes - Classroom Based | No (see below) |
| Charter School Facility Grant Program | No (see below) |

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

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

The District does not have any Middle or Early College High Schools; therefore, we did not perform procedures related to Middle or Early College High Schools.

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

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

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

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

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

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

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

Report on Internal Control over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the *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.

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

Fresno, California
December 15, 2022



Schedule of Findings and Questioned Costs
June 30, 2022

Madera Unified School District

Financial Statements

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

Federal Awards

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

Identification of major programs

| Name of Federal Program or Cluster | Federal Financial Assistance Listing/ Federal CFDA Number |
|---|--|
| Title I - Part A, Basic | 84.010 |
| COVID-19, Child Nutrition, COVID CARES Act Supplemental Meal Reimbursement | 84.425 |
| COVID-19, ESSER - California Community Schools Partnership Program | 84.425 |
| COVID-19, 21st Century Community Learning Centers (CCLC) Rate Increase | 84.425 |
| COVID-19, Governor's Emergency Education Relief (GEER) Fund, Learning Loss Mitigation | 84.425C |
| COVID-19, Expanded Learning Opportunities (ELO) Grant GEER II | 84.425C |
| COVID-19, Elementary and Secondary Emergency Relief (ESSER) Fund | 84.425D |
| COVID-19, Elementary and Secondary Emergency Relief (ESSER II) Fund | 84.425D |
| COVID-19, Elementary and Secondary School Emergency Relief III (ESSER III) Fund | 84.425U |
| COVID-19, Expanded Learning Opportunities (ELO) Grant ESSER II State Reserve | 84.425D |
| COVID-19, American Rescue Plan - Homeless Children and Youth II (ARP HYC II) | 84.425W |

Federal Awards**Identification of major programs**

| Name of Federal Program or Cluster | Federal Financial Assistance Listing/ Federal CFDA Number |
|---|--|
| COVID-19, American Rescue Plan-Homeless Children and Youth (ARP-HCY) Program | 84.425W |
| Dollar threshold used to distinguish between type A and type B programs | \$2,111,605 |
| Auditee qualified as low-risk auditee? | Yes |
| <u>State Compliance</u> | |
| 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 |

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

| | |
|-----------------|----------------------|
| Five Digit Code | AB 3627 Finding Type |
| 30000 | Internal Control |

2022-001 30000 - Internal Control Over Financial Reporting

Criteria or Specific Requirements

Management is responsible for the design, implementation, and maintenance of internal controls to ensure the financial statements are free from material misstatement, whether due to error or fraud. Such internal controls should include a review of all adjusting entries, reclassifying entries, and conversion entries used in the preparation of the District's financial statements. The District should ensure that all applicable accounting principles are adhered to when preparing the financial statements.

Condition

During our testing of the District's state general apportionment and related year-end accruals we discovered a miscalculation which could have lead to a material audit adjustment to the unaudited financial statements. It appeared the issue was the in the Local Control Funding Formula (LCFF) apportionment calculation for the District. During our testing, we found that the District created an account receivable while auditors calculated a payable should have been set up.

Questioned costs

The above mentioned condition resulted in misstatement of \$1,537,916 in LCFF revenue for Madera Unified School District for the 2021-2022 fiscal year as reported in the Unaudited Actuals.

Effect

The LCFF payable of \$1,537,916 was nearly material, and an audit adjustment was almost necessary. The potential adjustment would have also impacted the entity wide full accrual financial statements.

Cause

The types of adjustments are extremely rare for the District. A few factors contributed to the oversight. The calculation is involved, and a complicated workbook is utilized to determine the Districts ending balances. Additionally, additional responsibilities and issues requiring attention regarding learning loss mitigation grants and programs puts an extra strain on the office.

Recommendation

In the future, the District should ensure that someone other than the preparer, that has knowledge of the calculation, reviews the final LCFF workbook prior to the related accruals being posted to balance the ending state's share of general apportionment funding.

Repeat Finding

No. This finding is not a repeat of or related to a finding in the previous year.

Corrective Action Plan and Views of Responsible Officials

The District will ensure someone other than the preparer reviews the closing calculations of the LCFF funding worksheets and reviews specific fiscal conditions, such as funding deferrals, to ensure those are properly accounted for.

None reported.

None reported.

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