

FRESNO UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENTS

June 30, 2020

FRESNO UNIFIED SCHOOL DISTRICT
FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
For the year ended June 30, 2020
(Continued)

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INDEPENDENT AUDITOR'S REPORT

Audit Committee and Board of Education
Fresno Unified School District
Fresno, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Fresno Unified School District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Fresno Unified School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

(Continued)

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Fresno Unified School District, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 to 22 and the General Fund Budgetary Comparison Schedule, the Schedule of Changes in the District's Net Other Postemployment Benefits (OPEB) Liability, the Schedule of Money-Weighted Rate of Return of OPEB Plan Investments, the Schedule of the District's Proportionate Share of the Net Pension Liability, and the Schedule of the District's Contributions on pages 75 to 81 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Fresno Unified School District's basic financial statements. The accompanying schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Chief Financial Officer's Report, the schedule of expenditures of federal awards and other supplementary information as listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information, except for the Organization and the Schedule of Financial Trends and Analysis, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards and other supplementary information as listed in the table of contents, except for the Chief Financial Officer's Report, the Organization and Schedule of Financial Trends and Analysis, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Chief Financial Officer's Report, the Organization and the Schedule of Financial Trends and Analysis have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

(Continued)

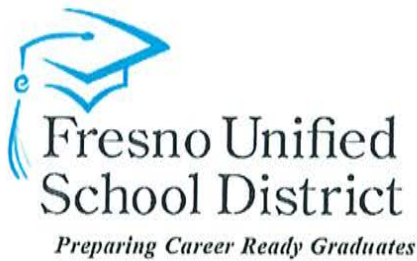
Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2020 on our consideration of Fresno 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 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 Fresno Unified School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Fresno Unified School District's internal control over financial reporting and compliance.

Crowe LLP

Crowe LLP

Sacramento, California
December 1, 2020



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Robert G. Nelson, Ed.D.

December 09, 2020

Board of Trustees
Fresno Unified School District
Fresno, California 93721

Dear Trustees:

I am pleased to present the financial statements for the Fresno Unified School District (the District) for the fiscal year ended June 30, 2020, with the Independent Auditors' Reports on those financial statements and the Federal and State Compliance audits. These financial statements have been prepared in conformance with the principles and standards for financial reporting set forth by the Governmental Accounting Standards Board (GASB), and confirm that the District is fiscally sound as defined by the State Controller's Office, with a General Fund balance of \$152,182,965.

The California Education Code requires the governing board provide for an annual audit made by certified public accountants licensed by the State Board of Accountancy. The licensed firm of Crowe LLP rendered the attached auditors' reports. I believe that the data, as presented, is accurate in all material respects, that it is a fair presentation of the financial position and the results of the District's operations, and that the audit satisfies the requirements of the Education Code.

The District has prepared its financial statements since 2001 using the financial reporting requirements as prescribed by Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments (GASB No. 34). GASB No. 34 requires that Management provide a narrative introduction, overview, and analysis to accompany the Basic Financial Statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

The financial statements for the year ended June 30, 2020 present the District's sound financial condition and, along with the MD&A as well as the included note disclosures, provide the reader with an understanding of the District's financial affairs.

Respectfully submitted,

Santino Danisi
Interim Chief Financial Officer

Management's Discussion and Analysis

June 30, 2020



This section of Fresno Unified School District's annual financial report presents a discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2020. Readers are encouraged to consider the information presented in conjunction with the District's financial statements. This discussion and analysis provides a comparison between fiscal year 2019/20 and 2018/19.

On March 13, 2020, the Governor of California issued Executive Order N-26-20, guaranteeing state funding to support the continued payment of salaries and benefits to all employees through June 30, 2020. Fresno Unified School District made the difficult decision to close all schools beginning Monday, March 16, 2020 in the midst of the COVID-19 pandemic. Students returned to learning on August 19, 2020 needing both academic and socio-emotional supports. Social distancing requirements dramatically changed the instructional delivery, including a 100% online learning model, as a result of Fresno County being on the State's COVID-19 watch list, an unfortunate designation the county had experienced since early June 2020. As of September 22, 2020, Fresno County moved off of the State's COVID-19 watch list and small cohorts of students started returning to campus in October. It has become apparent that the state may experience significant and long-term revenue losses as a result of an unprecedented recession.

For purpose of school district funding for 2019/20, the Governor also signed Senate Bill 117 (SB 117), which limits the average daily attendance (ADA) reported to the California Department of Education to include the full school months from July 1, 2019, to February 29, 2020. The condensed ADA period was applied to all school districts in California. In addition, SB 117 waived instructional penalties that would otherwise accrue, negatively impacting Local Control Funding Formula (LCFF) funding, which makes up most of the state revenue that the District receives annually.

The Coronavirus Aide, Relief, Economic Security (CARES Act) signed into law on March 27, 2020, provided funding and flexibility for school districts to respond to the COVID-19 emergency. Funding is distributed to school districts based on their share of Title I funds. For Fresno Unified, the state allocated \$43.9 million for purposes related to response coordination, professional development, purchasing technology, purchasing sanitization supplies and other activities. In addition, the State allocated \$82.3 million in one-time Federal CARES stimulus funds passed through from the State. The allowable uses of the CARES pass-through funds, also referred to as Learning Loss Mitigation funds, includes support for student teaching and learning, such as technology needs, staff professional development and student nutrition.

ABOUT FRESNO UNIFIED SCHOOL DISTRICT

Located in the heart of the Central Valley, Fresno Unified School District serves more than 74,000 students Pre-K to 12th grade, with an additional 5,000 adult learners served through Fresno Adult School. Through high quality instruction, district programs, services and resources, the District is focused on building college and career ready graduates among its 66 elementary schools, 14 middle schools, 10 high schools, 5

Management's Discussion and Analysis

June 30, 2020

alternative schools, 3 special education schools and one adult school. In addition, the district provides oversight and evaluation to 7 neighborhood charter schools.

FINANCIAL HIGHLIGHTS

- The primary governmental fund has a net position deficit in governmental activities totaling \$1.15 billion at June 30, 2020.
- The total net position of the District decreased by \$67 million during fiscal year 2019/20. This is mainly due to an increase in the County School Facilities Fund for State funded construction projects offset by an increase in net pension and General Obligation Bond liabilities.
- Fund balance of the District's governmental funds increased by \$135 million resulting in an ending fund balance of \$554 million. This was mainly due to the sale of the General Obligation Bonds, Election of 2016, Series B, and the District's 2019 General Obligation Refunding Bonds.
- At the end of the 2019/20 fiscal year, the balance in the District's Unrestricted General Fund increased by \$7 million resulting in an ending fund balance of \$148 million. The COVID-19 pandemic triggered a global health and economic crisis resulting in savings of approximately \$9.1 million. The changes were mainly due to operational savings as a result of school closures on March 16, 2020. Actual expenditures and contributions were lower than estimated mainly due to salary savings from vacant positions and reduced contracts and services.
- Governmental Accounting Standards Board (GASB) Statement No. 68 recognizes the District's portion of the California State Teachers' Retirement System (CalSTRS) and California Public Employees' Retirement System (CalPERS) pension liabilities, deferred inflows, deferred outflows, and pension expenses at June 30, 2020. The District is recognizing a net decrease of \$55 million in the net position as a result of the changes in the net position liability related to deferred outflows and inflow of resources.
- The District's long-term obligations increased by \$200 million to \$2.8 billion mainly due to the sale of the General Obligation Bonds, Election of 2016, Series B in the amount of \$75 million and the sale of the District's 2019 General Obligation Refunding Bonds, totaling \$104 million.
- GASB Statement No. 75 requires an actuarial valuation of the District's Retiree Health Benefits Plan and full recognition of the total net Other Post Employment Benefit (OPEB) liability. The total OPEB liability of \$1.07 billion, as of June 30, 2020, is offset with the 2019/20 net assets in the District's Irrevocable Trust for OPEB liabilities of \$55 million. The net OPEB liability at the end of 2019/20 is \$1.02 billion. In addition, the District transfers \$3.5 million into an irrevocable trust from the General and Self Insurance Funds on an annual basis.
- The District maintained a positive financial position for 2019/20 as reflected by Moody's credit rating of Aa3 issued in August 2020. In its report to potential investors, Moody's Investor Services noted "the district's ability to maintain stable operations". The rating report highlights "the district historically outperformed projections, and satisfactory financial performance is supported by the districts adopted reserve policy".

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's discussion and analysis presents an introduction to the District's basic financial statements. Comparison to the prior year's activity is provided in this document. The basic financial statements are comprised of three components:

1. Government-wide financial statements
2. Fund financial statements

Management's Discussion and Analysis

June 30, 2020

3. Notes to the basic financial statements

This report also contains required supplementary information and other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader of the District's Annual Financial Report, a broad overview of the financial activities in a manner similar to a private sector business. The government-wide financial statements include the *Statement of Net Position* and the *Statement of Activities*.

- The *Statement of Net Position* presents information about the District's assets and liabilities. The difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources is reported as net position. Over time, changes in net position may serve as a useful indicator whether the financial position of the District is improving or deteriorating.
- The *Statement of Activities* presents information showing how the net position of the District changed during the current fiscal year. Changes in net position are recorded in the statement of activities when the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement even though the resulting cash flow may be recorded in a future period.

The *Government-wide Financial Statements* consolidate governmental and internal service activities that are supported from taxes and intergovernmental revenues. The District's *Government-wide Financial Statements* include the following types of funds: General, Special Revenue, Capital Project, Debt Service, and Internal Service Funds.

The *Government-wide Financial Statements* also include information on component units that are legally separate from the District (known as the primary government). The District is the agent, or *fiduciary*, for certain funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All the District's fiduciary activities are reported in a separate *Statement of Fiduciary Assets and Liabilities*.

We exclude these activities from the District's *Government-wide Financial Statements* because the District cannot use these assets to finance its operations.

Fund Financial Statements

Fund Financial Statements are designed to demonstrate compliance with finance-related legal requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific objectives. *Fund Financial Statements* for the District include governmental funds and proprietary funds.

Governmental funds account for essentially the same information reported in the governmental activities of the *Government-wide Financial Statements*. However, unlike the *Government-wide Financial Statements*, the *Governmental Fund Financial Statements* focus on near-term financial resources and fund balances. Such information may be useful in evaluating the financing requirements in the near term.

Since the governmental funds and the governmental activities report information use the same functions, it is useful to compare the information presented. Because the focus of each report differs, reconciliation is provided on the fund financial statements to assist the reader in comparing the near-term requirements with the long-term needs.

The District maintains 11 different governmental funds. As of June 30, 2020, the major funds are the General Fund, Building Fund, County School Facilities Fund, and the Bond Interest and Redemption Fund.

Management's Discussion and Analysis

June 30, 2020

They are presented separately in the *Fund Financial Statements* with the remaining governmental funds combined into a single aggregated presentation labeled *All Non-Major Funds*. Individual fund information for the non-major funds is presented in the Supplementary Information section.

The District adopts an annual appropriated budget for each of the governmental funds. A budgetary comparison schedule for the General Fund is included in the *Fund Financial Statements* to demonstrate compliance with the adopted budget.

The District maintains one type of proprietary fund which is the Self Insurance Fund.

The *Fund Financial Statements* of the proprietary fund provide the same information as the *Government-wide Financial Statements*, only in more detail. The Internal Service Fund is used to accumulate and allocate costs internally among the governmental functions.

Individual internal service fund information is presented in the *Fund Financial Statements* as the Statement of Fund Net Position, Statement of Revenues, Expenses, and Changes in Fund Net Position, and Statement of Cash Flows – Proprietary Fund. These statements consolidate the District's Internal Service Funds including the Property and Liability Fund, Workers' Compensation Fund, Health Fund, and the Defined Benefits Fund.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also contains other supplemental information concerning the District's non-major governmental funds.

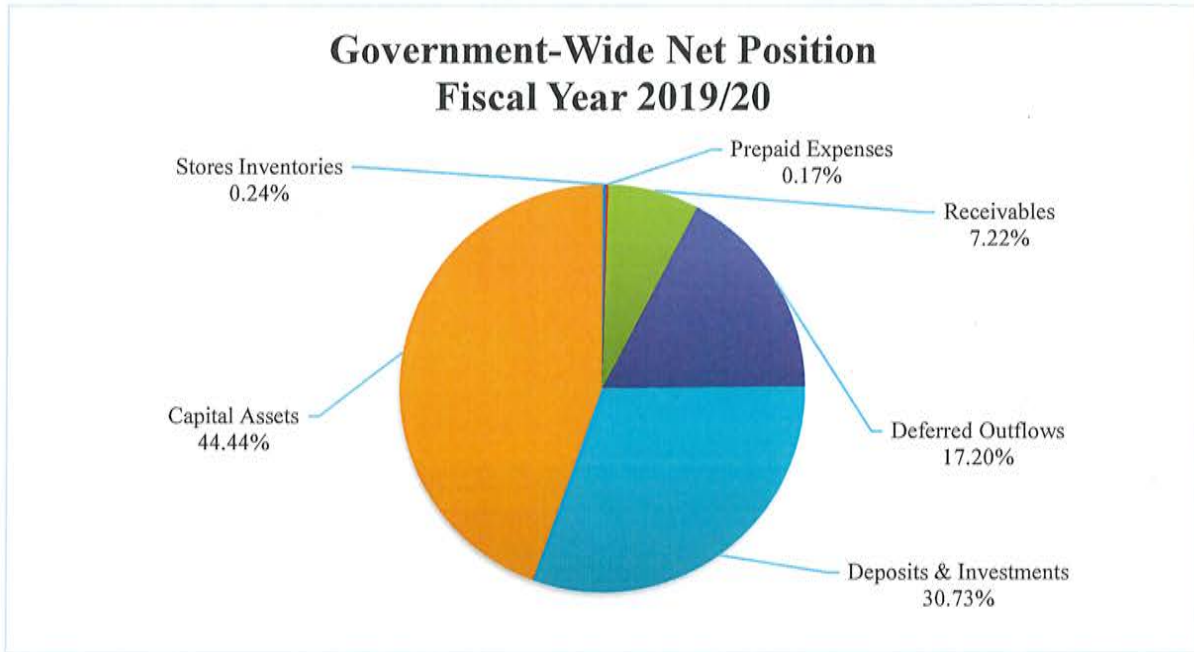
Management's Discussion and Analysis
June 30, 2020

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

	Governmental Activities		
	2020	2019	Change
Current and other Assets	\$788,511,317	\$610,983,073	29.06%
Capital Assets	913,181,525	869,119,288	5.07%
Total Assets	1,701,692,842	1,480,102,361	13.02%
Deferred Outflows	353,579,966	298,905,174	18.29%
Current Liabilities	204,081,966	168,435,168	21.16%
Long-term Liabilities	2,830,179,998	2,628,780,469	7.66%
Total Liabilities	\$3,034,261,964	\$2,797,215,637	8.47%
Deferred Inflows	169,748,896	63,425,865	167.63%
Net invested in			
Capital Assets	394,669,295	249,084,583	58.45%
Restricted	180,820,906	294,919,041	(38.69%)
Unrestricted	(1,724,228,253)	(1,625,637,591)	(6.06%)
Total Net Position	(\$1,148,738,052)	(\$1,081,633,967)	(6.20%)

Management's Discussion and Analysis
June 30, 2020



Government-wide Net Position

The assets of the District are classified as follows: cash, investments, receivables, prepaid expenses, stores inventory and capital assets. Current and other assets are available to provide resources for the near-term operations of the District. The majority of the current assets are the result of State apportionment and property tax resources.

Capital assets are used in the operations of the District. These assets include land, land improvements, buildings, equipment, and work-in-process.

Current and long-term liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, unearned revenue and self-insurance claims liabilities. The liquidation of current liabilities is anticipated to be either from current available resources, current assets or new resources that became available during the 2019/20 fiscal year. Long-term liabilities such as general obligation bonds, energy loans and compensated absences will be liquidated from resources that will become available after the 2019/20 fiscal year.

The liabilities and deferred inflows of the primary government activities exceed the assets and deferred outflows by \$1.15 billion. Total net position of the primary government does not include internal balances. Internal balances are interfund payables and receivables within the governmental activities. The amounts reported in the accounts are eliminated to avoid the “gross up” effect on the assets and liabilities.

A net investment of \$913 million in land, land improvements, buildings, equipment, and work-in-process, represents 54% of the District’s total assets. The District serves 70,860 public school students including transitional kindergarten through 12th grade. In addition, the District participates in the State preschool program in which 3,027 students are enrolled. The table and chart above summarize the District’s government-wide net position.

Management's Discussion and Analysis

June 30, 2020

The Cafeteria Fund's key elements that highlight the activities in the 2019/20 fiscal year are as follows:

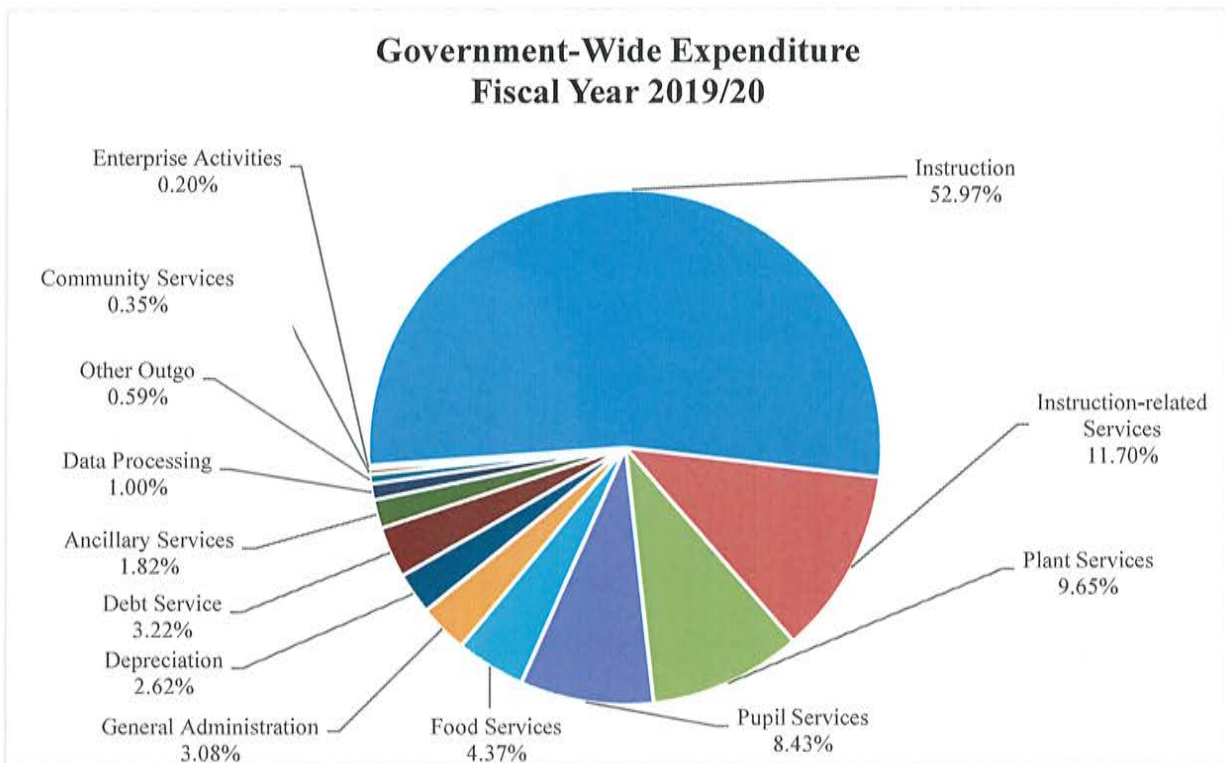
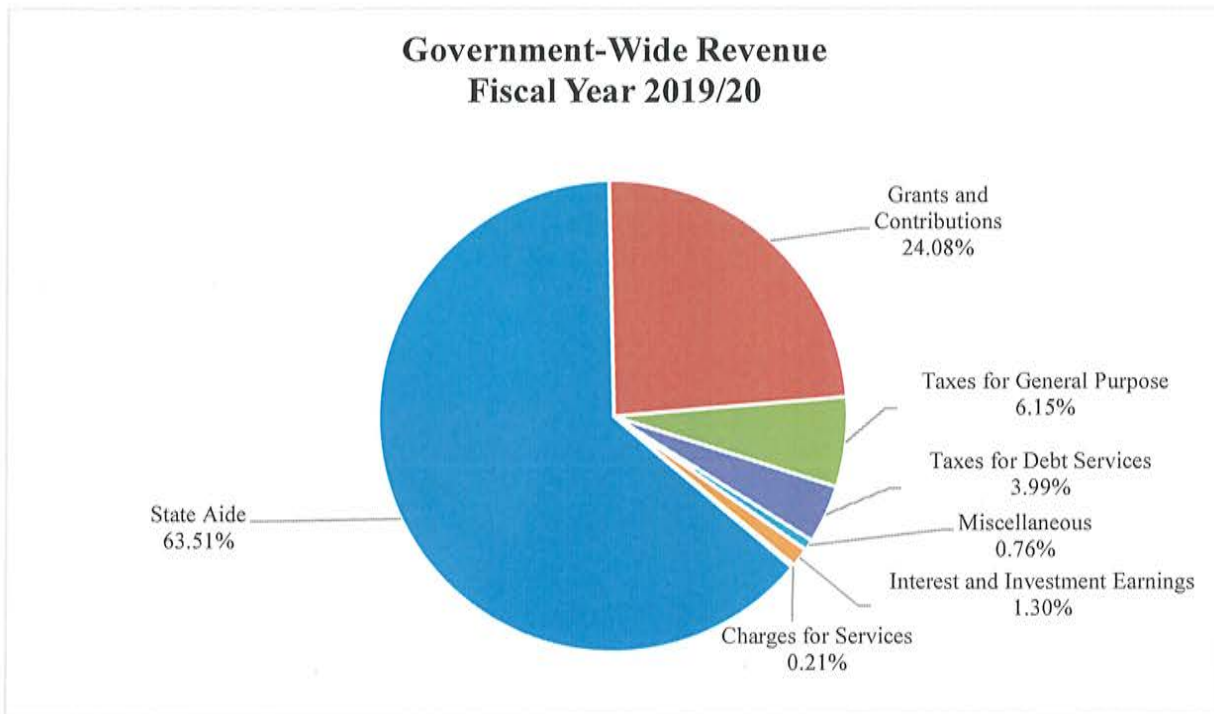
- Over 22,400 breakfasts, 62,500 lunches, and 5,100 snacks per day were served, equating to 11.5 million meals annually which is a decrease of 4.9 million meals overall from the prior year due to school closures as of March 16, 2020.
- With the COVID-19 global pandemic and school closures, Food Services transitioned from feeding students in school cafeterias to feeding students, siblings, and needy adults through a non-congregant take-away setting. There were approximately 1.2 million breakfasts and 1.3 million lunches served to District students in a grab and go setting. In addition, there were over 650,000 meals served to the community during school closures through June 30, 2020. The District has entered into a partnership with the City of Fresno to help support the cost of adult meals.
- Administrative Reviews of the Food Service Department occur every three years to ensure compliance. There were no fiscal findings after completing a successful Administrative Review with the California Department of Education.
- The District received a grant for 59 elementary school sites to participate in the Fresh Fruit and Vegetable Program, making the District the largest receiver of these funds from the California Department of Education.
- The District continues to participate in the National School Lunch and School Breakfast Programs under the Community Eligibility Provision (CEP), which allows all students at every site to receive a healthy breakfast, lunch and snack every day.
- Meals are served at 108 locations, utilizing 441 full and part-time employees. The volume of meals served has enabled the program to operate on Federal and State reimbursement without additional contribution from the Unrestricted General Fund.
- In order to take advantage of current low interest rates, the District completed a refunding of the 2006 Central Kitchen Bonds, which will result in debt service saving of \$1.2 million and will reduce the District's base rental payments. The lease payments for the Nutrition Center will expire in 2028.

