



Financial Statements
June 30, 2021

Madera Unified School District

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Independent Auditor's Report

To the Governing Board
Madera Unified School District
Madera, California

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Madera Unified School District, as of June 30, 2021, 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.

Other Matters

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated March 28, 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, 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
March 28, 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, 2021, with comparative information for the fiscal year ended June 30, 2020.

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

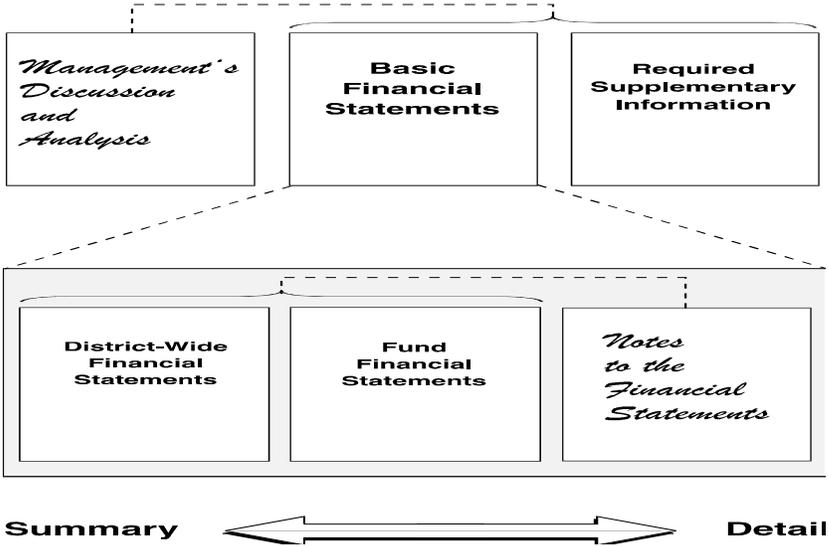


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents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

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.

The District's fiduciary activities are reported in the Statements of Fiduciary Net Position and Statement of Revenues, Expenses, and Changes in Fund Net Position. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position. The District's combined net position was \$156.9 million on June 30, 2021, increasing by \$34.5 million (see Table A-1).

Table A-1

	Governmental Activities	
	2021	2020
Assets		
Current and other assets	\$ 229,860,716	\$ 185,505,518
Capital assets	473,852,845	345,825,344
Total assets	703,713,561	531,330,862
Deferred outflows of resources	75,437,771	72,912,231
Liabilities		
Current liabilities	26,457,260	43,298,769
Long-term liabilities	577,164,416	517,693,671
Total liabilities	603,621,676	560,992,440
Deferred inflows of resources	18,627,849	23,470,135
Net Position		
Net investment in capital assets	244,482,464	226,437,747
Restricted	51,786,466	25,505,345
Unrestricted (deficit)	(139,367,123)	(129,492,509)
Total net position	\$ 156,901,807	\$ 122,450,583

Changes in net position. The District's total governmental revenues were \$369.9 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 \$203 million and property taxes contributing about \$43.6 million. Another \$58.8 million came from categorical programs, \$14.3 million came from capital grants, \$2.0 million came from fees charged for services, and \$48.1 million from miscellaneous sources including developer fees.

The total cost of all governmental programs and services was \$335.5 million. The District's expenses are primarily related to educating and caring for students (64 percent). The purely administrative activities of the District accounted for just six percent of the total cost.

Total revenues surpassed expenses, increasing net position \$34.5 million over last year. Governmental activities contributed to the District's healthier fiscal status.

Table A-2

	Governmental Activities	
	2021	2020
Revenues		
Program revenues		
Charges for services	\$ 2,000,295	\$ 296,210
Operating grants and contributions	58,818,105	52,432,837
Capital grants and contributions	14,313,686	2,904,771
General revenues		
Federal and State aid not restricted	203,047,524	205,202,699
Property taxes	43,616,445	42,892,963
Other general revenues	48,128,780	6,485,034
	<u>369,924,835</u>	<u>310,214,514</u>
Expenses		
Instruction-related	214,621,541	192,085,309
Pupil services	48,778,220	39,824,462
Administration	19,870,092	17,183,685
Plant services	31,556,021	20,995,332
Other	20,647,737	19,350,913
	<u>335,473,611</u>	<u>289,439,701</u>
	<u>\$ 34,451,224</u>	<u>\$ 20,774,813</u>

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.

	Total Cost of Services		Net Cost of Services	
	2021	2020	2021	2020
Instruction	\$ 214,621,541	\$ 192,085,309	\$ (163,514,072)	\$ (158,097,900)
Pupil services	48,778,220	39,824,462	(31,084,782)	(22,636,665)
Administration	19,870,092	17,183,685	(17,923,185)	(15,316,321)
Plant services	31,556,021	20,995,332	(30,624,270)	(20,062,602)
All other services	20,647,737	19,350,913	(17,195,216)	(17,692,395)
Total	\$ 335,473,611	\$ 289,439,701	\$ (260,341,525)	\$ (233,805,883)

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 \$203.4 million which was an increase of \$61.2 million over the prior year. Below is a summary of some of the changes:

Governmental Fund	Balances and Activity			
	July 1, 2020	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2021
General	\$ 78,195,008	\$ 311,438,296	\$ 294,123,121	\$ 95,510,183
Student Activities	702,045	393,555	351,130	744,470
Adult Education	163,333	1,430,210	1,498,321	95,222
Child Development	431,523	2,909,878	2,760,308	581,093
Cafeteria	2,899,687	17,343,752	14,506,028	5,737,411
Building	19,172,943	35,072,101	12,707,344	41,537,700
Capital Facilities	890,879	4,862,858	1,891,863	3,861,874
County School Facilities	4,095,399	14,323,424	1,497,783	16,921,040
Special Reserve Fund for Capital Outlay Projects	21,424,663	12,945,158	10,436,603	23,933,218
Bond Interest and Redemption	11,507,293	15,549,768	13,426,373	13,630,688
Debt Service	2,723,976	3,063,053	4,936,472	850,557
Total	\$ 142,206,749	\$ 419,332,053	\$ 358,135,346	\$ 203,403,456

- The increase in the General Fund Balance of \$17.3 million is due primarily to an increase in Local Control Funding Formula and cost management.
- The Building Fund increased by \$22.4 million due to the receipt of bond proceeds for future construction.
- The County School Facilities Fund increased by \$12.8 million due to the receipt of past projects State funding.

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 two times during this fiscal year due to the COVID-19 pandemic restrictions for meetings. 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 2021-2022, 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 \$3.0 million. Revenues and transfers in were approximately \$53.4 million less than budgeted and expenditures and transfers out were approximately \$73.7 million less than budgeted, leaving the fund with an increase of approximately \$17.3 million.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of fiscal year 2021, the District had invested \$473.9 million in a broad range of capital assets, including land, school buildings, computer and audio visual equipment, and administrative offices (see Table A-4). This amount represents an increase of \$25.4 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-4

	Governmental Activities	
	2021	2020
Land and construction in progress	\$ 249,583,592	\$ 229,397,086
Buildings and improvements	205,917,656	205,757,963
Equipment	18,351,597	13,340,360
Total	\$ 473,852,845	\$ 448,495,409

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

Long-Term Liabilities

At year-end the District had \$577.2 million long-term liabilities outstanding – an increase of 11 percent from last year (see Table A-5).

Table A-5

	Governmental Activities	
	2021	2020
General obligation bonds	\$ 189,842,727	\$ 161,002,039
Certificates of participation	87,095,000	87,800,000
Unamortized premiums/(discounts)	15,026,525	12,330,738
Capital leases	1,949,323	2,267,148
Early retirement liabilities	1,563,976	226,792
Compensated absences	856,229	785,958
PARS early retirement program	3,445,346	456,598
Net OPEB liability	28,474,417	26,023,024
Aggregate net pension liability	248,910,873	226,801,374
Total	\$ 577,164,416	\$ 517,693,671

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 \$248.9 million versus \$226.8 million last year, an increase of \$22.1 million, or 9.8 percent. The District also reported deferred outflows of resources from pension activities of \$66.3 million, and deferred inflows of resources from pension activities of \$10.5 million. This results in a net reduction to the District’s net position related to the net pension liability of \$ (193.1) million.

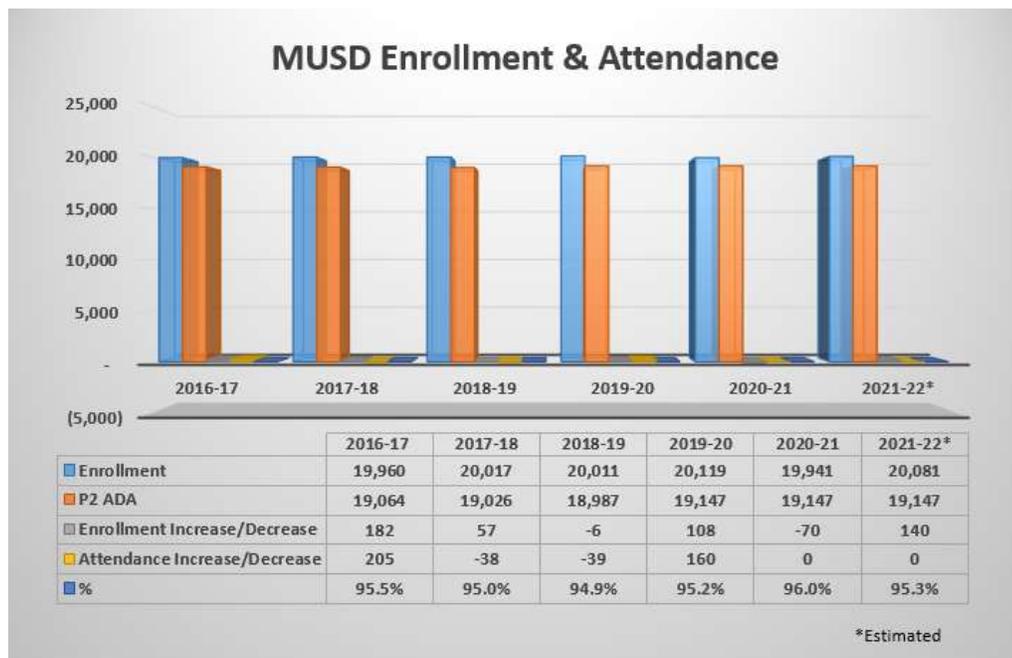
We present more detailed information about our long-term liabilities in the Notes to Financial Statements.

