

**CENTRAL UNIFIED SCHOOL DISTRICT**

**FINANCIAL STATEMENTS**

June 30, 2021

CENTRAL UNIFIED SCHOOL DISTRICT  
FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION  
For the Year Ended June 30, 2021

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FINANCIAL STATEMENTS  
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## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Central Unified School District  
Fresno, California

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Central Unified School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Central 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.

**Opinions**

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

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(Continued)

## ***Emphasis of Matter***

As discussed in Note 1 to the financial statements, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. This resulted in a restatement of the beginning governmental activities net position and the beginning aggregate remaining fund information fund balance totaling \$720,902. Our opinions are not modified with respect to this matter.

## ***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 13, the General Fund Budgetary Comparison Schedule, the Schedule of Changes in the District's Total Other Postemployment Benefits (OPEB) Liability, the Schedule of the District's Proportionate Share of the Net Pension Liability, and the Schedule of the District's Contributions on pages 58 to 63 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 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 Central Unified School District's basic financial statements. The accompanying schedule of expenditure 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 schedule of expenditure of federal awards and 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 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 supplementary information as listed in the table of contents, except for the Schedule of Financial Trends and Analysis, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Schedule of Financial Trends and Analysis has 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 it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 5, 2022 on our consideration of Central 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 Central 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 Central Unified School District's internal control over financial reporting and compliance.

  
Crowe LLP

Sacramento, California  
January 5, 2022



## CENTRAL UNIFIED SCHOOL DISTRICT

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### BOARD OF TRUSTEES

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ACTING  
SUPERINTENDENT  
Ketti Davis

This section of Central Unified School District's (District) annual financial report represents the Fiscal Services Management discussion and analysis of the District's financial performance during the fiscal year (FY) that ended on June 30, 2021. Please read it in conjunction with the District's financial statements, which immediately follow this section.

### ***OVERVIEW OF THE FINANCIAL STATEMENTS***

The *Government-Wide Financial Statements* 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 non-exchange transactions are recognized in accordance with the requirements of the Governmental Accounting Standards Board Codification Section (GASB Cod. Sec) N50 118-121.

The *Fund Financial Statements* include statements for each of the three categories of activities: governmental, business-type, and fiduciary.

The *Governmental Activities* are prepared using the current financial resources measurement focus and modified accrual basis of accounting.

The *Business-Type Activities* are prepared using the economic resources measurement focus and the accrual basis of accounting. The fiduciary activities are agency funds, which only report a balance sheet and do not have a measurement focus. *Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements* is provided to explain the differences created by the integrated approach.

### ***REPORTING THE DISTRICT AS A WHOLE***

#### ***The Statement of Net Position and the Statement of Activities***

The *Statement of Net Position and the Statement of Activities* report information about the District as a whole and about its activities. These statements include *all* assets and liabilities of the District using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's *net position* and changes in them. Net positions are the difference between assets plus deferred outflows of resources less liabilities and deferred inflows of resources, one way to measure the District's financial health, or *financial position*. Over time, *increases or decreases* in the District's net position are one indicator of whether its *financial health* is improving or deteriorating. Other factors to consider are changes in the District's property tax base and the condition of the District's facilities.

The relationship between revenues and expenses is the District's *operating results*. Since the Board's responsibility is to provide services to our students and not to generate a profit as commercial entities do, one must consider other factors when evaluating the *overall health* of the District. The quality of the education and the safety of our schools will likely be an important component in this evaluation.

In the *Statement of Net Position* and the *Statement of Activities*, we separate the District activities as follows:

**Governmental activities** – Most of the District's services are reported in this category. This includes the education of kindergarten through grade twelve students, adult education students, the operation of child development activities, and the on-going effort to improve and maintain buildings and sites. Property taxes, state income taxes, user fees, interest income, federal, state and local grants, as well as general obligation bonds, finance these activities.

**Business-type activities** – The District charges fees to help cover the costs of certain services it provides. The District's after school services are included here.

