

**SELMA UNIFIED SCHOOL DISTRICT  
COUNTY OF FRESNO  
SELMA, CALIFORNIA  
AUDIT REPORT  
JUNE 30, 2021**

**Linger, Peterson & Shrum  
Certified Public Accountants  
575 E. Locust Ave., Suite 308  
Fresno, California 93720**

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## Introductory Section

Selma Unified School District  
 Audit Report  
 For The Year Ended June 30, 2021

TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit/Table</u>
<b>FINANCIAL SECTION</b>		
Independent Auditor's Report.....	2	
Management's Discussion and Analysis (Required Supplementary Information).....	5	
 <u>Basic Financial Statements</u>		
Government-wide Financial Statements:		
Statement of Net Position.....	16	Exhibit A-1
Statement of Activities.....	17	Exhibit A-2
Fund Financial Statements:		
Balance Sheet - Governmental Funds.....	18	Exhibit A-3
Reconciliation of the Governmental Funds		
Balance Sheet to the Statement of Net Position.....	19	Exhibit A-4
Statement of Revenues, Expenditures, and Changes in		
Fund Balances - Governmental Funds.....	20	Exhibit A-5
Reconciliation of the Statement of Revenues, Expenditures, and Changes in		
Fund Balances of Governmental Funds to the Statement of Activities.....	21	Exhibit A-6
Notes to the Financial Statements .....	22	
 <u>Required Supplementary Information</u>		
Budgetary Comparison Schedules:		
General Fund.....	54	Exhibit B-1
Schedule of the District's Proportionate Share of the		
Net Pension Liability - California State Teachers' Retirement System.....	55	Exhibit B-2
Schedule of District's Contributions - California State Teachers' Retirement System.....	56	Exhibit B-3
Schedule of the District's Proportionate Share of the		
Net Pension Liability - California Public Employees' Retirement System.....	57	Exhibit B-4
Schedule of District's Contributions - California Public Employees' Retirement System..	58	Exhibit B-5
Schedule of Changes in the District's Total OPEB Liability		
And Related Ratios -OPEB Plan .....	59	Exhibit B-6
 <u>Combining Statements and Budgetary Comparison Schedules as Supplementary Information:</u>		
General Fund:		
Combining Balance Sheet.....	62	Exhibit C-1
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	64	Exhibit C-2
Combining Balance Sheet - All Nonmajor Governmental Funds.....	66	Exhibit C-3
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - All Nonmajor Governmental Funds.....	67	Exhibit C-4

Selma Unified School District  
 Audit Report  
 For The Year Ended June 30, 2021

TABLE OF CONTENTS

	Page	Exhibit/Table
Special Revenue Funds:		
Combining Balance Sheet - Nonmajor Special Revenue Funds.....	68	Exhibit C-5
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds.....	69	Exhibit C-6
Capital Projects Funds:		
Combining Balance Sheet - Nonmajor Capital Projects Funds.....	70	Exhibit C-7
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds.....	71	Exhibit C-8
Budgetary Comparison Schedule:		
Building Fund.....	72	Exhibit C-9
 OTHER SUPPLEMENTARY INFORMATION SECTION		
Local Education Agency Organization Structure.....	76	
Schedule of Instructional Time.....	77	Table D-1
Schedule of Financial Trends and Analysis.....	78	Table D-2
Reconciliation of Annual Financial and Budget Report With Audited Financial Statements.....	79	Table D-3
Schedule of Charter Schools.....	80	Table D-4
Schedule of Expenditures of Federal Awards .....	81	Table D-5
Notes to the Schedule of Expenditures of Federal Awards.....	82	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	84	
Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance.....	86	
Independent Auditor's Report on State Compliance.....	88	
Schedule of Findings and Questioned Costs .....	92	
Summary Schedule of Prior Audit Findings.....	94	

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## Financial Section



## **Independent Auditor's Report**

To the Board of Trustees  
Selma Unified School District  
Selma, California 93662

### **Report on the Audit of the Financial Statements**

#### **Opinions**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Selma 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 Selma Unified School District's basic financial statements as listed in the table of contents.

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

#### **Basis for Opinions**

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

#### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Selma Unified School District's ability to continue as a going concern for one year after the date that the financial statements are issued.



## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with GAAS, we:

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

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

## **Required Supplementary Information**

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

## **Other Information Included in the Annual Report**

Management is responsible for the other information included in the annual report. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statement, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2021 on our consideration of Selma Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 Selma Unified School District's internal control over financial reporting and compliance.

Respectfully submitted,

A handwritten signature in cursive script that reads "Linger, Peterson & Shrum".

Linger, Peterson & Shrum  
Fresno, California  
December 11, 2021

## Management's Discussion and Analysis



SELMA UNIFIED SCHOOL DISTRICT  
Management's Discussion and Analysis (MD&A)  
June 30, 2021

## INTRODUCTION

Our discussion and analysis of Selma Unified School District's (District) financial performance provides an overview of the District's financial activities for the year ended June 30, 2021. It should be read in conjunction with the District's financial statements, which follow this section.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, issued June 1999; and GASB Statement No. 37, Basic Financial Statement - and Management Discussion and Analysis - for the State and Local Governments: Omnibus, an amendment to GASB Statement No. 21 and No. 34, issued in June 2001.

## FINANCIAL HIGHLIGHTS

- Total net position was \$47,606,357 at June 30, 2021. This was a increase of \$2,510,553 from the prior year.
- The District's overall revenues were \$114,340,512 which was more than expenses of \$112,817,785 by \$1,522,727.
- Long-term debt was \$182,577,921 at June 30, 2021.

## OVERVIEW OF 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 three sections together provide a comprehensive overview of the District. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives:

- Government-wide financial statements, which comprise the first two statements, provide both short-term and long-term information about the entity's overall financial position.
- Fund financial statements focus on reporting the individual parts of the District operations in more detail. The fund financial statements comprise the remaining statements.
  - Governmental funds statements tell how general government services were financed in the short term as well as what remains for future spending.
  - Fiduciary fund statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others, to whom the resources belong.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The basic financial statements are followed by a section of required supplementary information that further explains and supports the financial statements.

### **Government-Wide Statements**

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets, deferred outflows of resources, liabilities and deferred inflows of resources. 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.

The two government-wide statements report the District's net position and how they have changed. Net position, assets plus deferred outflows of resources, less liabilities, less deferred inflows of resources, is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, one needs to consider additional nonfinancial factors such as changes in enrollment, changes in the property tax base, changes in program funding by the Federal and State governments, and condition of facilities.

The government-wide financial statements of the District include government activities. Most of the District's basic services are included here, such as regular education, food service, maintenance and general administration. Local Control Funding Formula (LCFF) and Federal and State grants 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 that the District uses to keep track of specific sources of funding and spending for particular programs. Some funds are required to be established by State law and by bond covenants. The Board of Trustees establishes other funds to control and manage money for particular purposes or to show that the District is meeting legal responsibilities for using certain revenues. The District has two kinds of funds:

- *Governmental funds* – Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information in the reconciliations following each governmental funds statement that explains the relationship (or differences) between them.
- *Fiduciary funds* – The District is the trustee, or fiduciary, for assets that belong to others; for the District, the student body activities fund is an agency fund. The District is responsible for ensuring that assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position. We exclude these activities from the district-wide financial statements because the District cannot use the assets to finance its operations.

## FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

### Net Position

The District's combined net position was (\$47,606,357) at June 30, 2021. See Table 1.

**Table 1:**  
**Net Position**

	Governmental Activities		Percentage Change
	2021	2020	
<b>ASSETS:</b>			
Cash	\$ 47,961,088	\$ 28,463,519	68.50%
Accounts receivable	15,717,687	14,558,419	7.96%
Stores inventories	374,355	113,933	228.57%
Unamortized issuance costs	99,074	99,074	0.00%
Net investment in capital assets	69,071,498	70,083,275	-1.44%
<b>TOTAL ASSETS</b>	<b>\$ 133,223,702</b>	<b>\$ 113,318,220</b>	<b>17.57%</b>
<b>Deferred Outflows of Resources:</b>			
Deferred outflows	\$ 20,509,730	\$ 24,805,030	-17.32%
<b>LIABILITIES</b>			
Accounts payable	\$ 15,476,901	\$ 8,058,098	92.07%
Unearned revenue	1,181,079	642,030	83.96%
Long-term liabilities	182,577,921	157,008,571	
<b>TOTAL LIABILITIES</b>	<b>\$ 199,235,901</b>	<b>\$ 165,708,699</b>	<b>20.23%</b>
<b>Deferred Inflows of Resources:</b>			
Deferred inflows	\$ 2,103,888	\$ 6,718,408	-68.68%
<b>NET POSITION</b>			
Net investment in capital assets	\$ 5,291,132	\$ 16,680,051	-68.28%
Restricted	27,207,067	26,528,331	2.56%
Unrestricted	(80,104,556)	(93,325,292)	-14.17%
<b>TOTAL NET POSITION</b>	<b>\$ (47,606,357)</b>	<b>\$ (50,116,910)</b>	<b>-5.01%</b>

**Changes in Net Position**

The District’s total revenues were \$114,340,512. A majority of the revenue comes from General Revenues, which is made up of LCFF and property taxes (54.7%). Federal and State aid for specific programs accounted for another 8.4% of total revenues. Local revenues account for 5.6% of the total revenues. The remaining was received through program revenues made up of charges for services, and operating grants and contributions.

The total cost of all programs and services was \$112,817,785. The District’s expenses are predominately related to educating and caring for students (81.0%). Administrative activities accounted for just 4.1% of total costs. The remaining expenses were for plant services (maintenance and operations), ancillary services, other outgo and interest on long-term obligations.

**Table 2:  
Changes in Net Position**

	Governmental Activities		Percentage Change
	2021	2020	
<b>Revenues</b>			
Program revenues			
Charges for services	\$ 747,579	\$ 428,203	74.59%
Operating grants and contributions	35,039,518	17,753,150	97.37%
General revenue			
LCFF sources	62,550,098	70,643,837	-11.46%
State revenue	9,570,522	6,134,828	56.00%
Local revenue	6,432,795	3,185,344	101.95%
<b>TOTAL REVENUES</b>	<b>114,340,512</b>	<b>98,145,362</b>	<b>16.50%</b>
<b>Program Expenses:</b>			
Program expenses			
Instruction	68,226,369	57,977,512	17.68%
Instruction-related services	10,930,642	11,210,156	-2.49%
Pupil services	12,238,760	12,220,680	0.15%
Ancillary Services	962,272	811,254	18.62%
General administration	4,602,824	7,168,073	-35.79%
Plant services	11,539,492	8,824,100	30.77%
Other outgo	858,410	1,491,931	-42.46%
Interest on long-term obligations	3,459,016	1,915,814	80.55%
<b>TOTAL EXPENSES</b>	<b>112,817,785</b>	<b>101,619,520</b>	<b>11.02%</b>
<b>Changes in Net Position</b>	<b>\$ 1,522,727</b>	<b>\$ (3,474,158)</b>	<b>-143.83%</b>



**Governmental Activities**

The cost of all governmental activities this year was \$112,817,785.

Table 3 presents the cost of each of the District’s functions as well as each function’s net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by charges for services, operating grants and capital grants and contributions.

**Table 3:  
Net Cost of Governmental Activities**

	2021		2020	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Program Expenses				
Instruction	\$ 68,226,369	\$ 46,751,591	\$ 57,977,512	\$ 49,632,725
Instruction-related services	10,930,642	7,488,265	11,210,156	9,474,519
Pupil services	12,238,760	6,342,475	12,220,680	6,627,497
Administration	4,602,824	2,876,047	7,168,073	6,140,862
Plant services	11,539,492	8,624,398	8,824,100	7,451,122
Ancillary services	962,272	630,486	811,254	703,697
Interest on long-term debt	3,459,016	3,459,016	1,915,814	1,915,814
Other outgo	858,410	858,410	1,491,931	1,491,931
Total Expenses	<u>\$ 112,817,785</u>	<u>\$ 77,030,688</u>	<u>\$ 101,619,520</u>	<u>\$ 83,438,167</u>

**FINANCIAL ANALYSIS OF THE DISTRICT’S FUNDS**

The financial performance of the District as a whole is reflected in its government funds as well. As the District completed the year, its governmental funds reported a combined fund balance of \$40,033,554 compared to last year’s ending fund balance of \$34,702,716.

**General Fund Budgetary Highlights**

Over the course of the year, the District revises its annual budget to reflect unexpected changes in revenues and expenditures. A schedule of the District’s original and final budget amounts compared with actual revenues and expenditures is provided in the supplemental section of the audited financial report.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At June 30, 2021, the District had invested \$69,071,498 in a broad range of capital assets, including land, land improvements, buildings and equipment. See Table 4. More detailed information about the District’s capital assets is presented in the notes to the financial statements.

**Table 4:  
Capital Assets**

	Governmental Activities		Total Percentage Change
	2021	2020	
Land	\$ 1,843,632	\$ 1,843,632	0.00%
Work in progress	865,021	195,699	342.02%
Land Improvements	722	-	-
Buildings	117,392,716	115,580,445	1.57%
Equipment	5,738,694	5,468,217	4.95%
Totals at Historical Cost	125,840,785	123,087,993	2.24%
Total Accumulated Depreciation	56,769,287	53,004,718	7.10%
<b>NET CAPITAL ASSETS</b>	<b>\$ 69,071,498</b>	<b>\$ 70,083,275</b>	<b>-1.44%</b>

**Long-Term Debt**

At year-end, the District had \$182,577,921 in debt as shown in Table 5. More detailed information about the District’s debt is presented in the notes to the financial statements.

**Table 5:  
Long-Term Debt**

	Governmental Activities		Total Percentage Change
	2021	2020	
General obligation bonds	\$ 47,996,126	\$ 49,280,537	-2.61%
Accreted interest on general obligation bonds	5,116,176	-	-
Compensated absences	333,673	423,811	-21.27%
Note Payable	412,200	-	-
Certificates of participation	2,161,768	2,480,528	-12.85%
Early retirement incentives	528,208	-	-
Net pension liability	90,639,805	85,148,014	6.45%
Other post-employment benefits	19,675,681	19,675,681	0.00%
Qualified zone academy bond program	7,714,284	-	-
Other	8,000,000	-	-
<b>TOTAL LONG-TERM DEBT</b>	<b>\$ 182,577,921</b>	<b>\$ 157,008,571</b>	<b>16.29%</b>

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

At the time these financial statements were prepared and audited, the District was aware of several circumstances that could affect its future financial health.