Management's Discussion and Analysis
June 30, 2020

Statement of Activities

	Governmental Activities		Change
	2020	2019	
Program Revenues			
Charges for Services	\$2,480,798	\$2,900,139	(14.46%)
Operating Grants & Contributions	278,345,288	300,060,595	(7.24%)
General Revenues			
Taxes and Subventions	117,257,007	116,373,953	0.76 %
Federal and State Aid, Unrestricted	734,182,674	718,171,650	2.23%
Interest and Investment Earnings	15,052,310	12,999,727	15.79%
Other General Revenues	8,758,794	11,249,274	(22.14%)
Capital Grants & Contributions	10,632,553	8,656,092	22.83%
Total Revenues	<u>\$1,166,709,424</u>	<u>\$1,170,411,430</u>	<u>(0.32%)</u>
Expenses			
Instruction	\$653,510,523	\$652,765,593	0.11%
Instructional Related	144,388,813	143,091,695	0.91%
Student Support Services	157,892,130	159,169,746	(0.80%)
General Administrative	50,313,284	48,410,702	3.93%
Maintenance and Operations	119,121,514	115,831,455	2.84%
Depreciation	32,274,542	30,585,848	5.52%
Other	76,312,703	72,185,415	5.72%
Total Expenses	<u>\$1,233,813,509</u>	<u>\$1,222,040,454</u>	<u>0.96%</u>
Change in Net Position	<u>\$(67,104,085)</u>	<u>\$(51,629,024)</u>	<u>29.97%</u>

Management's Discussion and Analysis
June 30, 2020



Management's Discussion and Analysis

June 30, 2020

Governmental activities – Capital Project Funds for the District provide the same type of information presented in the government-wide financial statements but in greater detail. The following highlights significant activity in the District's Capital Project Funds for fiscal year 2019/20:

- The County School Facilities Fund spent \$50.3 million on projects (Measure Q - \$4.6 million and Measure X - \$42.7 million, savings from state facility projects totaling \$3.0 million)
- The County School Facilities Fund's major projects and activities included the following:
 - Construction and Maintenance major projects and activities totaling \$24.7 million:
 - Phoenix Secondary \$10.1 million
 - McLane High \$3.2 million
 - Ericson Elementary \$3.2 million
 - Ventura/10th \$2.0 million
 - Fresno High \$1.4 million
 - Slater Elementary \$0.8 million
 - Edison High \$0.6 million
 - Juan Herrera \$0.5 million
 - 17 other sites totaling \$2.9 million
 - Modernization Projects included the following sites totaling \$25.6 million:
 - Wawona Middle School \$7.4 million
 - Portable Classrooms \$5.0 million
 - McLane High \$2.7 million
 - Safety Improvements \$2.1 million
 - Fresno High \$1.2 million
 - Roosevelt High \$1.2 million
 - Play Structures \$0.7 million
 - Energy Conservation \$0.6 million
 - Hoover High \$0.4 million
 - Cambridge High \$0.4 million
 - 47 other sites totaling \$3.9 million

Financial Analysis of the District's Governmental Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

The General Fund is the chief operating fund of the District. Student enrollment increased by 111 students during the fiscal year. The funded average daily attendance (ADA) for fiscal year 2019/20 decreased by 148 ADA from the 2018/19 fiscal year. This decrease amounts to approximately \$1.7 million.

The Bond Interest and Redemption Fund has adequate resources accumulated to make the principal and interest payments.

General Fund Budgetary Highlights

The General Fund budget is composed of the unrestricted and restricted fund budgets. Restricted funds are grants or entitlements that have specified rules on how the funds can be spent. Unrestricted funds may be used as determined by the Board of Education. Education Code 41011 requires unified districts to spend at least 55% towards classroom compensation. In 2019/20, Fresno Unified spent 56.73% towards classroom compensation.

Management's Discussion and Analysis

June 30, 2020

Over the course of the year, the District revised the annual operating budget five times. These budget amendments are authorized per Education Code 42601 and fall into the following categories:

- Changes made to recognize revenue anticipated/received from sources outside the District
- Changes made to recognize expenses

The District is required to present year-end projections at two different intervals (December and March).

The District, as a general rule, requires restricted budgets to stay within their State and/or Federal allocation. The major exceptions include Special Education, Ongoing & Major Maintenance account and Medi-Cal. In addition to the State and/or Federal allocation, the District contributes Unrestricted General Fund resources to these programs.

Unrestricted Ending Balance

The prior year actual ending balance for 2018/19 was \$141 million. The current year actual ending balance for 2019/20 is \$148 million, a gain of \$7 million. However, the adopted unrestricted ending balance for 2019/20 was \$99 million. The difference between the 2019/20 adopted ending balance and the 2019/20 actual ending balance is \$49 million and is mainly due to the following:

2018/19 Ending Fund Balance Impacts

- Actual General Fund expenditures in 2018/19 were lower than the adopted budget by \$10 million mainly due to:
 - One-time savings in the area of extra-curricular activities
 - School site and department expenditures lower than anticipated
 - Additional revenue due to increased ADA
 - Additional one-time lottery and Medi-Cal Administrative Activity revenue
 - Lower than anticipated expenditures in salaries
- Actual carryover in 2018/19 of one-time facility projects was higher than the adopted budget by \$3 million

2019/20 Impacts

- An increase in Local Control Funding Formula (LCFF) revenue of \$3 million due to an increase in Average Daily Attendance (ADA) and the Unduplicated Pupil Percentage (UPP).
- An increase in Federal, State, and local income of \$14 million mainly due to one-time Medi-Cal Administrative Activity (MAA) and one-time Special Education funding allocated after the State adopted the budget.
- A decrease in total expenditures of \$19 million primarily due to the following:
 - Operational savings as a result of school closures of \$27 million
 - Increased cost to provide a 3% on-going salary increase and a 1.5% one-time salary payment, an increase from 2% on-going salary increase included in the 2019/20 adopted budget of \$13 million
 - School site and department expenditures lower than anticipated of \$5 million
 - Operational savings due to COVID-19 totaling \$9 million

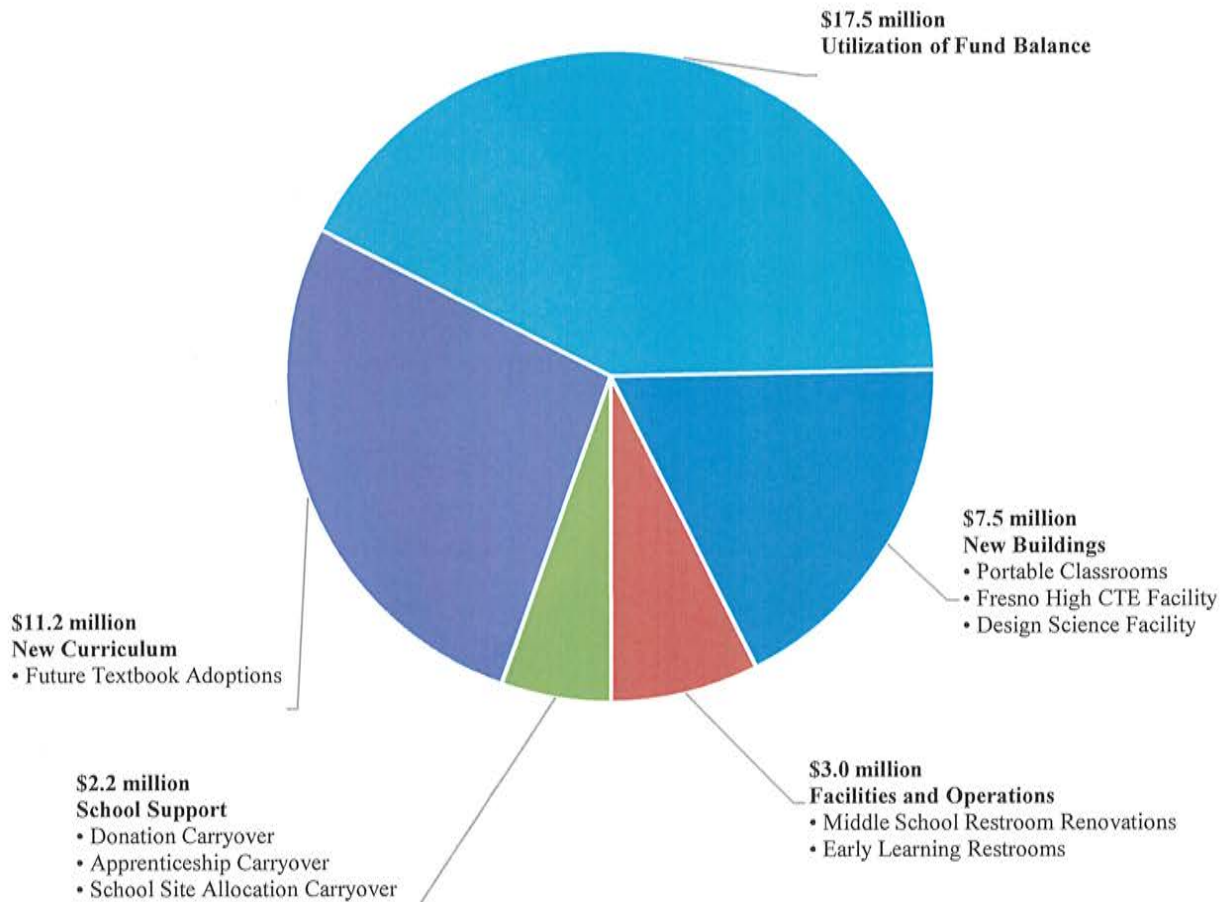
Management's Discussion and Analysis

June 30, 2020

The Board designated funds in the 2019/20 budget in the amount of \$41.4 million for future projects as follows:

Utilization of Fund Balance	\$17.5 million
Future Textbook Adoptions	\$11.2 million
Design Science Facility	\$5.2 million
Middle School Restrooms Renovations	\$2.6 million
School Site Allocation Carryover	\$1.8 million
Portable Classrooms	\$1.3 million
Fresno High CTE Facility	\$1.0 million
Early Learning Restrooms	\$0.4 million
Donation Carryover	\$0.3 million
Apprenticeship Carryover	\$0.1 million

Board Adopted Projects for 2020/21



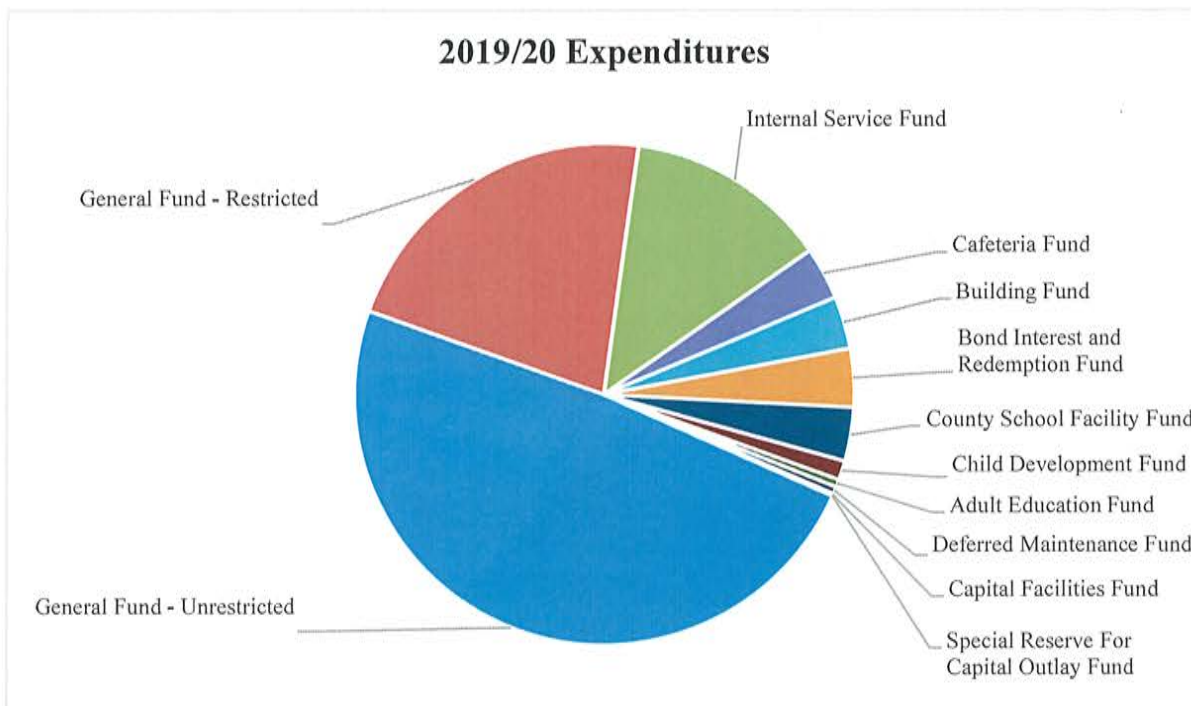
Management's Discussion and Analysis

June 30, 2020

Total expenditures for 2019/20 were \$1.4 billion, representing an increase from 2018/19 of \$11 million as listed below (in millions):

Expenditures	2019/20 Unaudited Actuals Expense	2018/19 Unaudited Actuals Expense	Difference	Change
General Fund – Unrestricted	\$706.6	\$695.2	\$11.4	1.6%
General Fund – Restricted	315.8	290.1	25.7	8.9%
Internal Service Fund	190.4	189.5	0.9	0.5%
Building Fund	48.9	68.4	(19.5)	(28.5%)
County School Facility Fund	50.3	61.1	(10.8)	(17.7%)
Cafeteria Fund	49.1	52.8	(3.7)	(7.0%)
Bond Interest and Redemption Fund	54.6	48.4	6.2	12.8%
Child Development Fund	18.0	17.1	0.9	5.3%
Adult Education Fund	7.3	7.6	(0.3)	(3.9%)
Deferred Maintenance Fund	6.6	7.4	(0.8)	(10.8%)
Special Reserve for Capital Outlay Fund	0.5	0.9	(0.4)	(45.1%)
Capital Facilities Fund	1.7	0.2	1.5	900%
Retiree Benefit Fund ^(A)	-	-	-	-
Total	\$1,449.8	\$1,438.7	10.92	0.8%

(A) The Retiree Benefit Fund is not included in the District's financial statements. The funds in the California Employers' Benefit Retiree Trust (CEBRT) are held in trust and will be administered by the CalPERS as an agent multiple-employer plan. The District's contributions to the irrevocable trust are included in the CEBRT, which is included in the CalPERS Comprehensive Annual Financial Report (CAFR).

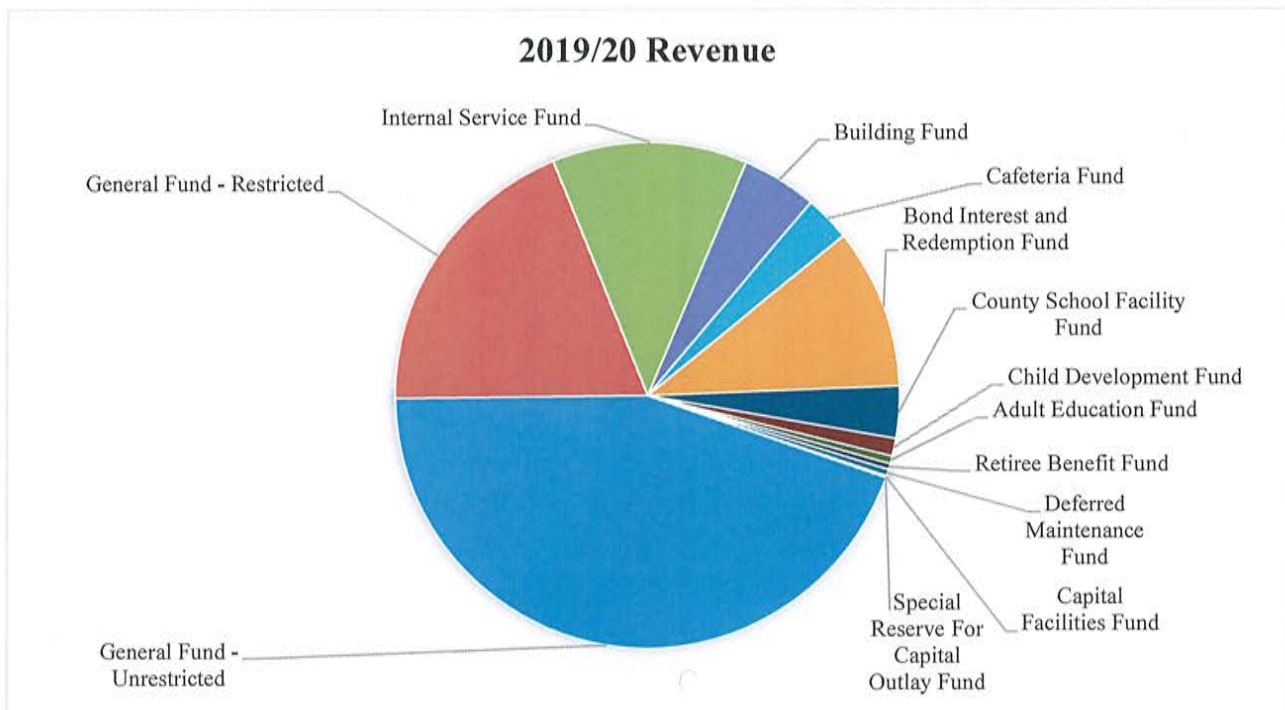


Management's Discussion and Analysis June 30, 2020

Total revenue for 2019/20 was \$1.6 billion, representing a decrease from 2018/19 of \$15.06 million as listed below (in millions):

Revenue	2019/20 Unaudited Actuals Revenue	2018/19 Unaudited Actuals Revenue	Difference	Change
General Fund - Unrestricted	\$713.5	\$703.8	\$9.7	1.4%
General Fund - Restricted	304.9	288.6	16.3	30.0%
Internal Service Fund	200.3	191.1	9.2	4.8%
Bond Interest and Redemption Fund	164.0	52.8	111.2	210.6%
Building Fund	77.4	1.7	75.7	4,452.9%
County School Facility Fund	53.1	70.0	(16.9)	(24.1%)
Cafeteria Fund	47.3	53.0	(5.7)	(10.8%)
Child Development Fund	18.0	17.1	0.9	5.3%
Adult Education Fund	8.0	7.7	0.3	3.9%
Deferred Maintenance Fund	6.6	7.4	(0.8)	(10.8%)
Retiree Benefit Fund ^(A)	6.2	6.7	(0.5)	(7.5%)
Capital Facilities Fund	1.8	2.1	(0.3)	(14.3%)
Special Reserve for Capital Outlay Fund	0.1	0.1	0.0	0.0%
Total	\$1,601.2	\$1,402.1	199.1	14.2%

(A) The Retiree Benefit Fund is not included in the District's financial statements. The funds in the CEBRT are held in trust and will be administered by the CalPERS as an agent multiple-employer plan. The District's contributions to the irrevocable trust are included in the CEBRT, which is included in the CalPERS Comprehensive Annual Financial Report (CAFR).



Management's Discussion and Analysis

June 30, 2020

Summary of Capital Assets

Governmental Activities, Capital Assets	2020	2019	Change	Change
Land	66,411,797	64,815,011	1,596,786	2.46%
Work-in-process	146,303,630	128,431,586	17,872,044	13.92%
Land improvements	99,542,837	96,491,439	3,051,398	3.16%
Buildings	1,034,518,751	983,537,316	50,981,435	5.18%
Equipment	40,884,402	38,304,905	2,579,497	6.73%
Capital Assets, cost	1,387,661,417	1,311,580,257	76,081,160	5.80%
Accumulated Depreciation	(474,479,892)	(442,460,969)	(32,018,923)	7.24%
Governmental Activities Capital Assets, net	\$913,181,525	\$869,119,288	\$44,062,237	5.07%

The District's investment in Capital Assets for its governmental activities as of June 30, 2020 was \$913 million (net of accumulated depreciation).

Capital Assets include land, land improvements, buildings, equipment, and work-in-progress. Capital Assets continued to grow in the governmental activities as District-wide construction continued due to utilization of Measure Q and Measure X funds.

Summary of Long-Term Liabilities

Governmental Activities	2020	2019	Change	Change
General Obligation Bonds	765,164,087	619,290,323	145,873,764	23.55%
Accreted Interest	76,783,778	62,681,257	14,102,521	22.50%
PG&E Energy Loans	52,959	143,175	(90,216)	(63.01%)
Unamortized Premium	22,251,275	17,645,282	4,605,993	26.10%
Other Postemployment Benefits	1,019,190,619	1,019,255,291	(64,672)	(0.01%)
Compensated Absences	4,534,280	3,038,141	1,496,139	49.25%
Net Pension Liability	942,203,000	906,727,000	35,476,000	3.91%
Governmental Long-Term Liabilities	\$2,830,179,998	\$2,628,780,469	\$201,399,529	7.66%

As of June 30, 2020, the District had a total outstanding bonded debt of \$765 million backed by the full faith and credit of the District.

Total long-term debt for the District increased by \$201 million. The change in the long-term debt was due mainly to increases for the issuance of General Obligation Bonds of \$146 million, pension liability of \$35 million, accreted interest of \$14 million, and unamortized premiums of \$5 million.

State statutes limit the amount of general obligation debt that the District may issue. At the end of the current fiscal year, the legal debt limit was 2.40%.

Management's Discussion and Analysis

June 30, 2020

Economic Factors and Budgets and Rates for 2019/20

The annual process to develop the District's budget begins in the fall with an update to the Board of Education and stakeholders regarding the District's Local Control and Accountability Plan (LCAP) actions and investment areas. The following January the Governor proposes the State budget. Since most of the District's revenue comes from the State, the District carefully derives assumptions from the Governor's proposal, guidance from the Fresno County Superintendent of Schools and enrollment projections. The 2020/21 Proposed Budget includes recommendations that continue to balance the Board of Education's investments in extensive student programs, competitive employee compensation and prudent fiscal responsibility.

On June 10, 2020, the Board of Education approved an Adopted Budget for fiscal year 2020/21. The Adopted Budget included a 5.02% unrestricted reserve.