## **REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS**

### *Fund Financial Statements*

The fund financial statements provide detailed information about the most significant funds – not the District as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money that it receives from the U.S. Department of Education.

**Governmental funds** – Most of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following each governmental fund financial statement.

**Proprietary funds** – When the District charges users for the services it provides, whether to outside customers or to other departments within the District, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the *Statement of Net Position* and the *Statement of Revenues, Expenses and Changes in Fund Net Position*. In fact, the District's enterprise funds are the same as the business-type activities and we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds. We use internal service funds, (the other component of proprietary funds) to report activities that provide supplies and services for the District's other programs and activities. The internal service funds are reported with governmental activities in the government-wide financial statements.

## THE DISTRICT AS A WHOLE

### Net Position

The District's governmental activities net position was \$79.98 million for the fiscal year ended June 30, 2021, and \$65.75 million for the fiscal year ended June 30, 2020; an increase of \$14.23 million. Of the government-wide total net position at June 30, 2021, (\$127.7) million was unrestricted, \$82.7 million was restricted and \$125.0 million was the net investment in capital assets. The negative \$127.7 million unrestricted net position from governmental activities represents the accumulated results of all past years' operations and is also inclusive of the total OPEB liability and net pension liability and related deferred inflows and outflows of resources for CalSTRS and CalPERS. As of June 30, 2021, the District's total OPEB liability and net pension liability was \$37.8 million and \$188.3 million, respectively. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the School Board's ability to use those net positions for day to day operations. Our analysis below focuses on the net position (Table 1) and change in the net position (Table 2) of the District's activities for the past two fiscal years.

**TABLE 1**

Net Position	Governmental Activities		Business-Type Activities		Total School District		Change
	2021	2020	2021	2020	2021	2020	
Current and other assets	202,341,398	165,318,976	\$ 625,537	\$ 576,329	\$ 202,966,935	\$ 165,895,305	22%
Capital assets	353,773,545	318,295,199			\$353,773,545	\$318,295,199	11%
Total Assets	556,114,943	483,614,175	625,537	576,329	\$556,740,480	\$484,190,504	15%
Deferred Outflows of Resources	57,280,966	57,144,314	127,700	152,921	\$57,408,666	\$57,297,235	0%
Current liabilities	34,944,425	35,384,633	13,957	29,970	\$34,958,382	\$35,414,603	-1%
Long-term liabilities	489,921,729	425,811,175	667,000	625,000	\$490,588,729	\$426,436,175	15%
Total Liabilities	524,866,154	461,195,808	680,957	654,970	\$525,547,111	\$461,850,778	14%
Deferred Inflows of Resources	8,548,301	13,803,701	72,280	74,280	\$8,620,581	\$13,877,981	
Net assets invested in capital assets, net of related debt	124,984,594	114,520,927			\$124,984,594	\$114,520,927	9%
Restricted	82,707,582	84,758,648			\$82,707,582	\$84,758,648	-2%
Unrestricted	(127,710,722)	(133,520,595)	-	-	(\$127,710,722)	(\$133,520,595)	-4%
Total Net Position	\$ 79,981,454	\$ 65,758,980	\$ -	\$ -	\$ 79,981,454	\$ 65,758,980	22%

Unrestricted net position of governmental activities represent the *accumulated* results of all past years' operations.

### Changes in Net Position

The results of this year's operations for the District as a whole are reported in the *Statement of Activities*. Table 2 takes the information from the Statement, rounds off the numbers, and rearranges them slightly so you can see our total revenues for the past two years, along with the variance between the two fiscal years.

## Governmental Activities

As reported in the Statement of Activities, the cost of all District governmental activities for FY 2020-2021 was \$264.5 million as compared to \$249.9 million in the prior year. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only \$29.5 million the remaining costs were covered by those who benefited from the programs (\$5.9 million) or by other governments and organizations who subsidized certain programs with grants and contributions (\$67.0 million). The District paid for the remaining “public benefit” portion of our governmental activities with \$146.0 million in State and Federal funds and with \$36 thousand in other revenues, like interest and general entitlements.