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 2020-2021 LCFF revenue included a zero cost-of-living (COLA), while the LCFF for 2021-2022 will be funded with 5.07% COLA. The list below are factors that could impact financial stability in the future:

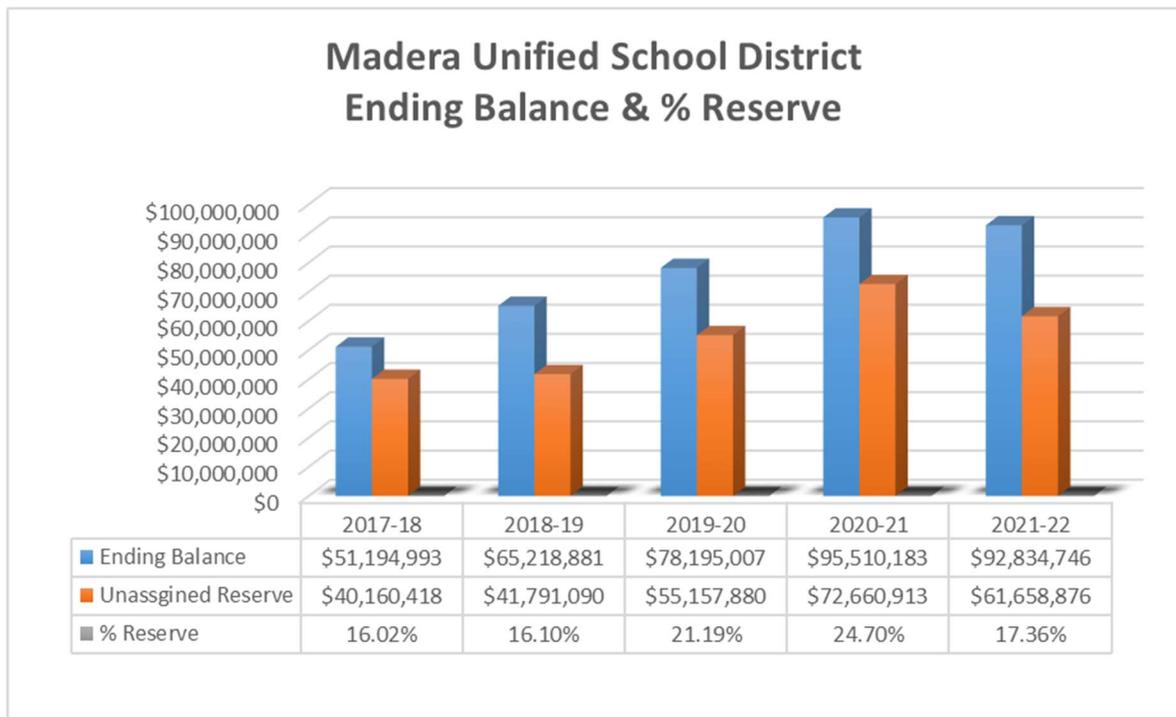
- The District enrollment for 2020-2021 was at 19,941. Attendance was not reported this year, due to the COVID-19 pandemic, the state provides districts with a hold-harmless provision. The district was funded at the previous year’s Average Daily Attendance (ADA) of 19,147.

- The 2021-2022 school year began on August 9, 2021. This year students were back in schools to receive in-person instruction. Schools are still being impacted by the COVID-19 pandemic, positive cases, contact tracing, and quarantine is affecting attendance even if our enrollment grow this year. 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 2021-2022 is 20,081, to be conservative; no ADA growth has been estimated for this year. The Local Control Funding Formula (LCFF) has been calculated using the 19,147, same ADA as 2019-20.



- The District in collaboration with its union partners were able to negotiate a three-year settlement expiring on June 30, 2022. All employees received a 2% salary increase for 2019-20, retroactive to July 1, 2019 and a 2% salary increase effective July 1, 2021.
- We continue our 12 Year Facilities Master Plan that our Governing Board approved in September of 2016. This plan will continue to be our road map for building schools, modernization and purchasing land for future growth. Matilda Torres High School (MTHS) construction is completed and the school is fully operating. Next year, MTHS will be operating at full capacity with students in grades 9 through 12. Madera Technical Exploration Center (MadTEC) is also completed and fully operating. Eight graders from our comprehensive middle schools are taking advantage and enjoying the new facility. This year, the District was very fortunate to receive a 50 acres donation for the new K-8 elementary school, the planning and construction are in its early stages.
- Increases in Step/Column, CalSTRS, and CalPERS and health/Welfare costs continue to be monitored and are a major concern of the District. Multiyear 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.

- Districts are required to have a minimum balance available to meet potential emergency needs. Assuring that adequate balances are available at the end of the year is an important part of district fiscal management. The state requires only a 3 percent reserve; this requirement will change in 2022-23 when the reserve cap will be triggered for the first time limiting the assigned and unassigned reserves to no more than 10% of annual expenditures. Currently, the board approved minimum fund balance is 10%.
- 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.



- The General Fund ending balance as of June 30, 2021 was \$95.5 million. The ending balance includes \$34.8 million in Assigned programs from Unrestricted and Restricted funds. After subtracting the non-spendable and assigned funds, the District's reserve ended at 24.7 percent.
- Proposition 2, a 2014 measure, created a rainy day fund for the state and a separate rainy day fund for schools called the Public School system Stabilization Account (PSSSA). The pulling of the school district reserve cap trigger depends upon deposits into the PSSSA reaching a certain level. The reserve cap will be triggered for the first time beginning with the 2022-23 Adopted Budget. The district will plan ahead to ensure the assigned and unassigned reserves are no more than 10% of annual expenditures.
- The District will continue to support the College and Career Pathways, After School Program, Special Education, and still meet the required 3 percent of the District's expense budget for Routine Repair Maintenance Account (RRMA).
- The District has been awarded \$156 million for COVID-19 Relief funds from the Coronavirus Aid, Relief, and Economic Security (CARES) Act; the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act; and the American Rescue Plan Act. These funds are One-Time Federal and State funds (Restricted). The table below shows the up to date amounts of the various funds, budgeted amounts, expenditures, available balances, and the expiration date for each of the funds.

COVID RELIEF FUNDS

Resource	Funds	Expiration Date	Award Amount	Budgeted	Spend	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	\$ 7,078,950	\$ 3,287,298	\$ 3,791,652	\$ -
32110	ESSER Comm School	9/30/2022	\$ 999,999	\$ 999,999	\$ -	\$ -
32150	LLM - GEER	9/30/2022	\$ 828,940	\$ 650,519	\$ 178,421	\$ -
74220	IPI	9/30/2022	\$ 8,695,440	\$ 4,758,109	\$ 3,937,331	\$ -
74250	ELO*	9/30/2022	\$ 7,452,998	\$ 5,249,681	\$ 2,203,317	\$ -
74260	ELO - Paras*	9/30/2022	\$ 1,572,979	\$ 1,572,979	\$ -	\$ -
32160	ELO (State Reserve)	9/30/2024	\$ 2,391,174	\$ 2,391,174	\$ -	\$ -
32170	ELO (ESSER II)	9/30/2024	\$ 548,703	\$ 548,703	\$ -	\$ -
32180	ELO (ESSER III)	9/30/2024	\$ 1,557,617	\$ 1,557,617	\$ -	\$ -
32190	ELO (Learning Loss)	9/30/2024	\$ 2,685,119	\$ 2,685,119	\$ -	\$ -
32120	ESSER II	9/30/2023	\$ 30,588,931	\$ 30,586,590	\$ 2,341	\$ -
32130	ESSER III	9/30/2024	\$ 54,808,223	\$ 11,131,648	\$ -	\$ 43,676,575
32140	ESSER III (LLM)	9/30/2024	\$ 13,702,056	\$ -	\$ -	\$ 13,702,056
			\$ -	\$ -	\$ -	\$ -
			\$ 156,214,057	\$ 65,419,436	\$ 33,415,990	\$ 57,378,631

The District is using these funds to provide additional resources for our staff and students to maintain schools open and to continue providing in-person instruction. These funds bring 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 transferred \$10 million in personnel expenses from Unrestricted General Fund to ESSER III funds for the next three years. The Governing Board will direct the use of these free Unrestricted funds in the future.