- The major State assumptions are:
 - Statutory cost-of-living adjustment of (7.92%)
 - The cash flow projected a positive balance of \$70.5 million on June 30, 2021
 - Educational Protection Account continues, as required by Proposition 30 (November 2012), which represents 12% (\$85 million) of the Local Control Funding Formula (LCFF)
 - The District is projected to be funded on the prior year ADA
 - LCFF Supplemental and Concentration funding of \$181 million
- The local assumptions are as follows:
 - The Elementary School Aligned Instructional System: Designated sites, instructional aides including kindergarten aides, police chaplains to increase safety, custodial, clerical supports, administrative support, and health care professionals including a registered nurse, and licensed vocational nurse or health assistant
 - The Middle School Aligned Instructional System: Transition teachers and campus culture support, safety investments include a school neighborhood resource officer and campus assistants, custodial support, clerical support, administrative support, and health care professionals including a registered nurse and licensed vocational nurse or health assistant
 - The High School Aligned Instructional System: Professional learning, librarian, student engagement, campus culture assistant and athletic director support, safety investments include school resource officer, probation officer and campus assistants, custodial support including PE custodians, pool custodians and auditorium custodians, clerical supports including a library technician, administrative support, and health care professionals including a registered nurse and licensed vocational nurse on a daily basis
 - Elementary Site Leadership: Increase support of additional Vice Principals at four sites converting Teachers on Special Assignments to Vice Principals
 - School Site Allocations: Increase or maintain investments for instructional classroom support, after-school activities/athletics, equipment and coaching contracts, as well as supplies for libraries
 - Technology Services: Realignment/reorganization of 10 positions to better support student and staff within the following areas: Student Records, Core Infrastructure, Learner Support and Application Development, and Operations Reconsideration of priorities and increased investment to support one-to-one device for students and the expansion of customer service assistants for parents and students
 - Special Education: Investments in support of a three-year investment to support Special Education programs as follows: increase teacher and paraprofessionals to reduce class size
 - Health Services: Increased support of three additional registered nurses per the Collective Bargaining Agreement
 - Early Learning: Reorganization within the department, which includes retaining a project manager after the First 5 Grant ends, this cost is offset by utilizing a reduction in supplies and services
 - Transportation: Increase in the First Student annual contract and realignment of resources including reducing bus driver trainer and adding a dispatcher position

Management's Discussion and Analysis

June 30, 2020

- Department of Prevention and Intervention: Supports include an increase of a guidance learning advisor in coordination with Goal 2 to support LGBTQ students
- Communications: Addition of a project manager offset by reductions in contracts and services
- Equity and Access: Support i-Ready Assessment software to coincide with the phase out of the current interim assessment system by 2020/21
- Curriculum: Support of carryover of one-time funds for future textbook adoptions, mainly the science adoption for grades 7-12
- Maintenance and Operations: Recognizing a reduction in energy costs as a result of solar installation throughout the district
- Restricted Routine Maintenance Operations: Supports an increase of metal trades workers funded by Food Service
- Board of Education: One-time cost for the November 2020 Board election
- Safety and Security: Increase in the student neighborhood resource officers and student resource officers' annual contract, support the purchase of a School Visitor Management System, expansion of the Safe 2 School services, and elimination of funding for Shotspotter
- Classroom Baseline: Reduce allocation based on historical annual cost
- Central Office Administration Reductions: Implement 3.5% reductions
- Programmatic Reductions: Realignment of approximately 23 FTE in various certificated central office areas and itinerant staff
- Assumptions made in response to COVID-19:
 - New Instructional Model: Support student and site connections in response to school closure due to the impact of the COVID-19 pandemic
 - Health and Safety Equipment: Support equipment in response to COVID-19
- Utilization of one-time resources:
 - Education Programs: i-Ready universal assessment for all school sites
 - Common Core: Textbook adoption support
 - Plant Maintenance and Operations: Design Science facility project, portable classrooms, restroom maintenance, and Fresno High Career Technical Education (CTE) facility
- Multi-Year Items:
 - Future Textbook Adoptions: Reserve for other subject areas to be identified in future years
 - Utilization of reserves in 2021/22 and 2022/23 to support a phased-in and balanced approach
 - STRS and PERS increased employer rates:

Year	STRS Employer Rate	PERS Employer Rate	Annual Increase/Decrease to District Contribution	Annual District Contribution
2020/21	16.15%	20.70%	(\$10.0 million)	\$79.0 million
2021/22	16.02%	22.84%	\$1.7 million	\$80.7 million
2022/23	18.10%	25.40%	\$10.9 million	\$91.6 million

- An Unrestricted General Fund contribution of \$1.5 million and a \$2.0 million contribution from the Health Fund to the OPEB irrevocable trust for all years
- Benefit Rates:
 - In accordance with the current collective bargaining agreement the 2020/21, 2021/22, and 2022/23, District health contribution level remains at the current 2019/20 level of \$19,348 per active eligible employee.
 - Workers' Compensation maintains the Liability Insurance rates to fund the reserve level at 76% for 2020/21

Management's Discussion and Analysis

June 30, 2020

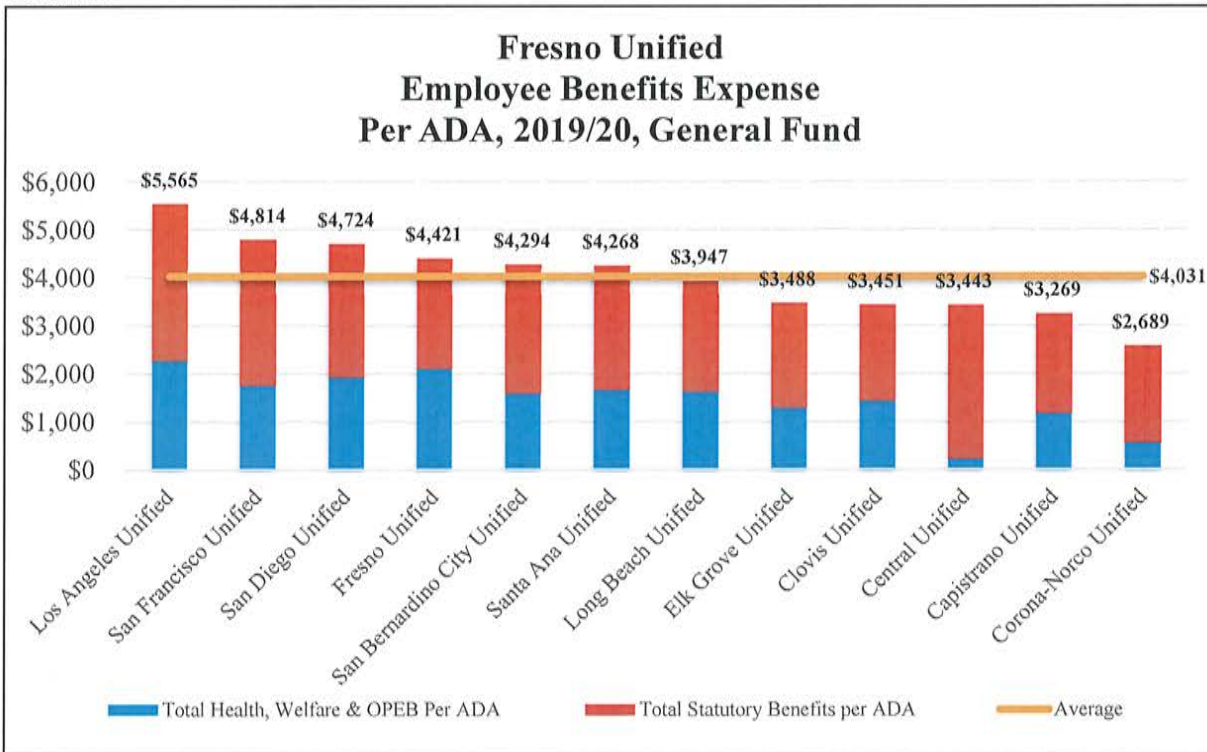
Employee Benefits

The District provides post-employment health benefits to all District employees (employed before July 1, 2005) and their dependents, with a minimum of 16 years of service who retire at a minimum of 57½ years of age. For employees hired on or after July 1, 2005, the District provides five years of post-employment medical benefits to District employees and their dependents, with a minimum of 25 years of service who retire at least 60 years of age. GASB 74 and GASB 75, are governmental accounting standards that direct how State and local governments will account for these benefits.

The District's most recent actuarial study calculated the total gross liability for post-employment benefits to be \$1.07 billion in October 2020 which remained unchanged from September 2019. The District established an irrevocable trust in 2013/14. The Trust Fund increased by \$6.14 million and at the end of 2019/20 had an ending fund balance of \$54.85 million. In 2020/21, the District plans to transfer \$3.5 million to the OPEB irrevocable trust. At June 30, 2020, the total net OPEB liability was \$1.02 billion.

Included in total employee statutory benefits are the District's contributions to CalPERS and CalSTRS on behalf of employees' pensions. The employer contribution rates for CalSTRS and CalPERS began to increase in 2014/15 from rates of 8.25% and 11.44% respectively. CalSTRS rates are currently legislated to increase through 2023/24 to 18.1% and CalPERS projects rate increases through 2026/27 to 26.2%.

Fresno Unified ranks fourth in spending for total employee benefits per ADA when compared to the largest ten districts in the State and two of the largest local districts. The District outspends the average by \$390/ADA. If the District spent at the State average of \$4,031/ADA, annual savings generated equates to \$26 million. Furthermore, the District's total benefits per ADA expense for 2019/20 increased by \$347 over 2018/19.



Source: 2019/20 Unaudited Actual Standardized Account Code Structure
 Health and Welfare: Unaudited Actual Expenditure by Object, Health and Welfare Benefits (3401 3402); OPEB (3701, 3702, 3751, 3752); Divided by 2019/20 P-2 ADA

Management's Discussion and Analysis

June 30, 2020

Pension Liability

The District contributes to CalSTRS and CalPERS on behalf of employees. GASB 68 is a governmental accounting standard that directs how state and local governments will account for these pensions. GASB 68 requires all employers to recognize the long-term pension liability on their financial statements. The District has contributed the statutory contribution and does not make any investment decisions on the fund, as these plans are governmental controlled plans.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the resources it receives. If you have questions about this report or need additional financial information, contact the Office of the Chief Financial Officer, Office of Administrative Services at (559) 457-6226.

BASIC FINANCIAL STATEMENTS

FRESNO UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2020

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents (Note 2)	\$ 400,506,044
Investments (Note 2)	231,088,776
Receivables	148,462,808
Prepaid expenses	3,443,180
Stores inventory	5,010,509
Non-depreciable capital assets (Note 4)	212,715,427
Depreciable capital assets, net of accumulated depreciation (Note 4)	<u>700,466,098</u>
Total assets	<u>1,701,692,842</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources - pensions (Notes 8 and 9)	281,178,182
Deferred outflows of resources - loss from refunding of debt	2,513,665
Deferred outflows of resources - OPEB (Note 10)	<u>69,888,119</u>
Total deferred outflows	<u>353,579,966</u>
LIABILITIES	
Accounts payable and other current liabilities	123,616,820
Unearned revenue	20,170,049
Self-insurance claims liability (Note 5)	60,295,097
Long-term liabilities (Note 6):	
Due within one year	34,357,543
Due after one year	<u>2,795,822,455</u>
Total liabilities	<u>3,034,261,964</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources - pensions (Notes 8 and 9)	67,901,000
Deferred inflows of resources - OPEB (Note 10)	<u>101,847,896</u>
Total deferred inflows	<u>169,748,896</u>
NET POSITION	
Net investment in capital assets	394,669,295
Restricted:	
Legally restricted programs	23,842,500
Capital projects	65,856,061
Debt service	50,297,871
Self insurance	40,824,474
Unrestricted	<u>(1,724,228,253)</u>
Total net position	<u>\$(1,148,738,052)</u>

See accompanying notes to financial statements.

FRESNO UNIFIED SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2020

		Program Revenues			Net (Expenses) Revenues and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
Instruction	\$ 653,510,523	\$ 538,263	\$ 144,685,947	\$ 10,632,553	\$ (497,653,760)
Instruction-related services:					
Supervision of instruction	60,097,286	954,475	29,904,828	-	(29,237,983)
Instructional library and technology	12,548,596	-	6,601,573	-	(5,947,023)
School site administration	71,742,931	76,733	7,855,771	-	(63,810,427)
Pupil services:					
Home-to-school transportation	17,830,708	20,559	1,681,744	-	(16,128,405)
Food services	53,929,799	126,692	44,798,599	-	(9,004,508)
All other pupil services	86,131,623	85,681	24,124,860	-	(61,921,082)
General administration:					
Data processing	12,331,631	-	12,977	-	(12,318,654)
All other general administration	37,981,653	210,298	8,653,216	-	(29,118,139)
Plant services	119,121,514	403,350	2,417,559	-	(116,300,605)
Ancillary services	22,508,118	24,792	5,490,633	-	(16,992,693)
Community services	4,271,430	17	1,240,001	-	(3,031,412)
Enterprise activities	2,557,114	19,069	239,250	-	(2,298,795)
Interest on long-term liabilities	39,684,445	-	-	-	(39,684,445)
Other outgo	7,291,596	20,869	638,330	-	(6,632,397)
Depreciation (unallocated) (Note 4)	32,274,542	-	-	-	(32,274,542)
	\$ 1,233,813,509	\$ 2,480,798	\$ 278,345,288	\$ 10,632,553	(942,354,870)
Total governmental activities					
General revenues:					
Taxes and subventions:					
Taxes levied for general purposes					71,134,764
Taxes levied for debt service					46,106,228
Taxes levied for other specific purposes					16,015
Federal and state aid not restricted to specific purposes					734,182,674
Interest and investment earnings					15,052,310
Miscellaneous					8,758,794
					875,250,785
Total general revenues					
					(67,104,085)
Change in net position					
					(1,081,633,967)
Net Position, July 1, 2019					
					\$ (1,148,738,052)
Net position, June 30, 2020					

See accompanying notes to financial statements.

FRESNO UNIFIED SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2020

	<u>General Fund</u>	<u>Building Fund</u>	<u>Bond Interest and Redemption Fund</u>	<u>All Non-Major Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents:					
Cash in County					
Treasury	\$ 117,424,924	\$ 84,121,431	\$ 42,833,169	\$ 47,638,870	\$ 292,018,394
Cash in revolving fund	90,918	-	-	550	91,468
Cash on hand and in banks	59,827	-	-	5,042,635	5,102,462
Collections awaiting deposit	-	-	-	18,632	18,632
Investments	-	-	231,088,776	-	231,088,776
Receivables	140,156,345	416,978	184,919	7,260,486	148,018,728
Prepaid expenditures	1,162,384	-	-	-	1,162,384
Due from other funds	13,627,866	-	-	49,558,762	63,186,628
Stores inventory	2,725,284	-	-	2,285,225	5,010,509
	<u>\$ 275,247,548</u>	<u>\$ 84,538,409</u>	<u>\$ 274,106,864</u>	<u>\$ 111,805,160</u>	<u>\$ 745,697,981</u>
Total assets					
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 97,307,622	\$ 5,000	\$ -	\$ 11,406,939	\$ 108,719,561
Unearned revenue	20,029,331	-	-	140,718	20,170,049
Due to other funds	5,727,630	41,899,976	-	14,869,796	62,497,402
	<u>123,064,583</u>	<u>41,904,976</u>	<u>-</u>	<u>26,417,453</u>	<u>191,387,012</u>
Total liabilities					
Fund balances:					
Nonspendable	3,978,586	-	-	2,285,775	6,264,361
Restricted	4,310,854	42,633,433	274,106,864	83,101,932	404,153,083
Assigned	41,417,748	-	-	-	41,417,748
Unassigned	102,475,777	-	-	-	102,475,777
	<u>152,182,965</u>	<u>42,633,433</u>	<u>274,106,864</u>	<u>85,387,707</u>	<u>554,310,969</u>
Total fund balances					
Total liabilities and fund balances	<u>\$ 275,247,548</u>	<u>\$ 84,538,409</u>	<u>\$ 274,106,864</u>	<u>\$ 111,805,160</u>	<u>\$ 745,697,981</u>

See accompanying notes to financial statements.

FRESNO UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
June 30, 2020

Total fund balances - Governmental Funds		\$	554,310,969
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used for governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is \$1,387,661,417 and the accumulated depreciation is \$474,479,892 (Note 4).			
			913,181,525
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at June 30, 2020 consisted of (Note 6):			
General Obligation Bonds	\$	(765,164,087)	
Unamortized premiums		(22,251,275)	
Accreted interest		(76,783,778)	
PG&E energy savings loans		(52,959)	
Net OPEB liability (Note 10)		(1,019,190,619)	
Net pension liability (Notes 8 and 9)		(942,203,000)	
Compensated absences		<u>(4,534,280)</u>	
			(2,830,179,998)
Internal service funds are included in the government-wide financial statements.			
			40,824,474
Losses on refundings of debt are categorized as deferred outflows and are amortized over the shorter life of the refunded or refunding of the debt.			
			2,513,665
In government funds, deferred outflows and inflows of resources relating to pensions and OPEB are not reported because they are applicable to future periods. In the statement net position, deferred outflows and inflows of resources relating to pensions are reported.			
Deferred outflows of resources - pensions (Note 8 and 9)	\$	281,178,182	
Deferred outflows of resources - OPEB (Note 10)		69,888,119	
Deferred inflows of resources - pensions (Notes 8 and 9)		(67,901,000)	
Deferred inflows of resources - OPEB (Note 10)		<u>(101,847,896)</u>	
			181,317,405
Unmatured interest on long-term liabilities is recognized in the period incurred.			
			<u>(10,706,092)</u>
Total net position - governmental activities		\$	<u>(1,148,738,052)</u>

See accompanying notes to financial statements.

FRESNO UNIFIED SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN
FUND BALANCES – GOVERNMENTAL FUNDS
For the Year Ended June 30, 2020

	General Fund	Building Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Total Governmental Funds
Revenues:					
Local Control Funding Formula (LCFF):					
State apportionment	\$ 713,268,424	\$ -	\$ -	\$ -	\$ 713,268,424
Local sources	67,608,807	-	-	-	67,608,807
Total LCFF	780,877,231	-	-	-	780,877,231
Federal sources	92,630,143	-	-	45,566,955	138,197,098
Other state sources	118,544,054	-	206,767	36,436,863	155,187,684
Other local sources	19,693,875	1,623,291	55,398,557	5,206,687	81,922,410
Total revenues	1,011,745,303	1,623,291	55,605,324	87,210,505	1,156,184,423
Expenditures:					
Current:					
Certificated salaries	427,118,023	-	-	8,000,717	435,118,740
Classified salaries	138,312,532	-	-	20,601,027	158,913,559
Employee benefits	297,295,056	-	-	19,955,746	317,250,802
Books and supplies	45,242,392	-	-	23,007,679	68,250,071
Contract services and operating operating expenditures	88,294,439	1,101,555	-	13,734,150	103,130,144
Other outgo	2,973,394	-	-	-	2,973,394
Capital outlay	18,947,447	-	-	45,491,106	64,438,553
Debt service:					
Principal retirement	90,216	-	32,864,241	-	32,954,457
Interest	-	-	21,777,536	-	21,777,536
Total expenditures	1,018,273,499	1,101,555	54,641,777	130,790,425	1,204,807,256
(Deficiency) excess of revenues (under) over expenditures	(6,528,196)	521,736	963,547	(43,579,920)	(48,622,833)
Other financing sources (uses):					
Transfers in	9,319,802	-	-	47,773,107	57,092,909
Transfers out	(6,859,750)	(47,773,107)	-	(2,741,166)	(57,374,023)
Proceeds from the sale of bonds	-	75,000,000	103,738,005	-	178,738,005
Debt issuance premiums	-	786,895	4,613,765	-	5,400,660
Total other financing sources (uses)	2,460,052	28,013,788	108,351,770	45,031,941	183,857,551
Net change in fund balances	(4,068,144)	28,535,524	109,315,317	1,452,021	135,234,718
Fund balances, July 1, 2019	156,251,109	14,097,909	164,791,547	83,935,686	419,076,251
Fund balances, June 30, 2020	\$ 152,182,965	\$ 42,633,433	\$ 274,106,864	\$ 85,387,707	\$ 554,310,969

See accompanying notes to financial statements.

FRESNO UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCES – GOVERNMENTAL FUNDS –
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2020

Net change in fund balances - Total Governmental Funds		\$ 135,234,718
Amounts reported for governmental activities in the statement of activities are different because:		
Acquisition of capital assets is an expenditure in the governmental funds, but increases capital assets in the statement of net position (Note 4).	\$ 76,791,307	
Depreciation of capital assets is an expense that is not recorded in the governmental funds (Note 4).	(32,274,542)	
In the governmental funds, proceeds from the issuance of debt are recognized as Other Financing Sources. In the government-wide statements, proceeds from debt are reported as increases to liabilities. Amounts recognized in governmental funds as proceeds from debt.	(178,738,005)	
In the governmental funds, debt issued at a premium is recognized as an other financing source. In the government-wide statements debt issued at a premium is amortized as interest over the life of the debt (Note 6).	(4,605,992)	
Repayment of principal on long-term liabilities is an expenditure in the governmental funds, but decreases the long-term liabilities in the statement of net position (Note 6).	32,954,457	
Accreted interest is an expense that is not recorded in the governmental funds (Note 6).	(14,102,522)	
Interest on long-term liabilities is recognized in the period it is incurred, in governmental funds it is only recognized when it is due.	(3,710,165)	
Activities of the internal service fund are reported with governmental activities.	9,925,500	
Losses on refundings of debt are categorized as deferred outflows and are amortized over the shortened life of the refunded or refunding of the debt.	(432,502)	
In the governmental funds, OPEB is recognized when employers contributions are made. In the government-wide statements, other post-employment benefits are recognized on the accrual basis (Note 6 and 10).	(31,462,633)	
If a planned capital project is canceled and will not be completed, costs previously capitalized as work-in-progress are written off to expense (Note 4).	(454,528)	

(Continued).

FRESNO UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCES – GOVERNMENTAL FUNDS –
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2020

In the government 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 (Note 8 and 9).	\$ (54,733,039)
In the statement of activities, expenses related to compensated absences are measured by the amounts earned during the year. In the governmental funds, expenditures are measured by the amount of financial resources used (Note 6).	<u>(1,496,139)</u> \$ <u>(202,338,803)</u>
Change in net position of governmental activities	<u>\$ (67,104,085)</u>

See accompanying notes to financial statements.

FRESNO UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION – PROPRIETARY FUND
SELF-INSURANCE FUND – GOVERNMENTAL ACTIVITIES
June 30, 2020

ASSETS

Current assets:

Cash and investments (Note 2):	
Cash in County Treasury	\$ 100,699,545
Cash on hand and in banks	2,575,543
Receivables	444,080
Due from other funds (Note 3)	97,188
Prepaid expenditures	<u>2,280,796</u>
 Total current assets	 <u>106,097,152</u>

LIABILITIES

Current liabilities:

Accounts payable	4,191,167
Due to other funds (Note 3)	786,414
Self-insurance claims liability (Note 5)	<u>60,295,097</u>
 Total current liabilities	 <u>65,272,678</u>

NET POSITION

Net position - restricted	<u>\$ 40,824,474</u>
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See accompanying notes to financial statements.

FRESNO UNIFIED SCHOOL DISTRICT
STATEMENT OF CHANGE IN NET POSITION – PROPRIETARY FUND
SELF-INSURANCE FUND – GOVERNMENTAL ACTIVITIES
For the year ended June 30, 2020

Operating revenues:	
Self insurance premiums	<u>\$ 198,243,182</u>
Operating expenses:	
Classified salaries	1,497,360
Employee benefits	824,746
Books and supplies	3,201
Contract services	<u>186,023,176</u>
Total operating expenses	<u>188,348,483</u>
Operating income	<u>9,894,699</u>
Non-operating revenues (expense):	
Interest income	1,749,687
Contribution to California Employers' Retiree Benefit Trust (CERBT)	<u>(2,000,000)</u>
Total non-operating (expense) revenues	(250,313)
Income before transfers	9,644,386
Transfers from other District funds	<u>281,114</u>
Change in net position	9,925,500
Net position, July 1, 2019	<u>30,898,974</u>
Net position, June 30, 2020	<u>\$ 40,824,474</u>

See accompanying notes to financial statements.

FRESNO UNIFIED SCHOOL DISTRICT
STATEMENT OF CHANGE CASH FLOWS – PROPRIETARY FUND
SELF-INSURANCE FUND – GOVERNMENTAL ACTIVITIES
For the year ended June 30, 2020

Cash flows from operating activities:	
Cash received from self-insurance premiums	\$ 186,941,884
Cash received from user charges	11,412,265
Cash paid for employee benefits	(192,310,170)
Cash paid for salaries	(2,322,106)
Cash paid for other expenses	<u>(3,201)</u>
Net cash provided by operating activities	<u>3,718,672</u>
Cash flows from noncapital financing activities:	
Transfers in from District funds	281,114
Contribution to CERBT	<u>(2,000,000)</u>
Net cash used in noncapital financing activities	<u>(1,718,886)</u>
Cash flows provided by investing activities:	
Interest income received	<u>1,786,427</u>
Increase in cash and investments	3,786,213
Cash and investments, July 1, 2019	<u>99,488,875</u>
Cash and investments, June 30, 2020	<u>\$ 103,275,088</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ <u>9,894,699</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Decrease (increase) in:	
Amount due from other funds	110,967
Prepaid expenditures	(991,080)
Increase in:	
Accounts payable	(7,168,847)
Amount due to other funds	711,670
Unpaid claims and claim adjustment expenses	<u>1,161,263</u>
Total adjustments	<u>(6,176,027)</u>
Net cash provided by operating activities	<u>\$ 3,718,672</u>

See accompanying notes to financial statements.

FRESNO UNIFIED SCHOOL DISTRICT
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND
June 30, 2020

	<u>Agency Fund</u> <u>Student</u> <u>Body Funds</u>
ASSETS	
Cash and investments (Note 2):	
Cash in County Treasury	\$ 712,579
Cash on hand and in bank	1,626,703
Stores inventory	<u>118,106</u>
 Total assets	 <u>\$ 2,457,388</u>
LIABILITIES	
Due to student groups	<u>\$ 2,457,388</u>

See accompanying notes to financial statements.