## Business Type Activities

As reported in the Statement of Activities, the cost of the District business type activities for FY 2020-2021 was \$65,221 as compared to \$676,206 in the prior year, which is a decrease of \$610,985.

**TABLE 2**

Statement of Activities	Governmental Activities		Business-Type Activities		Total School District		Change
	2021	2020	2021	2020	2021	2020	
<b>Program Revenues</b>							
Charges for Services	\$5,929,556	\$30,508,062	(\$95)	\$36,928	\$5,929,461	\$30,544,990	-81%
Operating Grants & Contributions	66,975,468	37,900,657	0	334,689	66,975,468	38,235,346	75%
Capital Grants and Contributions	30,020,524	44,619,952			30,020,524	44,619,952	-33%
<b>General Revenues</b>							
Taxes and Subventions	29,537,691	27,882,484			29,537,691	27,882,484	6%
Federal and State Aid, Unrestricted	145,499,102	148,553,216			145,499,102	148,553,216	-2%
Interagency Revenues	-	-			0	0	
Interest and Investment Earnings	(\$453,035)	6,166,230	(\$3,021)	23,563	(456,056)	6,189,793	-107%
Special and extraordinary items	-	-			0	0	0%
Internal Transfers	(68,337)	(96,043)	68,337	96,043	0	0	0%
Other General Revenues	557,578	1,474,091			557,578	1,474,091	-62%
<b>Enterprise Activities</b>							
Total Revenues	277,998,547	297,008,649	65,221	491,223	278,063,768	297,499,872	-7%
<b>Expenses</b>							
Instructional Related	156,936,711	142,866,403			156,936,711	142,866,403	10%
Student Support Services	33,426,462	33,492,689			33,426,462	33,492,689	0%
General Administrative	13,076,535	12,038,342			13,076,535	12,038,342	9%
Maintenance and Operations	22,870,038	23,389,402			22,870,038	23,389,402	-2%
Other	37,104,428	37,364,838			37,104,428	37,364,838	-1%
Enterprise Activities	1,082,801	82,496	65,221	676,206	1,148,022	758,702	51%
Total Expenses	\$264,496,975	\$249,234,170	\$65,221	\$676,206	\$264,562,196	\$249,910,376	6%
Change in Net Position	\$13,501,572	\$47,774,479	\$0	(\$184,983)	\$13,501,572	\$47,589,496	-72%

## ***THE DISTRICT'S FUNDS***

As the District completed FY 2020-2021, governmental funds reported a combined fund balance of \$161.4 million as compared to \$128.4 million in the prior year, which is an increase of \$33.3 million.

**TABLE 3**  
**Comparative Schedule of Fund Balances**

	<b>Fund Balance</b>			
	<b>June 30, 2021</b>	<b>June 30, 2020</b>	<b>\$ Change</b>	<b>% Change</b>
General Fund	\$65,504,955	\$44,562,308	\$20,942,647	47.00%
Building Fund	\$21,542,731	\$1,905,027	\$19,637,704	1030.84%
County School Facilities	\$7,947,879	\$44,763,069	(\$36,815,190)	-82.24%
Bond Interest & Redemption	\$34,638,160	\$6,924,536	\$27,713,624	400.22%
All Non Major Funds	\$31,719,631	\$30,203,358	\$1,516,273	5.02%
Totals	\$161,353,356	\$128,358,298	\$32,995,058	25.71%

As can be seen in the scheduled fund balances (Table 3), the \$161.4 million total fund balance includes the General Fund of \$65.5 million, Building Fund of \$21.5 million, County School Facilities of \$7.9, Bond Interest and Redemption of \$34.6 million and \$31.7 million in All Non-Major Funds, which includes: the Adult Education, Cafeteria, Child Development, Deferred Maintenance, Capital Facilities, and Special Reserve Fund for Capital Outlay.