1. The District's students continue to improve but less than half are meeting standards as measured by the statewide test. The school staff continues to focus on providing training to our teaching staff and looking for opportunities to meet in grade-level teams.
2. On November 8, 2016, the voters of the District approved a maximum of \$30.8 million in bonds to provide financing to modernize and construct additional classrooms and support facilities, replace portable classrooms with new permanent facilities, increase student access to computers and modern classroom technology, improve security and student safety, provide the local match for State grants, and reduce operating costs. The District sold \$10.1 million of the authorized bonds in January 2017 to begin upgrading the existing facilities and/or build new facilities in accordance with the bond measure.
3. In March 2020, the World Health Organization declared COVID-19 a global pandemic. This outbreak has continued to spread, and any related adverse public health developments have affected School Districts and Governments globally, potentially leading to an economic downturn. It has also disrupted the normal operations of the School District, forcing closures and changes needed to operate. It is not possible to predict the duration or magnitude of the adverse results of the outbreak and its effects on the School District or the results of operations at this time.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, parents, participants, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact the Assistant Superintendent of Business Services, Andrea Affrunti, at (559) 898-6500.

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## Basic Financial Statements

**SELMA UNIFIED SCHOOL DISTRICT**

## STATEMENT OF NET POSITION

JUNE 30, 2021

	Governmental Activities
<b>ASSETS:</b>	
Cash in County Treasury	\$ 39,132,679
Cash on Hand and in Banks	854,409
Cash in Revolving Fund	5,000
Cash with a Fiscal Agent/Trustee	7,969,000
Accounts Receivable	15,717,687
Stores Inventories	374,355
Unamortized Issuance Costs	99,074
Capital Assets:	
Land	1,843,632
Land Improvements, Net	722
Buildings, Net	65,646,408
Equipment, Net	715,715
Work in Progress	865,021
Total Assets	<u>133,223,702</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>	
Deferred Outflows of Resources - Pensions	16,831,517
Deferred Outflows of Resources - OPEB	3,678,213
Total Deferred Outflows of Resources	<u>20,509,730</u>
<b>LIABILITIES:</b>	
Accounts Payable	15,476,901
Unearned Revenue	1,181,079
Tax Revenue Anticipation Notes	8,000,000
Noncurrent Liabilities:	
Net Pension Liability	90,639,805
Other Postemployment Benefit Obligation	19,675,681
Due within one year	2,939,040
Due in more than one year	61,323,395
Total Liabilities	<u>199,235,901</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>	
Deferred Inflows of Resources - Pensions	2,082,303
Deferred Inflows of Resources - OPEB	21,585
Total Deferred Inflows of Resources	<u>2,103,888</u>
<b>NET POSITION:</b>	
Net Investment in Capital Assets	5,291,132
Restricted For:	
Debt Service	3,093,465
Capital Projects	21,263,594
Other Purposes	2,850,008
Unrestricted	(80,104,556)
Total Net Position	<u>\$ (47,606,357)</u>

The accompanying notes are an integral part of this statement.

**SELMA UNIFIED SCHOOL DISTRICT**

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2021

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
				Governmental Activities
<b>PRIMARY GOVERNMENT:</b>				
Governmental Activities:				
Instruction	\$ 68,226,369	\$ 118,100	\$ 21,356,678	\$ (46,751,591)
Instruction-Related Services	10,930,642	100,855	3,341,522	(7,488,265)
Pupil Services	12,238,760	14,332	5,881,953	(6,342,475)
Ancillary Services	962,272	84,219	247,567	(630,486)
General Administration	4,602,824	203,686	1,523,091	(2,876,047)
Plant Services	11,539,492	226,387	2,688,707	(8,624,398)
Other Outgo	858,410	-	-	(858,410)
Interest on Long-Term Obligations	3,459,016	-	-	(3,459,016)
Total Governmental Activities	<u>112,817,785</u>	<u>747,579</u>	<u>35,039,518</u>	<u>(77,030,688)</u>
Total Primary Government	<u>\$ 112,817,785</u>	<u>\$ 747,579</u>	<u>\$ 35,039,518</u>	<u>(77,030,688)</u>
General Revenues:				
				62,550,098
				9,570,522
				6,432,795
				<u>78,553,415</u>
				1,522,727
				(50,116,910)
				987,826
				<u>\$ (47,606,357)</u>

The accompanying notes are an integral part of this statement.

**SELMA UNIFIED SCHOOL DISTRICT**  
 BALANCE SHEET - GOVERNMENTAL FUNDS  
 JUNE 30, 2021

	General Fund	Building Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>				
Cash in County Treasury	\$ 13,364,596	\$ 20,914,058	\$ 4,854,025	\$ 39,132,679
Cash on Hand and in Banks	854,409	-	-	854,409
Cash in Revolving Fund	5,000	-	-	5,000
Cash with a Fiscal Agent/Trustee	7,969,000	-	-	7,969,000
Accounts Receivable	14,701,234	145,109	871,344	15,717,687
Due from Other Funds	118,655	-	45,759	164,414
Stores Inventories	314,657	-	59,698	374,355
Total Assets	<u>37,327,551</u>	<u>21,059,167</u>	<u>5,830,826</u>	<u>64,217,544</u>
<b>LIABILITIES AND FUND BALANCE:</b>				
Liabilities:				
Accounts Payable	\$ 14,078,996	\$ 594,813	\$ 164,688	\$ 14,838,497
Due to Other Funds	16,106	190	148,118	164,414
Tax Revenue Anticipation Notes	8,000,000	-	-	8,000,000
Unearned Revenue	1,181,079	-	-	1,181,079
Total Liabilities	<u>23,276,181</u>	<u>595,003</u>	<u>312,806</u>	<u>24,183,990</u>
Fund Balance:				
Nonspendable Fund Balances:				
Revolving Cash	5,000	-	-	5,000
Stores Inventories	314,657	-	-	314,657
Restricted Fund Balances	2,327,852	(479,694)	486,552	2,334,710
Assigned Fund Balances	5,472,722	-	(15,328)	5,457,394
Unassigned:				
Other Unassigned	5,931,139	20,943,858	-	26,874,997
Unassigned, reported in nonmajor:				
Special Revenue Funds	-	-	1,118,297	1,118,297
Debt Service Funds	-	-	3,517,808	3,517,808
Capital Projects Funds	-	-	410,691	410,691
Total Fund Balance	<u>14,051,370</u>	<u>20,464,164</u>	<u>5,518,020</u>	<u>40,033,554</u>
Total Liabilities and Fund Balances	<u>\$ 37,327,551</u>	<u>\$ 21,059,167</u>	<u>\$ 5,830,826</u>	<u>\$ 64,217,544</u>

The accompanying notes are an integral part of this statement.



**SELMA UNIFIED SCHOOL DISTRICT**

RECONCILIATION OF THE BALANCE SHEET, GOVERNMENTAL FUNDS,  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2021

Total Fund Balances - Balance Sheet, Governmental Funds	\$ 40,033,554
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:	
Capital assets	125,840,785
Accumulated depreciation	(56,769,287)
Certain debt issue costs are recognized in the funds as expenditures in the period the debt was incurred, whereas in the government-wide statements, they are amortized over the life of the debt:	
Unamortized prepaid insurance related to debt	99,074
Certain liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Accrued interest payable	(638,404)
General obligation bonds payable	(47,996,126)
Accreted interest	(5,116,176)
Qualified Zone Academic bonds payable	(7,714,284)
Other post-employment benefits payable (OPEB)	(19,675,681)
Net pension liability	(90,639,805)
Compensated absences payable	(333,673)
Certificates of participation payable	(2,161,768)
Early Retirement Incentives-PARS	(528,208)
Note payable	(412,200)
Deferred outflows and inflows of resources are not reported in the funds because they are applicable to future periods:	
Deferred outflows of resources related to pensions	16,831,517
Deferred inflows of resources related to pensions	(2,082,303)
Deferred outflows of resources related to OPEB	3,678,213
Deferred inflows of resources related to OPEB	(21,585)
Total Fund Balance of Governmental Activities - Statement of Net Position	<u>\$ (47,606,357)</u>

The accompanying notes are an integral part of this statement.

**SELMA UNIFIED SCHOOL DISTRICT**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021

	General Fund	Building Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
LCFF Sources:				
State Apportionment or State Aid	\$ 33,082,236	\$ -	\$ -	\$ 33,082,236
Education Protection Account Funds	22,394,261	-	-	22,394,261
Local Sources	7,073,601	-	-	7,073,601
Federal Revenue	17,098,748	-	3,458,329	20,557,077
Other State Revenue	9,678,581	-	216,091	9,894,672
Other Local Revenue	6,968,311	331,738	3,255,633	10,555,682
Total Revenues	<u>96,295,738</u>	<u>331,738</u>	<u>6,930,053</u>	<u>103,557,529</u>
<b>Expenditures:</b>				
Current:				
Instruction	58,152,231	-	428,772	58,581,003
Instruction - Related Services	9,170,158	-	252,233	9,422,391
Pupil Services	7,299,363	-	3,552,629	10,851,992
Ancillary Services	898,740	-	-	898,740
General Administration	4,116,045	-	122,772	4,238,817
Plant Services	7,351,656	149,642	6,700	7,507,998
Other Outgo	858,410	-	-	858,410
Capital Outlay	634,391	2,096,751	7,688	2,738,830
Debt Service:				
Principal	1,649,269	-	1,283,998	2,933,267
Interest	126,168	-	1,504,036	1,630,204
Total Expenditures	<u>90,256,431</u>	<u>2,246,393</u>	<u>7,158,828</u>	<u>99,661,652</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>6,039,307</u>	<u>(1,914,655)</u>	<u>(228,775)</u>	<u>3,895,877</u>
Other Financing Sources (Uses):				
Transfers In	500,000	-	700,000	1,200,000
Transfers Out	(1,200,000)	-	-	(1,200,000)
Proceeds From Sale of Bonds	-	1,434,961	-	1,434,961
Total Other Financing Sources (Uses)	<u>(700,000)</u>	<u>1,434,961</u>	<u>700,000</u>	<u>1,434,961</u>
Net Change in Fund Balance	5,339,307	(479,694)	471,225	5,330,838
Fund Balance, July 1	7,724,237	20,943,858	5,046,795	33,714,890
Prior Period Adjustment	987,826	-	-	987,826
Fund Balance, June 30	<u>\$ 14,051,370</u>	<u>\$ 20,464,164</u>	<u>\$ 5,518,020</u>	<u>\$ 40,033,554</u>

The accompanying notes are an integral part of this statement.

**SELMA UNIFIED SCHOOL DISTRICT**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021

Net Change in Fund Balances - Total Governmental Funds	\$ 5,330,838
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:	
Expenditures for capital outlay	2,752,792
Depreciation expense	(3,764,569)
Governmental funds report repayments of long-term debt as expenditures. In the Government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were:	
	2,933,267
Expenses reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in the funds:	
Change in accrued interest payable and accreted interest	(1,828,812)
Compensated absences	90,138
Other post-employment benefits cost in excess of contributions	(774,969)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Amounts recognized in the funds as proceeds from debt were:	
	(1,482,188)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
	2,663,832
In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual basis pension costs and actual employer contributions was:	
	(4,397,602)
Change in Net Position of Governmental Activities - Statement of Activities	<u>\$ 1,522,727</u>

The accompanying notes are an integral part of this statement.

**SELMA UNIFIED SCHOOL DISTRICT**  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021

A. Summary of Significant Accounting Policies

Selma Unified School District (District) accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's "California School Accounting Manual." The accounting policies of the District conform to accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

1. Reporting Entity

The District's combined financial statements include the accounts of all its operations. The District evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the District's reporting entity, as set forth in GASB Statement No. 14, "The Financial Reporting Entity," include whether:

- the organization is legally separate (can sue and be sued in its name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is fiscal dependency by the organization on the District

The District also evaluated each legally separate, tax-exempt organization whose resources are used principally to provide support to the District to determine if its omission from the reporting entity would result in financial statements which are misleading or incomplete. GASB Statement No. 14 requires inclusion of such an organization as a component unit when: 1) The economic resources received or held by the organization are entirely or almost entirely for the direct benefit of the District, its component units or its constituents; and 2) The District or its component units is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the organization; and 3) Such economic resources are significant to the District.

Based on these criteria, the District has no component units. Additionally, the District is not a component unit of any other reporting entity as defined by the GASB Statement.

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) 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, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

**SELMA UNIFIED SCHOOL DISTRICT**  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021

The District reports the following major governmental funds:

General Fund is the general operating fund of the District. It is used to account for all financial resources not accounted for and reported in another fund. The General Fund, reported in these financial statements, includes three Funds maintained by the District: The General Fund (Fund 01), the Special Reserve Fund for Other Than Capital Outlay (Fund 17) and the Special Reserve Fund for Postemployment Benefits (Fund 20). Although Fund 17 and Fund 20 are separate funds authorized in the Education Code, they do not meet the definition of Special Revenue Funds under accounting principles generally accepted in the United States of America and have therefore been combined into the General Fund for financial reporting purposes. The beginning fund balances have also been combined.

Building Fund. This fund is used to account for the acquisition of major governmental capital facilities and buildings from the sale of bond proceeds.

The District reports the following nonmajor governmental funds:

Student Body Fund is used to account for revenues received and expenditures made related to student activity funds.

Bond Interest and Redemption Fund. This fund is maintained by the County Treasurer and is used to account for both the accumulation of resources from ad valorem tax levies and the interest and redemption of principal of bonds issued by the District.

Adult Education Fund. This fund is used to account for resources committed to adult education programs maintained by the District.

Cafeteria Fund. This fund is used to account for revenues received and expenditures made to operate the District's cafeterias.

Capital Facilities Fund. This fund is used to account for resources received from developer impact fees assessed under provisions of the California Environmental Quality Act (CEQA).

County School Facilities Fund. This fund is used to account for the accumulation and expenditure of funds for projects funded under the Leroy F. Greene School Facilities Act of 1998, as established by the Board in accordance with Education Code 42840 et seq.

b. Measurement Focus, Basis of Accounting

Government-wide Financial Statements: These financial statements are reported using the economic resources measurement focus. They are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available.

**SELMA UNIFIED SCHOOL DISTRICT**  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021

The District considers all revenues reported in the governmental funds to be available if the revenues are collected within one year after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources.

3. Encumbrances

Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid. All encumbrances are liquidated as of June 30.

4. Assets, Liabilities, and Equity

a. Deposits and Investments

Cash balances held in banks and in revolving funds are insured to \$250,000 by the Federal Depository Insurance Corporation. All cash held by the financial institutions is fully insured or collateralized.