FRESNO UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fresno Unified School District (the "District") accounts for its financial transactions in accordance with the policies and procedures of the California 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 as prescribed by the Governmental Accounting Standards Board. The following is a summary of the more significant policies:

Reporting Entity: The Board of Education is the level of government which has governance responsibilities over all activities related to public school education in the Fresno Unified School District. The Board is not included in any other governmental "reporting entity" as defined by the Governmental Accounting Standards Board since Board members have decision-making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters.

The District receives funding from local, state and federal government sources and must comply with all the requirements of these funding source entities.

Basis of Presentation - Financial Statements: The basic financial statements include a Management's Discussion and Analysis (MD & A) section providing an analysis of the District's overall financial position and results of operations, financial statements prepared using full accrual accounting for all of the District's activities, including infrastructure, and a focus on the major funds.

Basis of Presentation - Government-Wide Financial Statements: The Statement of Net Position and the Statement of Activities displays information about the reporting government as a whole. Fiduciary funds are not included in the government-wide financial statements. Fiduciary funds are reported only in the Statement of Fiduciary Assets and Liabilities.

The Statement of Net Position and the Statement of Activities are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of Governmental Accounting Standards Board Cod. Sec. N50.118-.121.

Program revenues: Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the District's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the District's general revenues.

Allocation of indirect expenses: The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Depreciation expense and interest on general long-term liabilities are considered indirect expenses and are reported separately on the Statement of Activities.

Basis of Presentation - Fund Accounting: The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

(Continued)

FRESNO UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A - Major Funds

1 - *General Fund:*

The General Fund is the general operating fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund.

2 - *Building Fund:*

The Building Fund is a capital project funds used to account for resources used for the acquisition of capital facilities by the District.

3 - *Bond Interest and Redemption Fund:*

The Bond Interest and Redemption Fund is a debt service fund used to account for resources used for the payment of general long-term liabilities principal, interest and related costs.

B - Other Funds

1 - *Special Revenue Funds:*

The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. This includes the Adult Education, Child Development, Cafeteria, and Deferred Maintenance Funds.

2 - *Capital Project Funds:*

The Capital Project Funds are used to account for resources used for the acquisition of capital facilities by the District. This includes the Capital Facilities, County School Facilities, and Special Reserve for Capital Outlay Projects Funds.

3 - *Self Insurance Fund:*

The Self-Insurance Fund is an internal service fund which is used to account for the District's property and liability claims, workers' compensation claims, and health benefits to current and retired employees, including medical, vision, dental and long-term sick leave. Included in the Self-Insurance Fund's nonoperating activities are contributions to fund the irrevocable OPEB trust fund and interest income.

4 - *Agency Fund:*

The Agency Fund is a fiduciary fund for which the District acts as an agent. All activity and assets of the various Student Body Funds of the District are accounted for in the Agency Fund.

(Continued)

FRESNO UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting: Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the basic financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

Accrual: Governmental activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual: The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term liabilities, if any, is recognized when due.

Budgets and Budgetary Accounting: By state law, the Board of Education must adopt a final budget by July 1. A public hearing is conducted to receive comments prior to adoption. The Board of Education complied with these requirements.

Receivables: Receivables are made up principally of amounts due from the State of California for the Local Control Funding Formula and Categorical programs. The District has determined that no allowance for doubtful accounts was needed as of June 30, 2020.

Stores Inventory: Stores inventory in the General and Cafeteria Funds consists mainly of consumable supplies and instructional materials held for future use and are valued at average cost. Inventories are recorded as expenditures at the time individual inventory items are transferred from the warehouse to schools and offices.

Capital Assets: Capital assets purchased or acquired, with an original cost of \$15,000 or more, or an original cost of \$5,000 or more when purchased with Federal resources, are recorded at historical cost or estimated historical cost. Contributed assets are reported at acquisition value for the contributed asset. Additions, improvements and other capital outlay that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are depreciated using the straight-line method over 2 - 50 years depending on asset types.

Interfund Activity: Interfund activity is reported as either loans, services provided, reimbursements or transfers. 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/expenses. Reimbursements are 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 between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

(Continued)

FRESNO UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources: In addition to assets, the Statement of Net Position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s), and as such will not be recognized as an outflow of resources (expense/expenditures) until then. The District has recognized a deferred loss on refunding reported, which is in the statement of net position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shortened life of the refunded or refunding debt. Additionally, the District has recognized deferred outflows of resources related to the recognition of the pension and OPEB liabilities reported, which are in the Statement of Net Position.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and as such, will not be recognized as an inflow of resources (revenue) until that time. The District has recognized deferred inflows of resources related to the recognition of the pension and OPEB liabilities reported, which are in the Statement of Net Position.

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 State Teachers' Retirement Plan (STRP) and Public Employers Retirement Fund B (PERF B) and additions to/deductions from STRP's and PERF B's fiduciary net position have been determined on the same basis as they are reported by STRP an PERF B. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Certain investments are reported at fair value. The following is a summary of pension amounts in the aggregate:

	<u>STRP</u>	<u>PERF B</u>	<u>Total</u>
Deferred outflows of resources	\$ 212,030,290	\$ 69,147,892	\$ 281,178,182
Deferred inflows of resources	\$ 63,573,000	\$ 4,328,000	\$ 67,901,000
Net pension liability	\$ 668,050,000	\$ 274,153,000	\$ 942,203,000
Pension expense	\$ 140,208,360	\$ 62,302,158	\$ 202,510,518

Compensated Absences: Compensated absences benefits are recorded as a liability of the District. The liability of \$4,534,280 is for the earned but unused benefits.

Accumulated Sick Leave: Sick leave benefits are accumulated for each employee. The employees do not gain a vested right to accumulated sick leave. Accumulated employee sick leave benefits are not recognized as liabilities of the District since cash payment of such benefits is not probable. Therefore, sick leave benefits are recorded as expenditures in the period that sick leave is taken.

Unearned Revenue: Revenue from federal, state, and local special projects and programs is recognized when qualified expenditures have been incurred. Funds received but not earned are recorded as unearned revenue until earned.

(Continued)

FRESNO UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position: Net position is displayed in three components:

1. *Net Investment in Capital Assets* – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent bond proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. *Restricted Net Position* - Restrictions of the ending net position indicate the portions of net position not appropriate for expenditure or amounts legally segregated for a specific future use. The restriction for legally restricted programs represents the portion of net position restricted to specific program expenditures. The restriction for debt service represents the portion of net position available for the retirement of debt. The restriction for capital projects represents the portion of net position restricted for capital projects. The restriction for self-insurance represents the portion of net position restricted for the District's property and liability claims, workers' compensation claims and health benefits to current and retired employees. It is the District's policy to use restricted net position first when allowable expenditures are incurred.
3. *Unrestricted Net Position* – All other net position that do not meet the definitions of "restricted" or "net investment in capital assets".

Fund Balance Classifications: Governmental Accounting Standards Board Codification Sections 1300 and 1800, Fund Balance Reporting and Governmental Fund Type Definitions (GASB Cod. Sec. 1300 and 1800) implements a five-tier fund balance classification hierarchy that depicts the extent to which a government is bound by spending constraints imposed on the use of its resources. The five classifications, discussed in more detail below, are nonspendable, restricted, committed, assigned and unassigned.

A - Nonspendable Fund Balance:

The nonspendable fund balance classification reflects amounts that are not in spendable form, such as revolving fund cash, prepaid expenditures and stores inventory.

B - Restricted Fund Balance:

The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation. These are the same restrictions used to determine restricted net position as reported in the government-wide, proprietary fund, and fiduciary fund statements.

C - Committed Fund Balance:

The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the Board of Education. The constraints giving rise to committed fund balance must be imposed no later than the end of the reporting period. The actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements. Formal action by the Board of Education is required to remove any commitment from any fund balance. At June 30, 2020, the District had no committed fund balances.

(Continued)

FRESNO UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D - Assigned Fund Balance:

The assigned fund balance classification reflects amounts that the District's Board of Education has approved to be used for specific purposes, based on the District's intent related to those specific purposes. The Board of Education can designate personnel within the District to assign fund balances. At June 30, 2020, the District had assigned a portion of the fund balance for the General Fund.

E - Unassigned Fund Balance:

In the General Fund only, the unassigned fund balance classification reflects the residual balance that has not been assigned to other funds and that is not restricted, committed, or assigned to specific purposes.

In any fund other than the General Fund, a positive unassigned fund balance is never reported because amounts in any other fund are assumed to have been assigned, at least, to the purpose of that fund. However, deficits in any fund, including the General Fund that cannot be eliminated by reducing or eliminating amounts assigned to other purposes are reported as negative unassigned fund balance.

Fund Balance Policy: The District has an expenditure policy relating to fund balances. For purposes of fund balance classifications, expenditures are to be spent from restricted fund balances first, followed in order by committed fund balances (if any), assigned fund balances and lastly unassigned fund balances.

While GASB Cod. Sec. 1300 and 1800 do not require districts to establish a minimum fund balance policy or a stabilization arrangement, GASB Cod. Sec. 1300 and 1800 do require the disclosure of a minimum fund balance policy and stabilization arrangements, if they have been adopted by the Board of Education. On July 30, 2008, the Board approved Board Policy 3100 establishing levels for the general fund reserve for economic uncertainties of five percent to ten percent of total expenditures.

Property Taxes: Secured property taxes are attached as an enforceable lien on property as of January 1. Taxes are due in two installments on or before December 10 and April 10. Unsecured property taxes are due in one installment on or before August 31. The County of Fresno bills and collects taxes for the District. Tax revenues are recognized by the District when received.

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 at June 30.

Eliminations and Reclassifications: In the process of aggregating data for the Statement of Net Position and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

Estimates: The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures or expenses during the reporting period. Accordingly, actual results may differ from those estimates.

(Continued)

FRESNO UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 2 - CASH AND INVESTMENTS

District cash and investments at June 30, 2020 consisted of the following:

	Governmental Activities			Fiduciary Activities
	Governmental Fund	Proprietary Fund	Total	Agency Fund
Pooled Funds:				
Cash in County Treasury	\$ 292,018,394	\$ 100,699,545	\$ 392,717,939	\$ 712,579
Deposits:				
Cash on hand and in banks	5,102,462	2,575,543	7,678,005	1,626,703
Cash in revolving fund	91,468	-	91,468	-
Collections awaiting deposit	18,632	-	18,632	-
Total deposits	5,212,562	2,575,543	7,788,105	1,626,703
Investments	231,088,776	-	231,088,776	-
Total cash and investments	\$ 528,319,732	\$ 103,275,088	\$ 631,594,820	\$ 2,339,282

Pooled Funds: In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the interest-bearing Fresno County Treasurer's Pooled Investment Fund. The District is considered to be an involuntary participant in an external investment pool. The fair value of the District's investment pool is reported in the financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

Because the District's deposits are maintained in a recognized pooled investment fund under the care of a third party and the District's share of the pool does not consist of specific, identifiable investment securities owned by the District, no disclosure of the individual deposits and investments or related custodial credit risk classifications is required.

In accordance with applicable state laws, the Fresno County Treasurer may invest in derivative securities with the State of California. However, at June 30, 2020, the Fresno County Treasurer has represented that the Pooled Investment Fund contained no derivatives or other investments with similar risk profiles.

Deposits - Custodial Credit Risk: The District limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. Cash balances held in banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) and are collateralized by the respective financial institution. At June 30, 2020, the carrying amount of the District's accounts was \$9,367,735 and the bank balances were \$12,374,157. The total uninsured bank balance at June 30, 2020 was \$11,038,802.

Cash balances held in credit unions are insured by the National Credit Union Association. At June 30, 2020, the carrying amount and the bank balances of the District's accounts was \$47,073, all of which was insured.

(Continued)

FRESNO UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 2 - CASH AND INVESTMENTS (Continued)

Investments: In October 2016 and October 2019, the District issued crossover refunding bonds and the bond proceeds were deposited into an irrevocable escrow fund to be funded, invested and held. Amounts held in the escrow fund will be applied to (a) pay respective interest due on the 2016 and 2019 Refunding Bonds to and including the crossover dates, and (b) on the crossover dates, pay the redemption price of the refunded prior bonds. The amounts Investments at June 30, 2020 are reported at fair value and consisted of the following:

	<u>Rating</u>	<u>2020</u>
Investments:		
U.S. Treasury Notes	Aaa	\$ 230,618,369
Foreign Issues	N/A	<u>470,407</u>
 Total investments		 <u>\$ 231,088,776</u>

Investment security ratings reported as of June 30, 2020 are defined by Moody's.

The following presents information about the District's assets measured at fair value on a recurring basis as of June 30, 2020, and indicates the fair value hierarchy of the valuation techniques utilized by the District to determine such fair value based on the hierarchy:

Level 1 – Quoted market prices or identical instruments traded in active exchange markets.

Level 2 – Significant other observable inputs such as quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable or can be corroborated by observable market data.

Level 3 – Significant unobservable inputs that reflect a reporting entity's own assumptions about the methods that market participants would use in pricing an asset or liability.

The District is required or permitted to record the following assets at fair value on a recurring basis:

<u>Description</u>	2020			
	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
U.S. Treasury Notes	\$ 230,618,369	\$ -	\$ 230,618,369	\$ -
Foreign Issues	<u>470,407</u>	<u>-</u>	<u>470,407</u>	<u>-</u>
	<u>\$ 231,088,776</u>	<u>\$ -</u>	<u>\$ 231,088,776</u>	<u>\$ -</u>

The District's investments are generally classified in Level 2 of the fair value hierarchy because they are valued using broker or dealer quotations, or alternative pricing sources with reasonable level of price transparency. The types of investments valued based on observable inputs includes U.S. Treasury Notes and Foreign Issues are classified within level 2 of the fair value hierarchy.

The District had no non-recurring assets and no liabilities at June 30, 2020 which were required to be disclosed using the fair value hierarchy.

Investment Interest Rate Risk: The District's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

(Continued)

FRESNO UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 2 - CASH AND INVESTMENTS (Continued)

Maturities of investments held at June 30, 2020 consist of the following:

	Maturity			
	<u>Fair Value</u>	<u>Less Than One Year</u>	<u>One Year through Five Years</u>	<u>Six Years through Ten Years</u>
Investments securities:				
U.S. Treasury Notes	\$ 230,618,369	107,896,996	122,721,373	-
Foreign Issues	<u>470,407</u>	-	<u>470,407</u>	-
Total	<u>\$ 231,088,776</u>	<u>\$ 107,896,996</u>	<u>\$ 123,191,780</u>	<u>\$ -</u>

Investment Credit Risk: The District's investment policy limits investment choices to obligations of the United States Treasury, sweep accounts and trustee banks and guaranteed investment contracts. At June 30, 2020, all investments represented U.S. Treasury Notes and Foreign Issue Notes which were issued, registered and held by the Escrow Agent.

Concentration of Investment Credit Risk: At June 30, 2020, the District had \$230,618,369 in U.S. Treasury Notes which represented more than five percent of the District's total investments.

NOTE 3 - INTERFUND TRANSACTIONS

Interfund Activity: Transactions between funds of the District are recorded as interfund transfers. The unpaid balances at year end, as a result of such transactions, are shown as due to and due from other funds.

Interfund Receivables/Payables: Individual fund interfund receivable and payable balances at June 30, 2020 were as follows:

Fund	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
<u>Governmental Activities</u>		
Major Funds:		
General	13,627,866	\$ 5,727,630
Building	-	41,899,976
Non-Major Funds:		
Adult Education	105,322	953,153
Child Development	608,865	4,327,890
Cafeteria	5,044,010	6,982,592
Deferred Maintenance	580,654	11,594
Capital Facilities	-	83,110
County School Facilities	42,168,838	2,430,581
Special Reserve for Capital Outlay Projects	1,051,073	80,876
Proprietary Fund:		
Self-Insurance	<u>97,188</u>	<u>786,414</u>
Total	<u>\$ 63,283,816</u>	<u>\$ 63,283,816</u>

(Continued)

FRESNO UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 3 - INTERFUND TRANSACTIONS (Continued)

Transfers: Transfers consists of operating transfers from funds receiving revenue to funds through which the resources are to be expended.

Transfers for the 2019-20 fiscal year were as follows:

Transfer from the Building Fund to the County School Facilities Fund to contribute to the local share by project.	\$ 41,194,471
Transfer from the General Fund to the Deferred Maintenance Fund for the State Deferred Allocation as received in the General Fund.	6,578,636
Transfer from the Building Fund to the General Fund to contribute to Restricted Routine Maintenance.	6,578,636
Transfer from the Cafeteria Fund to the General Fund for indirect cost.	1,843,910
Transfer from Child Development Fund to the General Fund for indirect costs.	653,737
Transfer from the General Fund to the Self-Insurance Fund to support District-provided healthcare plans.	281,114
Transfer from Adult Education Fund to the General Fund for indirect costs.	190,133
Transfer from Capital Facilities Fund to the General Fund for indirect costs.	<u>53,386</u>
	<u>\$ 57,374,023</u>

(Continued)

FRESNO UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 4 - CAPITAL ASSETS

A schedule of changes in capital assets for the year ended June 30, 2020 is shown below:

	Balance July 1, <u>2019</u>	Transfers and <u>Additions</u>	Transfers and <u>Deletions</u>	Balance June 30, <u>2020</u>
<u>Governmental Activities</u>				
Non-depreciable:				
Land	\$ 64,815,011	\$ 1,596,786	\$ -	\$ 66,411,797
Work-in-process	128,431,586	74,211,810	56,339,766	146,303,630
Depreciable:				
Land improvements	96,491,439	3,051,398	-	99,542,837
Buildings	983,537,316	51,237,054	255,619	1,034,518,751
Equipment	<u>38,304,905</u>	<u>2,579,497</u>	<u>-</u>	<u>40,884,402</u>
Totals, at cost	<u>1,311,580,257</u>	<u>132,676,545</u>	<u>56,595,385</u>	<u>1,387,661,417</u>
Less accumulated depreciation:				
Land improvements	(49,016,419)	(4,420,462)	-	(53,436,881)
Buildings	(367,397,036)	(25,337,135)	(255,619)	(392,478,552)
Equipment	<u>(26,047,514)</u>	<u>(2,516,945)</u>	<u>-</u>	<u>(28,564,459)</u>
Total accumulated depreciation	<u>(442,460,969)</u>	<u>(32,274,542)</u>	<u>(255,619)</u>	<u>(474,479,892)</u>
Governmental activities capital assets, net	<u>\$ 869,119,288</u>	<u>\$ 100,402,003</u>	<u>\$ 56,339,766</u>	<u>\$ 913,181,525</u>

Depreciation expense was charged to governmental activities for the year end June 30, 2020 as follows:

Governmental activities:	
Unallocated	<u>\$ 32,274,542</u>

(Continued)

FRESNO UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2020

NOTE 5 - SELF-INSURANCE

The District has established a self-insurance fund to account for the risk of loss for property and liability, workers' compensation, and employee health benefits. For the year ended June 30, 2020, the District was self-insured up to \$2,000,000 for each workers' compensation claim, \$350,000 for each property claim, and \$1,000,000 for each liability claim. The District purchased commercial excess insurance for claims above the self-insured retention.

The property and liability claims liability of \$1,909,709 is based on an actuarial projected estimate at June 30, 2020, discounted at .50%. The workers' compensation claims liability of \$37,648,954 is based on an actuarial projected estimate at June 30, 2020, discounted at 2.0%. The health claims liability of \$20,736,434 is based on an actuarial projected estimate at June 30, 2020, discounted at 3.0% - 6.0%. The liability for all programs include a component for unallocated loss adjustment expenses. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years. Changes in the claims liability for the years ended June 30, 2020 and 2019 were as follows:

	<u>Property and Liability</u>	<u>Workers' Compensation</u>	<u>Health</u>	<u>Total</u>
Claims liability at June 30, 2018	\$ 1,389,324	\$ 37,743,529	\$ 19,231,499	\$ 58,364,352
Incurred claims	5,043,222	6,380,203	170,899,138	182,322,563
Paid claims	<u>(4,613,776)</u>	<u>(6,580,553)</u>	<u>(170,358,752)</u>	<u>(181,553,081)</u>
Claims liability at June 30, 2019	<u>1,818,770</u>	<u>37,543,179</u>	<u>19,771,885</u>	<u>59,133,834</u>
Incurred claims	4,484,895	6,119,459	172,499,268	183,103,622
Paid claims	<u>(4,393,956)</u>	<u>(6,013,684)</u>	<u>(171,534,719)</u>	<u>(181,942,359)</u>
Claims liability at June 30, 2020	<u>\$ 1,909,709</u>	<u>\$ 37,648,954</u>	<u>\$ 20,736,434</u>	<u>\$ 60,295,097</u>

(Continued)

FRESNO UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2020

NOTE 6 - LONG-TERM LIABILITIES

General Obligation Bonds

Series	Interest Rate %	Date of Issuance	Maturity Date	Amount of Original Issuance	Outstanding July 1, 2019	Issued Current Year	Redeemed Current Year	Outstanding June 30, 2020
1999 Series C	4.5 - 5.125%	1999	2023	\$ 40,640,000	\$ 9,545,000	-	\$ 2,740,000	\$ 6,805,000
2002 Series A	2.25 - 6.0%	2002	2027	64,485,000	31,275,000	-	4,060,000	27,215,000
2004 Refunding 1995 Series B	1.70 - 5.25%	2004	2028	58,040,000	26,250,000	-	2,960,000	23,290,000
2001 Series F	5.48%	2009	2026	29,428,022	16,915,306	-	2,049,241	14,866,065
2010 Refunding	2.0 - 4.0%	2010	2023	12,040,000	5,215,000	-	1,345,000	3,870,000
2010 Measure Q Series A	4.726 - 5.876%	2011	2030	29,561,373	28,861,373	-	-	28,861,373
2001 Measure K Series G	5.39 - 11.814%	2011	2042	55,570,915	55,570,915	-	-	55,570,915
2010 Measure Q Series B	2.0 - 5.25%	2011	2042	50,434,849	42,394,849	-	1,190,000	41,204,849
2012 GO Refunding Series A	1.0 - 4.5%	2012	2031	39,895,000	31,435,000	-	2,285,000	29,150,000
2012 GO Refunding Series B	0.805 - 4.5%	2012	2022	32,390,000	10,970,000	-	4,890,000	6,080,000
2010 Measure Q Series C	2% - 5.5%	2012	2047	54,997,540	45,105,385	-	-	45,105,385
2010 Measure Q Series D	3.56% - 5.11%	2014	2048	59,996,789	54,306,789	-	-	54,306,789
2015 GO Refunding Bonds	2.0% - 5.0%	2015	2031	14,555,000	12,450,000	-	655,000	11,795,000
2010 Series E Current Interest	2.0% - 5.0%	2015	2046	49,565,000	44,055,000	-	1,065,000	42,990,000
2010 Series E Capital Appreciation	2.0% - 5.0%	2015	2032	5,433,095	5,433,095	-	-	5,433,095
2016 GO Refunding Series A	3.13% - 3.6%	2016	2042	60,480,000	60,480,000	-	-	60,480,000
2010 Series F	2.0% - 4.0%	2016	2042	30,010,000	25,890,000	-	-	25,890,000
2016 GO Refunding Series B	4.0% - 5.0%	2016	2047	59,590,988	59,590,988	-	-	59,590,988
2016 Series A Current Interest	2.0% - 5.0%	2018	2044	38,500,000	32,050,000	-	-	32,050,000
2016 Series A Capital Appreciation	2.0% - 5.0%	2018	2038	21,496,623	21,496,623	-	-	21,496,623
2019 Refunding	2.317 - 3.756%	2019	2042	103,738,005	-	103,738,005	-	103,738,005
2016 Series B	3.0 - 4.0%	2019	2044	75,000,000	-	75,000,000	9,625,000	65,375,000
				\$ 985,849,199	\$ 619,290,323	\$ 178,738,005	\$ 32,864,241	\$ 765,164,087

(Continued)

FRESNO UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2020

NOTE 6 - LONG-TERM LIABILITIES (Continued)

The annual payments required to amortize the 1999, Series C, General Obligation Bonds outstanding as of June 30, 2020, are as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	2,910,000	380,255	3,290,255
2022	3,075,000	207,090	3,282,090
2023	820,000	24,190	844,190
	<u>\$ 6,805,000</u>	<u>\$ 611,535</u>	<u>\$ 7,416,535</u>

The annual payments required to amortize the 2002, Series A, General Obligation Bonds outstanding as of June 30, 2020, are as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 4,305,000	\$ 1,622,100	\$ 5,927,100
2022	4,580,000	1,363,200	5,943,200
2023	4,880,000	1,087,800	5,967,800
2024	5,180,000	794,400	5,974,400
2025	5,500,000	483,000	5,983,000
2026-2027	2,770,000	159,000	2,929,000
	<u>\$ 27,215,000</u>	<u>\$ 5,509,500</u>	<u>\$ 32,724,500</u>

The annual payments required to amortize the 2004 Refunding, Series 95B, General Obligation Bonds outstanding as of June 30, 2020, are as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 3,120,000	\$ 1,191,676	\$ 4,311,676
2022	3,275,000	1,035,426	4,310,426
2023	3,425,000	871,426	4,296,426
2024	3,585,000	699,301	4,284,301
2025	3,815,000	510,037	4,325,037
2026-2028	6,070,000	412,911	6,482,911
	<u>\$ 23,290,000</u>	<u>\$ 4,720,777</u>	<u>\$ 28,010,777</u>

(Continued)

FRESNO UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 6 - LONG-TERM LIABILITIES (Continued)

In December 2009, the District issued Qualified School Construction Bonds (QSCB) through the Central Valley Support Services Joint Powers Agency (CVSS) with proceeds of \$41,397,820. Also in December 2009, the District issued 2001, Series F, General Obligation Bonds with proceeds of \$29,429,022. The proceeds from Series F were sold to CVSS for the purpose of completing the District's obligation to repay the outstanding QSCB balance. The District incurred \$720,142 in expenses related to the cost of issuance of the QSCB and Series F. The remaining proceeds from the QSCB totaling \$11,248,656 was deposited in the District Building Fund for use on District construction projects approved under Measure K.