The Building fund increase of \$19.6 million was due to the sale of Bonds for the completion of the Justin Garza High School.

The County School Facilities fund decrease of \$36.8M is due to the construction of Justin Garza High Schools.

### *General Fund Budgetary Highlights*

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the original budget adoption was in June 2020. (A schedule showing the District's original budget adoption amounts, compared with accounts actually paid and received, is provided in our annual report on page 58).

## CAPITAL ASSET & DEBT ADMINISTRATION

### Capital Assets

At June 30, 2020, the District had \$318.3 million (net) in a broad range of capital assets, including land, buildings, and furniture and equipment, net of depreciation. At June 30, 2021, net fixed assets totaled \$353.8 million. This amount represents a net increase (including additions, deductions and depreciation) of approximately \$35.5 million from last year. The primary increase was due to the construction of the new High School.

**TABLE 4**  
**Governmental Activities,**  
**Capital Assets**

	<b>2021</b>	<b>2020</b>	<b>\$ Change</b>	<b>% Change</b>
Land	\$18,816,534	\$18,816,534	\$0	0.00%
Work-in-process	\$118,395,230	\$113,829,582	\$4,565,648	4.01%
Land improvements	\$44,849,821	\$44,666,621	\$183,200	0.41%
Buildings	\$267,022,002	\$227,821,830	\$39,200,172	17.21%
Equipment	\$45,013,723	\$41,760,444	\$3,253,279	7.79%
Capital Assets, cost	\$494,097,310	\$446,895,011	\$47,202,299	29.42%
Accumulated Depreciation	<b>(\$140,323,765)</b>	<b>(\$128,599,813)</b>	<b>(\$11,723,952)</b>	9.12%
Governmental Activities Capital Assets, net	<u>\$353,773,545</u>	<u>\$318,295,198</u>	<u>\$35,478,347</u>	11.15%

### Long-Term Obligations

At the end of this year, the District had \$489.9 million in long-term obligations outstanding versus \$425.8 million last year, an increase of approximately \$64.1 million.

**TABLE 5**  
**Summary of Long-Term Liabilities**

	<b>2021</b>	<b>2020</b>	<b>\$ Change</b>	<b>% Change</b>
General Obligation Bonds	\$209,627,568	\$161,641,268	\$47,986,300	29.69%
Accreted Interest	\$8,153,263	\$6,899,857	\$1,253,406	18.17%
Certificates of Participation	\$32,564,326	\$34,917,265	-\$2,352,939	-6.74%
Capitalized Lease Obligations	\$1,067,359	\$1,659,912	-\$592,553	-35.70%
Total OPEB Obligations	\$37,831,240	\$36,787,672	\$1,043,568	2.84%
QZABs	\$12,250,708	\$13,166,928	-\$916,220	-6.96%
Compensated Absences	\$749,265	\$822,273	-\$73,008	-8.88%
Net Pension Liability	\$187,678,000	\$169,916,000	\$17,762,000	10.45%
Total Long-Term Liabilities	<u>\$489,921,729</u>	<u>\$425,811,175</u>	<u>\$64,110,554</u>	15.06%

The change in long-term debt was due mainly to the net increase in the General Obligation Bonds of \$47.98 million, new issuance received for the construction of the new High School and Crossover Refunding, and Net Pension Liability of \$17.8 million.

We present more detailed information regarding our long-term liabilities in Note 7 of the financial statements.

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

### ***Economic Factors***

In order to address some of the financial costs that have arisen due to the COVID-19 pandemic, such as facilities cleaning, the costs of personal protective equipment, learning loss mitigation and implementation of both distance learning and in-person learning, the District has been awarded one-time COVID relief funds from various federal and state sources.