In accordance with Education Code Section 41001, the District maintains substantially all its cash in the Fresno County Treasury. The county pools these funds with those of other districts in the county and invests the cash. These pooled funds are carried at cost, which approximates market value. Interest earned is deposited quarterly into participating funds, except for the Tax Override Funds, in which interest earned is credited to the general fund. Any investment losses are proportionately shared by all funds in the pool.

The county is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et seq. The funds maintained by the county are either secured by federal depository insurance or are collateralized.

Information regarding the amount of dollars invested in derivatives with Fresno County Treasury was not available.

b. Stores Inventories and Prepaid Expenditures

Inventories are recorded using the purchases method in that the cost is recorded as an expenditure at the time individual inventory items are purchased. Inventories are valued at average cost and consist of expendable supplies held for consumption. Reported inventories are equally offset by a fund balance reserve, which indicates that these amounts are not "available for appropriation and expenditure" even though they are a component of net current assets. Inventories of the General Fund are immaterial and have been omitted from these statements.

The District has the option of reporting an expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditure when incurred.

**SELMA UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2021**

c. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Examples</u>	<u>Estimated Useful Life in Years</u>
Land		N/A
Site improvements	Paving, flagpoles, retaining walls, sidewalks, fencing, outdoor lighting	20
School buildings		50
Portable classrooms		25
HVAC systems	Heating, ventilation AC systems	20
Roofing		20
Interior construction		25
Carpet replacement		7
Electrical/plumbing		30
Sprinkler/fire system	Fire suppression systems	25
Outdoor equipment	Playground, radio towers, fuel tanks, pumps	20
Machinery and tools	Shop, maintenance equipment, tools	15
Kitchen equipment	Appliances	15
Custodial equipment	Floor scrubbers, vacuums, other	15
Science and engineering	Lab equipment, scientific apparatus	10
Furniture and accessories	Classroom and other furniture	20
Business machines	Fax, duplicating and printing equipment	10
Copiers		5
Communication equipment	Mobile, portable radios, non-computerized	10
Computer hardware	PC's, printers, network hardware	5
Computer software	Instructional, other short-term	5 to 10
Computer software	Administrative or long-term	10 to 20
Audio visual equipment	Projectors, cameras (still and digital)	10
Athletic equipment	Gymnastics, football, weight machines, wrestling mats	10
Musical instruments	Pianos, strings, brass, percussion	10
Library books	Collections	5 to 7
Licensed vehicles	Buses, other on-road vehicles	8
Contractors equipment	Major off-road vehicles, front-end loaders, large tractors, mobile air compressors	10
Grounds equipment	Mowers, tractors, attachments	15

d. Receivable and Payable Balances

There are no significant receivables which are not scheduled for collection within one year of year end.

**SELMA UNIFIED SCHOOL DISTRICT**  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021

e. Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as liabilities of the District. The current portion of the liabilities is recognized in the general fund at year end.

Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expense in the period taken since such benefits do not vest nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

f. Unearned Revenue

Unearned revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the District prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

g. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position.

h. Property Taxes

Secured property taxes attach as an enforceable lien on property as of March 1. Taxes are payable in two installments on November 15 and March 15. Unsecured property taxes are payable in one installment on or before August 31. The County of Fresno bills and collects the taxes for the District.

i. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

**Nonspendable Fund Balance** - represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

**Restricted Fund Balance** - represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

**Committed Fund Balance** - represents amounts that can only be used for a specific purpose because of a formal action by the Program's governing board. Committed amounts cannot be used for any other purpose unless the governing board removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the governing board. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.



**SELMA UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2021**

Assigned Fund Balance - represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the governing board or by an official or body to which the governing board delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the Program itself.

Unassigned Fund Balance - represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for a purpose 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.

5. Deferred Inflows and Deferred Outflows of Resources

Deferred outflows of resources is a consumption of net assets or net position that is applicable to a future reporting period. Deferred inflows of resources is an acquisition of net assets or net position that is applicable to a future reporting period. Deferred outflows of resources and deferred inflows of resources are recorded in accordance with GASB Statement numbers 63 and 65.

6. GASB 54 Fund Presentation

Consistent with fund reporting requirements established by GASB Statement No. 54, Fund 17 (Special Reserve Fund for Other Than Capital Outlay) and Fund 20 (Special Reserve Fund for Postemployment Benefits) are merged with the General Fund for purposes of presentation in the audit report, as applicable.

7. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the CalPERS Schools Pool Cost-Sharing Multiple-Employer Plan (CalPERS Plan) and CalSTRS Schools Pool Cost-Sharing Multiple Employer Plan (CalSTRS Plan) and additions to/deductions from the CalPERS Plan and CalSTRS Plan's fiduciary net positions have been determined on the same basis as they are reported by the CalPERS Financial Office and CalSTRS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined time frames. For this report, the following time frames are used:

Valuation Date (VD) (STRS)	June 30, 2020
Valuation Date (VD) (PERS)	June 30, 2019
Measurement Date (MD)	June 30, 2020
Measurement Period (MP)	July 1, 2019 to June 30, 2020

**SELMA UNIFIED SCHOOL DISTRICT**  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021

8. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates. Actual results could differ from those estimates.

9. Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles as defined by Governmental Accounting Standards Board (GASB) Statement No. 72. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The hierarchy is detailed as follows:

- Level 1 Inputs: Quoted prices (unadjusted) in active markets for identical assets or liabilities that a government can access at the measurement date.
- Level 2 Inputs: Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.
- Level 3 Inputs: Unobservable inputs for an asset or liability.

For the current fiscal year the District did not have any recurring or nonrecurring fair value measurements.

10. Implementation of New Standards

In the current fiscal year, the District implemented the following new standards. The applicable provisions of the new standards are summarized below. Implementation is reflected in the financial statements and the notes to the financial statements.

*GASB Statement No. 84, Fiduciary Activities*

This statement establishes standards of accounting and financial reporting by establishing specific criteria for identifying activities that should be reported as fiduciary activities and clarifying whether and how business-type activities should report their fiduciary activities. The focus of the criteria generally is on whether a government is controlling the assets of the fiduciary activity and the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

*GASB Statement No. 90, Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*

The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. This Statement also establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

**SELMA UNIFIED SCHOOL DISTRICT**  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021

GASB Statement No.92, *Omnibus 2020*

Although the effective date for the majority of GASB Statement No. 92, Omnibus 2020 has been postponed by GASB Statement No. 95 for one year, the District has adopted paragraph 11 of Statement 92 with respect to reinsurance recoveries. Paragraph 11 states that "amounts that (a) are recoverable from reinsurers or excess insurers and (b) relate to paid claims and claim adjustment expenses may be reported as reductions of expenses but are not required to be. The District has also adopted paragraph 13 of Statement 92 in regards to changing all uses of the terms derivative and derivatives in existing standards to derivative instrument and derivative instruments, respectively. The provisions in paragraphs 11 and 13 were excluded from the scope of Statement 95 paragraph 11 retains the reporting option, and thus only clarifies that an option exists, and paragraph 13 imposes no burden on the District. As such, this statement does not impact the District.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32.*

The District has adopted paragraphs 4 and 5 of GASB Statement No. 92. Paragraph 4 states that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or an other employee benefit plan (for example, certain Section 457 plans), if the primary government performs the duties that a governing board typically would perform, the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board. Paragraph 5 states that the financial burden criterion in paragraph 7 of Statement 84 is applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement No. 67, *Financial Reporting for Pension Plans*, or paragraph 3 of Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, respectively. The requirements in paragraphs 6 - 9 of this Statement are effective for reporting periods beginning after June 15, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

11. Future Implementation of New Standards

In order to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic, GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* is currently in effect to postpone the effective dates of certain provisions in Statements that first became effective or are scheduled to become effective for periods beginning after June 15, 2018 and later.

The effective dates for the following pronouncements are postponed by one year:

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*

Statement No. 91, *Conduit Debt Obligations*

Statement No. 92, *Omnibus 2020*

Statement No. 93, *Replacement of Interbank Offered Rates*

The effective dates for the following pronouncements are postponed by 18 months:

Statement No. 87, *Leases*

**SELMA UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2021**

**B. Excess of Expenditures Over Appropriations**

As of June 30, 2021, expenditures exceeded appropriations in individual funds as follows:

<u>Appropriations Category</u>	<u>Excess Expenditures</u>
General Fund:	
Other Outgo	\$ 817,174
Debt Service	1,775,437

General Fund: The District incurred unanticipated expenditures primarily as a result of the COVID-19 pandemic.

**C. Cash and Investments**

**1. Cash in County Treasury:**

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Fresno County Treasury as part of the common investment pool (\$39,132,679 as of June 30, 2021). The fair value of the District's portion of this pool as of that date, as provided by the pool sponsor, was \$39,132,679. Assumptions made in determining the fair value of the pooled investment portfolios are available from the County Treasurer.

**2. Cash on Hand, in Banks, and in Revolving Fund**

Cash balances on hand and in banks (\$854,409 as of June 30, 2021) and in the revolving fund (\$5,000) are insured up to \$250,000 by the Federal Depository Insurance Corporation. All cash held by the financial institution is fully insured or collateralized.

**3. Investments:**

The District's investments at June 30, 2021 are shown below.

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
Cash in County Treasury	Less than 12 months	\$ 39,132,679
Cash on Hand and in Banks	Less than 12 months	854,409
Cash in Revolving Fund	Less than 12 months	5,000
Cash with a Fiscal Agent/Trustee	Less than 12 months	7,969,000
Total Investments		<u>\$ 47,961,088</u>

**4. Analysis of Specific Deposit and Investment Risks**

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

**a. Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The county is restricted by Government Code Section 53635 pursuant to Section 53601 to invest only in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the District was not exposed to significant credit risk.

**SELMA UNIFIED SCHOOL DISTRICT**  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name. At year end, the District was not exposed to significant custodial credit risk.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the District was not exposed to significant concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the District was not exposed to significant interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to significant foreign currency risk.

5. Investment Accounting Policy

The District is required by GASB Statement No. 31 to disclose its policy for determining which investments, if any, are reported at amortized cost. The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

The District's investments in external investment pools are reported in conformity with GASB Statement No. 77 unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

**SELMA UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2021**

D. Accounts Receivable

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

	General Fund	Building Fund	All Other Governmental Funds	Total Governmental Funds
Federal programs	\$ 3,727,080	\$ -	\$ 803,326	\$ 4,530,406
State categorical aid programs	4,514,942	-	-	4,514,942
Interest	130,256	145,109	21,715	297,080
Other local receivables	6,328,956	-	46,303	6,375,259
Total	<u>\$ 14,701,234</u>	<u>\$ 145,109</u>	<u>\$ 871,344</u>	<u>\$ 15,717,687</u>

E. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental activities:</u>				
Capital assets not being depreciated:				
Land	\$ 1,843,632	\$ -	\$ -	\$ 1,843,632
Work in progress	(53,501)	793,922	(124,600)	865,021
Total capital assets not being depreciated	<u>1,790,131</u>	<u>793,922</u>	<u>(124,600)</u>	<u>2,708,653</u>
Capital assets being depreciated:				
Buildings	115,580,445	1,812,271	-	117,392,716
Improvements	-	722	-	722
Equipment	5,468,217	270,477	-	5,738,694
Total capital assets being depreciated	<u>121,048,662</u>	<u>2,083,470</u>	<u>-</u>	<u>123,132,132</u>
Less accumulated depreciation for:				
Buildings	(48,086,911)	(3,659,397)	-	(51,746,308)
Improvements	-	-	-	-
Equipment	(4,917,807)	(105,172)	-	(5,022,979)
Total accumulated depreciation	<u>(53,004,718)</u>	<u>(3,764,569)</u>	<u>-</u>	<u>(56,769,287)</u>
Total capital assets being depreciated, net	<u>68,043,944</u>	<u>(1,681,099)</u>	<u>-</u>	<u>66,362,845</u>
Governmental activities capital assets, net	<u>\$ 69,834,075</u>	<u>\$ (887,177)</u>	<u>\$ (124,600)</u>	<u>\$ 69,071,498</u>

Depreciation was charged to functions as follows:

Instruction	\$ 57,272
Instruction-Related Services	10,643
Pupil Services	92,640
Ancillary Services	1,104
General Administration	21,282
Plant Services	3,581,628
	<u>\$ 3,764,569</u>

**SELMA UNIFIED SCHOOL DISTRICT**  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021

F. Interfund Balances and Activities

1. Due To and From Other Funds

Balances due to and due from other funds at June 30, 2021, consisted of the following:

Due To Fund	Interfund Receivables	Interfund Payables
General Fund	\$ 118,655	\$ 16,106
Adult Education Fund	26,058	-
Cafeteria Special Revenue Fund	19,701	135,713
Building Fund	-	190
Capital Facilities Fund	-	12,405
Total	\$ 164,414	\$ 164,414

All amounts due are scheduled to be repaid within one year.

2. Transfers To and From Other Funds

Transfers to and from other funds at June 30, 2021, consisted of the following:

Transfers From	Transfers To	Amount	Reason
General Fund	Cafeteria Special Revenue Fund	\$ 700,000	To support food service salaries and benefits
General fund	Special Revenue Fund for Other Than Capital Outlay Projects	500,000	Supplement other fund sources
	Total	\$ 1,200,000	

G. Accounts Payable

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

	General Fund	Building Fund	All Other Governmental Funds	Total Governmental Funds
Vendor payables	\$ 9,111,193	\$ 594,813	\$ 154,806	\$ 9,860,812
Salaries and benefits	4,967,803	-	9,882	4,977,685
Total	\$ 14,078,996	\$ 594,813	\$ 164,688	\$ 14,838,497

H. Unearned Revenue

The District has received revenues for programs as advances, or before program expenditures were incurred. Such revenues are reported in these statements as "unearned," and will be recognized in subsequent periods as program expenditures are made.