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 2,160,006	\$ 755,752	\$ 2,915,758
2022	2,276,840	634,138	2,910,978
2023	2,400,086	505,943	2,906,029
2024	2,530,083	370,807	2,900,890
2025	2,667,218	228,350	2,895,568
2026	<u>2,831,832</u>	<u>77,621</u>	<u>2,909,453</u>
	<u>\$ 14,866,065</u>	<u>\$ 2,572,611</u>	<u>\$ 17,438,676</u>

In October 2010, the District issued 2010 General Obligation Refunding Bonds totaling \$12,040,000. The proceeds of the 2010 General Obligation Refunding Bonds were used to refund portions of the 2001, Series D, General Obligation Bonds. The District also received a total premium of \$789,371 which will be amortized over 20 years. The annual payments required to amortize the 2010 General Obligation Refunding Bonds payable, outstanding as of June 30, 2020, are as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	1,385,000	120,175	1,505,175
2022	1,420,000	71,000	1,491,000
2023	<u>1,065,000</u>	<u>21,300</u>	<u>1,086,300</u>
	<u>\$ 3,870,000</u>	<u>\$ 212,475</u>	<u>\$ 4,082,475</u>

(Continued)

FRESNO UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 6 - LONG-TERM LIABILITIES (Continued)

In October 2011, the District issued QSCBs through CVSS with proceeds of \$39,770,000. Also in October 2011, the District issued 2010, Series A, General Obligation Bonds with proceeds of \$29,561,373. The proceeds from Series A were sold to CVSS for the purpose of completing the District's obligation to repay the outstanding QSCB balance. The District incurred \$665,000 in expenses related to the cost of issuance of the QSCB and Series A. The remaining proceeds from the QSCB totaling \$9,543,627 was deposited in the District Building Fund for use on District construction projects approved under Measure Q.

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ -	\$ 1,154,455	\$ 1,154,455
2022	-	1,154,455	1,154,455
2023	2,246,998	1,109,515	3,356,513
2024	2,769,658	1,009,181	3,778,839
2025	2,840,596	896,977	3,737,573
2026-2030	<u>21,004,121</u>	<u>2,252,987</u>	<u>23,257,108</u>
	<u>\$ 28,861,373</u>	<u>\$ 7,577,570</u>	<u>\$ 36,438,943</u>

The annual payments required to amortize the 2001 Series G, Capital Appreciation General Obligation Bonds payable, outstanding as of June 30, 2020, are as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ -	\$ 50,648	\$ 50,648
2022	48,704	388,145	436,849
2023	275,006	558,909	833,915
2024	507,177	564,731	1,071,908
2025	633,362	835,970	1,469,332
2026-2030	12,482,750	26,419,428	38,902,178
2031-2035	18,926,861	62,692,590	81,619,451
2036-2040	16,753,507	84,147,520	100,901,027
2041-2042	<u>5,943,548</u>	<u>29,229,335</u>	<u>35,172,883</u>
	<u>\$ 55,570,915</u>	<u>\$ 204,887,276</u>	<u>\$ 260,458,191</u>

(Continued)

FRESNO UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2020

NOTE 6 - LONG-TERM LIABILITIES (Continued)

The annual payments required to amortize the 2010 Series B, Current Interest General Obligation Bonds payable, outstanding as of June 30, 2020, are as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 2,310,000	\$ 691,050	\$ 3,001,050
2022	3,585,000	573,150	4,158,150
2023	3,015,000	426,075	3,441,075
2024	3,155,000	267,881	3,422,881
2025	3,525,000	92,531	3,617,531
2026-2027	<u>3,144,116</u>	<u>4,385,884</u>	<u>7,530,000</u>
	<u>\$ 18,734,116</u>	<u>\$ 6,436,571</u>	<u>\$ 25,170,687</u>

The annual payments required to amortize the 2010 Series B, Capital Appreciation General Obligation Bonds payable, outstanding as of June 30, 2020, are as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2028-2030	4,066,043	7,963,957	12,030,000
2031-2035	8,696,959	26,803,041	35,500,000
2036-2040	7,163,530	35,112,737	42,276,267
2041-2042	<u>2,544,201</u>	<u>16,557,574</u>	<u>19,101,775</u>
	<u>\$ 22,470,733</u>	<u>\$ 86,437,309</u>	<u>\$ 108,908,042</u>

The annual payments required to amortize the 2012 Refunding General Obligation Bonds, Series A, outstanding as of June 30, 2020, are as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 2,365,000	\$ 1,112,906	\$ 3,477,906
2022	1,690,000	1,021,669	2,711,669
2023	1,775,000	943,706	2,718,706
2024	3,360,000	853,368	4,213,368
2025	1,885,000	755,843	2,640,843
2026-2030	15,745,000	1,746,634	17,491,634
2031-2031	<u>2,330,000</u>	<u>43,688</u>	<u>2,373,688</u>
	<u>\$ 29,150,000</u>	<u>\$ 6,477,814</u>	<u>\$ 35,627,814</u>

(Continued)

FRESNO UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 6 - LONG-TERM LIABILITIES (Continued)

The annual payments required to amortize the 2012 Refunding General Obligation Bonds, Series B, outstanding as of June 30, 2020, are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 3,750,000	\$ 142,487	\$ 3,892,487
2022	<u>2,330,000</u>	<u>40,775</u>	<u>2,370,775</u>
	<u>\$ 6,080,000</u>	<u>\$ 183,262</u>	<u>\$ 6,263,262</u>

The annual payments required to amortize the 2010 Measure Q, Series C, outstanding as of June 30, 2020, are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ -	\$ 1,707,200	\$ 1,707,200
2022	-	1,707,200	1,707,200
2023	-	1,707,200	1,707,200
2024	-	1,707,200	1,707,200
2025	-	1,707,200	1,707,200
2026-2030	-	8,536,000	8,536,000
2031-2035	3,923,454	17,552,546	21,476,000
2036-2040	3,566,735	21,949,264	25,515,999
2041-2045	6,575,196	50,345,446	56,920,642
2046-2047	<u>31,040,000</u>	<u>1,745,426</u>	<u>32,785,426</u>
	<u>\$ 45,105,385</u>	<u>\$ 108,664,682</u>	<u>\$ 153,770,067</u>

The annual payments required to amortize the 2010 GO Bond Series D, outstanding as of June 30, 2020, are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ -	\$ 1,897,400	\$ 1,897,400
2022	-	1,897,400	1,897,400
2023	-	1,897,400	1,897,400
2024	-	1,897,400	1,897,400
2025	-	1,897,400	1,897,400
2026-2030	-	9,487,000	9,487,000
2031-2035	4,664,014	15,732,986	20,397,000
2036-2040	4,707,775	19,554,224	24,261,999
2041-2045	14,580,000	7,970,250	22,550,250
2046-2048	<u>30,355,000</u>	<u>2,547,300</u>	<u>32,902,300</u>
	<u>\$ 54,306,789</u>	<u>\$ 64,778,760</u>	<u>\$ 119,085,549</u>

(Continued)

FRESNO UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 6 - LONG-TERM LIABILITIES (Continued)

The annual payments required to amortize the 2015 Refunding General Obligation Bonds, outstanding as of June 30, 2020, are as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 660,000	\$ 365,800	\$ 1,025,800
2022	685,000	345,750	1,030,750
2023	735,000	320,525	1,055,525
2024	765,000	293,544	1,058,544
2025	2,370,000	255,313	2,625,313
2026-2030	5,475,000	785,494	6,260,494
2031	<u>1,105,000</u>	<u>19,338</u>	<u>1,124,338</u>
	<u>\$ 11,795,000</u>	<u>\$ 2,385,763</u>	<u>\$ 14,180,763</u>

The annual payments required to amortize the 2010 Series E, Current Interest General Obligation Bonds payable, outstanding as of June 30, 2020, are as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 1,775,000	\$ 1,727,719	\$ 3,502,719
2022	1,380,000	1,648,844	3,028,844
2023	-	1,614,344	1,614,344
2024	-	1,614,344	1,614,344
2025	-	1,614,344	1,614,344
2026-2030	-	8,071,719	8,071,719
2031-2035	3,405,000	7,894,847	11,299,847
2036-2040	8,625,000	6,658,738	15,283,738
2041-2045	22,110,000	3,674,434	25,784,434
2046	<u>5,695,000</u>	<u>117,459</u>	<u>5,812,459</u>
	<u>\$ 42,990,000</u>	<u>\$ 34,636,791</u>	<u>\$ 77,626,791</u>

The annual payments required to amortize the 2010 Series E, Capital Appreciation General Obligation Bonds payable, outstanding as of June 30, 2020, are as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 675,063	\$ 219,937	\$ 895,000
2026-2030	3,811,466	2,303,534	6,115,000
2031-2032	<u>946,566</u>	<u>928,434</u>	<u>1,875,000</u>
	<u>\$ 5,433,095</u>	<u>\$ 3,451,905</u>	<u>\$ 8,885,000</u>

(Continued)

FRESNO UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2020

NOTE 6 - LONG-TERM LIABILITIES (Continued)

In October 2016, the District issued the 2016 Refunding General Obligation Bonds, Series A and Series B (Crossover Refunding) in the amount of \$60,480,000 and \$59,590,988, respectively. Proceeds from the Refunding Bonds will be applied for the purpose of advance refunding, on a crossover basis, certain maturities of the District's Election of 2010, Series B and Series C General Obligation Bonds. At the crossover dates for the Series A and Series B Refunding General Obligation Bonds, August 1, 2021 and August 1, 2023, respectively, the proceeds from the Series A and Series B Refunding General Obligation Bonds will be used to repay the Election of 2010, Series B and Series C, at which time they will be considered defeased.

The annual payments required to amortize the 2016 Refunding General Obligation Bonds, Series A, outstanding as of June 30, 2020, are as follows:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ -	\$ 2,475,850	\$ 2,475,850
2022	-	2,475,850	2,475,850
2023	-	2,475,850	2,475,850
2024	-	2,475,850	2,475,850
2025	-	2,475,850	2,475,850
2026-2030	-	12,379,250	12,379,250
2031-2035	17,080,000	10,602,975	27,682,975
2036-2040	28,200,000	6,064,800	34,264,800
2041-2042	<u>15,200,000</u>	<u>620,600</u>	<u>15,820,600</u>
	<u>\$ 60,480,000</u>	<u>\$ 42,046,875</u>	<u>\$ 102,526,875</u>

The annual payments required to amortize the 2010 Election of 2010, Series F, outstanding as of June 30, 2020 are as follows:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ -	\$ 840,050	\$ 840,050
2022	-	840,050	840,050
2023	-	840,050	840,050
2024	-	840,050	840,050
2025	-	840,050	840,050
2026-2030	245,000	4,195,350	4,440,350
2031-2035	8,340,000	3,457,700	11,797,700
2036-2040	11,235,000	1,789,275	13,024,275
2041-2042	<u>6,070,000</u>	<u>184,800</u>	<u>6,254,800</u>
	<u>\$ 25,890,000</u>	<u>\$ 13,827,375</u>	<u>\$ 39,717,375</u>

(Continued)

FRESNO UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 6 - LONG-TERM LIABILITIES (Continued)

The annual payments required to amortize the 2016 Refunding General Obligation Bonds, Series B, outstanding as of June 30, 2020, are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ -	\$ 1,649,600	\$ 1,649,600
2022	-	1,649,600	1,649,600
2023	-	1,649,600	1,649,600
2024	-	1,649,600	1,649,600
2025	-	1,649,600	1,649,600
2026-2030	-	8,248,000	8,248,000
2031-2035	2,968,680	10,294,320	13,263,000
2036-2040	4,345,708	12,947,291	17,292,999
2041-2045	23,666,600	24,768,800	48,435,400
2046-2047	28,610,000	1,166,800	29,776,800
	<u>\$ 59,590,988</u>	<u>\$ 65,673,211</u>	<u>\$ 125,264,199</u>

The annual payments required to amortize the 2016 Series A, Current Interest General Obligation Bonds payable, outstanding as of June 30, 2020, are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ -	\$ 1,474,300	\$ 1,474,300
2022	-	1,474,300	1,474,300
2023	-	1,474,300	1,474,300
2024	-	1,474,300	1,474,300
2025	-	1,474,300	1,474,300
2026-2030	-	7,371,500	7,371,500
2031-2035	-	7,371,500	7,371,500
2036-2040	8,750,000	6,944,250	15,694,250
2041-2044	23,300,000	2,083,500	25,383,500
	<u>\$ 32,050,000</u>	<u>\$ 31,142,250</u>	<u>\$ 63,192,250</u>

The annual payments required to amortize the 2016 Series A, Capital Appreciation General Obligation Bonds payable, outstanding as of June 30, 2020, are as follows:

Year Ending June 30,	Principal	Interest	Total
2025-2029	\$ 5,941,525	\$ 2,448,475	\$ 8,390,000
2030-2034	9,794,502	7,355,498	17,150,000
2035-2039	5,760,596	6,684,404	12,445,000
	<u>\$ 21,496,623</u>	<u>\$ 16,488,377</u>	<u>\$ 37,985,000</u>

(Continued)

FRESNO UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 6 - LONG-TERM LIABILITIES (Continued)

In October 2019, the District issued the 2019 Refunding General Obligation Bonds totaling \$103,738,005. The proceeds from the 2019 Refunding Bonds were issued for the purpose of refunding, on an advance crossover basis, certain maturities of the Election of 2001 Series G Bonds. Until the crossover date, both the 2019 Refunding Bonds and the 2001 Series G Bonds are reported obligations of the District. At the crossover date, August 1, 2023, the proceeds from the 2019 Refunding Bonds will be used to repay the 2001 Series G Bonds, at which time they will be considered defeased.

As a result of the refunding, the District in effect reduced its aggregate debt service payments by \$81,135,282 and obtained an economic gain of \$47,225,554.

The annual payments required to amortize the 2019 General Obligation Refunding Bonds payable, outstanding as of June 30, 2020, are as follows:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 599,980	\$ 55,020	\$ 655,000
2025	802,445	102,555	905,000
2026-2030	19,209,306	5,200,694	24,410,000
2031-2035	34,273,136	19,375,206	53,648,342
2036-2040	34,979,175	32,961,539	67,940,714
2041-2042	<u>13,873,963</u>	<u>16,789,891</u>	<u>30,663,854</u>
	<u>\$ 103,738,005</u>	<u>\$ 74,484,905</u>	<u>\$ 178,222,910</u>

The annual payments required to amortize the 2016 Series B General Obligation Bonds payable, outstanding as of June 30, 2020, are as follows:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 8,745,000	\$ 2,245,850	\$ 10,990,850
2022	2,790,000	2,015,150	4,805,150
2023	-	1,959,350	1,959,350
2024	-	1,959,350	1,959,350
2025	-	1,959,350	1,959,350
2026-2030	4,900,000	9,515,550	14,415,550
2031-2035	11,775,000	7,719,250	19,494,250
2036-2040	17,740,000	4,805,950	22,545,950
2041-2044	<u>19,425,000</u>	<u>1,204,875</u>	<u>20,629,875</u>
	<u>\$ 65,375,000</u>	<u>\$ 33,384,675</u>	<u>\$ 98,759,675</u>

(Continued)

FRESNO UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 6 - LONG-TERM LIABILITIES (Continued)

PG&E Energy Savings Loans: The District signed a long-term agreement with Pacific Gas and Electric (PG&E) to install energy efficient light fixtures at various District sites. The following is a schedule of future payments for PG&E Energy Savings Loans:

Year Ending <u>June 30,</u>	Annual <u>Payments</u>
2021	\$ 51,804
2022	<u>1,155</u>
Total payments remaining	<u>\$ 52,959</u>

Schedule of Changes in Long-Term Liabilities: A schedule of changes in long-term liabilities for the fiscal year ended June 30, 2020 is shown below:

<u>Governmental Activities</u>	Balance at <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	Balance at <u>June 30, 2020</u>	Amounts Due Within <u>One Year</u>
<u>Debt:</u>					
General Obligation Bonds	\$ 619,290,323	\$ 178,738,005	\$ 32,864,241	\$ 765,164,087	\$ 33,485,006
Unamortized premiums	17,645,283	5,400,660	794,668	22,251,275	820,733
Accreted interest	62,681,256	14,102,522	-	76,783,778	-
PG&E energy savings loans	143,175	-	90,216	52,959	51,804
<u>Other long-term liabilities:</u>					
Net OPEB liability (Note 10)	1,019,255,291	-	64,672	1,019,190,619	-
Net pension liability (Notes 8 and 9)	906,727,000	35,476,000	-	942,203,000	-
Compensated absences	<u>3,038,141</u>	<u>1,496,139</u>	<u>-</u>	<u>4,534,280</u>	<u>-</u>
Totals	<u>\$ 2,628,780,469</u>	<u>\$ 235,213,326</u>	<u>\$ 33,813,797</u>	<u>\$ 2,830,179,998</u>	<u>\$ 34,357,543</u>

Payments on the General Obligation Bonds are made from the Bond Interest Redemption Fund. Payments on the PG&E Energy Savings Loans are made from the General Fund. Payments on the compensated absences, other postemployment benefits and net pension liability are made from the fund for which the related employee worked.

(Continued)

FRESNO UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 7 - FUND BALANCES

Fund balances, by category, at June 30, 2020 consisted of the following:

	<u>General Fund</u>	<u>Building Fund</u>	<u>Bond Interest and Redemption Fund</u>	<u>All Non-Major Funds</u>	<u>Total</u>
Nonspendable:					
Revolving cash fund	\$ 90,918	\$ -	\$ -	\$ 550	\$ 91,468
Prepaid expenditures	1,162,384	-	-	-	1,162,384
Stores inventory	<u>2,725,284</u>	<u>-</u>	<u>-</u>	<u>2,285,225</u>	<u>5,010,509</u>
Subtotal nonspendable	<u>3,978,586</u>	<u>-</u>	<u>-</u>	<u>2,285,775</u>	<u>6,264,361</u>
Restricted:					
Legally restricted programs	4,310,854	-	-	17,245,871	21,556,725
Capital projects	-	42,633,433	-	65,856,061	108,489,494
Debt service	<u>-</u>	<u>-</u>	<u>274,106,864</u>	<u>-</u>	<u>274,106,864</u>
Subtotal restricted	<u>4,310,854</u>	<u>42,633,433</u>	<u>274,106,864</u>	<u>83,101,932</u>	<u>404,153,083</u>
Assigned:					
Textbook Adoption	11,200,000	-	-	-	11,200,000
Reserve for future operations	17,500,000	-	-	-	17,500,000
Design Science Facility	5,137,244	-	-	-	5,137,244
Middle school restroom renovation	2,612,796	-	-	-	2,612,796
School site carryover	1,820,000	-	-	-	1,820,000
Portable classrooms	1,262,338	-	-	-	1,262,338
Other assignments	1,885,370	-	-	-	1,885,370
Subtotal Assigned	<u>41,417,748</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,417,748</u>
Unassigned:					
Designated for economic uncertainty	<u>102,475,777</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>102,475,777</u>
Total fund balances	<u>\$ 152,182,965</u>	<u>\$ 42,633,433</u>	<u>\$ 274,106,864</u>	<u>\$ 85,387,707</u>	<u>\$ 554,310,969</u>

(Continued)

NOTE 8 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN

General Information about the State Teachers' Retirement Plan

Plan Description: Teaching-certified employees of the District are provided with pensions through the State Teachers' Retirement Plan (STRP) – a cost-sharing multiple-employer defined benefit pension plan administered by the California State Teachers' Retirement System (CalSTRS). The Teachers' Retirement Law (California Education Code Section 22000 et seq.), as enacted and amended by the California Legislature, established this plan and CalSTRS as the administrator. The benefit terms of the plans may be amended through legislation. CalSTRS issues a publicly available financial report that can be obtained at <http://www.calstrs.com/comprehensive-annual-financial-report>.

Benefits Provided: The STRP Defined Benefit Program has two benefit formulas:

- CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform service that could be creditable to CalSTRS.
- CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS.

The Defined Benefit (DB) Program provides retirement benefits based on members' final compensation, age and years of service credit. In addition, the retirement program provides benefits to members upon disability and to survivors/beneficiaries upon the death of eligible members. There are several differences between the two benefit formulas which are noted below.

CalSTRS 2% at 60

CalSTRS 2% at 60 members are eligible for normal retirement at age 60, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. Early retirement options are available at age 55 with five years of credited service or as early as age 50 with 30 years of credited service. The age factor for retirements after age 60 increases with each quarter year of age to 2.4 percent at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of up to 0.2 percent to the age factor, known as the career factor. The maximum benefit with the career factor is 2.4 percent of final compensation.

CalSTRS calculates retirement benefits based on a one-year final compensation for members who retired on or after January 1, 2001, with 25 or more years of credited service, or for classroom teachers with less than 25 years of credited service if the employer elected to pay the additional benefit cost prior to January 1, 2014. One-year final compensation means a member's highest average annual compensation earnable for 12 consecutive months calculated by taking the creditable compensation that a member could earn in a school year while employed on a fulltime basis, for a position in which the person worked. For members with less than 25 years of credited service, final compensation is the highest average annual compensation earnable for any 36 consecutive months of credited service.

(Continued)

FRESNO UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 8 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

CalSTRS 2% at 62

CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4 percent at age 65 or older.

All CalSTRS 2% at 62 members have their final compensation based on their highest average annual compensation earnable for 36 consecutive months of credited service.

Contributions: Required member, employer and state contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. Contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial cost method.

In June 2019, California Senate Bill 90 (SB 90) was signed into law and appropriated approximately \$2.2 billion in fiscal year 2018–19 from the state's General Fund as contributions to CalSTRS on behalf of employers. The bill requires portions of the contribution to supplant the amounts remitted by employers such that the amounts remitted will be 1.03 and 0.70 percentage points less than the statutorily required amounts due for fiscal years 2019–20 and 2020–21, respectively. The remaining portion of the contribution, approximately \$1.6 billion, was allocated to reduce the employers' share of the unfunded actuarial obligation of the DB Program.