On June 14, 2021, the State Legislature adopted the 2021-22 State Budget Act bill and on June 28, 2021 adopted certain changes and associated trailer bills. On July 12, 2021, the Governor signed the 2021-22 State Budget Act, a historic \$262.6 billion spending plan fueled by a \$76 billion state surplus and \$27 billion in aid from the federal government. The 2021-22 State Budget indicates that revenues are up significantly from the forecast included in the Governor's proposed State budget for fiscal year 2021-22, resulting in a large budgetary surplus. This is a result of strong cash trends, two major federal relief bills since the beginning of 2021, continued stock market appreciation, and a significantly upgraded economic forecast from the prior fiscal year. Although the 2021-22 State Budget acknowledges that building reserves and paying down debts are critical, the 2021-22 State Budget allocates approximately 85% of discretionary funds to one-time spending. The multi-year forecast reflects a budget roughly in balance, although the 2021-22 State Budget assumes that risks remain to the economic forecast, including a stock market decline that could reduce State revenues.

The 2021-22 State Budget requires that all districts return to full time in-person instruction for the 2021-22 school year. However, to give families a high-quality option for non-classroom based instruction, and to provide local educational agencies with an option to generate state funding by serving students outside the classroom in response to parent requests, the Budget requires school districts and county offices of education to provide students with an independent study option and includes a series of improvements to the state's existing independent study programs. The District cannot predict the short or long term impacts the COVID-19 emergency and the responses of federal, State or local governments will have on global, State-wide and local economies, which could impact District operations and finances, and local property values.

### ***2021-22 Budget assumptions and rates***

In considering the District Budget for the 2021-2022 year, the Governing Board and management used the following criteria:

#### **General Fund Revenues**

General Fund revenue is estimated at 196.6 million which is generated from Local Control Funding Formula (LCFF), Federal Revenue, Other State Revenue, Local and Other Revenue, and Other Sources. The single largest source of income is LCFF. The LCFF revenue is calculated by the District's Average Daily Attendance (ADA) multiplied by a base amount per grade level (K-3, 4-6, 7-8 and 9-12), a base adjustment add-on multiplied by the District's ADA for class reduction (K-3) and Career Technical Education (9-12) and additional funding based on the demographics for English Learners, Foster Youth and Low Income. The LCFF revenue comes from two sources: State Aid and Local Property tax.

## **LCFF Revenue**

- LCFF Revenue
  - Cost of Living Adjustment (COLA) 5.07%: represents COLA statutory of 1.70% plus an augmentation of 1.0% compounded with unfunded 20-21 statutory COLA of 2.31% (compounded to 2.37%)
- Projected ADA of 15,045.82
  - Projected District regular ADA of 14,927.35, which is approximately 95% of our demographic study of enrollment of 15,713
  - Projected County Operated ADA of 118.47
- LCFF calculation was determined using the FCMAT LCFF calculator assumptions, Demographic study, prior year second period (P2) Property Tax, and projected ADA
- Transfer of \$977,000 to Deferred Maintenance Fund

## **Federal Revenues**

- Projections are based on prior-year entitlements/apportionments and excludes carryover and deferred revenue (carryover/deferred revenue will be included after 2020-21 financials are closed)
  - Special Education estimates taken from Fresno County Superintendent of Schools SELPA
  - Removed one time COVID emergency funds- ESSER I, ESSER II, GEER/Learning Loss Mitigation, CRF/Learning Loss Mitigation

## **Lottery Revenues-(State)**

- Projected funds are calculated using 2020-21 P2 ADA at the rate of \$150.00 unrestricted lottery and \$49 for restricted lottery funding (Prop. 20)

## **Mandated Costs- (State)**

- Mandated Block Grant revenue is funded using 2020-21 P2 Average Daily Attendance (ADA) at the rate of \$32.79 ADA for K-8 and \$63.17 ADA for 9-12