**SELMA UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2021**

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

	General Fund
Expanded Learning Opportunities (ELO) Grant: Paraprofessional Staff	\$ 239,188
Expanded Learning Opportunities (ELO) Grant (Prop 98 FY 2019)	451,521
Special Ed: Project Workability I LEA	1,339
K- 12 Strong Workforce Program	20,663
Career Technical Education Incentive Grant (CTEIG) Program	98,525
After School Education and Safety (ASES) (Proposition 49)	66,166
ESEA: Title III, English Learner Student Program	86,198
ESEA: Title III, Immigrant Student Program	2,935
ESEA: Title IV, Part A, Student Support and Academic Enrichment	135,987
ESEA: Title II, Part A, Supporting Effective Instruction Local Grants	47,805
Governor's Emergency Education Relief Fund: Learning Loss Mitigation	26,195
Elementary and Secondary School Emergency Relief (ESSER) Fund	4,215
ESEA: Title I, Part C, Migrant Education (MESRP)	342
<b>Total</b>	<b>\$ 1,181,079</b>

**I. Long-Term Obligations**

**1. Long-Term Obligation Activity**

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended June 30, 2021, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>Governmental activities:</b>					
General obligation bonds	\$ 47,797,936	\$ 1,482,188	\$ 1,283,998	\$ 47,996,126	\$ 1,131,918
Accreted interest	4,646,621	469,555	-	5,116,176	179,622
Qualified zone academy bonds	8,678,570	-	964,286	7,714,284	964,286
Other post-employment benefits payable	19,675,681	-	-	19,675,681	-
Net pension liability	85,148,014	5,491,791	-	90,639,805	-
Certificates of participation	2,480,528	-	318,760	2,161,768	328,966
Note Payable	1,784,924	8,000,000	1,372,724	8,412,200	159,518
Compensated absences	423,811	-	90,138	333,673	-
Early retirement incentives - PARS	702,938	-	174,730	528,208	174,730
<b>Total governmental activities</b>	<b>\$ 171,339,023</b>	<b>\$ 15,443,534</b>	<b>\$ 4,204,636</b>	<b>\$ 182,577,921</b>	<b>\$ 2,939,040</b>

The funds typically used to liquidate other long-term liabilities in the past are as follows:

Liability	Activity Type	Fund
General obligation bonds	Governmental	Bond Interest and Redemption
Accreted interest	Governmental	Bond Interest and Redemption
Qualified zone academy bonds	Governmental	Bond Interest and Redemption
Other post-employment benefits payable	Governmental	General
Net pension liability	Governmental	General
Certificates of participation	Governmental	General
Note Payable	Governmental	General
Compensated absences	Governmental	General
Early retirement incentives - PARS	Governmental	General



**SELMA UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2021**

2. General Obligation Bonds and Accreted Interest

The outstanding general obligation bond debt of the District at June 30, 2021, is as follows:

Bond	Issue Date	Maturity Date	Interest Rate %
2006, Series 2007 B	11/20/07	8/1/20	4.000-5.000
2006, Series 2009 C	9/29/09	8/1/39	4.910-7.370
2014 Refunding bonds	12/18/14	8/1/31	4.360-10.188
2016, Series 2017 A	2/1/17	2/1/42	1.750-5.000
2016, Series 2019 B	1/16/19	8/1/48	3.000-3.375
2006, Series 2020 D	2/13/20	8/1/43	2.150-2.950
2016, Series 2020 C	2/13/20	8/1/49	3.000-4.000
2006, Series 2020 E	8/25/20	8/1/43	2.11-2.81

Bond	Original Issue	Bonds Outstanding July 1, 2020	Issued During Year	Redeemed During Year	Bonds Outstanding June 30, 2021
2006, Series 2007 B	\$ 3,772,061	\$ 2,297,061	\$ -	\$ 350,000	\$ 1,947,061
2006, Series 2009 C	3,000,008	2,870,601	-	33,998	2,836,603
2014 Refunding bonds	10,460,000	9,180,000	-	405,000	8,775,000
2016, Series 2017 A	10,100,000	8,705,000	-	25,000	8,680,000
2016, Series 2019 B	7,000,000	7,000,000	-	470,000	6,530,000
2006, Series 2020 D	4,045,274	4,045,274	-	-	4,045,274
2016, Series 2020 C	13,700,000	13,700,000	-	-	13,700,000
2006, Series 2020 E	1,482,188	-	1,482,188	-	1,482,188
	<u>\$ 53,559,531</u>	<u>\$ 47,797,936</u>	<u>\$ 1,482,188</u>	<u>\$ 1,283,998</u>	<u>\$ 47,996,126</u>

The annual requirements to amortize general obligation bonds, payable and outstanding, and accreted interest as of June 30, 2021 are as follows:

Year Ending June 30,	General Obligation Bonds		
	Principal	Interest	Total
2022	\$ 1,131,918	\$ 1,684,526	\$ 2,816,444
2023	1,162,296	1,675,349	2,837,645
2024	932,910	1,659,534	2,592,444
2025	960,019	1,633,726	2,593,745
2026	1,042,723	1,620,371	2,663,094
2027-2031	7,349,593	7,540,589	14,890,182
2032-2036	5,327,496	12,724,233	18,051,729
2037-2041	8,580,554	12,148,194	20,728,748
2042-2046	11,303,617	5,266,144	16,569,761
2047-2050	10,205,000	885,922	11,090,922
Totals	<u>\$ 47,996,126</u>	<u>\$ 46,838,588</u>	<u>\$ 94,834,714</u>

Year Ending June 30,	Accreted Interest
2022	\$ 179,622
2023	183,866
2024	178,738
2025	165,492
2026	166,212
2027-2031	736,114
2032-2036	2,005,480
2037-2041	1,500,652
Totals	<u>\$ 5,116,176</u>

**SELMA UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2021**

3. Qualified Zone Academy Bonds

The outstanding qualified zone academy bond debt of the District at June 30, 2021, is as follows:

Bond	Issue Date	Maturity Date	Interest Rate %
Qualified zone academy bond	4/26/12	4/26/29	4.66

Bond	Original Issue	Bonds Outstanding July 1, 2020	Issued During Year	Redeemed During Year	Bonds Outstanding June 30, 2021
Qualified zone academy bond \$	13,500,000	\$ 8,678,570	\$ -	\$ 964,286	\$ 7,714,284

The annual requirements to amortize qualified zone academy bonds, payable and outstanding, and interest as of June 30, 2021 are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 964,286	\$ 359,486	\$ 1,323,772
2023	964,286	314,550	1,278,836
2024	964,286	269,614	1,233,900
2025	964,286	224,679	1,188,965
2026	964,286	179,743	1,144,029
2027-2029	2,892,854	269,614	3,162,468
Totals	\$ 7,714,284	\$ 1,617,686	\$ 9,331,970

4. Certificates of Participation

Future commitments for certificates of participation as of June 30, 2021 are as follows:

Certificate of Participation	Issue Date	Maturity Date	Interest Rate %
2012 Refunding	9/1/12	8/1/26	3.200

Certificate of Participation	Original Issue	COP Outstanding July 1, 2020	Issued During Year	Redeemed During Year	COP Outstanding June 30, 2021
2012 Refunding	\$ 4,488,379	\$ 2,480,528	\$ -	\$ 318,760	\$ 2,161,768

Year Ending June 30,	Principal	Interest	Total
2022	\$ 328,966	\$ 66,545	\$ 395,511
2023	338,817	55,939	394,756
2024	352,936	44,984	397,920
2025	366,464	33,582	400,046
2026	379,457	21,751	401,208
2027-2029	395,128	6,322	401,450
Total	\$ 2,161,768	\$ 229,123	\$ 2,390,891

5. Note Payable

In September 2008, the District entered into a \$1,916,873 agreement with the Municipal Finance Corporation of California for the purchase and installation of a mechanical retrofit and energy management project at various schools sites of the District. The contract is to be repaid over a period of 15 years, at 4.4% interest. The assets acquired with this agreement are in Buildings at June 30, 2016.

**SELMA UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2021**

Future commitments for the Energy Conservation Project as of June 30, 2021, are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 8,159,518	\$ 184,179	\$ 8,343,697
2023	166,615	9,305	175,920
2024	86,067	1,892	87,959
Totals	\$ 8,412,200	\$ 195,376	\$ 8,607,576

6. Early Retirement Incentives - PARS

The Board has adopted an early retirement incentive program through the PARS Supplementary Retirement Plan. The District has entered into contracts with certain eligible employees who will receive supplementary retirement benefits.

The annual requirements to amortize early retirement incentives - PARS as of June 30, 2021 will mature as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 174,730	\$ 12,241	\$ 186,971
2023	174,730	12,241	186,971
2024	155,060	11,159	166,219
2025	23,688	1,303	24,991
Totals	\$ 528,208	\$ 36,944	\$ 565,152

J. Compensated Absences

Compensated absences at June 30, 2021 consisted of:

	Compensated Absences	Benefits	Totals
Classified	\$ 191,412	\$ 58,936	\$ 250,348
Certificated	66,005	17,320	83,325
Total	\$ 257,417	\$ 76,256	\$ 333,673

All amounts are due after one year.

K. Commitments Under Noncapitalized Leases

Commitments under operating (noncapitalized) lease agreements for facilities and equipment provide for minimum future rental payments as of June 30, 2021, as follows:

<u>Year Ending June 30,</u>	
2022	\$ 41,525

The District will receive no sublease rental revenues nor pay any contingent rentals associated with these leases.

**SELMA UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2021**

L. Pension

1. General Information About the Pension Plans

a. Plan Descriptions

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and Local Government resolution. Support by the State for the CalSTRS plan is such that the plan has a special funding situation as defined by GASB Statement No. 68. CalSTRS and CalPERS issue publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on their respective websites.

b. Benefits Paid

CalSTRS and CalPERS provide service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 62 for normal benefits or at age 55 with statutorily reduced benefits. Employees hired prior to January 1, 2013 are eligible to retire at age 60 for normal benefits or at age 55 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. All members are eligible for death benefits after one year of total service.

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

	CalSTRS	
	Before <u>Jan. 1, 2013</u>	On or After <u>Jan. 1, 2013</u>
Hire Date		
Benefit Formula	2% at 60	2% at 62*
Benefit Vesting Schedule	5 Years	5 Years
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	55-60	55-62
Monthly benefits, as a % of eligible compensation	1.1 - 2.4%	1.0 - 2.4%**
Required Employee Contribution Rates (at June 30, 2021)	10.250%	10.205%
Required Employer Contribution Rates (at June 30, 2021)	16.150%	16.150%
Required State Contribution Rates (at June 30, 2021)	10.328%	10.328%

\*The rate imposed on CalSTRS 2% at 62 members is based on the normal cost of benefits

\*\*Amounts are limited to 120% of Social Security Wage Base

	CalPERS	
	Before <u>Jan. 1, 2013</u>	On or After <u>Jan. 1, 2013</u>
Hire Date		
Benefit Formula	2% at 60	2% at 62*
Benefit Vesting Schedule	5 Years	5 Years
Benefit Payments	Monthly for Life	Monthly For Life
Retirement Age	50-62	52-67
Monthly Benefits as a % of Eligible Compensation	1.1- 2.5%	1.0- 2.5%
Required Employee Contribution Rates (at June 30, 2021)	7.000%	7.000%
Required Employer Contribution Rates (at June 30, 2021)	20.7000%	20.7000%

\*The rate imposed on CalSTRS 2% at 62 members is based on the normal cost of benefits

**SELMA UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2021**

c. Contributions

CalSTRS

For the fiscal year ended June 30, 2021 (measurement date June 30, 2020), California Education Code Section 22950 requires members to contribute monthly to the system 10.205% (if hired on or after January 1, 2013) or 10.25% (if hired before January 1, 2013) of the creditable compensation upon which members' contributions under this part are based. In addition, the employer required rates established by the CalSTRS Board have been established at 16.15% of creditable compensation for the fiscal year ended June 30, 2021. Rates are defined in Education Code Section 22950.5 through the fiscal year ending June 30, 2021. Beginning in the fiscal year ending on June 30, 2022 and for each fiscal year thereafter, the CalSTRS Board has the authority to increase or decrease percentages paid specific to reflect the contribution required to eliminate by June 30, 2046, the remaining unfunded actuarial obligation with respect to service credited to members before July 1, 2014, as determined by the Board based upon a recommendation from its actuary. Those adjustments are limited to 1% annually, not to exceed 20.25% of creditable compensation. For 2020-21, the employer rate reflects a 2.95% reduction from the rate that was originally required in the funding plan.

CalPERS

California Public Employees' Retirement Law section 20814(c) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. The CalPERS Board retains the authority to amend contribution rates. The total plan contributions are determined through 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 employer is required to contribute the difference between the actuarially determined rate and the contribution rate of the employees. For the fiscal year ended June 30, 2021 (measurement date June 30, 2020) the employee contribution rate was 7.00% and the employer contribution rate was 20.700% of covered payroll. For 2020-21, the employer rate reflects a 1.98% reduction from the rate originally adopted by the board on April 21, 2020, due to an amendment of Government Code Section 20825.2.

On Behalf Payments

Consistent with California Education Code Section 22955.1, the State of California makes contributions to CalSTRS on behalf of employees working for the District. For the fiscal year ended June 30, 2021 (measurement date June 30, 2020) the State contributed 10.328% of salaries creditable to CalSTRS. Consistent with the requirements of generally accepted accounting principles, the District has recorded these contributions as revenue and expense in the fund financial statements (current financial resources measurement focus). The government-wide financial statements have recorded revenue and expense for pension paid on behalf of the District (economic resources measurement focus). Contributions reported for on behalf payments are based on the District's proportionate share of the States contribution for the fiscal year. Contributions made by the state on behalf of the District and the State's pension expense associated with District employees for the past three fiscal years are as follows:

Year Ended June 30,	CalSTRS	
	On Behalf Contribution Rate	On Behalf Contribution Amount
2019	14.798%	5,320,080
2020	10.328%	4,501,981
2021	10.328%	3,747,084

**SELMA UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2021**

Year Ended June 30,	CalPERS	
	On Behalf Contribution Rate	On Behalf Contribution Amount
2019	7.992%	794,706

The Contributions made by the State during the fiscal year ended June 30, 2019 included amounts resulting from Senate Bill (SB) 90 settlement in which the State contributed an additional \$2.2 Billion to CalSTRS and \$904 Million to CalPERS during the 2018-19 fiscal year in order to reduce employer contribution rates in 2019-20 and 2020-21. In addition, the State contributed an additional \$1.1 Billion to CalSTRS during the 2019-20 fiscal year and \$297 Million to CalSTRS during the 2020-21 fiscal year as a continuing settlement associated with SB90.

d. Contributions Recognized

For the fiscal year ended June 30, 2021 (measurement period June 30, 2020), the contributions recognized for each plan were:

	Fund Financial Statements (Current Financial Resources Measurement Focus)		
	CalSTRS	CalPERS	Total
Contributions - Employer	\$ 5,090,075	\$ 2,431,181	\$ 7,521,256
Contributions - State On Behalf Payments	3,747,084	-	3,747,084
Total Contributions	\$ 8,837,159	\$ 2,431,181	\$ 11,268,340

2. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2021 (measured June 30, 2020), the District reported net pension liabilities for its proportionate shares of the net pension liability of each plan as follows:

	Proportionate Share of Net Pension Liability
CalSTRS	\$ 64,229,347
CalPERS	26,410,458
Total Net Pension Liability	\$ 90,639,805

The District's net pension liability for each Plan is measured as the proportionate share of the total net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2020. The total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 rolled forward to measurement date June 30, 2020 using standard update procedures. 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 plans relative to the projected contributions of all participating employers, as actuarially determined.