FUTURE YEARS

2022-23

1. Estimated COLA at 2.48%
2. New Revenue - \$6 million
3. Major increases CalSTRS and CalPERS, Step/Column, H&W
4. Flat enrollment and ADA
5. Start construction for new K-8 school
6. Continue plans for second K-8 school

2023-24

1. Estimated COLA at 3.11%
2. New Revenue - \$7.6 million
3. Major increases CalSTRS and CalPERS, Step/Column, H&W
4. Flat enrollment and ADA
5. Continue construction for new K-8 school
6. Continue plans for second K-8 school

2024-25

1. Estimated COLA at 3.54%
2. New Revenue - \$9.2 million
3. No more COVID Relief Funds
4. Major increases CalSTRS and CalPERS, Step/Column, H&W
5. Flat enrollment and ADA
6. Finish construction for new K-8 school
7. Continue plans for second K-8 school

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, 2021

	Governmental Activities
Assets	
Deposits and investments	\$ 195,300,179
Receivables	33,384,847
Internal balances	30
Prepaid expense	2,000
Stores inventories	1,173,660
Capital assets not depreciated	249,583,592
Capital assets, net of accumulated depreciation	224,269,253
Total assets	703,713,561
Deferred Outflows of Resources	
Deferred outflows of resources related to OPEB	9,175,706
Deferred outflows of resources related to pensions	66,262,065
Total deferred outflows of resources	75,437,771
Liabilities	
Accounts payable	21,185,100
Unearned revenue	5,272,160
Long-term liabilities	
Long-term liabilities other than OPEB and pensions due within one year	10,914,005
Long-term liabilities other than OPEB and pensions due in more than one year	288,865,121
Net other postemployment benefits liability (OPEB)	28,474,417
Aggregate net pension liabilities	248,910,873
Total liabilities	603,621,676
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	8,164,809
Deferred inflows of resources related to pensions	10,463,040
Total deferred inflows of resources	18,627,849
Net Position	
Net investment in capital assets	244,482,464
Restricted for	
Debt service	14,481,245
Capital projects	20,782,914
Educational programs	10,040,426
Child nutrition	5,737,411
Student activities	744,470
Unrestricted (deficit)	(139,367,123)
Total net position	\$ 156,901,807

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

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position Governmental Activities
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities					
Instruction	\$ 181,009,436	\$ 17,539	\$ 29,184,255	\$ 14,313,686	\$ (137,493,956)
Instruction-related activities					
Supervision of instruction	11,895,661	5,528	5,330,562	-	(6,559,571)
Instructional library, media, and technology	2,193,816	511	124,699	-	(2,068,606)
School site administration	19,522,628	1,005	2,129,684	-	(17,391,939)
Pupil services					
Home-to-school transportation	7,955,724	-	349	-	(7,955,375)
Food services	13,949,036	16,197	15,149,995	-	1,217,156
All other pupil services	26,873,460	1,225	2,525,672	-	(24,346,563)
Administration					
Data processing	6,001,920	-	-	-	(6,001,920)
All other administration	13,868,172	3,107	1,943,800	-	(11,921,265)
Plant services	31,556,021	499	931,252	-	(30,624,270)
Ancillary services	4,395,695	38	900,726	-	(3,494,931)
Community services	3,196	-	439	-	(2,757)
Enterprise services	180,333	-	-	-	(180,333)
Interest on long-term liabilities	11,891,972	-	-	-	(11,891,972)
Other outgo	4,176,541	1,954,646	596,672	-	(1,625,223)
Total governmental activities	<u>\$ 335,473,611</u>	<u>\$ 2,000,295</u>	<u>\$ 58,818,105</u>	<u>\$ 14,313,686</u>	<u>(260,341,525)</u>
General Revenues and Subventions					
Property taxes, levied for general purposes					30,600,429
Property taxes, levied for debt service					12,007,854
Taxes levied for other specific purposes					1,008,162
Federal and State aid not restricted to specific purposes					203,047,524
Interest and investment earnings					175,798
Interagency revenues					367,274
Miscellaneous					47,585,708
Total general revenues and transfers					<u>294,792,749</u>
Change in Net Position					34,451,224
Net Position - Beginning					<u>122,450,583</u>
Net Position - Ending					<u>\$ 156,901,807</u>

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

	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
Assets					
Deposits and investments	\$ 90,538,455	\$ 41,578,955	\$ 23,774,333	\$ 39,408,436	\$ 195,300,179
Receivables	29,697,008	-	-	3,687,839	33,384,847
Due from other funds	534,814	-	207,927	662,389	1,405,130
Prepaid expenditures	2,000	-	-	-	2,000
Stores inventories	391,980	-	-	781,680	1,173,660
Total assets	\$ 121,164,257	\$ 41,578,955	\$ 23,982,260	\$ 44,540,344	\$ 231,265,816
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 20,551,070	\$ 41,255	\$ 49,042	\$ 543,733	\$ 21,185,100
Due to other funds	247,503	-	-	1,157,597	1,405,100
Unearned revenue	4,855,501	-	-	416,659	5,272,160
Total liabilities	25,654,074	41,255	49,042	2,117,989	27,862,360
Fund Balances					
Nonspendable	418,980	-	-	786,820	1,205,800
Restricted	9,366,111	41,537,700	-	41,635,535	92,539,346
Assigned	13,065,429	-	23,933,218	-	36,998,647
Unassigned	72,659,663	-	-	-	72,659,663
Total fund balances	95,510,183	41,537,700	23,933,218	42,422,355	203,403,456
Total liabilities and fund balances	\$ 121,164,257	\$ 41,578,955	\$ 23,982,260	\$ 44,540,344	\$ 231,265,816

Madera Unified School District

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

June 30, 2021

Total Fund Balance - Governmental Funds		\$ 203,403,456
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	\$ 604,171,468	
Accumulated depreciation is	<u>(130,318,623)</u>	
Net capital assets		473,852,845
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)	9,175,706	
Net pension liability	<u>66,262,065</u>	
Total deferred outflows of resources		75,437,771
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)	(8,164,809)	
Net pension liability	<u>(10,463,040)</u>	
Total deferred inflows of resources		(18,627,849)
Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		
		(248,910,873)
The District's OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.		
		(28,474,417)
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	(181,863,758)	
Certificates of participation including unamortized premiums	(87,095,000)	
Capital leases	(1,949,323)	
Compensated absences (vacations)	(856,229)	
Special termination benefits payable	(5,009,322)	
In addition, capital appreciation general obligation bonds were issued. The accretion of interest to date on the general obligation bonds is	<u>(23,005,494)</u>	
Total long-term liabilities		<u>(299,779,126)</u>
Total net position - governmental activities		<u>\$ 156,901,807</u>

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

	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
Revenues					
Local control funding formula	\$ 229,267,855	\$ -	\$ -	\$ -	\$ 229,267,855
Federal sources	39,013,857	-	-	16,529,625	55,543,482
Other State sources	34,651,374	-	-	19,455,403	54,106,777
Other local sources	8,413,644	72,101	1,945,158	17,303,513	27,734,416
Total revenues	<u>311,346,730</u>	<u>72,101</u>	<u>1,945,158</u>	<u>53,288,541</u>	<u>366,652,530</u>
Expenditures					
Current					
Instruction	158,880,438	-	-	2,787,164	161,667,602
Instruction-related activities					
Supervision of instruction	10,662,308	-	-	389,400	11,051,708
Instructional library, media, and technology	2,091,961	-	-	-	2,091,961
School site administration	17,378,673	-	-	491,644	17,870,317
Pupil services					
Home-to-school transportation	7,825,691	-	-	-	7,825,691
Food services	430,366	-	-	13,433,643	13,864,009
All other pupil services	23,415,118	-	-	113,898	23,529,016
Administration					
Data processing	7,688,246	-	-	-	7,688,246
All other administration	12,053,729	-	-	804,793	12,858,522
Plant services	29,141,393	-	95,908	764,715	30,002,016
Ancillary services	4,038,671	-	-	351,130	4,389,801
Community services	2,879	-	-	-	2,879
Other outgo	4,176,541	-	-	-	4,176,541
Enterprise services	173,634	-	-	-	173,634
Facility acquisition and construction	2,856,948	12,394,814	10,340,695	2,093,317	27,685,774
Debt service					
Principal	317,825	-	-	8,930,000	9,247,825
Interest and other	80,909	312,530	-	9,432,845	9,826,284
Total expenditures	<u>281,215,330</u>	<u>12,707,344</u>	<u>10,436,603</u>	<u>39,592,549</u>	<u>343,951,826</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>30,131,400</u>	<u>(12,635,243)</u>	<u>(8,491,445)</u>	<u>13,695,992</u>	<u>22,700,704</u>
Other Financing Sources (Uses)					
Transfers in	91,566	-	11,000,000	3,091,954	14,183,520
Proceeds from bond issuance	-	35,000,000	-	-	35,000,000
Proceeds from bond issuance premium	-	-	-	3,496,003	3,496,003
Transfers out	(12,907,791)	-	-	(1,275,729)	(14,183,520)
Net Financing Sources (Uses)	<u>(12,816,225)</u>	<u>35,000,000</u>	<u>11,000,000</u>	<u>5,312,228</u>	<u>38,496,003</u>
Net Change in Fund Balances	17,315,175	22,364,757	2,508,555	19,008,220	61,196,707
Fund Balance - Beginning	78,195,008	19,172,943	21,424,663	23,414,135	142,206,749
Fund Balance - Ending	<u>\$ 95,510,183</u>	<u>\$ 41,537,700</u>	<u>\$ 23,933,218</u>	<u>\$ 42,422,355</u>	<u>\$ 203,403,456</u>

See Notes to Financial Statements

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, 2021

Total Net Change in Fund Balances - Governmental Funds \$ 61,196,707

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

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

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

Depreciation expense	\$ (9,784,045)	
Capital outlays	<u>35,141,481</u>	
Net expense adjustment		25,357,436

The District issued capital appreciation general obligations bonds. The accretion of interest on the general obligation bonds during the current fiscal year was (2,065,688)

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. (4,396,203)

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. (17,088,665)

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. (104,401)

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. (35,000,000)

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, 2021

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	(3,496,003)
Premium amortization	800,216

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	8,225,000
Certificates of participation	705,000
Capital leases	<u>317,825</u>

Change in net position of governmental activities	<u><u>\$ 34,451,224</u></u>
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Madera Unified School District
Statement of Net Position – Fiduciary Funds
June 30, 2021

	Private-Purpose Trust Scholarship
Assets	
Deposits and investments	\$ 30
Liabilities	
Due to other funds	30
Net Position	
Restricted for individuals, organizations, and other governments	-
Total net position and liabilities	\$ 30

Madera Unified School District
Statement of Changes in Net Position – Fiduciary Funds
Year Ended June 30, 2021

	Private-Purpose Trust Scholarship
Additions	
Interest	\$ -
Deductions	
Other expenditures	-
Net Increase (Decrease) in Fiduciary Net Position	-
Net Position - Beginning	-
Net Position - Ending	\$ -

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 grouped into two broad fund categories: governmental and fiduciary.