## **Other State Revenues**

- Projections are based on prior-year entitlements/apportionments and excludes carryover and deferred revenues (carryover/deferred revenue will be included after 2020-21 financials are closed)
  - Removed one-time entitlement for Special Education
  - Removed NPS reimbursement revenue- budget when contracts are received
  - Removed Classified School Employee Professional Development Block Grant and Low Performance Student Grant
  - Removed one time COVID emergency funds- State Learning Loss Mitigation, In-Person Instruction, Expanded Learning Opportunity

## Local and Other Revenues

- Projections are based on prior-year entitlements/apportionments, grant award letters and excludes carryover and deferred revenues (carryover/deferred revenue will be included after 2020-21 financials are closed)

## General Fund Expenditures

The District's general fund total expenditures are estimated at \$196.2 million dollars. Restricted expenditures are estimated at \$44.1 million and unrestricted at \$152.0 million.

The vast majority of District money goes to direct services for children.

## Certificated and Classified Salaries

- Salaries adjusted for step and column
- Increase in positions and athletic/academic stipends for the Justin Garza High School

## Employee Benefits

- Benefits reflect current available rates when the budget was prepared, STRS .77% increase, PERS 2.21% increase, State Unemployment 1.18% increase, and Workers Compensation estimated to be a .064% decrease. The rates used for benefits are as follows:

○ STRS	16.92%	↑
○ PERS	22.91%	↑
○ Social Security	6.20%	
○ Medicare	1.45%	
○ Alt Retire	3.75%	
○ Health/Welfare	\$16,321.79/employee	
○ SUI	1.23%	↑
○ Workers Comp	1.423% estimate	↓

## Books, Supplies and Other Materials

- Increase in Unrestricted Textbooks and Core Curricula
- Increase in Unrestricted Materials and Supplies
- Removed one-time expenditures
- Adjustments to restricted expenditures due to the removal of carryover and deferred revenue

## Services/Other Operating Expenses

- Decrease for one-time allocations
- Adjustments made to District Contracts
- Increase to Insurance (Property and Liability)
- Increase to all Utilities
- Adjustments to restricted expenditures due to the removal of carryover and deferred revenue

### **Capital Outlay**

- Decrease for one-time allocations – buses, vehicles, equipment, and facilities
- Adjustments to restricted expenditures due to the removal of carryover and deferred revenue

### **Other Outgo/Transfer Out**

- Decrease in SELPA Transportation bill back
- 21-22 Indirect cost rate increased from 20-21 by .46%, and adjustments made accordingly

### **General Fund Contributions**

The District's General Fund contributes additional funds to successfully operate programs that the State does not adequately fund and that are required by either the Education Code or the terms of the grant. Special Education and Transportation represents the majority of the districts' contributions needed to operate the programs successfully.

In addition, the District is required to contribute 3% of the General Funds actual expenditures to Routine Restricted Maintenance – estimated \$5.7M

### **Reserve for Economic Uncertainties**

The District's Reserve for Economic Uncertainties meets the State minimum requirement of 3%. Additional 2% set aside for Reserve in Other Designation to maintain a 5% reserve, per Board Policy (BP3100). The District ending reserve for the 2021-22 Adopted Budget is 24.54%.

The average total reserve percentage for unified school districts is 18.82% as of 2019-2020 data (School Services of California, Inc.), an increase of 1.56% from 2018-19.

### **General Fund Multi-Year Projections**

Revenues for the multi-year projections follow the 2021-22 SSC's recommendations and the FCMAT LCFF calculator. Changes in the LCFF revenue represent projected changes in ADA and projected COLAs.

Expenditures have been adjusted to reflect any necessary reductions or increases to maintain the districts goals and the required reserve. Multi-year projections are aligned with current law and will be updated as additional information becomes available.