The District's proportionate share of the net pension liability for each Plan as of June 30, 2020 and June 30, 2021 were as follows:

	CalSTRS			CalPERS
	District's Proportionate Share	State's Proportionate Share*	Total For District Employees	
Proportion June 30, 2020	0.0655%	0.0357%	0.1012%	0.0901%
Proportion June 30, 2021	0.0663%	0.0342%	0.1004%	0.0861%
Change in Proportion	0.0008%	-0.0016%	-0.0008%	-0.0040%

\*Represents State's Proportionate Share on Behalf of District employees

**SELMA UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2021**

a. Pension Expense

	CalSTRS	CalPERS	Total
Change in Net Pension Liability (Asset)	\$ 5,070,427	\$ 421,364	\$ 5,491,791
On Behalf Contribution Amount	3,747,084	-	3,747,084
Employer Contributions to Pension Plan	5,090,075	2,431,181	7,521,256
Change in Contributions Subsequent to Measurement Date	(878,157)	(2,692)	(880,849)
Change in Other Outflows/Inflows of Resources	2,812,360	(1,718,171)	1,094,189
Total Pension Expense	<u>\$ 15,841,789</u>	<u>\$ 1,131,682</u>	<u>\$ 16,973,471</u>

b. Deferred Outflows and Inflows of Resources

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		
	CalSTRS	CalPERS	Total
Pension contributions subsequent to measurement date	\$ 5,090,075	\$ 2,431,181	\$ 7,521,256
Differences between actual and expected experience	113,335	1,309,877	1,423,212
Changes in assumptions	6,263,271	96,848	6,360,119
Change in employer's proportionate share	-	-	-
Net difference between projected and actual earnings	1,525,720	1,210	1,526,930
Total Deferred Outflows of Resources	<u>\$ 12,992,401</u>	<u>\$ 3,839,116</u>	<u>\$ 16,831,517</u>

	Deferred Inflows of Resources		
	CalSTRS	CalPERS	Total
Differences between actual and expected experience	\$ (1,811,378)	\$ -	\$ (1,811,378)
Changes in assumptions	-	-	-
Change in employer's proportionate share	-	-	-
Net difference between projected and actual earnings	-	(270,925)	(270,925)
Total Deferred Inflows of Resources	<u>\$ (1,811,378)</u>	<u>\$ (270,925)</u>	<u>\$ (2,082,303)</u>

Pension contributions made subsequent to measurement date reported as deferred outflows of resources will be recognized as a portion of pension expense in the year ended June 30, 2022. The remaining amounts reported as deferred outflows or deferred inflows of resources will be recognized as an increase or decrease to pension expense over a five year period. Pension expense resulting from deferred outflows and deferred inflows of resources will be recognized as follows:

Year Ended June 30	Deferred Outflows of Resources		Deferred Inflows of Resources		Net Effect on Expenses
	CalSTRS	CalPERS	CalSTRS	CalPERS	
2022	\$ 6,187,197	\$ 3,333,602	\$ (515,013)	\$ (270,925)	\$ 8,734,861
2023	2,547,947	406,852	(389,085)	-	2,565,714
2024	3,065,247	98,409	(275,087)	-	2,888,569
2025	997,153	253	(275,087)	-	722,319
2026	97,429	-	(265,974)	-	(168,545)
Thereafter	97,428	-	(91,132)	-	6,296
Total	<u>\$ 12,992,401</u>	<u>\$ 3,839,116</u>	<u>\$ (1,811,378)</u>	<u>\$ (270,925)</u>	<u>\$ 14,749,214</u>

**SELMA UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2021**

c. Actuarial Assumptions

Total pension liabilities for the fiscal year ended June 30, 2021 were based on actuarial valuations were determined using the following actuarial assumptions:

	<u>CalSTRS</u>	<u>CalPERS</u>
Fiscal Year	June 30, 2021	June 30, 2021
Measurement Date	June 30, 2020	June 30, 2020
Valuation Date	June 30, 2019	June 30, 2019
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:		
Discount Rate	7.10%	7.15%
Inflation	2.75%	2.50%
Wage Growth	3.50%	(3)
Investment Rate of Return	7.10%	7.15%
Post Retirement Benefit Increase	(1)	(4)
Mortality	(2)	(5)

(1) CalSTRS post retirement benefit increases assumed at 2% simple (annually) maintaining 85% purchasing power level.

(2) CalSTRS base mortality tables are custom tables derived to best fit the patterns of mortality among CalSTRS members. The projection scale was set to equal 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table issued by the Society of Actuaries.

(3) Varies by entry age and service.

(4) CalPERS post retirement benefit increases assumes 2.00% until PPPA floor on purchasing power applies, 2.50% thereafter.

(5) CalPERS mortality table was developed based on CalPERS specific data. The table includes 15 years of mortality improvement using the Society of Actuaries 90% of scale MP-2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

d. Discount Rate

The discount rate used to measure the total pension liability was 7.10% CALSTRS AND 7.15% for CalPERS. The projection of cash flows used to determine the discount rate assumed the contributions from plan members, employers, and state contributing agencies (where applicable) will be made at statutory contribution rates. To determine whether the District bond rate should be used in the calculation of a discount rate for each plan, CalSTRS and CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current discount rates are adequate and the use of the District bond rate calculation is not necessary for either plan. The stress test results are presented in a detailed report that can be obtained from the CalPERS and CalSTRS respective websites.

The CalPERS discount rate was increased from 7.50% to 7.65% at measurement date June 30, 2015 (Fiscal year June 30, 2016) to correct for an adjustment to exclude administrative expenses. Subsequently CalPERS discount rate was decreased from 7.65% to 7.15% at measurement date June 30, 2017 (Fiscal year June 30, 2018) to adjust for changes resulting from actuarially determined amounts.

The CalSTRS discount rate was adjusted from 7.60% to 7.10% for measurement date June 30, 2017 (Fiscal year June 30, 2018) to adjust for changes resulting from a new actuarial experience study.



**SELMA UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2021**

According to Paragraph 30 of GASB Statement No. 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The investment return assumption used in the accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalSTRS and CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalSTRS and CalPERS are scheduled to review actuarial assumptions as part of their regular Asset Liability Management (ALM) review cycle. The last ALM completed by CalSTRS was conducted in 2015. CalSTRS is in process of completing the next ALM with an initial expected completion date of November 2019. CalPERS completed their ALM in 2018 with new policies in effect on July 1, 2018. Both CalSTRS and CalPERS conduct new ALM's every 4 years.

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.

In determining the long-term expected rate of return, CalSTRS and 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 10 years) and long-term (11-60 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 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 equivalent to the single equivalent rate calculated above and rounded down to the nearest quarter of one percent.

The tables below reflect the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

CalSTRS		
Asset Class	Assumed Asset Allocation	Long Term Expected Real Rate of Return*
Public Equity	42.00%	4.80%
Real Estate	15.00%	3.60%
Private Equity	13.00%	6.30%
Fixed Income	12.00%	1.30%
Risk Mitigating Strategies	10.00%	1.80%
Inflation Sensitive	6.00%	3.30%
Cash/Liquidity	2.00%	-0.40%

\*20 year average

**SELMA UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2021**

CalPERS			
Asset Class*	Assumed Asset Allocation	Real Return Years 1-10**	Real Return Years 11+***
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%

\* In the Basic Financial Statements, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-Term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities

\*\* An expected inflation of 2.00% used for this period

\*\*\* An expected inflation of 2.92% used for this period

e. Sensitivity to Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following represents the District's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	CalSTRS	CalPERS
1% Decrease	6.10%	6.15%
Net Pension Liability	\$ 97,041,646	\$ 37,969,849
Current Discount Rate	7.10%	7.15%
Net Pension Liability	\$ 64,229,347	\$ 26,410,458
1% Increase	8.10%	8.15%
Net Pension Liability	\$ 37,138,233	\$ 16,816,743

**SELMA UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2021**

**3. Total Pension Liability, Pension Plan Fiduciary Net Position and Net Pension Liability**

CalSTRS - Governmental Activities

	Increase (Decrease)				
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)	State's Share of Net Pension Liability (c)	District's Share of Net Pension Liability (a) - (b) - (c)
Balance at June 30, 2020 (Previously Reported)	\$ 332,069,853	\$ 240,959,228	\$ 91,110,625	\$ 31,951,705	\$ 59,158,920
Changes for the year:					
CalSTRS Auditor Adjustment	-	-	-	-	-
Change in Prop share	144,186	(104,410)	248,596	(875,866)	1,124,462
Service Cost	7,372,592	-	7,372,592	2,507,787	4,864,805
Interest	23,437,613	-	23,437,613	7,972,304	15,465,309
Differences between expected and actual experience	(967,276)	-	(967,276)	(329,019)	(638,257)
Change in assumptions	1,033,570	-	1,033,570	351,569	682,001
Change in benefits	-	-	-	-	-
Contributions:					
Employer	-	6,107,058	(6,107,058)	(2,077,316)	(4,029,742)
Employee	-	3,751,627	(3,751,627)	(1,276,116)	(2,475,511)
State On Behalf Payments	-	4,466,582	(4,466,582)	(1,519,308)	(2,947,274)
Net Investment Income	-	10,147,940	(10,147,940)	(3,451,822)	(6,696,118)
Other Income	-	101,873	(101,873)	(34,652)	(67,221)
Benefit Payments, including refunds of employee contributions	(10,620,835)	(10,620,835)	-	-	-
Administrative expenses	-	219,839	(219,839)	(74,778)	(145,061)
Borrowing Costs	-	95,109	(95,109)	(32,351)	(62,758)
Other Expenses	-	6,377	(6,377)	(2,169)	(4,208)
<b>Net Changes</b>	<b>20,399,850</b>	<b>14,171,160</b>	<b>6,228,690</b>	<b>1,158,263</b>	<b>5,070,427</b>
Balance at June 30, 2021	\$ 352,469,703	\$ 255,130,388	\$ 97,339,315	\$ 33,109,968	\$ 64,229,347

**SELMA UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2021**

CalPERS - Governmental Activities

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at June 30, 2020 (Previously Reported)	\$ 86,767,187	\$ 60,778,093	\$ 25,989,094
Changes for the year:			
Change in Proportionate Share	(2,150,429)	(1,247,249)	(903,180)
Service Cost	1,982,202	-	1,982,202
Interest	5,943,219	-	5,943,219
Differences between expected and actual experience	389,456	-	389,456
Change in Assumptions	-	-	-
Contributions:			
Employer	-	2,467,033	(2,467,033)
Employee	-	902,051	(902,051)
Nonemployer	-	778,118	(778,118)
Net Investment Income	-	2,925,289	(2,925,289)
Plan to Plan Resource Movement	-	141	(141)
Benefit Payments, including refunds of employee contributions	(4,020,870)	(4,020,870)	-
Administrative expenses	-	(82,299)	82,299
Other expenses	-	-	-
Net Changes	<u>2,143,578</u>	<u>1,722,214</u>	<u>421,364</u>
Balance at June 30, 2021	<u>\$ 88,910,765</u>	<u>\$ 62,500,307</u>	<u>\$ 26,410,458</u>

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalSTRS and CalPERS financial reports available on their respective websites.

M. Other Retirement Plans

Section 403(b) Tax-Sheltered Annuity Plan

Plan Description

The District's Board of Trustees authorized the establishment of a Section 403(b) Tax-Sheltered Annuity Plan. This is a retirement plan funded by elective deferrals made under salary reduction agreements.

Funding Policy

All eligible employees electing to participate in this plan choose the amount of monthly compensation deferrals up to the maximums allowed by the Internal Revenue Code and its regulations and rulings. The District does not contribute to the plan on behalf of participating employees.

N. Postemployment Benefits Other Than Pension Benefits

1. General Information about the OPEB Plan

The District administers a single employer defined benefit healthcare plan, which only provides health insurance. All coverages are self-insured on a pooled basis through the Self-Insured Schools of California (SISC).

There are approximately 22 retirees currently receiving benefits, as well as approximately 544 active employees who may become eligible to retire and receive benefits in the future as of June 30, 2021.

**SELMA UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2021**

The contribution requirements of Plan members and the District are established and amended by the District. The required contribution is based on projected pay-as-you-go financing requirements. No assets are accumulated in a trust that meets the criteria in Paragraph 4 of GASB Statement No. 75.

Eligibility for District-Paid Benefits

The amount and duration of District-paid contributions for retiree health insurance vary by employment classification, age and date of hire.

Benefits provided. All employees may retire with District-paid healthcare benefits after the later of age 55 and 10 years of service immediately prior to retirement, with the most recent 5 years of service as a fulltime employee, if hired prior to January 1, 1992. If hired on or after January 1, 1992:

Certificated employees may retire with District-paid healthcare benefits after the later of age 55 and 18 years of service immediately prior to retirement, with the most recent 5 years of service as a full-time employee.

Classified employees may retire with District-paid healthcare benefits after the later of age 55 and 15 years of service immediately prior to retirement, with the most recent 2 years of service as a full-time employee.

Employees Covered by Benefit Terms

At June 30, 2021, the following retirees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	22
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	544
Total number of participants	566

2. Net OPEB Liability

The OPEB plan does not issue stand-alone financial reports that are available to the public.

Actuarial Assumptions and Other Inputs

The net OPEB liability actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Inflation	3.00%
Salary Increases	3.00%
Discount Rate	2.45%
Healthcare Cost Trend Rates	5.80% per year
Retiree's Share of Costs	0.00% of projected health insurance premiums

The discount rate was based on the Bond Buyer 20 Bond Index.

Pre-retirement mortality rates were based on the 1997-2015 CalPERS Experience Study and active employees from the 2015-2018 CalSTRS Experience Analysis, as appropriate, without projection. Post-retirement mortality rates for Healthy Recipients from the 1997-2015 CalPERS Experience Study and retired members and beneficiaries from the 2015-2018 CalSTRS Experience Analysis, as appropriate, without projection.

**SELMA UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2021**

Changes in Net OPEB Liability

	<u>Total OPEB Liability</u>
Balance at June 30, 2020	\$ 19,675,681
Changes for the year:	
None	-
Balance at June 30, 2021	<u>\$ 19,675,681</u>

There were no changes in benefit terms for the fiscal year ended June 30, 2021. The interest assumption changed from 5.90% to 5.80%. There were no changes to any other inputs or assumptions.