California Assembly Bill 84, Chapter 16, Statutes of 2020, (AB 84) was signed into law in June 2020 and revised certain provisions of Teachers' Retirement Law enacted by SB 90. Specifically, AB 84 repurposed the aforementioned \$1.6 billion contribution originally intended to reduce employers' long-term liabilities, to further supplant employer contributions through fiscal year 2021–22. Pursuant to AB 84, employers will remit contributions to CalSTRS based on a rate that is 2.95% less than the statutory rate for fiscal year 2020–21 and 2.18% less than the rate set by the board for fiscal year 2021–22. Any remaining amounts must be allocated to reduce the employers' share of the unfunded actuarial obligation of the DB Program. The rate reduction for fiscal year 2019-20 under SB 90 was not changed by AB 84. The employer contribution rates set in statute and the CalSTRS board's authority to adjust those rates starting in fiscal year 2021–22 under the CalSTRS Funding Plan were not changed by the passage of SB 90 or AB 84.

A summary of statutory contribution rates and other sources of contributions to the DB Program are as follows:

Members - Under CalSTRS 2% at 60, the member contribution rate was 10.25 percent of applicable member earnings for fiscal year 2019-2020. Under CalSTRS 2% at 62, members contribute 50 percent of the normal cost of their retirement plan, which resulted in a contribution rate of 10.205 percent of applicable member earnings for fiscal year 2019-2020.

In general, member contributions cannot increase unless members are provided with some type of "comparable advantage" in exchange for such increases. Under previous law, the Legislature could reduce or eliminate the 2 percent annual increase to retirement benefits. As a result of AB 1469, effective July 1, 2014, the Legislature cannot reduce the 2 percent annual benefit adjustment for members who retire on or after January 1, 2014, and in exchange for this "comparable advantage," the member contribution rates have been increased by an amount that covers a portion of the cost of the 2 percent annual benefit adjustment.

(Continued)

FRESNO UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2020

NOTE 8 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

Employers – 17.10 percent of applicable member earnings. This rate reflects the original employer contribution rate of 18.13 percent under AB1469, reduced for the 1.03 percentage points to be paid on behalf of employers pursuant to SB 90.

Pursuant to AB 1469, employer contributions will increase from 8.25 percent to a total of 19.1 percent of applicable member earnings phased in over seven years starting in 2014. The legislation also gives the CalSTRS board limited authority to adjust employer contribution rates from July 1, 2021 through June 2046 in order to eliminate the remaining unfunded actuarial obligation related to service credited to members prior to July 1, 2014. The CalSTRS board cannot adjust the rate by more than 1 percent in a fiscal year, and the total contribution rate in addition to the 8.25 percent cannot exceed 12 percent.

The CalSTRS employer contribution rate increases effective for fiscal year 2019-2020 through fiscal year 2045-46 are summarized in the table below:

<u>Effective Date</u>	<u>Prior Rate</u>	<u>Increase</u>	<u>Total</u>
July 01, 2019	8.25%	9.88%	18.13% ⁽¹⁾
July 01, 2020	8.25%	10.85%	19.10% ⁽²⁾
July 01, 2021 to June 30, 2046	8.25%	(3)	(3)
July 01, 2046	8.25% Increase from prior rate ceases in 2046-47		

(1) This rate does not reflect the reduction of employer contributions to be paid by the employer for fiscal year 2019–20 by 1.03 percentage points pursuant to SB 90.

(2) This rate does not reflect the reduction of employer contributions to be paid by the employer for fiscal year 2020–21 by 2.95 percentage points pursuant to SB 90 and AB 84.

(3) The CalSTRS Funding Plan authorizes the board to adjust the employer contribution rate up or down 1% each year, but no higher than 20.25% total and no lower than 8.25%.

The District contributed \$71,921,290 to the plan for the fiscal year ended June 30, 2020.

State – 10.328 percent of the members' creditable earnings from the fiscal year ending in the prior calendar year.

As a result of the CalSTRS Funding Plan, the additional state appropriation required to fully fund the benefits in effect as of 1990 by 2046 is specified in subdivision (b) of Education Code section 22955.1. The increased contributions end as of fiscal year 2045–46.

The state's base contribution to the DB Program is calculated based on creditable compensation from two fiscal years prior. The state rate will increase to 5.811% on July 1, 2019, to continue paying down the unfunded liabilities associated with the benefits structure that was in place in 1990 prior to certain enhancements in benefits and reductions in contributions. Additionally, the enactment of SB 90 will result in future supplemental contributions to be made by the state to pay down its portion of the unfunded actuarial obligation of the DB Program in fiscal years 2019–20 through 2022–23.

(Continued)

FRESNO UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2020

NOTE 8 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

The CalSTRS state contribution rates effective for fiscal year 2019-20 and beyond are summarized in the table below.

<u>Effective Date</u>	<u>Base Rate</u>	<u>AB 1469 Increase For 1990 Benefit Structure</u>	<u>SBMA Funding⁽¹⁾</u>	<u>Total State Appropriation to DB Program</u>
July 01, 2019	2.017%	5.811%	2.50%	10.328% ⁽³⁾
July 01, 2020	2.017%	5.811% ⁽²⁾	2.50%	10.328% ⁽³⁾
July 01, 2021 to June 30, 2046	2.017%	(4)	2.50%	(4)
July 01, 2046 and thereafter	2.017%	(5)	2.50%	(5)

(1) This rate does not include the \$72 million reduction in accordance with Education Code Section 22954.

(2) In May 2020, the CalSTRS board exercised its limited authority to increase the state contribution rate by 0.5% of the creditable compensation effective July 1, 2020. However, pursuant to AB 84, the state suspended the board's rate-setting authority for state contributions for fiscal year 2020–21, thereby negating the board's rate increase of 0.5%.

(3) This rate does not include the \$2.2 billion supplemental state contribution on behalf of employers pursuant to SB 90.

(4) The board has limited authority to adjust state contribution rates annually through June 2046 in order to eliminate the remaining unfunded actuarial obligation associated with the 1990 benefit structure. The board cannot increase the rate by more than 0.50% in a fiscal year, and if there is no unfunded actuarial obligation, the contribution rate imposed to pay for the 1990 benefit structure would be reduced to zero percent.

(5) From July 1, 2046, and thereafter, the rates in effect prior to July 1, 2014, are reinstated, if necessary, to address any remaining 1990 unfunded actuarial obligation.

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

At June 30, 2020, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ 668,050,000
State's proportionate share of the net pension liability associated with the District	<u>364,468,000</u>
Total	<u>\$ 1,032,518,000</u>

The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating school districts and the State. At June 30, 2019, the District's proportion was 0.740 percent, which was an increase of 0.017 percent from its proportion measured as of June 30, 2018.

(Continued)

FRESNO UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2020

NOTE 8 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

For the year ended June 30, 2020, the District recognized pension expense of \$140,208,360 and revenue of \$48,464,296 for support provided by the State. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 1,686,000	\$ 18,825,000
Changes of assumptions	84,494,000	-
Net differences between projected and actual earnings on investments	-	25,733,000
Changes in proportion and differences between District contributions and proportionate share of contributions	53,929,000	19,015,000
Contributions made subsequent to measurement date	<u>71,921,290</u>	<u>-</u>
Total	<u>\$ 212,030,290</u>	<u>\$ 63,573,000</u>

\$71,921,290 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending <u>June 30,</u>	
2021	\$ 22,157,000
2022	\$ 4,319,000
2023	\$ 17,469,000
2024	\$ 26,051,000
2025	\$ 6,581,000
2026	\$ (41,000)

Differences between expected and actual experience, changes in assumptions and changes in proportion and differences between District contributions and proportionate share of contributions are amortized over a closed period equal to the average remaining service life of plan members, which is 7 years as of the June 30, 2019 measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

(Continued)

FRESNO UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2020

NOTE 8 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

Actuarial Methods and Assumptions: The total pension liability for the STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2018, and rolling forward the total pension liability to June 30, 2019. The financial reporting actuarial valuation as of June 30, 2018, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2018
Experience Study	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.10%
Consumer Price Inflation	2.75%
Wage Growth	3.50%
Post-retirement Benefit Increases	2.00% simple for DB Not applicable for DBS/CBB

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

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

The actuarial investment rate of return assumption was adopted by the CalSTRS board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term* Expected Real Rate of Return</u>
Global Equity	47%	4.8%
Fixed Income	12	1.3
Real Estate Assets	13	3.6
Private Equity	13	6.3
Absolute Return / Risk Mitigating Strategies	9	1.8
Inflation Sensitive	4	3.3
Cash / Liquidity	2	(0.4)

* 20-year geometric average

(Continued)

FRESNO UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2020

NOTE 8 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

Discount Rate: The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increase per AB 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 percent) and assuming that contributions, benefit payments, and administrative expense occur midyear. Based on those assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.10 percent, 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 (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	1% Decrease <u>(6.10%)</u>	Current Discount Rate <u>(7.10%)</u>	1% Increase <u>(8.10%)</u>
District's proportionate share of the net pension liability	<u>\$ 994,781,000</u>	<u>\$ 668,050,000</u>	<u>\$ 397,127,000</u>

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately issued CalSTRS financial report.

NOTE 9 – NET PENSION LIABILITY – PUBLIC EMPLOYER'S RETIREMENT FUND B

General Information about the Public Employer's Retirement Fund B

Plan Description: The schools cost-sharing multiple-employer defined benefit pension plan Public Employer's Retirement Fund B (PERF B) is administered by the California Public Employees' Retirement System (CalPERS). Plan membership consists of non-teaching and non-certified employees of public schools (K-12), community college districts, offices of education, charter and private schools (elective) in the State of California.

The Plan was established to provide retirement, death and disability benefits to non-teaching and non-certified employees in schools. The benefit provisions for Plan employees are established by statute. CalPERS issues a publicly available financial report that can be obtained at:

<https://www.calpers.ca.gov/docs/forms-publications/cafr-2019.pdf>

Benefits Provided: The benefits for the defined benefit plans are based on members' years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Members become fully vested in their retirement benefits earned to date after five years (10 years for State Second Tier members) of credited service.

(Continued)

FRESNO UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 9 – NET PENSION LIABILITY – PUBLIC EMPLOYER’S RETIREMENT FUND B (Continued)

Contributions: The benefits for the defined benefit pension plans are funded by contributions from members and employers, and earnings from investments. Member and employer contributions are a percentage of applicable member compensation. Member contribution rates are defined by law and depend on the respective employer’s benefit formulas. Employer contribution rates are determined by periodic actuarial valuations or by state statute. Actuarial valuations are based on the benefit formulas and employee groups of each employer. Employer contributions, including lump sum contributions made when districts first join PERF B, are credited with a market value adjustment in determining contribution rates.

The required contribution rates of most active plan members are based on a percentage of salary in excess of a base compensation amount ranging from zero dollars to \$863 monthly.

Required contribution rates for active plan members and employers as a percentage of payroll for the year ended June 30, 2020 were as follows:

Members - The member contribution rate was 7.0 percent of applicable member earnings for fiscal year 2019-2020.

Employers - The employer contribution rate was 19.72 percent of applicable member earnings.

The District contributed \$27,391,892 to the plan for the fiscal year ended June 30, 2020.

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

At June 30, 2020, the District reported a liability of \$274,153,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. The District’s proportion of the net pension liability was based on the District’s share of contributions to the pension plan relative to the contributions of all participating school districts. At June 30, 2019 the District’s proportion was 0.941 percent, which was an increase of 0.034 percent from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$62,302,158. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 19,915,000	\$ -
Changes of assumptions	13,051,000	-
Net differences between projected and actual earnings on investments	-	2,543,000
Changes in proportion and differences between District contributions and proportionate share of contributions	8,790,000	1,785,000
Contributions made subsequent to measurement date	<u>27,391,892</u>	-
Total	<u>\$ 69,147,892</u>	<u>\$ 4,328,000</u>

(Continued)

FRESNO UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2020

NOTE 9 – NET PENSION LIABILITY – PUBLIC EMPLOYER’S RETIREMENT FUND B (Continued)

\$27,391,892 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending June 30,	
2021	\$ 25,128,000
2022	\$ 7,192,000
2023	\$ 4,387,500
2024	\$ 720,500

Differences between expected and actual experience, changes in assumptions and changes in proportion and differences between District contributions and proportionate share of contributions are amortized over a closed period equal to the average remaining service life of plan members, which is 4 years as of the June 30, 2019 measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

Actuarial Methods and Assumptions: The total pension liability for the Plan was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2018, and rolling forward the total pension liability to June 30, 2019. The financial reporting actuarial valuation as of June 30, 2018, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2018
Experience Study	June 30, 1997 through June 30, 2015
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.15%
Consumer Price Inflation	2.50%
Wage Growth	Varies by entry age and service
Post-retirement Benefit Increases	Contract COLA up to 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies 2.50% thereafter

The mortality table used was developed based on CalPERS specific data. The table includes 15 years of mortality improvements using Society of Actuaries 90% of Scale MP 2016. For more details on this table, please refer to the 2017 experience study report.

All other actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found at CalPERS' website.

(Continued)

FRESNO UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2020

NOTE 9 – NET PENSION LIABILITY – PUBLIC EMPLOYER’S RETIREMENT FUND B (Continued)

The table below reflects 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.

<u>Asset Class</u>	<u>Long-Term* Assumed Asset Allocation</u>	<u>Expected Real Rate of Return Years 1-10 ⁽¹⁾</u>	<u>Expected Real Rate of Return Years 11+⁽²⁾</u>
Global Equity	50%	4.80%	5.98%
Fixed Income	28	1.00	2.62
Inflation Assets	-	0.77	1.81
Private Equity	8	6.30	7.23
Real Estate Assets	13	3.75	4.93
Liquidity	1	-	(0.92)

* 10-year geometric average

(1) An expected inflation rate of 2.00% used for this period

(2) An expected inflation rate of 2.92% used for this period

Discount Rate: The discount rate used to measure the total pension liability was 7.15 percent. A projection of the expected benefit payments and contributions was performed to determine if assets would run out. The test revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Plan. The results of the crossover testing for the Plan are presented in a detailed report that can be obtained at CalPERS' website.

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, CalPERS took into account both short-term and long-term market return expectations as well as the expected cash flows of the Plan. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the Plan's asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

(Continued)

FRESNO UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2020

NOTE 9 – NET PENSION LIABILITY – PUBLIC EMPLOYER’S RETIREMENT FUND B (Continued)

Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.15 percent, 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 (6.15 percent) or 1-percentage-point higher (8.15 percent) than the current rate:

	1% Decrease <u>(6.15%)</u>	Current Discount <u>Rate (7.15%)</u>	1% Increase <u>(8.15%)</u>
District’s proportionate share of the net pension liability	\$ <u>395,174,000</u>	\$ <u>274,153,000</u>	\$ <u>173,758,000</u>

Pension Plan Fiduciary Net Position: Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalPERS financial report.

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS

General Information about the Other Postemployment Benefits (OPEB) Plan

Plan Description: In addition to the pension benefits described in Notes 8 and 9, the District provides postemployment health care benefits to eligible employees and their dependents under a single employer defined benefit OPEB plan. The plan does not issue separate financial statements.

The District established an irrevocable trust under the California Employer’s Retiree Benefit Trust Program (CERBT) to prefund the costs of other postemployment benefits. The funds in the CERBT are held in trust and will be administered by the California Public Employees’ Retirement System (CalPERS) as an agent multiple-employer plan. Benefit provisions are established and may be amended by District labor agreements which are approved by the Board of Education. The District’s contributions to the irrevocable trust is included in the CERBT, which is included in the CalPERS CAFR. Copies of the CalPERS’ CAFR may be obtained from the CalPERS Executive Office – 400 P Street – Sacramento, CA 95814.

The CERBT fund, which is an Internal Revenue Code (IRC) Section 115 Trust, is set up for the purpose of (i) receiving employer contributions to prefund health and other post-employment benefits for retirees and their beneficiaries, (ii) invest contributed amounts and income therein, and (iii) disburse contributed amounts and income therein, if any, to pay for costs of administration of the fund and to pay for health care costs or other post-employment benefits in accordance with the terms of the District’s OPEB plan.

Benefits Provided: District employees hired before July 1, 2005, who retire after attaining age 57.5 and completing a requisite period of service, may receive District-paid medical and prescription drug coverage for life (with continuation to the surviving spouse, if any), and subject to retiree contributions shown in the table below. The requisite service is 10 years if hired before January 1, 1982 (July 1, 1982 for Classified), 16 years if hired between January 1, 1982 and July 1, 1994 (but 10 years if rehired with a pre-1982 original date of hire), and 16 years for those hired or re-hired after July 1, 1994 (but before July 1, 2005).

(Continued)

FRESNO UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2020

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

District employees hired on or after July 1, 2005, who retire after attaining age 60 and completing at least 25 years of service, receive District-paid coverage for the earlier of 5 years or until age 65. These benefits are also subject to retiree contributions, described below.

The District began collecting retiree contributions in July 2006. Retiree contributions will be charged only to individuals retiring after August 31, 2006.

The schedule for determining a retiree's monthly contributions (including Health Assessment Fees of \$10, where applicable) is shown in the following table:

Retiree Age	Retiree	Spouse <65	Spouse 65-74	Spouse 75+	Child	Family
Under 65	\$170	\$60	\$60	\$60	\$15	\$70
Ages 65 - 74	\$10	\$10	\$10	\$-	\$10 each	N/A
Ages 75 +	\$-	\$10	\$10	\$-	10	N/A

Employees Covered by Benefit Terms: The following is a table of plan participants at June 30, 2020:

	Number of Participants
Inactive Plan members, covered spouses, or beneficiaries currently receiving benefits	5,270
Active employees	7,239
	12,509

Contributions: California Government Code specifies that the District's contribution requirements for covered employees are established and may be amended by the Governing Board. Contributions to the Plan from the District were \$37,734,823 for the year ended June 30, 2020. District contributions to the Trust are voluntary. Employees are not required to contribute to the OPEB plan.

OPEB Plan Investments: The plan discount rate of 6.0% was determined using the following asset allocation and assumed rate of return:

<u>Asset Class</u>	<u>Long-Term* Assumed Asset Allocation</u>	<u>Expected Real Rate of Return</u>
Global Equity	40.0%	5.5%
Fixed Income	43.0	1.5
Treasury Inflation-Protected Securities	5.0	1.2
Real Estate	8.0	3.7
Commodities	4.0	0.6

*Geometric average

(Continued)

FRESNO UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2020

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Rolling periods of time for all asset classes in combination we used to appropriately reflect correlation between asset classes. This means that the average returns for any asset class do not necessarily reflect the averages over time individually, but reflect the return for the asset class for the portfolio average. Additionally, the historic 30 year real rates of return for each asset class along with the assumed long-term inflation assumption was used to set the discount rate. The investment return was offset by assumed investment expenses of 25 basis points. It was further assumed that contributions to the plan would be sufficient to fully fund the obligation over a period not to exceed 30 years.

Money-weighted rate of return on OPEB plan investments 5.37%

The money-weighted rate of return expresses investment performance, net of OPEB plan investment expenses, adjusted for the changing amounts actually invested.

Actuarial Assumptions: The District's net OPEB liability was measured as of June 30, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2019. Standard actuarial update procedures were used to determine the liability between the valuation and measurement dates.

Valuation Date	July 1, 2019
Pre-Retirement Mortality Rate	RP 2014 Employee Mortality Table, without projection
Post-Retirement Mortality Rate	RP 2014 Health Annuitant Mortality Table, without projection
Discount Rate	6.0%. Based on the long-term expected rate of return
Investment Rate of Return	6.0%
Retirement Rate	CalPERS (2014) and CalSTRS (2010) experience studies.
Healthcare cost trend rate	5.90% for 2020, 5.80% for 2021, 5.70% for 2022, decreasing .10% to 5.00% for 2029 and later.
Salary Increases	3.0% per year
Termination Rate	CalPERS (2014) and CalSTRS (2010) experience studies.
Percent of Retirees with Spouses	Future Retirees <65: 67% Future Retirees >65: 50%
Percent of Retirees with Eligible Dependents	Future Retirees: In proportion to current retirees Current Retirees: Actual dependent data was used
Funding Method	Entry Age Cost Method

(Continued)

FRESNO UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Changes in the Net OPEB Liability:

	Total OPEB Liability <u>(a)</u>	Total Fiduciary Net Position <u>(b)</u>	Net OPEB Liability <u>(a) - (b)</u>
Balance at June 30, 2019	\$ 1,067,966,943	\$ 48,711,652	\$ 1,019,255,291
Changes for the year:			
Service cost	16,341,671	-	16,341,671
Interest	61,778,007	-	61,778,007
Difference between expected and actual experience	82,504,316	-	82,504,316
Changes in assumptions	(120,311,404)	-	(120,311,404)
Employer contributions	-	37,734,823	(37,734,823)
Net investment income	-	2,685,784	(2,685,784)
Administrative expense	-	(43,345)	43,345
Benefit payments	<u>(34,234,823)</u>	<u>(34,234,823)</u>	<u>-</u>
Net change	6,077,767	6,142,439	(64,672)
Balance at June 30, 2020	<u>\$ 1,074,044,710</u>	<u>\$ 54,854,091</u>	<u>\$ 1,019,190,619</u>

Fiduciary Net Position as a % of the Total OPEB Liability, at June 30, 2020: 5.11%

The changes in assumptions include an update in the healthcare cost trend rate from 5.0% for all age groups, in the June 30, 2019 measurement. The healthcare trend rates as of the June 30, 2020 measurement include 5.9% for pre-Medicare plan participants, and 4.0% for post-Medicare participants.

Sensitivity of the Net OPEB Liability to Assumptions: The following presents the net OPEB liability calculated using the discount rate of 6.0 percent. The schedule also shows what the net OPEB liability would be if it were calculated using a discount rate that is 1 percent lower (5.0 percent) and 1 percent higher (7.0 percent):

	Discount Rate 1% Lower <u>(5.0%)</u>	Valuation Discount Rate <u>(6.0%)</u>	Discount Rate 1% Higher <u>(7.0%)</u>
Net OPEB liability	<u>\$ 1,154,848,686</u>	<u>\$ 1,019,190,619</u>	<u>\$ 906,135,530</u>

(Continued)

FRESNO UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2020

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

The following table presents the net OPEB liability calculated using the health care cost trend rate of 5.9 – 5.0 percent. The schedule also shows what the net OPEB liability would be if it were calculated using a health care cost trend rate that is 1 percent lower (4.9 – 4.0 percent) and 1 percent higher (6.9 – 6.0 percent):

	Health Care Trend Rate 1% <u>Lower (4.9 - 4.0%)</u>	Valuation Health Care Trend Rate (5.9 - 5.0%)	Health Care Trend Rate 1% <u>Higher (6.9 - 6.0%)</u>
Net OPEB liability	\$ 888,508,063	\$ 1,019,190,619	\$ 1,178,337,259

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

For the year ended June 30, 2020, the District recognized OPEB expense of \$69,197,456. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 69,613,017	\$ -
Change in assumptions	-	101,512,747
Net differences between projected and actual earnings on investments	<u>275,102</u>	<u>335,149</u>
Total	<u>\$ 69,888,119</u>	<u>\$ 101,847,896</u>

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

Years Ending <u>June 30,</u>	
2021	\$ (5,947,901)
2022	\$ (5,947,901)
2023	\$ (5,952,696)
2024	\$ (5,840,981)
2025	\$ (5,907,357)
Thereafter	\$ (2,362,941)

Deferred outflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

(Continued)

FRESNO UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 11 - JOINT POWERS AGREEMENT

The District is a member with other school districts of a Joint Powers Authority, Central Valley Support Services (CVSS), to provide support services to educational agencies in the Central Valley of California. CVSS is governed by a board consisting of one district representative selected by each member district's superintendent, one member of the operations staff of each member district and the Treasurer of CVSS. The CVSS Board controls the operations of CVSS, independent of any influence by the member districts beyond their representation on the Board. The following is a summary of financial information of CVSS as of June 30, 2019 (the most recent information available):

Total assets	\$	74,780,738
Deferred outflows of resources	\$	11,733,244
Total liabilities	\$	85,285,924
Net position	\$	1,228,058
Total revenues	\$	3,484,326
Total expenses	\$	3,855,240

The relationship between Fresno Unified School District and the Joint Powers Authority is such that it is not a component unit of the District for financial reporting purposes.