## **BASIC FINANCIAL STATEMENTS**

CENTRAL UNIFIED SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
June 30, 2021

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and investments (Note 2)	\$ 176,643,207	\$ 24,584	\$ 176,667,791
Receivables	26,234,415	1,174	26,235,589
Internal balances (Note 3)	(599,779)	599,779	-
Stores inventory	63,555	-	63,555
Non-depreciable capital assets (Note 4)	137,211,764	-	137,211,764
Depreciable capital assets, net of accumulated depreciation (Note 4)	<u>216,561,781</u>	<u>-</u>	<u>216,561,781</u>
Total assets	<u>556,114,943</u>	<u>625,537</u>	<u>556,740,480</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred loss on refunding of debt (Note 7)	5,178,279	-	5,178,279
Deferred outflows of resources - OPEB (Note 11)	4,593,488	-	4,593,488
Deferred outflows of resources - pensions (Notes 9 and 10)	<u>47,509,199</u>	<u>127,700</u>	<u>47,636,899</u>
Total deferred outflows of resources	<u>57,280,966</u>	<u>127,700</u>	<u>57,408,666</u>
<b>LIABILITIES</b>			
Accounts payable	17,542,486	651	17,543,137
Tax Revenue Anticipation Notes (Note 5)	14,000,000	-	14,000,000
Unearned revenue	1,001,939	13,306	1,015,245
Self-insurance claims liability (Note 6)	2,400,000	-	2,400,000
Long-term liabilities (Note 7):			
Due within one year	8,281,142	-	8,281,142
Due after one year	<u>481,640,587</u>	<u>667,000</u>	<u>482,307,587</u>
Total liabilities	<u>524,866,154</u>	<u>680,957</u>	<u>525,547,111</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources - pensions (Notes 9 and 10)	3,992,720	72,280	4,065,000
Deferred inflows of resources - OPEB (Note 11)	<u>4,555,581</u>	<u>-</u>	<u>4,555,581</u>
Total deferred inflows of resources	<u>8,548,301</u>	<u>72,280</u>	<u>8,620,581</u>
<b>NET POSITION</b>			
Net investment in capital assets	124,984,594	-	124,984,594
Restricted:			
Legally restricted programs	13,227,498	-	13,227,498
Capital projects	34,841,924	-	34,841,924
Debt service	34,638,160	-	34,638,160
Unrestricted	<u>(127,710,722)</u>	<u>-</u>	<u>(127,710,722)</u>
Total net position	<u>\$ 79,981,454</u>	<u>\$ -</u>	<u>\$ 79,981,454</u>