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

Major Governmental Funds

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

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

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).

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

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

Fiduciary Funds Fiduciary funds are used to account for resources held for the benefit of parties outside the District and are not available to support the District's own programs. Fiduciary funds private-purpose trust funds. Trust funds are used to account for resources held by the District under a trust agreement for individuals, private organizations, or other governments.

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. 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 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.

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. As of June 30, 2021, the District had \$2,000 of prepaid expenditures recorded in the General Fund for travel and conferences.

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.

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.

Accounts Payable and Long-Term Liabilities

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

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/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.

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

Pensions

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

Postemployment Benefits Other Than Pensions (OPEB)

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

Fund Balances - Governmental Funds

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

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

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

Committed - amounts that can be used only for specific purposes determined by a formal action of the governing board. The governing board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions or other action as approved by the governing board. 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 \$51,786,466 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.

New Accounting Pronouncements

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

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

Note 2 - Deposits and Investments

Summary of Deposits and Investments

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

Governmental funds	\$ 195,300,179
Fiduciary funds	<u>30</u>
Total deposits and investments	<u><u>\$ 195,300,209</u></u>

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

Cash on hand and in banks	\$ 651,026
Cash in revolving	30,140
Investments	<u>194,619,043</u>
Total deposits and investments	<u><u>\$ 195,300,209</u></u>

Policies and Practices

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

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

General Authorizations

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

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the County Pool which purchases a combination of shorter term and longer term investments and 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 \$194,619,043 in the Madera County Treasury Investment Pool that has an average weighted maturity of 339 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 percent of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2021, \$421,421 of the District's bank balance was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

Note 3 - Receivables

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

	General Fund	Non-Major Governmental Funds	Total
Federal Government			
Categorical aid	\$ 3,173,942	\$ 2,899,641	\$ 6,073,583
State Government			
LCFF apportionment	21,160,833	-	21,160,833
Other State	4,570,416	758,927	5,329,343
Local sources	791,817	29,271	821,088
Total	\$ 29,697,008	\$ 3,687,839	\$ 33,384,847

Note 4 - Capital Assets

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

	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 13,763,332	\$ -	\$ -	\$ 13,763,332
Construction in progress	215,633,754	24,886,671	(4,700,165)	235,820,260
Total capital assets not being depreciated	229,397,086	24,886,671	(4,700,165)	249,583,592
Capital assets being depreciated				
Land improvements	22,268,611	1,073,664	-	23,342,275
Buildings and improvements	278,940,942	6,163,017	-	285,103,959
Furniture and equipment	38,423,348	7,718,294	-	46,141,642
Total capital assets being depreciated	339,632,901	14,954,975	-	354,587,876
Total capital assets	569,029,987	39,841,646	(4,700,165)	604,171,468
Accumulated depreciation				
Land improvements	(10,037,008)	(1,115,425)	-	(11,152,433)
Buildings and improvements	(85,414,582)	(5,961,563)	-	(91,376,145)
Furniture and equipment	(25,082,988)	(2,707,057)	-	(27,790,045)
Total accumulated depreciation	(120,534,578)	(9,784,045)	-	(130,318,623)
Governmental activities capital assets, net	\$ 448,495,409	\$ 30,057,601	\$ (4,700,165)	\$ 473,852,845

Depreciation expense was charged to governmental functions as follows:

Governmental Activities	
Instruction	\$ 5,283,384
School site administration	195,681
Home-to-school transportation	1,956,809
Food services	97,840
Data processing	587,043
All other administration	489,202
Plant services	1,174,086
Total depreciation expenses governmental activities	\$ 9,784,045

Note 5 - Interfund Transactions

Interfund Receivables/Payables (Due To/Due From)

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

Funds	Due from Other Funds	Due to Other Funds
Major Governmental Funds		
General	\$ 534,814	\$ 247,503
Special Reserve Fund for Capital Outlay Projects	207,927	-
Non-Major Governmental Funds		
Student Activities	30	-
Adult Education	32,560	533,646
Child Development	-	1,079
Cafeteria	-	88
Capital Facilities	-	622,784
County School Facilities	7,015	-
COP Debt Service	622,784	-
Fiduciary Fund		
Scholarship Trust	-	30
Total	\$ 1,405,130	\$ 1,405,130

The General Fund owes the Adult Non-Major Governmental Fund for a temporary loan.	\$ 32,560
The General Fund owes the County School Facilities Non-Major Governmental Fund for expense transfers.	7,015
The General Fund owes the Special Reserve Fund for Capital Outlay Projects for building projects.	207,927
The Adult Education Non-Major Governmental Fund owes the General Fund for a temporary loan.	533,647
The Child Development Non-Major Governmental Fund owes the General Fund for indirect costs.	1,079
The Cafeteria Non-Major Governmental Fund owes the General Fund for indirect costs.	88
The Capital Facilities Non-Major Governmental Fund owes the COP Debt Service Non-Major Governmental Fund for the annual COP payment.	622,784
The Foundation Trust Fund owes the Student Activities Non-Major Governmental Fund for interest due.	30
Total Interfund Receivables/Payables	\$ 1,405,130

Operating Transfers

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

The General Fund transferred to the Special Reserve Fund for Capital Outlay Projects for future new school construction needs.	\$ 11,000,000
The General Fund transferred to the Adult Non-Major Governmental Fund for cash flow purposes.	31,194
The General Fund transferred to the Debt Service Non-Major Governmental Fund for the annual COP debt service payment.	1,876,597
The Capital Facilities Non-Major Governmental Fund transferred to the General Fund for the allowable three percent developer administration fee.	91,566
The Capital Facilities Non-Major Governmental Fund transferred to the Debt Service Non-Major Governmental Fund for debt service payment.	<u>1,184,163</u>
Total	<u><u>\$ 14,183,520</u></u>

Note 6 - Prepaid Expenditures

Prepaid expenditures at June 30, 2021, consist of the following:

	General Fund
Travel and conferences	<u><u>\$ 2,000</u></u>

Note 7 - Accounts Payable

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

	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total
Vendor payables	\$ 3,956,966	\$ 41,255	\$ 49,042	\$ 543,733	\$ 4,590,996
LCFF apportionment	1,825,165	-	-	-	1,825,165
Accrued salaries and benefits	14,768,939	-	-	-	14,768,939
Total	<u>\$ 20,551,070</u>	<u>\$ 41,255</u>	<u>\$ 49,042</u>	<u>\$ 543,733</u>	<u>\$ 21,185,100</u>

Note 8 - Unearned Revenue

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

	General Fund	Non-Major Governmental Funds	Total
Federal financial assistance	\$ 3,789,380	\$ -	\$ 3,789,380
State categorical aid	1,049,377	416,659	1,466,036
Local assistance	16,744	-	16,744
Total	<u>\$ 4,855,501</u>	<u>\$ 416,659</u>	<u>\$ 5,272,160</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, 2020	Additions	Deductions	Balance June 30, 2021	Due in One Year
Long-Term Liabilities					
General obligation bonds	\$ 161,002,039	\$ 37,065,688	\$ (8,225,000)	\$ 189,842,727	\$ 7,480,000
Certificates of participation	87,800,000	-	(705,000)	87,095,000	2,015,000
Unamortized debt premiums	12,330,738	3,496,003	(800,216)	15,026,525	-
Capital leases	2,267,148	-	(317,825)	1,949,323	328,455
Classified early retirement program	226,792	1,482,368	(145,184)	1,563,976	401,481
PARS early retirement program	456,598	3,445,346	(456,598)	3,445,346	689,069
Compensated absences	785,958	70,271	-	856,229	-
Total	\$ 264,869,273	\$ 45,559,676	\$ (10,649,823)	\$ 299,779,126	\$ 10,914,005

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. Payments on the capital leases are made by the General Fund. 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, 2020	Issued	Interest Accreted	Redeemed	Bonds Outstanding June 30, 2021
Current Interest Bonds									
2/22/12	2012	8/2028	2.0-3.625%	\$ 12,925,000	\$ 9,540,000	\$ -	\$ -	\$ (715,000)	\$ 8,825,000
12/3/14	2014	8/2023	3.0-5.0%	15,535,000	7,375,000	-	-	(1,580,000)	5,795,000
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	60,105,000	-	-	(460,000)	59,645,000
6/26/19	2018-Series 2019	8/2048	3.0-5.0%	35,000,000	35,000,000	-	-	(3,075,000)	31,925,000
8/4/20	2018-Series 2020	8/2050	2.375-4.0%	35,000,000	-	35,000,000	-	-	35,000,000
Capital Appreciation Bonds									
5/1/05	2002-Series 2005	8/2029	4.77-5.23%	13,329,104	11,274,632	-	-	(1,008,168)	10,266,464
	Accreted interest			-	12,958,351	-	1,147,856	(1,091,832)	13,014,375
3/1/06	2002-Series 2006	8/2029	4.68%	1,885,059	1,728,248	-	-	(157,318)	1,570,930
	Accreted interest			-	1,723,351	-	158,301	(137,682)	1,743,970
3/1/07	2006-Series 2007	8/2031	4.41-4.52%	9,308,839	9,308,839	-	-	-	9,308,839
	Accreted interest			-	7,487,618	-	759,531	-	8,247,149
Total					\$ 161,002,039	\$ 35,000,000	\$ 2,065,688	\$ (8,225,000)	\$ 189,842,727