NOTE 12 - CONTINGENCIES

Contingent Liabilities: The District is subject to legal proceedings and claims which arise in the ordinary course of business. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect the financial position or results of operations of the District.

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

Construction Commitments: As of June 30, 2020, the District had approximately \$64.9 million in outstanding commitments on construction contracts.

NOTE 13 - FINANCIAL RESPONSIBILITY

The District has maintained a balanced approach to addressing the reduced State funding over the past years and utilized the same approach for the new funding made available in 2012/13 with the passage of Proposition 30. This multi-year, balanced approach has enabled the district to maintain a positive financial position.

In 2005/06, lifetime health benefits were limited to reduce the post-retirement liability and the district formed the Joint Health Management Board (JHMB), consisting of district and labor partners with the primary objective of maintaining a positive reserve in the Health Fund while retaining affordable health care.

The District continues to maintain a positive reserve in the current and future years as shown in the 2019/20 adopted budget and includes a conservative reserve to plan for the implementation of the Local Control Funding Formula. The District has maintained a positive financial position since 2006/07 as reflected by Moody's continued affirmation of the District's credit rating of Aa3 since 2010 during a time when other agencies have been lowered.

The District continues to monitor and budget for the current and future years to ensure financial stability and conservatively evaluate reserves to mitigate the effects of the prolonged state economic crisis.

(Continued)

FRESNO UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 14 – SUBSEQUENT EVENTS

On September 30, 2020 the District issued Election of 2016 Series C General Obligation Bonds (2016 Series C Bonds), totaling \$45,000,000. The 2016 Series C Bonds were issued to finance the repair, upgrade, acquisition, construction and/or equipping of various District properties. The 2016 Series C Bonds bear interest at rates ranging from 2.5% to 4.0% and are scheduled to mature through August 1, 2043.

Also on September 30, 2020, the District issued 2020 General Obligation Refunding Bonds (2020 Refunding Bonds) totaling \$92,615,000. Proceeds from the issuance of the 2020 Refunding Bonds will be used to advance refund certain maturities of the District's 2012 Refunding Bonds and Election 2010 Series D Bonds. The 2020 Refunding Bonds bear interest at rates ranging from .237% to 3.013%. The 2020 Refunding Bonds are scheduled to mature through August 1, 2047.

NOTE 15 – COVID-19 PANDEMIC IMPACT

In December 2019, a novel strain of coronavirus surfaced (COVID-19) and spread around the world, with resulting business and social disruption. In response to the pandemic and in compliance with various state and local ordinances, the District closed physical campuses and transitioned to a distance learning model. On March 13, 2020, the Governor of California issued Executive Order N-26 – 20, guaranteeing state funding to support the continued payment of salaries and benefits to all employees through June 30, 2020.

The operations and business results of the District could be adversely affected in the future including a reduction in the level of funding and impact to the timing of cash flows. In addition, significant estimates may be adversely impacted by national, state and local events designed to contain the coronavirus. Debt ratings for outstanding issuances may further be impacted. For the 2021 school year, the District is offering instruction in formats consistent with local health guidelines. Throughout the pandemic the District has put into practice a number of safety measures to protect students and employees and will continue to revise them as needed.

REQUIRED SUPPLEMENTARY INFORMATION

FRESNO UNIFIED SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
For the year ended June 30, 2020

	Budget		Actual	Over/ (Under) Budget
	Original	Final		
Revenues:				
Local Control Funding Formula (LCFF):				
State apportionment	\$ 712,297,897	\$ 713,443,771	\$ 713,268,424	\$ (175,347)
Local sources	<u>66,681,580</u>	<u>66,681,580</u>	<u>67,608,807</u>	<u>927,227</u>
Total LCFF	<u>778,979,477</u>	<u>780,125,351</u>	<u>780,877,231</u>	<u>751,880</u>
Federal sources	107,785,729	116,316,423	92,630,143	(23,686,280)
Other state sources	101,717,629	115,622,872	118,544,054	2,921,182
Other local sources	<u>15,897,035</u>	<u>18,903,814</u>	<u>19,693,875</u>	<u>790,061</u>
Total revenues	<u>1,004,379,870</u>	<u>1,030,968,460</u>	<u>1,011,745,303</u>	<u>(19,223,157)</u>
Expenditures:				
Current:				
Certificated salaries	423,742,224	431,392,047	427,118,023	4,274,024
Classified salaries	136,593,522	139,601,227	138,312,532	1,288,695
Employee benefits	292,459,761	298,327,422	297,295,056	1,032,366
Books and supplies	70,040,458	70,059,937	45,242,392	24,817,545
Contract services and operating expenditures	100,526,369	104,562,539	88,294,439	16,268,100
Other outgo	3,748,803	3,748,803	2,973,394	775,409
Capital outlay	16,736,979	20,877,950	18,947,447	1,930,503
Debt Service:				
Principal retirement	<u>90,216</u>	<u>90,216</u>	<u>90,216</u>	<u>-</u>
Total expenditures	<u>1,043,938,332</u>	<u>1,068,660,141</u>	<u>1,018,273,499</u>	<u>50,386,642</u>
Deficiency of revenues under expenditures	<u>(39,558,462)</u>	<u>(37,691,681)</u>	<u>(6,528,196)</u>	<u>31,163,485</u>
Other financing sources (uses):				
Transfers in	3,385,329	11,252,714	9,319,802	(1,932,912)
Transfers out	<u>(5,137,523)</u>	<u>(11,356,899)</u>	<u>(6,859,750)</u>	<u>4,497,149</u>
Total other financing sources (uses)	<u>(1,752,194)</u>	<u>(104,185)</u>	<u>2,460,052</u>	<u>2,564,237</u>
Net change in fund balance	<u>(41,310,656)</u>	<u>(37,795,866)</u>	<u>(4,068,144)</u>	<u>33,727,722</u>
Fund balance, July 1, 2019	<u>156,251,109</u>	<u>156,251,109</u>	<u>156,251,109</u>	<u>-</u>
Fund balance, June 30, 2020	<u>\$ 114,940,453</u>	<u>\$ 118,455,243</u>	<u>\$ 152,182,965</u>	<u>\$ 33,727,722</u>

See accompanying notes to required supplementary information.

FRESNO UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S NET
OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY
For the year ended June 30, 2020

	Last 10 fiscal years		
	<u>2018</u>	<u>2019</u>	<u>2020</u>
Total OPEB liability			
Service cost	\$ 19,392,480	\$ 19,974,255	\$ 16,341,671
Interest	57,806,121	60,369,696	61,778,007
Difference between expected and actual experience	-	-	82,504,316
Changes in assumptions	-	-	(120,311,404)
Benefit payments	<u>(32,459,314)</u>	<u>(36,544,893)</u>	<u>(34,234,823)</u>
Net change in total OPEB liability	44,739,287	43,799,058	6,077,767
Total OPEB liability, beginning of year	<u>979,428,598</u>	<u>1,024,167,885</u>	<u>1,067,966,943</u>
Total OPEB liability, end of year (a)	<u>\$ 1,024,167,885</u>	<u>\$ 1,067,966,943</u>	<u>\$ 1,074,044,710</u>
Plan fiduciary net position			
Employer contributions	\$ 35,959,314	\$ 40,044,893	\$ 37,734,823
Expected interest income	2,250,968	3,172,151	2,685,784
Administrative expense	(33,150)	(37,143)	(43,345)
Benefits payment	<u>(32,459,314)</u>	<u>(36,544,893)</u>	<u>(34,234,823)</u>
Change in plan fiduciary net position	5,717,818	6,635,008	6,142,439
Fiduciary trust net position, beginning of year	<u>36,358,826</u>	<u>42,076,644</u>	<u>48,711,652</u>
Fiduciary trust net position, end of year (b)	<u>\$ 42,076,644</u>	<u>\$ 48,711,652</u>	<u>\$ 54,854,091</u>
Net OPEB liability, ending (a) - (b)	<u>\$ 982,091,241</u>	<u>\$ 1,019,255,291</u>	<u>\$ 1,019,190,619</u>
Covered employee payroll	\$ 550,120,072	\$ 568,497,726	\$ 595,678,953
Plan fiduciary net position as a percentage of the total OPEB liability %	4.11%	4.56%	5.11%
Net OPEB liability as a percentage of covered-employee payroll	178.52%	179.29%	171.10%

This is a 10 year schedule, however the information in this schedule is not required to be presented retrospectively.

See accompanying notes to required supplementary information.

FRESNO UNIFIED SCHOOL DISTRICT
SCHEDULE OF MONEY-WEIGHTED RATE
OF RETURN OF OPEB PLAN INVESTMENTS
For the year ended June 30, 2020

	Last 10 Fiscal Years		
	<u>2018</u>	<u>2019</u>	<u>2020</u>
Money-weighted rate of return on OPEB plan investments	6.01%	6.98%	5.37%

This is a 10 year schedule, however the information in this schedule is not required to be presented retrospectively.

See accompanying notes to required supplementary information.

FRESNO UNIFIED SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE
 SHARE OF THE NET PENSION LIABILITY
 For the year ended June 30, 2020

	State Teachers' Retirement Plan Last 10 Fiscal Years					
	2015	2016	2017	2018	2019	2020
District's proportion of the net pension liability	0.666%	0.696%	0.679%	0.664%	0.723%	0.740%
District's proportionate share of the net pension liability	\$ 389,455,000	\$ 468,883,000	\$ 549,121,000	\$ 613,982,000	\$ 664,860,000	\$ 668,050,000
State's proportionate share of the net pension liability associated with the District	<u>235,171,000</u>	<u>247,987,000</u>	<u>312,634,000</u>	<u>363,228,000</u>	<u>380,665,000</u>	<u>364,466,000</u>
Total net pension liability	<u>\$ 624,626,000</u>	<u>\$ 716,870,000</u>	<u>\$ 861,755,000</u>	<u>\$ 977,210,000</u>	<u>\$ 1,045,525,000</u>	<u>\$ 1,032,518,000</u>
District's covered payroll	\$ 296,840,000	\$ 323,258,000	\$ 338,357,000	\$ 351,408,000	\$ 380,363,000	\$ 402,574,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	131.20%	145.05%	162.29%	174.72%	174.80%	165.94%
Plan fiduciary net position as a percentage of the total pension liability	76.52%	74.02%	70.04%	69.46%	70.99%	72.56%

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

All years prior to 2015 are not available.

(Continued)

FRESNO UNIFIED SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE
 SHARE OF THE NET PENSION LIABILITY
 For the year ended June 30, 2020

	Public Employer's Retirement Fund B Last 10 Fiscal Years					
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
District's proportion of the net pension liability	0.845%	0.905%	0.919%	0.873%	0.907%	0.941%
District's proportionate share of the net pension liability	\$ 95,928,000	\$ 133,463,000	\$ 181,422,000	\$ 208,394,000	\$ 241,867,000	\$ 274,153,000
District's covered payroll	\$ 88,704,000	\$ 100,241,000	\$ 110,204,000	\$ 111,303,000	\$ 123,132,000	\$ 130,845,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	108.14%	133.14%	164.62%	187.23%	196.43%	209.53%
Plan fiduciary net position as a percentage of the total pension liability	83.38%	74.02%	73.89%	71.87%	70.85%	70.05%

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

All years prior to 2015 are not available.

See accompanying notes to required supplementary information.

FRESNO UNIFIED SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
 For the year ended June 30, 2020

State Teachers' Retirement Plan
 Last 10 Fiscal Years

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Contractually required contribution	\$ 28,705,329	\$ 36,305,716	\$ 44,207,146	\$ 54,886,374	\$ 65,539,064	\$ 71,921,290
Contributions in relation to the contractually required contribution	(28,705,329)	(36,305,716)	(44,207,146)	(54,886,374)	(65,539,064)	(71,921,290)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 323,258,000	\$ 338,357,000	\$ 351,408,000	\$ 380,363,000	\$ 402,574,000	\$ 396,698,000
Contributions as a percentage of covered payroll	8.88%	10.73%	12.58%	14.43%	16.28%	17.10%*

* This rate reflects the original employer contribution rate of 18.13 percent under AB1469, reduced for the 1.03 percentage points to be paid on behalf of employers pursuant to SB 90.

All years prior to 2015 are not available.

(Continued)

FRESNO UNIFIED SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
 For the year ended June 30, 2020

Public Employer's Retirement Fund B
 Last 10 Fiscal Years

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Contractually required contribution	\$ 11,799,345	\$ 13,055,815	\$ 15,457,728	\$ 19,123,632	\$ 23,633,158	\$ 27,391,892
Contributions in relation to the contractually required contribution	<u>(11,799,345)</u>	<u>(13,055,815)</u>	<u>(15,457,728)</u>	<u>(19,123,632)</u>	<u>(23,633,158)</u>	<u>(27,391,892)</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 100,241,000	\$ 110,204,000	\$ 111,303,000	\$ 123,132,000	\$ 130,845,000	\$ 138,897,000
Contributions as a percentage of covered payroll	11.77%	11.85%	13.89%	15.53%	18.06%	19.72%

All years prior to 2015 are not available.

See accompanying notes to required supplementary information.

FRESNO UNIFIED SCHOOL DISTRICT
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2020

NOTE 1 - PURPOSE OF SCHEDULES

A - Budgetary Comparison Schedule

The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The budgets are revised during the year by the Board of Education to provide for revised priorities. Expenditures cannot legally exceed appropriations by major object code. The originally adopted and final revised budgets for the General Fund are presented as Required Supplementary Information. The basis of budgeting is the same as GAAP.

B - Schedule of Changes in Net Other Postemployment Benefits (OPEB) liability

The Schedule of Changes in Net OPEB liability is presented to illustrate the elements of the District's Net OPEB liability. There is a requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

C - Schedule of Money-Weighted Rate of Return of OPEB Plan Investments

The Schedule of Money-Weighted Rate of Return of OPEB Plan Investments presents the weighted average rate of return for the District's OPEB Plan investments.

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

The Schedule of the District's Proportionate Share of the Net Pension Liability is presented to illustrate the elements of the District's Net Pension Liability. There is a requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

E - Schedule of District Contributions

The Schedule of District Contributions is presented to illustrate the District's required contributions relating to the pensions. There is a requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

F - Changes of Benefit Terms

There are no changes in benefit terms reported in the Required Supplementary Information.

(Continued)

FRESNO UNIFIED SCHOOL DISTRICT
 NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
 June 30, 2020

NOTE 1 - PURPOSE OF SCHEDULES (Continued)

G - Changes of Assumptions

The changes in assumptions for the total OPEB liability include an update in the healthcare cost trend rate from 5.0% for all age groups from the June 30, 2019 measurement. The healthcare trend rates as of the June 30, 2020 measurement include 5.9% for pre-Medicare plan participants, and 4.0% for post-Medicare participants

The discount rates used for the Public Employer's Retirement Fund B (PERF B) was 7.50, 7.65, 7.65, 7.15, 7.15 and 7.15 percent in the June 30, 2013, 2014, 2015, 2016, 2017, 2018 and 2019 actuarial reports, respectively.

The following are the assumptions for State Teachers' Retirement Plan:

<u>Assumptions</u>	<u>Measurement Period</u>				
	As of June 30 <u>2019</u>	As of June 30, <u>2018</u>	As of June 30, <u>2017</u>	As of June 30, <u>2016</u>	As of June 30, <u>2015</u>
Consumer price inflation	2.75%	2.75%	2.75%	3.00%	3.00%
Investment rate of return	7.10	7.10	7.10	7.60	7.60
Wage growth	3.50	3.50	3.50	3.75	3.75

SUPPLEMENTARY INFORMATION

FRESNO UNIFIED SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 ALL NON-MAJOR FUNDS
 June 30, 2020

	Adult Education Fund	Child Develop- ment Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve for Capital Outlay Projects Fund	Total
ASSETS								
Cash in County Treasury	\$ 506,033	\$ 3,832,105	\$ 9,066,015	\$ 31,031	\$ 3,443,114	\$ 27,895,314	\$ 2,865,258	\$ 47,638,870
Cash on hand and in banks	9,942	-	5,032,693	-	-	-	-	5,042,635
Cash in revolving fund	550	-	-	-	-	-	-	550
Cash collections awaiting deposit	-	-	-	-	18,632	-	-	18,632
Receivables	2,032,523	366,827	4,660,716	628	19,035	164,943	15,814	7,260,486
Due from other funds	105,322	608,865	5,044,010	580,654	-	42,168,838	1,051,073	49,558,762
Stores inventory	-	-	2,285,225	-	-	-	-	2,285,225
Total assets	\$ 2,654,370	\$ 4,807,797	\$ 26,088,659	\$ 612,313	\$ 3,480,781	\$ 70,229,095	\$ 3,932,145	\$ 111,805,160

LIABILITIES AND FUND BALANCES

Liabilities:								
Accounts payable	\$ 168,554	\$ 339,189	\$ 1,107,084	\$ 600,719	\$ 828,242	\$ 8,319,739	\$ 43,412	\$ 11,406,939
Unearned revenue	-	140,718	-	-	-	-	-	140,718
Due to other funds	953,153	4,327,890	6,982,592	11,594	83,110	2,430,581	80,876	14,869,796
Total liabilities	1,121,707	4,807,797	8,089,676	612,313	911,352	10,750,320	124,288	26,417,453
Fund balances:								
Nonspendable	550	-	2,285,225	-	-	-	-	2,285,775
Restricted	1,532,113	-	15,713,758	-	2,569,429	59,478,775	3,807,857	83,101,932
Total fund balance	1,532,663	-	17,998,983	-	2,569,429	59,478,775	3,807,857	85,387,707
Total liabilities and fund balances	\$ 2,654,370	\$ 4,807,797	\$ 26,088,659	\$ 612,313	\$ 3,480,781	\$ 70,229,095	\$ 3,932,145	\$ 111,805,160

FRESNO UNIFIED SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
 ALL NON-MAJOR FUNDS
 For the year ended June 30, 2020

	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve for Capital Outlay Projects Fund	Total
Revenues:								
Federal sources	\$ 1,282,726	\$ 1,090,004	\$ 43,194,225	\$ -	\$ -	\$ -	\$ -	\$ 45,566,955
Other state sources	6,202,144	16,642,443	2,959,723	-	-	10,632,553	-	36,436,863
Other local sources	575,493	290,585	1,166,722	2,709	1,846,723	1,249,498	74,957	5,206,687
Total revenues	<u>8,060,363</u>	<u>18,023,032</u>	<u>47,320,670</u>	<u>2,709</u>	<u>1,846,723</u>	<u>11,882,051</u>	<u>74,957</u>	<u>87,210,505</u>
Expenditures:								
Current:								
Certificated salaries	2,507,968	5,492,749	-	-	-	-	-	8,000,717
Classified salaries	1,422,844	3,818,300	14,296,284	-	18,299	942,731	102,569	20,601,027
Employee benefits	2,092,742	7,084,299	10,231,260	-	11,254	470,649	65,542	19,955,746
Books and supplies	183,151	465,756	22,059,596	26,861	-	272,315	-	23,007,679
Contract services and operating expenditures	897,806	508,191	680,931	6,523,215	93,805	4,769,702	260,500	13,734,150
Capital outlay	-	-	24,065	31,269	1,562,777	43,817,611	55,384	45,491,106
Total expenditures	<u>7,104,511</u>	<u>17,369,295</u>	<u>47,292,136</u>	<u>6,581,345</u>	<u>1,686,135</u>	<u>50,273,008</u>	<u>483,995</u>	<u>130,790,425</u>
Excess (deficiency) of revenues over (under) expenditures	955,852	653,737	28,534	(6,578,636)	160,588	(38,390,957)	(409,038)	(43,579,920)
Other financing sources (uses):								
Transfers in	-	-	-	6,578,636	-	41,194,471	-	47,773,107
Transfers out	(190,133)	(653,737)	(1,843,910)	-	(53,386)	-	-	(2,741,166)
Total other financing sources (uses)	<u>(190,133)</u>	<u>(653,737)</u>	<u>(1,843,910)</u>	<u>6,578,636</u>	<u>(53,386)</u>	<u>41,194,471</u>	<u>-</u>	<u>45,031,941</u>
Net change in fund balances	765,719	-	(1,815,376)	-	107,202	2,803,514	(409,038)	1,452,021
Fund balance, July 1, 2019	766,944	-	19,814,359	-	2,462,227	56,675,261	4,216,895	83,935,686
Fund balance, June 30, 2020	<u>\$ 1,532,663</u>	<u>\$ -</u>	<u>\$ 17,998,983</u>	<u>\$ -</u>	<u>\$ 2,569,429</u>	<u>\$ 59,478,775</u>	<u>\$ 3,807,857</u>	<u>\$ 85,387,707</u>

FRESNO UNIFIED SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 For the year ended June 30, 2020

	Balance July 1, <u>2019</u>	<u>Additions</u>	<u>Deductions</u>	Balance June 30, <u>2020</u>
<u>Elementary Schools</u>				
Assets:				
Cash and investments:				
Cash in County Treasury	\$ 353,868	\$ 934,235	\$ 601,252	\$ 686,851
Cash on hand and in banks	149,814	311,456	358,015	103,255
Stores inventory	<u>1,069</u>	<u>7,500</u>	<u>8,044</u>	<u>525</u>
Total assets	<u>\$ 504,751</u>	<u>\$ 1,253,191</u>	<u>\$ 967,311</u>	<u>\$ 790,631</u>
Liabilities:				
Due to student groups	<u>\$ 504,751</u>	<u>\$ 1,253,191</u>	<u>\$ 967,311</u>	<u>\$ 790,631</u>
<u>Middle Schools</u>				
Assets:				
Cash and investments:				
Cash in County Treasury	\$ -	\$ -	\$ -	\$ -
Cash on hand and in banks	345,456	478,346	484,058	339,744
Stores inventory	<u>6,011</u>	<u>132,466</u>	<u>113,683</u>	<u>24,794</u>
Total assets	<u>\$ 351,467</u>	<u>\$ 610,812</u>	<u>\$ 597,741</u>	<u>\$ 364,538</u>
Liabilities:				
Due to student groups	<u>\$ 351,467</u>	<u>\$ 610,812</u>	<u>\$ 597,741</u>	<u>\$ 364,538</u>
<u>Special Programs</u>				
Assets:				
Cash and investments:				
Cash in County Treasury	\$ -	\$ 6,669	\$ -	\$ 6,669
Cash on hand and in banks	7,515	-	7,515	-
Stores inventory	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 7,515</u>	<u>\$ 6,669</u>	<u>\$ 7,515</u>	<u>\$ 6,669</u>
Liabilities:				
Due to student groups	<u>\$ 7,515</u>	<u>\$ 6,669</u>	<u>\$ 7,515</u>	<u>\$ 6,669</u>

(Continued)

FRESNO UNIFIED SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 For the year ended June 30, 2020

	Balance July 1, <u>2019</u>	<u>Additions</u>	<u>Deductions</u>	Balance June 30, <u>2020</u>
<u>High Schools</u>				
Assets:				
Cash and investments:				
Cash in County Treasury	\$ 10,367	\$ 8,989	\$ 297	\$ 19,059
Cash on hand and in banks	1,129,177	1,356,891	1,302,364	1,183,704
Stores inventory	<u>93,720</u>	<u>106,430</u>	<u>107,363</u>	<u>92,787</u>
Total assets	<u>\$ 1,233,264</u>	<u>\$ 1,472,310</u>	<u>\$ 1,410,024</u>	<u>\$ 1,295,550</u>
Liabilities:				
Due to student groups	<u>\$ 1,233,264</u>	<u>\$ 1,472,310</u>	<u>\$ 1,410,024</u>	<u>\$ 1,295,550</u>
 <u>Total - All Agency Funds</u>				
Assets:				
Cash and investments:				
Cash in County Treasury	\$ 364,235	\$ 949,893	\$ 601,549	\$ 712,579
Cash on hand and in banks	1,631,962	2,146,693	2,151,952	1,626,703
Stores inventory	<u>100,800</u>	<u>246,396</u>	<u>229,090</u>	<u>118,106</u>
Total assets	<u>\$ 2,096,997</u>	<u>\$ 3,342,982</u>	<u>\$ 2,982,591</u>	<u>\$ 2,457,388</u>
Liabilities:				
Due to student groups	<u>\$ 2,096,997</u>	<u>\$ 3,342,982</u>	<u>\$ 2,982,591</u>	<u>\$ 2,457,388</u>

FRESNO UNIFIED SCHOOL DISTRICT
ORGANIZATION
June 30, 2020

Fresno Unified School District, a political subdivision of the State of California, was established on July 1, 1948. The District serves grades preschool through twelve and operates sixty-five elementary, fourteen middle, eight comprehensive high schools, five alternative schools, one independent study school, and two community day schools. All of the District's schools are located in Fresno County. The District is comprised of approximately 99 square miles. There were no changes to the District's boundaries during the current year.