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

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

	<u>1% Decrease 1.45%</u>	<u>Discount Rate 2.45%</u>	<u>1% Increase 3.45%</u>
Total OPEB Liability	\$ 21,359,576	\$ 19,675,681	\$ 18,103,163

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

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

	<u>1% Decrease 4.80%</u>	<u>Healthcare Cost Trend Rate 5.80%</u>	<u>1% Increase 6.80%</u>
Total OPEB Liability	\$ 17,299,182	\$ 19,675,681	\$ 22,489,920

3. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2021, the District recognized OPEB expense of \$774,969.

At June 30, 2021 the District reported the following deferred outflows and inflows of resources related to other postemployment benefits.

	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Experience gains/losses	\$ -	\$ 1,211,126
Assumption changes	21,585	3,027,918
Contributions subsequent to measurement date	-	(560,831)
	<u>\$ 21,585</u>	<u>\$ 3,678,213</u>

Amounts reported as deferred inflows and outflows of resources related to OPEB will be recognized in OPEB expense as follows.

**SELMA UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2021**

Year ending June 30,	Deferred Inflows of Resources	Deferred Outflows of Resources
2022	\$ 4,233	\$ (38,981)
2023	4,233	521,850
2024	4,233	521,850
2025	4,233	521,850
2026	4,233	521,850
Thereafter	420	1,629,794
<b>Total</b>	<b>\$ 21,585</b>	<b>\$ 3,678,213</b>

O. Commitments and Contingencies

State and Federal Allowances, Awards, and Grants

The District has received state and federal funds for specific purposes that are subject to view and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursement will not be material.

Litigation

The District is involved in various litigation. In the opinion of management and legal counsel, the disposition of all litigation pending will not have a material effect on the financial statements.

P. Restricted Fund Balances

Restricted fund balances at June 30, 2021 are as follows:

Special Education	\$ 1,750
Lottery: Instructional Materials	1,254,076
SB 117 COVID-19 LEA Response Funds	94,847
Classified School Employee Summer Assistance Program	80,131
State Learning Loss Mitigation Funds	338,217
Expanded Learning Opportunities Grant	59,098
Student Body Fund	499,733
Cafeteria Fund	522,156
Building Fund	(479,694)
Capital Facilities Fund	387,693
County Schools Facilities Fund	1,046
Bond Interest and Redemption Fund	(424,343)
<b>Totals</b>	<b>\$ 2,334,710</b>

Q. Joint Ventures (Joint Powers Agreements)

The District participates in six joint ventures under joint powers agreements (JPAs) as follows:

Fresno County Self-Insurance Group (FCSIG)  
(workers' compensation insurance)

Northern California Regional Liability Excess Fund (Nor Cal ReLiEF)  
(excess liability and excess workers' compensation insurance)

Organization of Self-Insured Schools (OSS)  
(property and liability insurance)

**SELMA UNIFIED SCHOOL DISTRICT**  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2021

Schools Excess Liability Fund (SELF)  
 (excess liability and excess workers' compensation insurance)

Self-Insured Schools of California III (SISC III)  
 (health insurance)

Valley Regional Occupational Program  
 (student R.O.P. classes)

The relationships between the District and the other JPAs are such that none of the other JPAs are component units of the District for financial reporting purposes.

The JPAs provide insurance and services as noted for member school districts.

Each JPA is governed by a board consisting of a representative from each member district. Such governing board controls the operations of its JPA, including selection of management and approval of operating budgets, independent of any influence by the member districts beyond representation on the governing board.

Each district pays premiums and fees commensurate with the level of coverage or services requested, and shares surpluses and deficits proportionate to its participation in each JPA.

Each JPA is independently accountable for its fiscal matters, and maintains its own accounting records.

The District's share of year-end assets, liabilities, or fund equity has not been calculated by the entities.

Condensed financial information for the above JPAs for the year ended June 30, 2021 was not available as of the audit report date. Complete financial statements for the JPAs may be obtained from the JPAs at the addresses indicated below:

FCSIG	Tucker-Alexander Insurance 2133 High Street, Suite E Selma, CA 93662
Nor Cal ReLiEF	Keenan & Associates 2355 Crenshaw Blvd. Suite 200 Torrance, CA 90501
OSS	Tucker-Alexander Insurance 2133 High Street, Suite E Selma, CA 93662
SELF	Schools Excess Liability Fund 1531 I Street, Suite 300 Sacramento, CA 95814
SISC III	Self-Insured Schools of California Kern County Superintendent of Schools P. O. Box 1847 Bakersfield, CA 93303-1847
Valley Regional Occupational Program	Valley Regional Occupational Program 1305 Q Street Sanger, CA 93657



**SELMA UNIFIED SCHOOL DISTRICT**  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2021

R. Prior Period Adjustment

Adjustments to previously reported amounts relate to the Student Body Fund balance. The Student Body Fund balance has been included in the Governmental financial statements to implement changes as required by GASB 84.

	June 30 2020
Fund balance of the Student Body Fund, as previously reported as a part of the District's governmental funds	\$ -
Prior period adjustment related to the implementation of GASB 84	987,826
Fund balance of the Student Body Fund, as restated as a part of the District's governmental funds	<u>\$ 987,826</u>

S. Subsequent Events

Subsequent events have been evaluated through the date these financial statements were available to be issued.

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## Required Supplementary Information

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

**SELMA UNIFIED SCHOOL DISTRICT**

**EXHIBIT B-1**

GENERAL FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED JUNE 30, 2021

	1	2	3	Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
LCFF Sources:				
State Apportionment or State Aid	\$ 55,820,277	\$ 33,082,236	\$ 33,082,236	\$ -
Education Protection Account Funds	7,668,389	22,394,261	22,394,261	-
Local Sources	6,000,000	7,073,601	7,073,601	-
Federal Revenue	5,933,901	17,098,748	17,098,748	-
Other State Revenue	5,564,572	9,678,581	9,678,581	-
Other Local Revenue	2,378,418	6,635,699	6,968,311	332,612
Total Revenues	<u>83,365,557</u>	<u>95,963,126</u>	<u>96,295,738</u>	<u>332,612</u>
Expenditures:				
Current:				
Certificated Salaries	34,694,077	35,597,010	35,597,010	-
Classified Salaries	11,337,299	11,704,464	11,704,464	-
Employee Benefits	21,158,381	20,571,046	20,571,039	7
Books And Supplies	6,346,216	9,923,051	10,389,091	(466,040)
Services And Other Operating Expenditures	5,471,314	8,878,192	8,878,192	-
Other Outgo	-	-	817,174	(817,174)
Direct Support/Indirect Costs	3,653,998	3,682,243	(110,367)	3,792,610
Capital Outlay	79,010,287	87,308,157	634,391	86,673,766
Debt Service:				
Principal	-	-	1,649,269	(1,649,269)
Interest	-	-	126,168	(126,168)
Total Expenditures	<u>161,671,572</u>	<u>177,664,163</u>	<u>90,256,431</u>	<u>87,407,732</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(78,306,015)</u>	<u>(81,701,037)</u>	<u>6,039,307</u>	<u>87,740,344</u>
Other Financing Sources (Uses):				
Transfers In	-	500,000	500,000	-
Transfers Out	-	-	(1,200,000)	(1,200,000)
Other Sources	450,000	-	-	-
Total Other Financing Sources (Uses)	<u>450,000</u>	<u>500,000</u>	<u>(700,000)</u>	<u>(1,200,000)</u>
Net Change in Fund Balance	(77,856,015)	(81,201,037)	5,339,307	86,540,344
Fund Balance, July 1	296,501	296,501	7,724,237	7,427,736
Prior Period Adjustment	-	-	987,826	987,826
Fund Balance, June 30	<u>\$ (77,559,514)</u>	<u>\$ (80,904,536)</u>	<u>\$ 14,051,370</u>	<u>\$ 94,955,906</u>

**SELMA UNIFIED SCHOOL DISTRICT**  
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE  
 SHARE OF THE NET PENSION LIABILITY  
 CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM  
 LAST TEN FISCAL YEARS \*

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
District's proportion of the net pension liability (asset)	0.066%	0.066%	0.064%	0.064%	0.062%	0.061%	0.060%	-	-	-
District's proportionate share of the net pension liability (asset)	\$ 64,229,347	\$ 59,158,920	\$ 58,419,763	\$ 58,109,964	\$ 49,929,386	\$ 41,203,421	\$ 34,586,665	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	33,109,968	31,951,705	33,570,868	34,508,078	21,697,000	21,792,009	20,885,131	-	-	-
<b>Total</b>	<b>\$ 97,339,315</b>	<b>\$ 91,110,625</b>	<b>\$ 91,990,631</b>	<b>\$ 92,618,042</b>	<b>\$ 71,626,386</b>	<b>\$ 62,995,430</b>	<b>\$ 55,471,796</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
District's covered-employee payroll	\$ 35,881,645	\$ 36,779,351	\$ 36,827,969	\$ 34,271,324	\$ 45,386,192	\$ 30,856,440	\$ 28,366,351	\$ -	\$ -	\$ -
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	179.00%	160.85%	158.63%	169.56%	110.01%	133.53%	121.93%	-	-	-
Plan fiduciary net position as a percentage of the total pension liability	72.38%	72.56%	70.99%	69.46%	71.35%	74.02%	74.00%	-	-	-

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

**SELMA UNIFIED SCHOOL DISTRICT**  
 SCHEDULE OF DISTRICT CONTRIBUTIONS  
 CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM  
 LAST TEN FISCAL YEARS \*

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 5,090,075	\$ 5,968,232	\$ 5,739,717	\$ 4,945,352	\$ 5,709,583	\$ 5,096,233	\$ 4,321,993	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	(5,090,075)	(5,968,232)	(5,739,717)	(4,945,352)	(5,709,583)	(5,096,233)	(4,321,993)	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 35,881,645	\$ 36,779,351	\$ 36,827,969	\$ 34,271,324	\$ 45,386,192	\$ 30,856,440	\$ 28,366,351	\$ -	\$ -	\$ -
Contributions as a percentage of covered-employee payroll	14.19%	16.23%	15.59%	14.43%	12.58%	16.52%	15.24%	-	-	-

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information for those years for which information is available.

**SELMA UNIFIED SCHOOL DISTRICT**  
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE  
 SHARE OF THE NET PENSION LIABILITY  
 CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
 LAST TEN FISCAL YEARS \*

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
District's proportion of the net pension liability (asset)	0.086%	0.089%	0.087%	0.090%	0.080%	0.080%	0.070%	-	-	-
District's proportionate share of the net pension liability (asset)	\$ 26,410,458	\$ 25,989,094	\$ 23,186,008	\$ 20,533,335	\$ 16,818,010	\$ 12,140,000	\$ 8,387,501	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 13,329,495	\$ 13,688,999	\$ 14,237,410	\$ 11,443,300	\$ 10,984,296	\$ 10,190,960	\$ 9,010,212	\$ -	\$ -	\$ -
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	198.14%	189.85%	162.85%	179.44%	153.11%	119.13%	93.09%	-	-	-
Plan fiduciary net position as a percentage of the total pension liability	70.30%	70.05%	70.85%	71.87%	73.98%	79.43%	73.90%	-	-	-

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

**SELMA UNIFIED SCHOOL DISTRICT**  
 SCHEDULE OF DISTRICT CONTRIBUTIONS  
 CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
 LAST TEN FISCAL YEARS \*

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 2,431,181	\$ 2,433,873	\$ 2,221,542	\$ 1,777,259	\$ 1,525,499	\$ 1,202,342	\$ 1,060,592	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	(2,431,181)	(2,433,873)	(2,221,542)	(1,777,259)	(1,525,499)	(1,202,342)	(1,060,592)	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 13,329,495	\$ 13,688,999	\$ 14,237,410	\$ 11,443,300	\$ 10,984,296	\$ 10,190,960	\$ 9,010,212	\$ -	\$ -	\$ -
Contributions as a percentage of covered-employee payroll	18.24%	17.78%	15.60%	15.53%	13.89%	11.80%	11.77%	-	-	-

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information for those years for which information is available.



**SELMA UNIFIED SCHOOL DISTRICT**  
 SCHEDULE OF CHANGES IN THE DISTRICT'S  
 TOTAL OPEB LIABILITY AND RELATED RATIOS  
 SINGLE EMPLOYER PLAN  
 LAST TEN FISCAL YEARS \*

	Fiscal Year Ended									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Total OPEB liability:										
Service cost	\$ -	\$ 993,582	\$ 444,020	\$ 455,124	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	-	568,591	499,873	495,522	-	-	-	-	-	-
Changes of benefit terms	-	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	-	1,366,529	(34,284)	-	-	-	-	-	-	-
Changes of assumptions or other inputs	-	2,780,119	764,328	-	-	-	-	-	-	-
Benefit payments	-	(279,266)	(553,436)	(530,726)	-	-	-	-	-	-
Net change in total OPEB liability	-	5,429,555	1,120,501	419,920	-	-	-	-	-	-
Total OPEB liability - beginning	19,675,681	14,246,126	13,125,625	12,705,705	-	-	-	-	-	-
Total OPEB liability - ending	<u>\$ 19,675,681</u>	<u>\$ 19,675,681</u>	<u>\$ 14,246,126</u>	<u>\$ 13,125,625</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 49,211,140	\$ 51,065,379	\$ 47,078,281	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total OPEB liability as a percentage of covered-employee payroll	39.98%	38.53%	30.26%	-	-	-	-	-	-	-

Notes to Schedule:

There were no changes of benefit terms in 2021.

There were no changes of assumptions in 2021. The following are the discount rates used in each period.