Debt Service Requirements to Maturity

The capital appreciation bonds mature as follows:

Bonds Maturing Fiscal Year	Initial Bond Value	Accreted Interest	Accreted Obligation	Unaccreted Interest	Maturity Value
2022	\$ 1,153,760	\$ 1,351,240	\$ 2,505,000	\$ -	\$ 2,505,000
2023	1,143,251	1,357,244	2,500,495	124,505	2,625,000
2024	1,125,372	1,354,046	2,479,418	255,582	2,735,000
2025	2,288,538	2,378,808	4,667,346	702,654	5,370,000
2026	2,267,996	2,379,204	4,647,200	962,800	5,610,000
2027-2031	11,996,497	13,133,161	25,129,658	10,520,342	35,650,000
2032	1,170,519	1,052,091	2,222,610	1,252,390	3,475,000
Total	\$ 21,145,933	\$ 23,005,794	\$ 44,151,727	\$ 13,818,273	\$ 57,970,000

The current interest bonds mature as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2022	\$ 4,975,000	\$ 5,605,556	\$ 10,580,556
2023	3,435,000	5,422,231	8,857,231
2024	3,305,000	5,286,232	8,591,232
2025	1,385,000	5,131,432	6,516,432
2026	1,780,000	5,055,782	6,835,782
2027-2031	11,155,000	23,868,906	35,023,906
2032-2036	17,511,000	21,112,491	38,623,491
2037-2041	29,500,000	16,624,539	46,124,539
2042-2046	42,490,000	9,161,655	51,651,655
2047-2051	30,155,000	1,672,255	31,827,255
Total	\$ 145,691,000	\$ 98,941,079	\$ 244,632,079

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 percent. 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.

Madera Unified School District

Notes to Financial Statements

June 30, 2021

Year Ending June 30,	Principal	Interest	Total
2022	\$ 2,015,000	\$ 4,204,741	\$ 6,219,741
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
2027-2031	13,830,000	17,248,251	31,078,251
2032-2036	14,895,000	13,820,774	28,715,774
2037-2041	14,765,000	10,428,500	25,193,500
2042-2046	18,845,000	6,348,750	25,193,750
2047-2049	13,720,000	1,394,500	15,114,500
Total	\$ 87,095,000	\$ 69,289,829	\$ 156,384,829

Capital Leases

The District has entered into an energy retrofit lease which is, in substance, a purchase (capital lease) and is reported as a capital lease obligation. The District's liability on the lease agreement is summarized below:

	<u>Energy Retrofit</u>
Balance, July 1, 2020	\$ 2,267,148
Payments	<u>(317,825)</u>
Balance, July 1, 2021	<u>\$ 1,949,323</u>

The capital leases have minimum lease payments as follows:

<u>Year Ending June 30,</u>	<u>Lease Payment</u>
2022	\$ 391,039
2023	391,039
2024	391,039
2025	391,038
2026	391,038
2027	<u>195,519</u>
Total	2,150,712
Less amount representing interest	<u>(201,389)</u>
Present value of minimum lease payments	<u>\$ 1,949,323</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 \$1,563,976. The amount paid during the current fiscal year related to the early retirement program totaled \$145,184.

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, 2021, is \$3,445,346.

Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2021, amounted to \$856,229.

Note 10 - Net Other Postemployment Benefit (OPEB) Liability

For the fiscal year ended June 30, 2021, the District reported net OPEB liability, deferred outflows of resources, 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	\$ 27,117,022	\$ 9,175,706	\$ 8,164,809	\$ 2,364,635
Medicare Premium Payment (MPP) Program	1,357,395	-	-	203,254
Total	<u>\$ 28,474,417</u>	<u>\$ 9,175,706</u>	<u>\$ 8,164,809</u>	<u>\$ 2,567,889</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	1,840
Total	1,935

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 measurement period of June 30, 2021, the District contributed \$2,463,488, consisting of \$1,963,488 in retiree premiums, including an implicit rate subsidy and a \$500,000 contribution to the irrevocable trust.

Total OPEB Liability of the District

Actuarial Assumptions

The total OPEB liability in the June 30, 2021, was determined with the actuarial valuation and measurement report, using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75 percent
Salary increases	3.00 percent, average, including inflation
Discount rate	6.00 percent
Investment rate of return	6.00 percent, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	4.00 percent for 2021-2023, 5.20 percent for 2024-2069, and 4.00 percent 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 percent 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, 2020	\$ 27,610,693	\$ 2,741,810	\$ 24,868,883
Service cost	811,889	-	811,889
Interest	1,647,308	-	1,647,308
Difference between expected and actual experience	2,377,591	-	2,377,591
Changes of assumptions and other inputs	561,901	-	561,901
District contributions	-	2,463,488	(2,463,488)
Benefit payments	(1,963,488)	(1,963,488)	-
Net investment income	-	696,898	(696,898)
Administrative expense	-	(9,836)	9,836
Net change in total OPEB liability	<u>3,435,201</u>	<u>1,187,062</u>	<u>2,248,139</u>
Balance, June 30, 2021	<u>\$ 31,045,894</u>	<u>\$ 3,928,872</u>	<u>\$ 27,117,022</u>

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

Changes of Assumptions - Healthcare trend rates were changed from 6.0 percent to 4.0 percent. The inflation rate was changed from 2.25 percent to 2.75 percent.

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%)	\$ 29,814,842
Current discount rate (6%)	27,117,022
1% increase (7%)	24,678,966

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:

Healthcare Cost Trend Rate	Net OPEB Liability
1% decrease	\$ 24,181,109
Current healthcare cost trend rate	27,117,022
1% increase	30,521,887

For the year ended June 30, 2021, the District recognized OPEB expense of \$2,364,635. At June 30, 2021, the District reported deferred outflows of resources and deferred inflow of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 8,674,387	\$ 803,091
Changes of assumptions and other inputs	3,270	406,316
Net difference between projected and actual earnings on OPEB plan investments	498,049	6,955,402
Total	\$ 9,175,706	\$ 8,164,809

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

The deferred outflows/(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 will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2022	\$ 1,155,995	\$ (1,071,390)
2023	1,155,995	(1,071,390)
2024	1,155,995	(1,071,390)
2025	1,155,995	(1,071,390)
2026	1,155,995	(1,071,390)
Thereafter	3,395,731	(2,807,859)
Total	<u>\$ 9,175,706</u>	<u>\$ (8,164,809)</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, 2019, annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Benefits Provided

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

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

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

Net OPEB Liability and OPEB Expense

At June 30, 2021, the District reported a liability of \$1,357,395 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019. The District’s proportion of the net OPEB liability was based on a projection of the District’s long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school districts, actuarially determined. The District’s proportionate share for the measurement period June 30, 2020 and June 30, 2019, respectively, was 0.3203 percent and 0.3099 percent, resulting in a net increase in the proportionate share of 0.0104 percent.

For the year ended June 30, 2021, the District recognized OPEB expense of \$203,254.

Actuarial Methods and Assumptions

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

Measurement Date	June 20, 2020	June 30, 2019
Valuation Date	June 30, 2019	June 30, 2018
Experience Study	June 30, 2014 through June 30, 2018	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	2.21%	3.50%
Medicare Part A Premium Cost Trend Rate	4.50%	3.70%
Medicare Part B Premium Cost Trend Rate	5.40%	4.10%

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

Assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members’ age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 294 or an average of 0.18 percent of the potentially eligible population (159,339).

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2020, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

Discount Rate

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

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

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

Discount Rate	Net OPEB Liability
1% decrease (1.21%)	\$ 1,500,977
Current discount rate (2.21%)	1,357,395
1% increase (3.21%)	1,235,216

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Medicare Costs Trend Rates

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

Medicare Costs Trend Rates	Net OPEB Liability
1% decrease (3.50% Part A and 4.40% Part B)	\$ 1,230,796
Current Medicare costs trend rates (4.50% Part A and 5.40% Part B)	1,357,395
1% increase (5.50% Part A and 6.40% Part B)	1,503,133

Note 11 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total
Nonspendable					
Revolving cash	\$ 25,000	\$ -	\$ -	\$ 5,140	\$ 30,140
Stores inventories	391,980	-	-	781,680	1,173,660
Prepaid expenditures	2,000	-	-	-	2,000
Total nonspendable	<u>418,980</u>	<u>-</u>	<u>-</u>	<u>786,820</u>	<u>1,205,800</u>
Restricted					
Legally restricted programs	9,366,111	-	-	674,315	10,040,426
Student activities	-	-	-	744,470	744,470
Food service	-	-	-	4,952,591	4,952,591
Capital projects	-	41,537,700	-	20,782,914	62,320,614
Debt services	-	-	-	14,481,245	14,481,245
Total restricted	<u>9,366,111</u>	<u>41,537,700</u>	<u>-</u>	<u>41,635,535</u>	<u>92,539,346</u>
Assigned					
Vacation accruals	813,024	-	-	-	813,024
Zimmerman field	1,144,350	-	-	-	1,144,350
Torres High School-start up cost	1,000,000	-	-	-	1,000,000
Various program carryovers	2,654,587	-	-	-	2,654,587
Textbook adoptions	7,453,468	-	-	-	7,453,468
Capital projects	-	-	23,933,218	-	23,933,218
Total assigned	<u>13,065,429</u>	<u>-</u>	<u>23,933,218</u>	<u>-</u>	<u>36,998,647</u>
Unassigned					
Reserve for economic uncertainties	8,823,694	-	-	-	8,823,694
Remaining unassigned	63,835,969	-	-	-	63,835,969
Total unassigned	<u>72,659,663</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>72,659,663</u>
Total	<u>\$ 95,510,183</u>	<u>\$ 41,537,700</u>	<u>\$ 23,933,218</u>	<u>\$ 42,422,355</u>	<u>\$ 203,403,456</u>

Note 12 - Risk Management

Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2021, the District contracted with the 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, 2021, the District reported its proportionate share of net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

<u>Pension Plan</u>	<u>Net Pension Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Pension Expense</u>
CalSTRS	\$ 178,140,520	\$ 52,875,793	\$ 7,983,915	\$ 27,144,688
CalPERS	70,770,353	13,386,272	2,479,125	14,652,057
Total	<u>\$ 248,910,873</u>	<u>\$ 66,262,065</u>	<u>\$ 10,463,040</u>	<u>\$ 41,796,745</u>

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

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

Benefits Provided

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

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

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

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

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

Contributions

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2021, are presented above and the District's total contributions were \$17,280,557.