The Board of Education at June 30, 2020 was comprised of the following members:

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Keshia Thomas	President	2022
Valerie F. Davis	Clerk	2022
Carol Mills, J.D	Member	2020
Veva Islas	Member	2022
Elizabeth Jonasson Rosas	Member	2020
Major Terry Slatc USMC (Retired)	Member	2022
Claudia Cazares	Member	2020

The Superintendent's Executive Staff at June 30, 2020 was comprised of the following:

Robert G. Nelson, Ed. D.
Superintendent

Ruth F. Quinto Deputy Superintendent / Chief Financial Officer Administrative Services	Kim Mecum Chief Academic Officer School Leadership	Paul Idsvoog Chief Executive Human Resources/ Labor Relations	Kurt Madden Chief Technology Officer Technology Services
Lindsay Sanders Chief of Equity and Access	Karin Temple Chief Operations Officer Operational Services	David Chavez Chief of Staff	Nikki Henry Chief Information Officer
Katie Russell Inst. Superintendent School Leadership	Brian Wall Inst. Superintendent School Leadership	Misty Her Inst. Superintendent School Leadership	Ed Gomes Inst. Superintendent School Leadership
Carlos Castillo Inst. Superintendent Curriculum and Instruction	Alex Belanger Assistant Superintendent Facilities Management and Planning	Brian Beck Assistant Superintendent Special Education & Health Services	Sandra Toscano Assistant Superintendent English Learner Services

The Administrative Services Leadership staff at June 30, 2020 was comprised of the following:

Kim Kelstrom Executive Officer Fiscal Services	Santino Danisi Executive Officer State and Federal Programs	Andrew De LaTorre Executive Director Benefits & Risk Management
Steven Shubin Executive Director Payroll	Kaleb Neufeld Director, Fiscal Services	Tammy Townsend Administrative Analyst Administrative Services

FRESNO UNIFIED SCHOOL DISTRICT
 SCHEDULE OF AVERAGE DAILY ATTENDANCE
 For the year ended June 30, 2020

	Second Period <u>Report</u>	Revised Second Period <u>Report</u>	Annual <u>Report</u>
Certificate #:	<u>97BBA44D</u>	<u>6C809624</u>	<u>4EF864C8</u>
Elementary:			
Transitional Kindergarten through Third	22,852	22,875	22,875
Fourth through Sixth	16,118	16,137	16,137
Seventh and Eighth	<u>10,103</u>	<u>10,119</u>	<u>10,119</u>
Subtotal Elementary	<u>49,073</u>	<u>49,131</u>	<u>49,131</u>
Secondary:			
Ninth through Twelfth	<u>17,720</u>	<u>17,773</u>	<u>17,773</u>
Subtotal Secondary	<u>17,720</u>	<u>17,773</u>	<u>17,773</u>
District Total	<u><u>66,793</u></u>	<u><u>66,904</u></u>	<u><u>66,904</u></u>

See accompanying notes to supplementary information.

FRESNO UNIFIED SCHOOL DISTRICT
 SCHEDULE OF INSTRUCTIONAL TIME
 For the year ended June 30, 2020

<u>Grade Level</u>	<u>Statutory Minutes Require- ment</u>	<u>2019-2020 Actual Minutes</u>	<u>Number of Days Traditional Calendar</u>	<u>Status</u>
District:				
Kindergarten	36,000	47,345	180	In compliance
Grade 1	50,400	55,380	180	In compliance
Grade 2	50,400	55,380	180	In compliance
Grade 3	50,400	55,380	180	In compliance
Grade 4	54,000	55,380	180	In compliance
Grade 5	54,000	55,380	180	In compliance
Grade 6	54,000	55,380	180	In compliance
Grade 7	54,000	62,712	180	In compliance
Grade 8	54,000	62,712	180	In compliance
Grade 9	64,800	64,848	180	In compliance
Grade 10	64,800	64,848	180	In compliance
Grade 11	64,800	64,848	180	In compliance
Grade 12	64,800	64,848	180	In compliance

See accompanying notes to supplementary information.

FRESNO UNIFIED SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
 For the year ended June 30, 2020

Federal Catalog Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass- Through Entity Identifying Number	Federal Expend- itures
<u>U.S. Department of Education - Passed through</u>			
<u>California Department of Education</u>			
Special Education Cluster:			
84.027	IDEA Basic Local Assistance Entitlement, Part B, Sec. 611	13379	\$ 14,680,177
84.027A	IDEA Mental Health Allocation Plan, Part B, Sec. 611	14468	790,895
84.173	IDEA Preschool Grants, Part B. Sec. 619 Age (3-5)	13430	349,682
84.173A	IDEA Preschool Capacity Building, Part B, Sec. 619	13839	11,797
84.173A	Alternate Dispute Resolution, Part B, Sec. 611	23761	22,019
84.027	IDEA Local Assistance, Private School ISPs, Part B, Sec. 611	10115	7,988
84.173A	IDEA Preschool Staff Development, Part B, Sec. 619	13431	2,693
Subtotal Special Education Cluster			15,865,251
Migrant Ed Programs:			
84.011	ESEA: Title I, Part C, Migrant Ed	14326	316,777
84.011	ESEA: Title I, Migrant Ed Summer Program	10005	68,190
Subtotal Migrant Ed Programs			384,967
Title III Programs			
84.365	ESEA: Title III, English Learner Student Program	14346	1,449,454
84.365	ESEA: Title III, Immigrant Student Program	15146	85,428
Subtotal Migrant Ed Programs			1,534,882
Adult Education Programs:			
84.002A	Adult Education: Adult Basic Education & ESL	14508	468,940
84.002	Adult Education: Adult Secondary Education	13978	362,450
84.002A	Adult Education: English Literacy and Civics Education	14109	157,780
84.002	Adult Education: Citizenship and Integration		
84.002	Citizenship and Direct Services Grant	N/A	95,416
Subtotal Adult Education Programs			1,084,586
Carl D. Perkins Career and Tech Education Programs:			
84.048	Carl D. Perkins Career and Technical Education: Secondary, Sec. 131	14894	997,393
84.048	Carl D. Perkins Career and Technical Education: Adult, Sec. 132	14893	198,140
Subtotal Carl D. Perkins Career and Tech Education Programs			1,195,533

(Continued)

FRESNO UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
For the year ended June 30, 2020

Federal Catalog Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass- Through Entity Identifying Number	Federal Expend- itures
<u>U.S. Department of Education - Passed through California Department of Education (Continued)</u>			
	Teacher Quality Programs:		
84.336	Teacher Quality Partnership Program	N/A	\$ 1,155,392
84.336S	National Teacher Quality Partnership Program	N/A	25,183
84.336S	Fresno Pacific Teacher Quality Partnership Program	N/A	569,201
	Subtotal Teacher Quality Programs		<u>1,749,776</u>
84.010	ESEA: Title I, Part A Basic Grants, Low Income and Neglected	14329	58,099,682
84.367	ESEA: Title II, Part A, Supporting Effective Instruction Local Grants	14341	9,007,579
84.287	ESEA: Title IV, Part B, 21st Century Community Learning Centers Program	14349	1,011,491
84.060	Indian Education	10011	44,427
84.181	Special Ed: IDEA Early Intervention Grants, Part C	23761	95,874
84.336S	Transition to Teaching	N/A	106,950
84.377	ESSA: Comprehensive Support & Improvement (CSI)	15248	989,114
84.411A	New Teacher Induction Program	N/A	286,540
84.424	ESEA: Title IV, Part A, Student Support and Academic Enrichment Grant Program	15391	890,755
	Total U.S Department of Education		<u>92,347,407</u>
<u>U.S. Department of Health and Human Services - Passed through California Department of Education</u>			
	CCDF Cluster:		
93.575	Child Development: Quality Improvement Activities	14092	675,994
93.596	Child Development: Federal General and Preschool, Family Child Care Home	13609	414,010
	Subtotal CCDF Cluster		<u>1,090,004</u>
93.778	Department of Health Services: Medi-Cal Billing Option (Medicaid Cluster)	10013	2,422,757
	Total U.S. Department of Health and Human Services		<u>3,512,761</u>
<u>U.S. Department of Agriculture - Passed through California Department of Education</u>			
10.558	Child Nutrition: CACFP Claims, Centers and Family Day Care Homes	13529	3,496,228
10.555	Child Nutrition: School Programs (Child Nutrition Cluster)	13396	38,387,693
10.582	Child Nutrition: Fresh Fruit & Vegetable Program	14968	885,915
	Total U.S. Department of Agriculture		<u>42,769,836</u>
	Total Federal Programs		<u>\$ 138,630,004</u>

See accompanying notes to supplementary information.

FRESNO UNIFIED SCHOOL DISTRICT
RECONCILIATION OF UNAUDITED ACTUAL FINANCIAL REPORT
WITH AUDITED FINANCIAL STATEMENTS
For the year ended June 30, 2020

There were no adjustments proposed to any funds of the District.

FRESNO UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
For the year ended June 30, 2020
(UNAUDITED)

	(Adopted Budget) 2021	2020	2019	2018
<u>General Fund</u>				
Revenues and other financing sources	\$ 1,033,385,373	\$ 1,021,065,105	\$ 995,359,887	\$ 923,762,192
Expenditures	1,046,798,482	1,018,273,499	980,388,419	925,770,789
Other uses and transfers out	8,856,409	6,859,750	7,892,451	4,634,148
Total outgo	1,055,654,891	1,025,133,249	988,280,870	930,404,937
Change in fund balance	\$ (22,269,518)	\$ (4,068,144)	\$ 7,079,017	\$ (6,642,745)
Ending fund balance	\$ 129,913,447	\$ 152,182,965	\$ 156,251,109	\$ 149,172,092
Available reserves	\$ 51,363,621	\$ 102,475,777	\$ 98,376,536	\$ 82,572,367
Designated for economic uncertainties	\$ 51,363,621	\$ 102,475,777	\$ 98,376,536	\$ 82,572,367
Undesignated fund balance	\$ -	\$ -	\$ -	\$ -
Available reserves as percentages of total outgo	4.87%	10.00%	9.95%	8.87%
<u>All Funds</u>				
Total long-term liabilities	\$ 2,855,810,666	\$ 2,830,179,998	\$ 2,628,780,469	\$ 2,523,097,240
Average daily attendance at P-2	66,539	66,904	67,037	66,720

The fund balance of the General Fund has decreased by \$3,631,872 over the past three years. The fiscal year 2020-2021 budget projects a deficit of \$22,269,518. For a district this size, the State of California recommends available reserves of at least 2% of total General Fund expenditures, transfers out, and other uses be maintained. For the year ended June 30, 2020, the District has met this requirement.

The District has incurred operating deficits in two of the past three years, and anticipates an operating deficit in fiscal year 2020-2021.

Total long-term liabilities have increased by \$307,082,758 over the past two years, as shown in Note 6 to the basic financial statements.

Average daily attendance has increased by 184 over the past two years. A decrease of 365 ADA is projected for the 2020-2021 fiscal year.

FRESNO UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOLS
For the year ended June 30, 2020

<u>Charter Schools Chartered by District</u>	<u>Charter #</u>	<u>Included in District Financial Statements, or Separate report</u>
Aspen Public Charter School	1792	Separate Report
Carter G. Woodson Public Charter	0378	Separate Report
Morris Dailey Elementary Charter School	1172	Separate Report
Sierra Charter School	0898	Separate Report
School of Unlimited Learning	0149	Separate Report
University High School	0890	Separate Report
Valley Preparatory Academy	0662	Separate Report

FRESNO UNIFIED SCHOOL DISTRICT
 NOTES TO SUPPLEMENTARY INFORMATION
 For the year ended June 30, 2020

NOTE 1- PURPOSE OF SCHEDULES

A - Schedule of Average Daily Attendance

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

B - Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. This schedule presents information on the amount of instructional time offered by the District, and whether the District complied with the provisions of Education Code Sections 46201 through 46206.

The District submitted a COVID-19 School Closure Certification with the State Superintendent of Public Instruction (SSPI) in connection with the effected school days impacted by COVID-19. The Certification was submitted to the SSPI on July 27, 2020.

C - Schedule of Expenditure of Federal Awards

The Schedule of Expenditure of Federal Awards includes the federal award activity of Fresno Unified School District, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. 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. As a sub-recipient of the State of California the District is using the approved indirect cost rate provided by the California Department of Education rather than the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

The following schedule provides a reconciliation between revenues reported on the Statement of Revenues, Expenditures and Change in Fund Balances and the related expenditures reported on the Schedule of Expenditure of Federal Awards:

<u>Description</u>	<u>CFDA Number</u>	<u>Amount</u>
Total Federal revenues, Statement of Revenues, Expenditures and Change in Fund Balances		\$ 138,197,098
Less:		
Transportation grants not yet expended.		(492,640)
Child Nutrition: CACFP Claims, Centers and Family Day Care Homes funds received in advance of expenditure.	10.558	(424,389)
Add:		
Medi-Cal Billing Option funds expended prior to award.	93.778	<u>1,349,935</u>
Total Schedule of Expenditure of Federal Awards		<u>\$ 138,630,004</u>

(Continued)

FRESNO UNIFIED SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
For the year ended June 30, 2020

NOTE 1 - PURPOSE OF SCHEDULES (Continued)

D - Reconciliation of Unaudited Actual Financial Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balances of all funds and the total long-term liabilities as reported on the Unaudited Actual Financial Report to the audited financial statements.

E - Schedule of Financial Trends and Analysis - Unaudited

This schedule provides information on the District's financial condition over the past three years and its anticipated condition for the 2020-2021 fiscal year, as required by the State Controller's Office. The information in this schedule has been derived from audited information.

F - Schedule of Charter Schools

This schedule provides information for the California Department of Education to monitor financial reporting by Charter Schools.

NOTE 2 - EARLY RETIREMENT INCENTIVE PROGRAM

Education Code Section 14502 requires certain disclosure in the financial statements of districts which adopt Early Retirement Incentive Programs pursuant to Education Code Section 22714 and 44929. For the fiscal year ended June 30, 2020, the District did not adopt such a program.

INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

Audit Committee
Fresno Unified School District
Fresno, California

Report on Compliance with State Laws and Regulations

We have audited Fresno Unified School District's compliance with the types of compliance requirements described in the State of California's 2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting (the "Audit Guide") applicable to the state laws and regulations listed below for the year ended June 30, 2020.

<u>Description</u>	<u>Procedures Performed</u>
Attendance Reporting	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No, see below
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	No, see below
Middle or Early College High Schools	Yes
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	No, see below
Comprehensive School Safety Plan	Yes
District of Choice	No, see below
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program:	
General requirements	Yes
After school	Yes
Before school	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study – Course Based	No, see below
Attendance, for charter schools	No, see below
Mode of Instruction, for charter schools	No, see below
Nonclassroom-Based Instruction/Independent Study, for charter schools	No, see below
Determination of Funding for Nonclassroom-Based Instruction, for charter schools	No, see below
Annual Instructional Minutes Classroom-Based, for charter schools	No, see below
Charter School Facility Grant Program	No, see below

(Continued)

We did not perform any procedures related to Early Retirement Incentive Program because the District did not offer this program in the current year.

We did not perform any procedures related to Juvenile Court Schools because the District did not operate this program.

We did not perform any procedures related to Apprenticeship: Related and Supplemental Instruction because the District does not have programs that meet this criteria.

We did not perform any procedures related to District of Choice because the District is not reported as a District of Choice per the California Department of Education.

We did not perform any procedures related to Before School Education and Safety Program: Before School because the District did not offer a Before School program in the current year.

We did not perform any procedures related to Independent Study-Course Based because the District ADA for independent study is below testing threshold.

We did not perform any procedures related to Charter Schools because the District did not include any charter schools in this report.

Management's Responsibility

Management is responsible for compliance with the requirements of state laws and regulations, as listed above.

Auditor's Responsibility

Our responsibility is to express an opinion on Fresno Unified School District's compliance with state laws and regulations as listed above 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 2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting (Audit Guide). Those standards and the 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 material effect on Fresno Unified School District's compliance with the state laws and regulations listed above occurred. An audit includes examining, on a test basis, evidence about Fresno 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 with state laws and regulations. However, our audit does not provide a legal determination of Fresno Unified School District's compliance.

Basis for Qualified Opinion with State Laws and Regulations

As described in Findings 2020-001 and 2020-002 in the accompanying Schedule of Audit Findings and Questioned Costs, Fresno Unified School District did not comply with the requirements regarding Unduplicated Local Control Funding Formula Pupil Counts and After School Education and Safety. Compliance with such requirements is necessary, in our opinion, for Fresno Unified School District to comply with state laws and regulations referred to above.

(Continued)

Qualified Opinion on Compliance with State Laws and Regulations

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Fresno Unified School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the state laws and regulations referred to above for the year ended June 30, 2020.

Other Matter

Fresno Unified School District's responses to the noncompliance findings identified in our audit are described in the accompanying Schedule of Audit Findings and Questioned Costs. Fresno Unified School District's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report on compliance is solely to describe the scope of our testing of compliance and the results of that testing based on the requirements of the State of California 2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting. Accordingly, this report is not suitable for any other purpose.


Crowe LLP

Sacramento, California
December 1, 2020

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

Audit Committee
Fresno Unified School District
Fresno, California

We have audited, in accordance with the 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 Fresno Unified School District as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Fresno Unified School District's basic financial statements, and have issued our report thereon dated December 1, 2020.

Internal Control Over Financial Reporting

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

(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Fresno 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.


Crowe LLP

Sacramento, California
December 1, 2020

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND REPORT
ON INTERNAL CONTROL OVER COMPLIANCE

Audit Committee
Fresno Unified School District
Fresno, California

Report on Compliance for Each Major Federal Program

We have audited Fresno 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 Fresno Unified School District's major federal programs for the year ended June 30, 2020. Fresno 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 Fresno 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 Fresno 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 Fresno Unified School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Fresno 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, 2020.

(Continued)

Report on Internal Control Over Compliance

Management of Fresno 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 Fresno 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 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 Fresno 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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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


Crowe LLP

Sacramento, California
December 1, 2020

FINDINGS AND RECOMMENDATIONS

FRESNO UNIFIED SCHOOL DISTRICT
 SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
 Year ended June 30, 2020

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	_____ Yes	_____ X _____ No
Significant deficiency(ies) identified not considered to be material weakness(es)?	_____ Yes	_____ X _____ None reported

Noncompliance material to financial statements noted?

	_____ Yes	_____ X _____ No
--	-----------	------------------

FEDERAL AWARDS

Internal control over major programs:

Material weakness(es) identified?	_____ Yes	_____ X _____ No
Significant deficiency(ies) identified not considered to be material weakness(es)?	_____ Yes	_____ X _____ None reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

	_____ Yes	_____ X _____ No
--	-----------	------------------

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.555	Child Nutrition Cluster
84.027, 84.027A, 84.173, 84.173A	Special Education Cluster

Dollar threshold used to distinguish between Type A and Type B programs:

\$3,000,000

Auditee qualified as low-risk auditee? _____ X _____ Yes _____ No

STATE AWARDS

Type of auditors' report issued on compliance for state programs: Qualified

(Continued)

FRESNO UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2020

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

(Continued)

FRESNO UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2020

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

(Continued)

FRESNO UNIFIED SCHOOL DISTRICT
 SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
 Year ended June 30, 2020

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2020-001 STATE COMPLIANCE - UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000)

Criteria

Education Code Section 42238.02 (b)(3)(B) – "...determine if the English learner, foster youth, and free or reduced-price meal eligible pupil counts [in CALPADS] are consistent with the school district's or charter school's English learner, foster youth, and free or reduced-price meal eligible pupil records."

Condition

In testing the District's compliance with Unduplicated Local Control Funding Pupil Counts, documentation provided by management indicated that although students were classified as Free or Reduced Price Meal eligible within the CALPADS reporting, the students were not eligible as of the census date.

Context

We performed the audit procedures enumerated in the State of California *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* and identified the finding described above.

Effect

We have determined based on our testing procedures that the unduplicated pupil count for Free or Reduced Price Meal eligible was overstated by 1 pupil. The error was determined to be isolated to one site - Kings Canyon Middle School.

Kings Canyon Middle School:

	Unduplicated Pupil Count				<u>Total</u>
	<u>Enrollment</u>	Free or Reduced Price Meal Program (FRPM)	English Learner (ELAS)	Both FRPM & ELAS	
As certified on CALPADS	942	207	5	73	285
Audit adjustment	-	(1)	-	-	(1)
Adjusted counts	<u>942</u>	<u>206</u>	<u>5</u>	<u>73</u>	<u>284</u>

(Continued)

FRESNO UNIFIED SCHOOL DISTRICT
 SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
 Year ended June 30, 2020

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2020-001 STATE COMPLIANCE - UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000) (CONTINUED)

District-Wide Counts:

	<u>Unduplicated Pupil Count</u>				<u>Total</u>
	<u>Enrollment</u>	<u>Free or Reduced Price Meal Program (FRPM)</u>	<u>English Learner (ELAS)</u>	<u>Both FRPM & ELAS</u>	
As certified on CALPADS	70,852	49,978	601	12,556	63,135
Audit adjustment	-	(1)	-	-	(1)
Adjusted counts	<u>70,852</u>	<u>49,977</u>	<u>601</u>	<u>12,556</u>	<u>63,134</u>

Cause

Lack of properly designed and implemented internal controls over LCFF.

Fiscal Impact

Based on the California Department of Education's workbook for estimating the cost of audit findings for unduplicated pupil counts, the audit adjustment of negative one (1) pupil resulted in an estimated cost adjustment of zero.

Recommendation

The District should have procedures in place to verify that the records maintained by the District matches what is reported in CALPADS.

Views of Responsible Officials and Planned Corrective Actions

The District will implement a retraining plan for the individuals responsible for record collection and data input for CALPADS reporting.

(Continued)

FRESNO UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2020

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2020-002 STATE COMPLIANCE – AFTER SCHOOL EDUCATION AND SAFETY (40000)

Criteria

Attendance Accounting and Reporting in California Public Schools, Title 5, CCR, Section 401 and 421 (b) and Education Code Section 44809 - Each LEA must develop and maintain accurate and adequate records to support the attendance reported to the State.

Condition

Of the four sites selected for testing for the After School Education and Safety (ASES) Program, audit procedures identified that one of the sites attendance reporting included differences between the supporting documentation of pupil count attendance versus the reported counts. The net impact was an overstatement of 9 days of attendance for the ASES program.

Context

We performed the audit procedures enumerated in the State of California *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* and identified the finding described above.

Effect

The effect of this finding is an overstatement of 9 days of attendance for the District's ASES program.

Cause

The errors were the result of clerical errors in accounting for attendance.

Fiscal Impact

Not determinable.

Recommendation

The District should enforce controls to ensure accurate accounting for attendance.

Views of Responsible Officials and Planned Corrective Actions

The Extended Learning Team will provide annual training to retrain all after school staff, responsible for attendance accounting, on attendance procedures and reporting using the Fresno Unified Extended Learning Site Lead Manual for the 2020-21 school year. Managers from the Extended Learning Team will conduct random site visits throughout the school year to verify accurate reporting.

**STATUS OF PRIOR YEAR
FINDINGS AND RECOMMENDATIONS**

FRESNO UNIFIED SCHOOL DISTRICT
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
Year ended June 30, 2020

No matters were reported.