2021	2.45%
2020	2.45%
2019	3.13%
2018	3.90%
2017	NA
2016	NA
2015	NA
2014	NA
2013	NA
2012	NA

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

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## Combining Statements and Budget Comparisons as Supplementary Information

This supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

# SELMA UNIFIED SCHOOL DISTRICT

COMBINING BALANCE SHEET

ALL GENERAL FUNDS

JUNE 30, 2021

	General Fund	
<b>ASSETS:</b>		
Cash in County Treasury	\$ 12,565,055	\$ -
Cash on Hand and in Banks	-	854,409
Cash in Revolving Fund	5,000	-
Cash with a Fiscal Agent/Trustee	7,969,000	-
Accounts Receivable	14,695,798	-
Due from Other Funds	118,655	-
Stores Inventories	314,657	-
Total Assets	<u>35,668,165</u>	<u>854,409</u>
<b>LIABILITIES AND FUND BALANCE:</b>		
Liabilities:		
Accounts Payable	\$ 14,078,996	\$ -
Due to Other Funds	16,106	-
Tax Revenue Anticipation Notes	8,000,000	-
Unearned Revenue	1,181,079	-
Total Liabilities	<u>23,276,181</u>	<u>-</u>
Fund Balance:		
Nonspendable Fund Balances:		
Revolving Cash	5,000	-
Stores Inventories	314,657	-
Restricted Fund Balances	1,828,119	499,733
Assigned Fund Balances	4,964,246	-
Unassigned:		
Other Unassigned	5,279,962	354,676
Total Fund Balance	<u>12,391,984</u>	<u>854,409</u>
Total Liabilities and Fund Balances	<u>\$ 35,668,165</u>	<u>\$ 854,409</u>

**EXHIBIT C-1**

Special Reserve General Fund	Post Employment Benefits Fund	Totals June 30, 2021
\$ 759,449	\$ 40,092	\$ 13,364,596
-	-	854,409
-	-	5,000
-	-	7,969,000
5,164	272	14,701,234
-	-	118,655
-	-	314,657
<u>764,613</u>	<u>40,364</u>	<u>37,327,551</u>
\$ -	\$ -	\$ 14,078,996
-	-	16,106
-	-	8,000,000
-	-	1,181,079
<u>-</u>	<u>-</u>	<u>23,276,181</u>
-	-	5,000
-	-	314,657
-	-	2,327,852
507,861	615	5,472,722
<u>256,752</u>	<u>39,749</u>	<u>5,931,139</u>
<u>764,613</u>	<u>40,364</u>	<u>14,051,370</u>
\$ <u>764,613</u>	\$ <u>40,364</u>	\$ <u>37,327,551</u>

# SELMA UNIFIED SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCES - ALL GENERAL FUNDS  
 YEAR ENDED JUNE 30, 2021

	General Fund	
Revenues:		
LCFF Sources:		
State Apportionment or State Aid	\$ 33,082,236	\$ -
Education Protection Account Funds	22,394,261	-
Local Sources	7,073,601	-
Federal Revenue	17,098,748	-
Other State Revenue	9,678,581	-
Other Local Revenue	6,627,208	332,625
Total Revenues	<u>95,954,635</u>	<u>332,625</u>
Expenditures:		
Current:		
Instruction	58,152,231	-
Instruction - Related Services	8,936,346	233,812
Pupil Services	7,299,363	-
Ancillary Services	666,510	232,230
General Administration	4,116,045	-
Plant Services	7,351,656	-
Other Outgo	858,410	-
Capital Outlay	634,391	-
Debt Service:		
Principal	1,649,269	-
Interest	126,168	-
Total Expenditures	<u>89,790,389</u>	<u>466,042</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>6,164,246</u>	<u>(133,417)</u>
Other Financing Sources (Uses):		
Transfers In	-	-
Transfers Out	(1,200,000)	-
Total Other Financing Sources (Uses)	<u>(1,200,000)</u>	<u>-</u>
Net Change in Fund Balance	4,964,246	(133,417)
Fund Balance, July 1	7,427,738	-
Prior Period Adjustment	-	987,826
Fund Balance, June 30	<u>\$ 12,391,984</u>	<u>\$ 854,409</u>

**EXHIBIT C-2**

Special Reserve General Fund	Post Employment Benefits Fund	Totals June 30, 2021
\$ -	\$ -	\$ 33,082,236
-	-	22,394,261
-	-	7,073,601
-	-	17,098,748
-	-	9,678,581
7,862	616	6,968,311
<u>7,862</u>	<u>616</u>	<u>96,295,738</u>
-	-	58,152,231
-	-	9,170,158
-	-	7,299,363
-	-	898,740
-	-	4,116,045
-	-	7,351,656
-	-	858,410
-	-	634,391
-	-	1,649,269
-	-	126,168
<u>-</u>	<u>-</u>	<u>90,256,431</u>
 7,862	 616	 6,039,307
500,000	-	500,000
-	-	(1,200,000)
<u>500,000</u>	<u>-</u>	<u>(700,000)</u>
507,862	616	5,339,307
256,751	39,748	7,724,237
-	-	987,826
<u>\$ 764,613</u>	<u>\$ 40,364</u>	<u>\$ 14,051,370</u>

**SELMA UNIFIED SCHOOL DISTRICT**

COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2021

	Special Revenue Funds	Debt Service Fund Bond Interest & Redemption	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-3)
<b>ASSETS:</b>				
Cash in County Treasury	\$ 1,008,559	\$ 3,076,570	\$ 768,896	\$ 4,854,025
Accounts Receivable	811,510	16,895	42,939	871,344
Due from Other Funds	45,759	-	-	45,759
Stores Inventories	59,698	-	-	59,698
Total Assets	<u>1,925,526</u>	<u>3,093,465</u>	<u>811,835</u>	<u>5,830,826</u>
<b>LIABILITIES AND FUND BALANCE:</b>				
Liabilities:				
Accounts Payable	\$ 164,688	\$ -	\$ -	\$ 164,688
Due to Other Funds	135,713	-	12,405	148,118
Total Liabilities	<u>300,401</u>	<u>-</u>	<u>12,405</u>	<u>312,806</u>
Fund Balance:				
Restricted Fund Balances	522,156	(424,343)	388,739	486,552
Assigned Fund Balances	(15,328)	-	-	(15,328)
Unassigned:				
Unassigned, reported in nonmajor:				
Special Revenue Funds	1,118,297	-	-	1,118,297
Debt Service Funds	-	3,517,808	-	3,517,808
Capital Projects Funds	-	-	410,691	410,691
Total Fund Balance	<u>1,625,125</u>	<u>3,093,465</u>	<u>799,430</u>	<u>5,518,020</u>
Total Liabilities and Fund Balances	<u>\$ 1,925,526</u>	<u>\$ 3,093,465</u>	<u>\$ 811,835</u>	<u>\$ 5,830,826</u>



**SELMA UNIFIED SCHOOL DISTRICT**

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021

	Special Revenue Funds	Debt Service Fund Bond Interest & Redemption	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-5)
Revenues:				
Federal Revenue	\$ 3,458,329	\$ -	\$ -	\$ 3,458,329
Other State Revenue	195,992	20,099	-	216,091
Other Local Revenue	496,508	2,343,593	415,532	3,255,633
Total Revenues	<u>4,150,829</u>	<u>2,363,692</u>	<u>415,532</u>	<u>6,930,053</u>
Expenditures:				
Current:				
Instruction	428,772	-	-	428,772
Instruction - Related Services	252,233	-	-	252,233
Pupil Services	3,552,629	-	-	3,552,629
General Administration	110,367	-	12,405	122,772
Plant Services	-	-	6,700	6,700
Capital Outlay	-	-	7,688	7,688
Debt Service:				
Principal	-	1,283,998	-	1,283,998
Interest	-	1,504,036	-	1,504,036
Total Expenditures	<u>4,344,001</u>	<u>2,788,034</u>	<u>26,793</u>	<u>7,158,828</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(193,172)</u>	<u>(424,342)</u>	<u>388,739</u>	<u>(228,775)</u>
Other Financing Sources (Uses):				
Transfers In	700,000	-	-	700,000
Total Other Financing Sources (Uses)	<u>700,000</u>	<u>-</u>	<u>-</u>	<u>700,000</u>
Net Change in Fund Balance	506,828	(424,342)	388,739	471,225
Fund Balance, July 1	1,118,297	3,517,807	410,691	5,046,795
Fund Balance, June 30	<u>\$ 1,625,125</u>	<u>\$ 3,093,465</u>	<u>\$ 799,430</u>	<u>\$ 5,518,020</u>

**SELMA UNIFIED SCHOOL DISTRICT**

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2021

	Adult Education Fund	Cafeteria Fund	Total Nonmajor Special Revenue Funds (See Exhibit C-3)
<b>ASSETS:</b>			
Cash in County Treasury	\$ 308,432	\$ 700,127	\$ 1,008,559
Accounts Receivable	119,509	692,001	811,510
Due from Other Funds	26,058	19,701	45,759
Stores Inventories	-	59,698	59,698
Total Assets	<u>453,999</u>	<u>1,471,527</u>	<u>1,925,526</u>
<b>LIABILITIES AND FUND BALANCE:</b>			
Liabilities:			
Accounts Payable	\$ 55,482	\$ 109,206	\$ 164,688
Due to Other Funds	-	135,713	135,713
Total Liabilities	<u>55,482</u>	<u>244,919</u>	<u>300,401</u>
Fund Balance:			
Restricted Fund Balances	-	522,156	522,156
Assigned Fund Balances	(15,328)	-	(15,328)
Unassigned:			
Unassigned, reported in nonmajor:			
Special Revenue Funds	413,845	704,452	1,118,297
Total Fund Balance	<u>398,517</u>	<u>1,226,608</u>	<u>1,625,125</u>
Total Liabilities and Fund Balances	<u>\$ 453,999</u>	<u>\$ 1,471,527</u>	<u>\$ 1,925,526</u>

**SELMA UNIFIED SCHOOL DISTRICT**

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021

	Adult Education Fund	Cafeteria Fund	Total Nonmajor Special Revenue Funds (See Exhibit C-4)
Revenues:			
Federal Revenue	\$ 250,349	\$ 3,207,980	\$ 3,458,329
Other State Revenue	21,548	174,444	195,992
Other Local Revenue	393,779	102,729	496,508
Total Revenues	<u>665,676</u>	<u>3,485,153</u>	<u>4,150,829</u>
Expenditures:			
Current:			
Instruction	428,772	-	428,772
Instruction - Related Services	252,233	-	252,233
Pupil Services	-	3,552,629	3,552,629
General Administration	-	110,367	110,367
Total Expenditures	<u>681,005</u>	<u>3,662,996</u>	<u>4,344,001</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(15,329)</u>	<u>(177,843)</u>	<u>(193,172)</u>
Other Financing Sources (Uses):			
Transfers In	-	700,000	700,000
Total Other Financing Sources (Uses)	<u>-</u>	<u>700,000</u>	<u>700,000</u>
Net Change in Fund Balance	(15,329)	522,157	506,828
Fund Balance, July 1	413,846	704,451	1,118,297
Fund Balance, June 30	<u>\$ 398,517</u>	<u>\$ 1,226,608</u>	<u>\$ 1,625,125</u>

**SELMA UNIFIED SCHOOL DISTRICT**

COMBINING BALANCE SHEET  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 JUNE 30, 2021

	Capital Facilities Fund	County School Facilities Fund	Total Nonmajor Capital Projects Funds (See Exhibit C-3)
<b>ASSETS:</b>			
Cash in County Treasury	\$ 632,547	\$ 136,349	\$ 768,896
Accounts Receivable	42,013	926	42,939
Total Assets	<u>674,560</u>	<u>137,275</u>	<u>811,835</u>
<b>LIABILITIES AND FUND BALANCE:</b>			
Liabilities:			
Due to Other Funds	\$ 12,405	\$ -	\$ 12,405
Total Liabilities	<u>12,405</u>	<u>-</u>	<u>12,405</u>
Fund Balance:			
Restricted Fund Balances	387,693	1,046	388,739
Unassigned:			
Unassigned, reported in nonmajor:			
Capital Projects Funds	274,462	136,229	410,691
Total Fund Balance	<u>662,155</u>	<u>137,275</u>	<u>799,430</u>
Total Liabilities and Fund Balances	<u>\$ 674,560</u>	<u>\$ 137,275</u>	<u>\$ 811,835</u>

**SELMA UNIFIED SCHOOL DISTRICT**

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECTS FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021

	Capital Facilities Fund	County School Facilities Fund	Total Nonmajor Capital Projects Funds (See Exhibit C-4)
Revenues:			
Other Local Revenue	\$ 413,486	\$ 2,046	\$ 415,532
Total Revenues	<u>413,486</u>	<u>2,046</u>	<u>415,532</u>
Expenditures:			
Current:			
General Administration	12,405	-	12,405
Plant Services	5,700	1,000	6,700
Capital Outlay	7,688	-	7,688
Total Expenditures	<u>25,793</u>	<u>1,000</u>	<u>26,793</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>387,693</u>	<u>1,046</u>	<u>388,739</u>
Net Change in Fund Balance	387,693	1,046	388,739
Fund Balance, July 1	274,462	136,229	410,691
Fund Balance, June 30	<u>\$ 662,155</u>	<u>\$ 137,275</u>	<u>\$ 799,430</u>

**SELMA UNIFIED SCHOOL DISTRICT****EXHIBIT C-9**

BUILDING FUND

CAPITAL PROJECTS FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED JUNE 30, 2021

	1	2	3
	Budget	Actual	Variance Positive (Negative)
Revenues:			
Other Local Revenue	\$ 3,460,610	\$ 331,738	\$ (3,128,872)
Total Revenues	<u>3,460,610</u>	<u>331,738</u>	<u>(3,128,872)</u>
Expenditures:			
Current:			
Services And Other Operating Expenditures	13,926,005	149,642	13,776,363
Capital Outlay	2,096,751	2,096,751	-
Total Expenditures	<u>16,022,756</u>	<u>2,246,393</u>	<u>13,776,363</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(12,562,146)</u>	<u>(1,914,655)</u>	<u>10,647,491</u>
Other Financing Sources (Uses):			
Other Sources	1,434,961	1,434,961	-
Total Other Financing Sources (Uses)	<u>1,434,961</u>	<u>1,434,961</u>	<u>-</u>
Net Change in Fund Balance	(11,127,185)	(479,694)	10,647,491
Fund Balance, July 1	20,943,858	20,943,858	-
Fund Balance, June 30	<u>\$ 9,816,673</u>	<u>\$ 20,464,164</u>	<u>\$ 10,647,491</u>

## Other Supplementary Information

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however, include information which is required by other entities.

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## Supplementary Information Section

# SELMA UNIFIED SCHOOL DISTRICT

LOCAL EDUCATION AGENCY

ORGANIZATION STRUCTURE

JUNE 30, 2021

The District was originally formed in 1878 and serves approximately 6,000 students with eight elementary schools, one middle school, one high school, one independent study school, one continuation school and one adult education school. There were no boundary changes during the year ended June 30, 2021.