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

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

Total net pension liability, including State share	
Proportionate share of net pension liability	\$ 178,140,520
State's proportionate share of the net pension liability	91,831,459
Total	\$ 269,971,979

The net pension liability was measured as of June 30, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2020 and June 30, 2019, respectively was 0.1838 percent and 0.1752 percent, resulting in a net increase in the proportionate share of 0.0086 percent.

For the year ended June 30, 2021, the District recognized pension expense of \$27,144,688. In addition, the District recognized pension expense and revenue of \$12,864,686 for support provided by the State. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 17,280,557	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	13,678,084	2,960,048
Differences between projected and actual earnings on pension plan investments	4,231,593	-
Differences between expected and actual experience in the measurement of the total pension liability	314,336	5,023,867
Changes of assumptions	17,371,223	-
Total	\$ 52,875,793	\$ 7,983,915

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

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

Year Ended June 30,	Deferred Outflows of Resources
2022	\$ (2,582,094)
2023	1,441,781
2024	2,876,516
2025	2,495,390
Total	\$ 4,231,593

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	\$ 7,776,576
2023	6,805,708
2024	6,917,999
2025	1,184,207
2026	(190,846)
Thereafter	886,084
Total	\$ 23,379,728

Actuarial Methods and Assumptions

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

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting

Alliance-PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2020, are summarized in the following table:

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

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	\$ 269,145,512
Current discount rate (7.10%)	178,140,520
1% increase (8.10%)	103,003,084

California Public Employees Retirement System (CalPERS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2019, annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/forms-publications>.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor and the member’s final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member’s beneficiary if the member dies while actively employed. An employee’s eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

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

	School Employer Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire date	2% at 55	2% at 62
Benefit formula	5 years of service	5 years of service
Benefit vesting schedule	Monthly for life	Monthly for life
Benefit payments	55	62
Retirement age	1.1% - 2.5%	1.0% - 2.5%
Monthly benefits as a percentage of eligible compensation	7.00%	7.00%
Required employee contribution rate	20.70%	20.70%
Required employer contribution rate		

Contributions

Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2021, are presented above and the total District contributions were \$7,427,523.

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

As of June 30, 2021, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$70,770,353. The net pension liability was measured as of June 30, 2020. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District’s proportionate share for the measurement period June 30, 2020 and June 30, 2019, respectively was 0.2306 percent and 0.2353 percent, resulting in a net decrease in the proportionate share of 0.0047 percent.

For the year ended June 30, 2021, the District recognized pension expense of \$14,652,057. At June 30, 2021, 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	\$ 7,427,523	\$ -
Change in proportion and differences between contributions made and District’s proportionate share of contributions	716,025	2,479,125
Differences between projected and actual earnings on pension plan investments	1,473,214	-
Differences between expected and actual experience in the measurement of the total pension liability	3,509,992	-
Changes of assumptions	259,518	-
Total	\$ 13,386,272	\$ 2,479,125

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

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

Year Ended June 30,	Deferred Outflows of Resources
2022	\$ (551,307)
2023	491,746
2024	854,736
2025	678,039
Total	\$ 1,473,214

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

Year Ended June 30,	Outflows/(Inflows) of Resources
2022	\$ 2,125,984
2023	386,915
2024	(451,972)
2025	(54,517)
Total	\$ 2,006,410

Actuarial Methods and Assumptions

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

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

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

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

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

Discount Rate

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

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

<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% decrease (6.15%)	\$ 101,745,287
Current discount rate (7.15%)	70,770,353
1% increase (8.15%)	45,062,711

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 percent of an employee's gross earnings. An employee is required to contribute 6.2 percent 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 \$10,392,597 (10.328 percent of annual payroll). Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements 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, 2021.

Litigation

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

Operating Leases

The District has entered into various operating leases for equipment with lease terms in excess of one year. None of these agreements contain purchase options. All agreements contain a termination clause providing for cancellation after a specified number of days written notice to lessors, but it is unlikely that the District will cancel any of the agreements prior to the expiration date.

Construction Commitments

As of June 30, 2021, 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	\$ 695,000	January 2022
Madera Technical Exploration Center	1,300,000	April 2022
Total	\$ 1,995,000	

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, 2021, the District made payment of \$1,376,709 to CRMA for property and liability, and \$2,070,505 for workers’ compensation coverage.

During the year ended June 30, 2021, the District made payment of \$36,156,586 to CVT for health and welfare benefits.

Note 16 - Donated Land

The District was donated property subsequent to June 30, 2021. The property consists of a 49.52-acre parcel located at the northwest portion of the City of Madera along the south side of Cleveland Avenue east of Road 24. The 49.52-acre parcel is vacant and unimproved. The land was appraised at between \$3,095,000 and \$3,220,000 as of August 2020. The purpose of the appraisal was to arrive at an opinion of value of the fee simple estate.



Required Supplementary Information
June 30, 2021

Madera Unified School District

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

	Budgeted Amounts		Actual	Variances - Positive (Negative)
	Original	Final		Final to Actual
Revenues				
Local control funding formula	\$ 211,421,936	\$ 229,346,675	\$ 229,267,855	\$ (78,820)
Federal sources	23,287,241	81,934,127	39,013,857	(42,920,270)
Other State sources	17,338,597	45,271,713	34,651,374	(10,620,339)
Other local sources	5,325,589	8,156,714	8,413,644	256,930
Total revenues	<u>257,373,363</u>	<u>364,709,229</u>	<u>311,346,730</u>	<u>(53,362,499)</u>
Expenditures				
Current				
Certificated salaries	104,153,400	107,566,155	109,401,471	(1,835,316)
Classified salaries	35,627,722	35,999,177	36,440,301	(441,124)
Employee benefits	78,369,586	75,556,428	75,088,635	467,793
Books and supplies	16,440,615	86,740,651	20,926,156	65,814,495
Services and operating expenditures	22,953,061	31,040,460	25,642,054	5,398,406
Other outgo	3,300,162	3,721,307	3,392,349	328,958
Capital outlay	1,486,600	13,883,774	9,925,630	3,958,144
Debt service				
Debt service - principal	317,826	317,825	317,825	-
Debt service - interest and other	73,214	73,214	80,909	(7,695)
Total expenditures	<u>262,722,186</u>	<u>354,898,991</u>	<u>281,215,330</u>	<u>73,683,661</u>
Excess of Revenues Over Expenditures	<u>(5,348,823)</u>	<u>9,810,238</u>	<u>30,131,400</u>	<u>20,321,162</u>
Other Financing Sources (Uses)				
Transfers in	30,000	30,000	91,566	61,566
Transfers out	(1,876,597)	(12,876,597)	(12,907,791)	(31,194)
Net financing sources (uses)	<u>(1,846,597)</u>	<u>(12,846,597)</u>	<u>(12,816,225)</u>	<u>30,372</u>
Net Change in Fund Balances	(7,195,420)	(3,036,359)	17,315,175	20,351,534
Fund Balance - Beginning	<u>78,195,008</u>	<u>78,195,008</u>	<u>78,195,008</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 70,999,588</u>	<u>\$ 75,158,649</u>	<u>\$ 95,510,183</u>	<u>\$ 20,351,534</u>

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

	2021	2020	2019	2018
Total OPEB Liability				
Service cost	\$ 811,889	\$ 590,491	\$ 653,482	\$ 634,449
Interest	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	(1,963,488)	(1,488,306)	(2,305,085)	(2,680,864)
Net change in total OPEB liability	3,435,201	(351,696)	(1,895,179)	(1,118,497)
Total OPEB Liability - Beginning	27,610,693	27,962,389	29,857,568	30,976,065
Total OPEB Liability - Ending (a)	<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	\$ 2,463,488	\$ 4,099,707		
Net investment income	696,898	141,526		
Difference between expected and actual plan earnings	-	(5,450)		
Benefit payments	(1,963,488)	(1,488,306)		
Administrative expense	(9,836)	(5,667)		
Net change in plan fiduciary net position	1,187,062	2,741,810		
Plan Fiduciary Net Position - Beginning	2,741,810	-		
Plan Fiduciary Net Position - Ending (b)	<u>\$ 3,928,872</u>	<u>\$ 2,741,810</u>		
Net OPEB Liability - Ending (a) - (b)	<u>\$ 27,117,022</u>	<u>\$ 24,868,883</u>		
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	12.66%	9.93%		
Covered Payroll	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
Measurement Date	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, 2021

Year ended June 30,	2020	2019	2018	2017
Proportion of the net OPEB liability	0.3203%	0.3099%	0.3050%	0.3050%
Proportionate share of the net OPEB liability	\$ 1,357,395	\$ 1,154,141	\$ 1,242,438	\$ 1,282,991
Covered payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Plan fiduciary net position as a percentage of the total OPEB liability	(0.71%)	(0.81%)	(0.40%)	0.01%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

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

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

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

	2021	2020	2019	2018	2017	2016	2015
CalSTRS							
Proportion of the net pension liability	0.1838%	0.1752%	0.1808%	0.1684%	0.1650%	0.1630%	0.1504%
Proportionate share of the net pension liability	\$ 178,140,520	\$ 158,229,205	\$ 166,206,226	\$ 155,779,286	\$ 133,433,285	\$ 109,768,136	\$ 87,863,363
State's proportionate share of the net pension liability	91,831,459	86,324,595	95,160,838	92,157,710	75,961,189	58,055,243	53,055,692
Total	\$ 269,971,979	\$ 244,553,800	\$ 261,367,064	\$ 247,936,996	\$ 209,394,474	\$ 167,823,379	\$ 140,919,055
Covered payroll	\$ 98,063,000	\$ 97,230,516	\$ 96,877,838	\$ 90,127,401	\$ 83,354,240	\$ 74,943,153	\$ 68,012,364
Proportionate share of the net pension liability as a percentage of its covered payroll	181.66%	162.74%	171.56%	172.84%	160.08%	146.47%	129.19%
Plan fiduciary net position as a percentage of the total pension liability	72%	73%	71%	69%	70%	74%	77%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
CalPERS							
Proportion of the net pension liability	0.2306%	0.2353%	0.2327%	0.2240%	0.2119%	0.2062%	0.1894%
Proportionate share of the net pension liability	\$ 70,770,353	\$ 68,572,169	\$ 62,042,813	\$ 53,481,744	\$ 41,858,308	\$ 30,391,170	\$ 21,502,181
Covered payroll	\$ 33,261,640	\$ 32,720,513	\$ 30,838,735	\$ 28,608,648	\$ 25,446,577	\$ 22,981,956	\$ 20,186,890
Proportionate share of the net pension liability as a percentage of its covered payroll	212.77%	209.57%	201.18%	186.94%	164.49%	132.24%	106.52%
Plan fiduciary net position as a percentage of the total pension liability	70%	70%	71%	72%	74%	79%	83%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

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

	2021	2020	2019	2018	2017	2016	2015
CaISTRS							
Contractually required contribution	\$ 17,280,557	\$ 16,768,773	\$ 15,829,128	\$ 13,979,472	\$ 11,338,027	\$ 8,943,910	\$ 6,654,952
Less contributions in relation to the contractually required contribution	<u>17,280,557</u>	<u>16,768,773</u>	<u>15,829,128</u>	<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>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 107,000,354</u>	<u>\$ 98,063,000</u>	<u>\$ 97,230,516</u>	<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>16.15%</u>	<u>17.10%</u>	<u>16.28%</u>	<u>14.43%</u>	<u>12.58%</u>	<u>10.73%</u>	<u>8.88%</u>
CaIPERS							
Contractually required contribution	\$ 7,427,523	\$ 6,559,528	\$ 5,909,979	\$ 4,789,564	\$ 3,973,169	\$ 3,014,656	\$ 2,705,206
Less contributions in relation to the contractually required contribution	<u>7,427,523</u>	<u>6,559,528</u>	<u>5,909,979</u>	<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>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 35,881,755</u>	<u>\$ 33,261,640</u>	<u>\$ 32,720,513</u>	<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>20.700%</u>	<u>19.7210%</u>	<u>18.0620%</u>	<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 presents information for the original and final budgets and actual results of operations, as well as the variances from the final budget to actual results of operations.

Schedule of Changes in the District's 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* - Healthcare trend rates were changed from 6.0 percent to 4.0 percent. The inflation rate was changed from 2.25 percent to 2.75 percent.

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

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

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

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

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

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

Schedule of District Contributions

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



Supplementary Information
June 30, 2021

Madera Unified School District

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

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Sustaining Upgraded Culture and Climate through an Enhanced System of Supports (SUCCESS) Program	84.184G	[1]	\$ 652,168
Passed Through California Department of Education (CDE)			
Title I - Part A, Basic	84.010	14329	7,337,020
ESSA School Improvement (CSI) Funding for LEAs	84.010	15438	237,434
Subtotal, 84.010			<u>7,574,454</u>
Title I - Part C, Migrant Education - Regular	84.011	14326	402,363
Title I - Part C, Migrant Education - Summer	84.011	10005	54,723
Subtotal, 84.011			<u>457,086</u>
Title III - English Language Acquisition - Immigrant Education Program	84.365	15146	18,568
Title III - English Language Acquisition - Limited English Proficient	84.365	14346	471,893
Subtotal, 84.365			<u>490,461</u>
COVID - 19 - Elementary and Secondary Emergency Relief (ESSER) Fund	84.425D	15536	3,791,651
COVID - 19 - Elementary and Secondary Emergency Relief (ESSER II) Fund	84.425D	15547	2,341
COVID - 19 - Governor's Emergency Education Relief (GEER) Fund	84.425C	15517	178,421
COVID - 19 - Child Nutrition, CARES Act Supplemental Meal Reimbursement	84.425	15535	1,319,280
Subtotal, 84.425			<u>5,291,693</u>
Adult Basic Education and ESL	84.002	14508	118,036
Adult Secondary Education	84.002	13978	145,410
Adult English Literacy and Civics Education	84.002	14109	2,195
Institutionalized Adults	84.002	13971	27,099
Subtotal, 84.002			<u>292,740</u>
Special Education Cluster			
Special Education Grants to States - Basic Local Assistance	84.027	13379	1,034,493
Special Education - Local Assistance, Part B, Private Schools	84.027	10115	14,591
Subtotal Special Education Cluster			<u>1,049,084</u>

[1] Pass-Through Identifying Number not available

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

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Passed Through California Department of Education (CDE)			
Career and Technical Education - Secondary, Section 131	84.048	14894	242,908
Title IV - Part B, Twenty First Century Community Learning Centers	84.287	14349	1,494,653
Title II - Part A, Supporting Effective Instruction	84.367	14341	476,102
Title IV - Part A, Student Support and Academic Enrichment Program	84.424	15396	<u>1,124,674</u>
Total U.S. Department of Education			<u>19,146,023</u>
U.S. Department of Justice			
STOP School Violence			
COPS Office School Violence Prevention Program (SVPP)	16.839	[1]	88,114
	16.710	[1]	<u>15,640</u>
Total U.S. Department of Justice			<u>103,754</u>
U.S. Department of Treasury			
Passed Through California Department of Education			
COVID - 19 - Coronavirus Relief Fund (CRF): Learning Loss Mitigation	21.019	25516	<u>21,376,099</u>
U.S. Department of Agriculture			
Passed Through California Department of Education			
Child Nutrition Cluster			
National School Lunch Program - Summer Food Program	10.559	13004	13,057,657
National School Lunch Program - Commodity Supplemental Food	10.555	13391	1,622,213
Child Nutrition Discretionary Grant - Equipment Assistance Grant	10.579	14906	<u>90,000</u>
Subtotal Child Nutrition Cluster			<u>14,769,870</u>
Total U.S. Department of Agriculture			<u>14,769,870</u>
Total Federal Financial Assistance			<u>\$ 55,395,746</u>

[1] Pass-Through Identifying Number not available

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
Ruben Mendoza	President	2024
Joetta Fleak	Clerk	2022
Ray G. Seibert	Trustee	2024
Ed McIntyre	Trustee	2022
Brent Fernandes	Trustee	2022
Lucy Salazar	Trustee	2022
Israel Cortes	Trustee	2024

Administration

Todd Lile	Superintendent
Sandon Schwartz	Deputy Superintendent
Sheryl Sisil	Assistant Superintendent
Kent Albertson	Chief of Human Resources Officer
Arelis Garcia	Chief Financial Officer
Linda Monreal	Area Assistant Superintendent
Jesse Carrasco	Area Assistant Superintendent
Oracio Rodriguez	Area Assistant Superintendent
Babatunde Ilori	Executive Director of Accountability and Communications
Rebecca Malmo	Executive Director of Student and Family Support Services

Madera Unified School District

Schedule of Instructional Time

Year Ended June 30, 2021

Grade Level	Number of Actual Days		Total Days Offered	Status
	Traditional Calendar	Multitrack Calendar		
Kindergarten	180	N/A	180	Complied
Grades 1 - 3				
Grade 1	180	N/A	180	Complied
Grade 2	180	N/A	180	Complied
Grade 3	180	N/A	180	Complied
Grades 4 - 8				
Grade 4	180	N/A	180	Complied
Grade 5	180	N/A	180	Complied
Grade 6	180	N/A	180	Complied
Grade 7	180	N/A	180	Complied
Grade 8	180	N/A	180	Complied
Grades 9 - 12				
Grade 9	180	N/A	180	Complied
Grade 10	180	N/A	180	Complied
Grade 11	180	N/A	180	Complied
Grade 12	180	N/A	180	Complied

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

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

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

	(Budget) 2022 ¹	2021	2020	2019
General Fund				
Revenues and other sources	\$ 352,470,533	\$ 311,346,730	\$ 273,272,501	\$ 273,650,472
Transfers in	30,000	91,566	42,641	-
Total revenues and other sources	<u>352,500,533</u>	<u>311,438,296</u>	<u>273,315,142</u>	<u>273,650,472</u>
Expenditures and other uses	339,159,599	281,215,330	249,339,016	259,626,582
Transfers out	16,016,375	12,907,791	11,000,000	-
Total expenditures and other uses	<u>355,175,974</u>	<u>294,123,121</u>	<u>260,339,016</u>	<u>259,626,582</u>
Increase/(Decrease) in Fund Balance	<u>(2,675,441)</u>	<u>17,315,175</u>	<u>12,976,126</u>	<u>14,023,890</u>
Ending Fund Balance	<u>\$ 92,834,742</u>	<u>\$ 95,510,183</u>	<u>\$ 78,195,008</u>	<u>\$ 65,218,882</u>
Available Reserves ²	<u>\$ 61,658,876</u>	<u>\$ 72,659,663</u>	<u>\$ 53,789,702</u>	<u>\$ 41,791,090</u>
Available Reserves as a Percentage of Total Outgo	<u>17.36%</u>	<u>24.70%</u>	<u>20.66%</u>	<u>16.10%</u>
Long-Term Liabilities	<u>Not Available</u>	<u>\$ 577,164,416</u>	<u>\$ 517,693,671</u>	<u>\$ 528,748,410</u>
Average Daily Attendance at P-2	<u>19,147</u>	<u>19,147</u>	<u>19,147</u>	<u>19,026</u>

The General Fund balance has increased by \$30,291,301 over the past two years. The fiscal year 2021-2022 budget projects a decrease of \$2,675,441 (2.8 percent). 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 2021-2022 fiscal year. Total long-term liabilities have increased by \$48,416,006 over the past two years due primarily to the issuance of general obligation bonds and certificates of participation.