## Governing Board

Name	Office	Term Expiration
Diane Jensen	President	2022
Rosemary Alanis	Vice President	2024
Narinder Sahota	Clerk	2024
Roger Orosco	Member	2022
Jennifer Winter	Member	2022

## Administration

Marilyn Shepherd, Ed. D.  
Superintendent beginning January 2021

Tanya A. Fisher, Ed.D.  
Superintendent through December 2020

Teresa Wood  
Assistant Superintendent

Andrea Affrunti  
Assistant Superintendent beginning July 2021

Larry Teixeira  
Assistant Superintendent (CBO) through April 2021

**SELMA UNIFIED SCHOOL DISTRICT**SCHEDULE OF INSTRUCTIONAL TIME  
YEAR ENDED JUNE 30, 2021**TABLE D-1**

<u>Grade Level</u>	<u>Ed. Code 46207 Minutes Requirement</u>	<u>Ed. Code 46207 Adjusted &amp; Reduced</u>	<u>Annual Instructional Day Requirement</u>	<u>Number of Days of Instruction</u>	<u>Number of Days Multitrack Calendar</u>	<u>Status</u>
Transitional Kindergarten	N/A	N/A	180	180	N/A	Complied
Kindergarten	N/A	N/A	180	180	N/A	Complied
Grade 1	N/A	N/A	180	180	N/A	Complied
Grade 2	N/A	N/A	180	180	N/A	Complied
Grade 3	N/A	N/A	180	180	N/A	Complied
Grade 4	N/A	N/A	180	180	N/A	Complied
Grade 5	N/A	N/A	180	180	N/A	Complied
Grade 6	N/A	N/A	180	180	N/A	Complied
Grade 7	N/A	N/A	180	180	N/A	Complied
Grade 8	N/A	N/A	180	180	N/A	Complied
Grade 9	N/A	N/A	180	180	N/A	Complied
Grade 10	N/A	N/A	180	180	N/A	Complied
Grade 11	N/A	N/A	180	180	N/A	Complied
Grade 12	N/A	N/A	180	180	N/A	Complied

School districts and charter schools must maintain their instructional minutes as defined in Education Code Section 46207. This schedule is required of all districts, including basic aid districts.

Pursuant to Education Code Section 43502(d)(1), the annual instructional minutes requirements are waived in fiscal year 2020-21. However, local education agencies must meet annual instructional day requirements.

In fiscal year 2020-21, for a day to count as a day of instruction towards meeting the annual instructional day requirement, students must be scheduled to attend the school day established by the local governing board and the school day must be equivalent to at least a minimum day of instruction. A minimum day of instruction is as follows:

- 180 instructional minutes in transitional kindergarten (TK)/kindergarten
- 230 instructional minutes in grades 1 to 3, inclusive
- 240 instructional minutes in grades 4 to 12, inclusive

The district met the daily minimum requirement and complied with the annual instructional day requirement.

**SELMA UNIFIED SCHOOL DISTRICT**  
 SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS  
 YEAR ENDED JUNE 30, 2021

**TABLE D-2**

General Fund	Budget 2022 (see note 1)	2021	2020	2019
Revenues and other financial sources	\$ 84,129,238 \$	96,462,497 \$	86,695,471 \$	91,577,039
Expenditures	82,977,966	89,790,389	84,340,614	90,265,206
Other uses and transfers out	-	1,200,000	-	1,858,669
Total outgo	82,977,966	90,990,389	84,340,614	92,123,875
Change in fund balance (deficit)	1,151,272	5,472,108	2,354,857	(546,836)
Ending fund balance	\$ 14,347,616 \$	13,196,344 \$	7,724,236 \$	5,369,379
Available reserves (see note 2)	\$ 7,557,525 \$	12,391,984 \$	7,427,738 \$	4,023,542
Available reserves as a percentage of total outgo	9.1%	13.6%	8.8%	4.4%
Total long-term debt	\$ 166,702,327 \$	171,663,540 \$	172,821,624 \$	171,601,624
Average daily attendance at P-2	5,966	5,966	5,966	6,112

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.

The fund balance of the General Fund has increased by \$7,826,965 (145.8%) over the past two years. The fiscal year 2021-2022 budget projects an increase of \$1,151,272 (8.7%). For a district of this size, the State recommends available reserves of at least 3% of total general fund expenditures, transfers out and other uses (total outgo).

The District has incurred any operating deficits in one of the past three years, but projects an increase during the 2021-2022 fiscal year. Total long-term debt has increased by \$61,916 over the past two years.

Average daily attendance has decreased by 146 over the past two years. During fiscal year 2021-2022, no change in average daily attendance is anticipated.

**NOTES:**

1. The budget for 2022 is included for analytical purposes only and has not been subjected to audit.
2. Available reserves consist of all unassigned fund balances and all funds reserved for economic uncertainties contained within the General Fund.

**SELMA UNIFIED SCHOOL DISTRICT**  
 RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET  
 REPORT WITH AUDITED FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2021

**TABLE D-3**

	Student Body Fund
June 30, 2021, annual financial and budget report fund balances	\$ <u>422,742</u>
Adjustments and reclassifications:	
Increasing (decreasing) the fund balance:	
Accounts receivable understatement	<u>431,667</u>
Net adjustments and reclassifications	<u>431,667</u>
June 30, 2021, audited financial statement fund balances	\$ <u><u>854,409</u></u>

This schedule provides the information necessary to reconcile the fund balances of all funds and the total liabilities balance of the general long-term debt account group as reported on the SACS report to the audited financial statements. Funds that required no adjustment are not presented.

No charter schools are chartered by Selma Unified School District.

<u>Charter Schools</u>	<u>Included In Audit?</u>
None	N/A

Subrecipients  
The District did not provide any awards to subrecipients.

De Minimis Cost Rate  
The District did not elect to use the 10% de minimis cost rate.

Excess Sick Leave  
The District did not authorize or accrue any excess sick leave as that term is defined in subdivision (c) of Education Code Section 22170.5 for the District's employees who are members of the California State Teachers' Retirement System (CalSTRS).

**SELMA UNIFIED SCHOOL DISTRICT**  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED JUNE 30, 2021

**TABLE D-5**

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass- Through Entity Identifying Number	Federal Expenditures
<b>CHILD NUTRITION CLUSTER:</b>			
<u>U.S. Department of Agriculture</u>			
Passed Through California Department of Education (CDE):			
School Breakfast Program-Basic	10.553	13525	\$ 716,227
National School Lunch Program	10.555	13523, 13524	1,411,683
Total Passed Through California Department of Education (CDE)			<u>2,127,910</u>
Total U.S. Department of Agriculture			<u>2,127,910</u>
Total Child Nutrition Cluster			<u>2,127,910</u>
<b>SPECIAL EDUCATION (IDEA) CLUSTER:</b>			
<u>U.S. Department of Education</u>			
Passed Through California Department of Education (CDE):			
Special Education: IDEA Basic Local Assistance Entitlement, Part B, Section 61	84.027	13379	1,448,756
Special Ed: IDEA Preschool Grants, Part B, Section 619 (Age 3-4-5)	84.173	13430	47,089
Total Passed Through California Department of Education (CDE)			<u>1,495,845</u>
Total U.S. Department of Education			<u>1,495,845</u>
Total Special Education (IDEA) Cluster			<u>1,495,845</u>
<b>OTHER PROGRAMS:</b>			
<u>U.S. Department of Education</u>			
Passed Through California Department of Education (CDE):			
Coronavirus Relief Fund (CRF): Learning Loss Mitigation	21.019	25516	6,647,421
Adult Education: Adult Secondary Education (Section 231)	84.002	13978	165,550
Adult Education: Adult Basic Education & ELA (Section 231)	84.002A	14508	84,799
ESEA (ESSA): Title I, Part A, Basic Grants Low-Income and Neglected	84.01	14329	2,907,762
ESEA: ESSA School Improvement (CSI) Funding for LEAs	84.01	15438	9,901
ESSA (ESEA): Title I, Migrant Ed Summer Program	84.011	10005	57,955
ESEA (ESSA): Title I, Part C, Migrant Education (MESRP)	84.011	10144	3,884
ESEA (ESSA): Title I, Part C, Migrant Ed (Regular and Summer Program)	84.011	14326	110,284
Carl D. Perkins Career and Technical Education: Secondary, Section 131 (Voca	84.048	14894	77,809
ESEA (ESSA): Title IV, Part B, 21st Century Community Learning Centers Progi	84.287	14349	97,091
ESEA (ESSA) : Title III, English Learner Student Program	84.365	14346	115,101
ESEA (ESSA): Title II, Part A, Supporting Effective Instruction Local Grants	84.367	14341	321,815
ESEA (ESSA) Title IV, Part A, Student Support and Academic Enrichment Grant	84.424	15396	177,249
Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425	15536	2,504,846
Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425	15547	2,505,084
Governor's Emergency Education Relief (GEER) Fund: Learning Loss Mitigation	84.425C	15517	65,922
Total Passed Through California Department of Education (CDE)			<u>15,853,252</u>
Total U.S. Department of Education			<u>\$ 15,853,252</u>
<u>U.S. Department of Agriculture</u>			
Passed Through California Department of Education (CDE):			
Child Nutrition: CACFP Claims - Centers and Family Day Care	10.558	13393	\$ 1,080,069
Total U.S. Department of Agriculture			<u>1,080,069</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u><u>20,557,076</u></u>

The accompanying notes are an integral part of this schedule.

## **SELMA UNIFIED SCHOOL DISTRICT**

### **NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2021**

#### Basis of Presentation

The accompanying schedule of expenditures of federal awards ("the Schedule") includes the federal grant activity of Selma Unified School District. The information in the Schedule is presented in accordance with the 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"). Therefore, some amounts may differ from amounts presented in, or used in the preparation of, the basic financial statements.

#### Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. These 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. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Selma Unified School District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.



## Other Independent Auditor's Reports

Independent Auditor's Report on Internal Control over Financial Reporting and  
On Compliance and Other Matters Based on an Audit of Financial Statements  
Performed In Accordance With Government Auditing Standards

Board of Trustees  
Selma Unified School District  
Selma, California 93662

Members of the Board of Trustees:

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 Selma Unified School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Selma Unified School District's basic financial statements, and have issued our report thereon dated December 11, 2021.

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

In planning and performing our audit of the financial statements, we considered the Selma 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 Selma Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Selma 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 Selma 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.

Respectfully submitted,

A handwritten signature in cursive script that reads "Linger, Peterson & Shrum".

Linger, Peterson & Shrum  
Fresno, California  
December 11, 2021

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

Board of Trustees  
Selma Unified School District  
Selma, California 93662

Members of the Board of Trustees:

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

We have audited the Selma 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 the Selma Unified School District's major federal programs for the year ended June 30, 2021. Selma 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 Selma 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 the Selma 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 the Selma Unified School District's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the Selma 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 the Selma 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 the Selma 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 Selma 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 considered 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.

Respectfully submitted,



Linger, Peterson & Shrum  
Fresno, California  
December 11, 2021

## **Independent Auditor's Report on State Compliance**

Board of Trustees  
Selma Unified School District  
Selma, California 93662

Members of the Board of Trustees:

### **Report on State Compliance**

We have audited the District's compliance with the types of compliance requirements described in the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, Section 19810 that could have a direct and material effect on each of the District's state programs identified below for the fiscal year ended June 30, 2021.

### **Management's Responsibility for State Compliance**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each applicable program as identified in the State's audit guide, *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* prescribed in Title 5, *California Code of Regulations*, Section 19810. 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 State's audit guide, *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, Section 19810. Those standards and audit guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the state programs noted below 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. Our audit does not provide a legal determination of the District's compliance with those requirements.

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

<u>Compliance Requirements</u>	<u>Procedures in Audit Guide Performed?</u>
<b>LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS:</b>	
Attendance and Distance Learning .....	Yes
Teacher Certification and Misassignments .....	Yes
Kindergarten Continuance .....	Yes
Instructional Time .....	Yes
Instructional Materials.....	Yes
Ratio of Administrative Employees to Teachers .....	Yes
Classroom Teacher Salaries .....	Yes
Early Retirement Incentive .....	N/A
GANN Limit Calculation .....	Yes
School Accountability Report Card .....	Yes
K-3 Grade Span Adjustment .....	Yes
Apprenticeship: Related and Supplemental Instruction .....	N/A
Comprehensive School Safety Plan .....	Yes
District of Choice .....	N/A

**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

**CHARTER SCHOOLS:**

Independent Study-Course Based .....	N/A
Attendance .....	N/A
Mode of Instruction .....	N/A
Nonclassroom-Based Instruction/Independent Study.....	N/A
Determination of Funding for Nonclassroom-Based Instruction .....	N/A
Charter School Facility Grant Program .....	N/A

The term "N/A" is used above to mean either the District did not offer the program during the current fiscal year or the program applies to a different type of local education agency.

**Opinion on State Compliance**

In our opinion, Selma Unified School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the statutory requirements listed in the schedule above for the year ended June 30, 2021.

## **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion of the effectiveness of the entity's internal control or on compliance outside of the items tested as noted above. This report is an integral part of an audit performed in accordance with the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* prescribed in Title 5, *California Code of Regulations*, Section 19810 in considering the entity's compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

*Linger, Peterson & Shrum*

Linger, Peterson & Shrum  
Fresno, California  
December 11, 2021



## Findings and Recommendations Section

**SELMA UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**A. Summary of Auditor's Results**

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified?      Yes   X   No

One or more significant deficiencies identified that are not considered to be material weaknesses?      Yes   X   None Reported

Noncompliance material to financial statements noted?      Yes   X   No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified?      Yes   X   No

One or more significant deficiencies identified that are not considered to be material weaknesses?      Yes   X   None Reported

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

Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, para. 200.516(a)?      Yes   X   No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.019	Coronavirus Relief Fund (CRF): Learning Loss Mitigation
84.425D	Elementary and Secondary School Emergency Relief Fund
10.558	Child and Adult Care Food Program
84.425C	Governor's Emergency Education Relief Fund

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee?   X   Yes      No

**SELMA UNIFIED SCHOOL DISTRICT**  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2021

3. State Awards

Any audit findings disclosed that are required to be reported in accordance with the state's Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting?  Yes  No

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

**B. Financial Statement Findings**

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with paragraphs 5.18 through 5.20 of "Government Auditing Standards."

There were no Financial Statement findings or questioned costs.

**C. Federal Award Findings and Questioned Costs**

This section identifies the audit findings required to be reported by the Uniform Guidance (e.g., significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs).

There were no Federal award findings or questioned costs.

**D. State Award Findings and Questioned Costs**

This section identifies the audit findings pertaining to noncompliance with State program rules and regulations.

There were no State award findings or questioned costs.

**SELMA UNIFIED SCHOOL DISTRICT**  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2021

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
There were no prior year findings and questioned costs.		