Average daily attendance has increased by 121 over the past year. No growth in ADA is anticipated during fiscal year 2021-2022.

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

² Available reserves consist of all unassigned fund balances contained within the General Fund.

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

<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, 2021

	Student Activities Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Bond Interest and Redemption Fund	COP Debt Service Fund	Total Non-Major Governmental Funds
Assets									
Deposits and investments	\$ 744,440	\$ 250,593	\$ 731,526	\$ 2,402,747	\$ 4,489,906	\$ 16,934,041	\$ 13,627,410	\$ 227,773	\$ 39,408,436
Receivables	-	367,905	331,938	2,984,718	-	-	3,278	-	3,687,839
Due from other funds	30	32,560	-	-	-	7,015	-	622,784	662,389
Stores inventories	-	-	-	781,680	-	-	-	-	781,680
Total assets	\$ 744,470	\$ 651,058	\$ 1,063,464	\$ 6,169,145	\$ 4,489,906	\$ 16,941,056	\$ 13,630,688	\$ 850,557	\$ 44,540,344
Liabilities and Fund Balances									
Liabilities									
Accounts payable	\$ -	\$ 22,190	\$ 64,633	\$ 431,646	\$ 5,248	\$ 20,016	\$ -	\$ -	\$ 543,733
Due to other funds	-	533,646	1,079	88	622,784	-	-	-	1,157,597
Unearned revenue	-	-	416,659	-	-	-	-	-	416,659
Total liabilities	-	555,836	482,371	431,734	628,032	20,016	-	-	2,117,989
Fund Balances									
Nonspendable	-	2,000	-	784,820	-	-	-	-	786,820
Restricted	744,470	93,222	581,093	4,952,591	3,861,874	16,921,040	13,630,688	850,557	41,635,535
Total fund balances	744,470	95,222	581,093	5,737,411	3,861,874	16,921,040	13,630,688	850,557	42,422,355
Total liabilities and fund balances	\$ 744,470	\$ 651,058	\$ 1,063,464	\$ 6,169,145	\$ 4,489,906	\$ 16,941,056	\$ 13,630,688	\$ 850,557	\$ 44,540,344

Madera Unified School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental Funds
Year Ended June 30, 2021

	Student Activities Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund
Revenues					
Federal sources	\$ -	\$ 292,740	\$ 147,735	\$ 16,089,150	\$ -
Other State sources	-	1,077,968	2,760,308	1,219,910	-
Other local sources	393,555	28,308	1,835	34,692	4,862,858
Total revenues	<u>393,555</u>	<u>1,399,016</u>	<u>2,909,878</u>	<u>17,343,752</u>	<u>4,862,858</u>
Expenditures					
Current					
Instruction	-	612,818	2,174,346	-	-
Instruction-related activities					
Supervision of instruction	-	12,581	376,819	-	-
School site administration	-	491,644	-	-	-
Pupil services					
Food services	-	-	-	13,433,643	-
All other pupil services	-	66,590	47,308	-	-
Administration					
All other administration	-	-	125,715	658,478	20,600
Plant services	-	314,688	36,120	413,907	-
Ancillary services	351,130	-	-	-	-
Facility acquisition and construction	-	-	-	-	595,534
Debt service					
Principal	-	-	-	-	-
Interest and other	-	-	-	-	-
Total expenditures	<u>351,130</u>	<u>1,498,321</u>	<u>2,760,308</u>	<u>14,506,028</u>	<u>616,134</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>42,425</u>	<u>(99,305)</u>	<u>149,570</u>	<u>2,837,724</u>	<u>4,246,724</u>
Other Financing Sources (Uses)					
Transfers in	-	31,194	-	-	-
Sources from bond issuance premium	-	-	-	-	-
Transfers out	-	-	-	-	(1,275,729)
Net Financing Sources (Uses)	<u>-</u>	<u>31,194</u>	<u>-</u>	<u>-</u>	<u>(1,275,729)</u>
Net Change in Fund Balances	42,425	(68,111)	149,570	2,837,724	2,970,995
Fund Balance - Beginning	<u>702,045</u>	<u>163,333</u>	<u>431,523</u>	<u>2,899,687</u>	<u>890,879</u>
Fund Balance - Ending	<u>\$ 744,470</u>	<u>\$ 95,222</u>	<u>\$ 581,093</u>	<u>\$ 5,737,411</u>	<u>\$ 3,861,874</u>

Madera Unified School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental Funds
Year Ended June 30, 2021

	County School Facilities Fund	Bond Interest and Redemption Fund	COP Debt Service Fund	Total Non-Major Governmental Funds
Revenues				
Federal sources	\$ -	\$ -	\$ -	\$ 16,529,625
Other State sources	14,313,686	83,531	-	19,455,403
Other local sources	9,738	11,970,234	2,293	17,303,513
Total revenues	14,323,424	12,053,765	2,293	53,288,541
Expenditures				
Current				
Instruction	-	-	-	2,787,164
Instruction-related activities				
Supervision of instruction	-	-	-	389,400
School site administration	-	-	-	491,644
Pupil services				
Food services	-	-	-	13,433,643
All other pupil services	-	-	-	113,898
Administration				
All other administration	-	-	-	804,793
Plant services	-	-	-	764,715
Ancillary services	-	-	-	351,130
Facility acquisition and construction	1,497,783	-	-	2,093,317
Debt service				
Principal	-	8,225,000	705,000	8,930,000
Interest and other	-	5,201,373	4,231,472	9,432,845
Total expenditures	1,497,783	13,426,373	4,936,472	39,592,549
Excess (Deficiency) of Revenues Over Expenditures	12,825,641	(1,372,608)	(4,934,179)	13,695,992
Other Financing Sources (Uses)				
Transfers in	-	-	3,060,760	3,091,954
Sources from bond issuance premium	-	3,496,003	-	3,496,003
Transfers out	-	-	-	(1,275,729)
Net Financing Sources (Uses)	-	3,496,003	3,060,760	5,312,228
Net Change in Fund Balances	12,825,641	2,123,395	(1,873,419)	19,008,220
Fund Balance - Beginning	4,095,399	11,507,293	2,723,976	23,414,135
Fund Balance - Ending	\$ 16,921,040	\$ 13,630,688	\$ 850,557	\$ 42,422,355

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, 2021. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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, 2021, the District had used such food commodities in the amount of \$1,622,213 for the 2020-2021 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.

	Federal Financial Assistance Listing/Federal CFDA Number	Amount
Description		
Total Federal Revenues reported on the financial statements		\$ 55,543,482
Child Development: Coronavirus Response and Relief Supplemental Appropriations (CRRSA) One-Time Stipend	93.575	(147,736)
Total Schedule of Expenditures of Federal Awards		\$ 55,395,746

Local Education Agency Organization Structure

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

Schedule of Instructional Time

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

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Schedule of Financial Trends and Analysis

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

Schedule of Charter Schools

This schedule lists all charter schools chartered by the District, and displays information for each charter school on whether or not the charter school is included in the District audit.

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

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



Independent Auditor's Reports
June 30, 2021

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, 2021, 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 March 28, 2022.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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*.

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 cursive script that reads "Eide Bailly LLP".

Fresno, California

March 28, 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

We have audited Madera Unified School District’s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Madera Unified School District’s major federal programs for the year ended June 30, 2021. 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.

Management’s Responsibility

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

Auditor’s Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

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

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

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



Fresno, California
March 28, 2022



Independent Auditor's Report on State Compliance

To the Governing Board
Madera Unified School District
Madera, California

Report on State Compliance

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Compliance Requirements Tested

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

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

The District did not have any employees retire under the CalSTRS Early Retirement Incentive program; therefore, testing was not required.

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.

For the 2020-2021 school year, Independent Study - Course Based Program does not apply to school districts as a result of distance learning, therefore, we did not perform any procedures related to the Independent Study - Course Based Program.

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

Unmodified Opinion

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

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

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

Fresno, California
March 28, 2022



Schedule of Findings and Questioned Costs
June 30, 2021

Madera Unified School District

Financial Statements

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

Identification of major programs

<u>Name of Federal Program or Cluster</u>	<u>Federal Financial Assistance Listing/ Federal CFDA Number</u>
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 - Governor's Emergency Education Relief (GEER) Fund	84.425C
COVID - 19 - Child Nutrition, CARES Act Supplemental Meal Reimbursement	84.425
COVID - 19 - Coronavirus Relief Fund (CRF): Learning Loss Mitigation	21.019
Dollar threshold used to distinguish between type A and type B programs	\$ 1,661,872
Auditee qualified as low-risk auditee?	Yes

State Compliance

Type of auditor's report issued on compliance for programs	Unmodified
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None reported.

None reported.

None reported.

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