See accompanying notes to financial statements

CENTRAL UNIFIED SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2021

	Net (Expense) Revenues and Changes in Net Position						Total
	Expenses	Program Revenues			Governmental Activities	Business-Type Activities	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions			
Governmental activities:							
Instruction	\$ 133,749,756	\$ 4,368,205	\$ 43,205,041	\$ 30,020,524	\$ (56,155,986)	\$ -	\$ (56,155,986)
Instruction-related services:							
Supervision of instruction	7,414,476	169,841	3,262,071	-	(3,982,564)	-	(3,982,564)
Instructional library, media and technology	2,604,571	-	109,512	-	(2,495,059)	-	(2,495,059)
School site administration	13,167,908	72,863	2,258,711	-	(10,836,334)	-	(10,836,334)
Pupil services:							
Home-to-school transportation	6,766,844	834	1,128,326	-	(5,637,684)	-	(5,637,684)
Food services	6,227,815	9,655	5,724,512	-	(493,648)	-	(493,648)
All other pupil services	20,431,803	4,549	4,978,322	-	(15,448,932)	-	(15,448,932)
General administration:							
Centralized data processing	3,091,352	-	9,545	-	(3,081,807)	-	(3,081,807)
All other general administration	9,985,183	236,365	2,016,130	-	(7,732,688)	-	(7,732,688)
Plant services	22,870,038	287,979	3,013,205	-	(19,568,854)	-	(19,568,854)
Ancillary services	26,577,608	19,523	564,057	-	(25,994,028)	-	(25,994,028)
Community services	438,828	168,129	12,023	-	(258,676)	-	(258,676)
Enterprise activities	1,082,801	-	531,488	-	(551,313)	-	(551,313)
Interest on long-term liabilities	8,534,492	-	-	-	(8,534,492)	-	(8,534,492)
Other outgo	1,553,500	591,613	162,525	-	(799,362)	-	(799,362)
Total governmental activities	<u>264,496,975</u>	<u>5,929,556</u>	<u>66,975,468</u>	<u>30,020,524</u>	<u>(161,571,427)</u>	<u>-</u>	<u>(161,571,427)</u>
Business-type activities:							
Enterprise activities	65,221	-	-	-	-	(65,221)	(65,221)
Total governmental and business-type activities	<u>\$ 264,562,196</u>	<u>\$ 5,929,556</u>	<u>\$ 66,975,468</u>	<u>\$ 30,020,524</u>	<u>(161,571,427)</u>	<u>(65,221)</u>	<u>(161,636,648)</u>
General revenues:							
Taxes and subventions:							
Taxes levied for general purposes					20,096,670	-	20,096,670
Taxes levied for debt service					9,418,736	-	9,418,736
Taxes levied for other specific purposes					22,285	-	22,285
Federal and state aid not restricted to specific purposes					145,499,102	-	145,499,102
Interest and investment earnings					(453,035)	(10,887)	(463,922)
Internal transfers					(68,337)	68,337	-
Miscellaneous					557,578	7,771	565,349
Total general revenues					<u>175,072,999</u>	<u>65,221</u>	<u>175,138,220</u>
Change in net position					13,501,572	-	13,501,572
Net position, July 1, 2020					<u>65,758,980</u>	<u>-</u>	<u>65,758,980</u>
Cumulative effect of GASB 84 implementation					<u>720,902</u>	<u>-</u>	<u>720,902</u>
Net position, July 1, 2020, as restated					<u>66,479,882</u>	<u>-</u>	<u>66,479,882</u>
Net position, June 30, 2021					<u>\$ 79,981,454</u>	<u>\$ -</u>	<u>\$ 79,981,454</u>

See accompanying notes to financial statements

CENTRAL UNIFIED SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2021

	General Fund	Building Fund	County School Facilities Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and investments:						
Cash in County Treasury	\$ 52,540,875	\$ 23,574,349	\$ 9,204,058	\$ 7,328,668	\$ 11,599,323	\$ 104,247,273
Cash in revolving fund	25,000	-	-	-	-	25,000
Cash on hand and in banks	23,516	-	-	-	773,933	797,449
Cash with Fiscal Agent	13,962,500	-	-	27,265,549	18,623,466	59,851,515
Receivables	24,522,625	123,036	99,999	43,943	1,394,963	26,184,566
Due from other funds	296,432	-	-	-	271,064	567,496
Stores inventory	14,269	-	-	-	49,286	63,555
	<u>14,269</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>49,286</u>	<u>63,555</u>
Total assets	<u>\$ 91,385,217</u>	<u>\$ 23,697,385</u>	<u>\$ 9,304,057</u>	<u>\$ 34,638,160</u>	<u>\$ 32,712,035</u>	<u>\$ 191,736,854</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ 10,099,445	\$ 2,154,654	\$ 1,356,178	\$ -	\$ 604,007	\$ 14,214,284
Unearned revenue	910,102	-	-	-	91,837	1,001,939
Due to other funds	870,715	-	-	-	296,560	1,167,275
Tax Revenue Anticipation Notes (TRANS)	14,000,000	-	-	-	-	14,000,000
	<u>14,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,000,000</u>
Total liabilities	<u>25,880,262</u>	<u>2,154,654</u>	<u>1,356,178</u>	<u>-</u>	<u>992,404</u>	<u>30,383,498</u>
Fund balances:						
Nonspendable	39,269	-	-	-	49,286	88,555
Restricted	8,401,912	21,542,731	7,947,879	34,638,160	31,670,345	104,201,027
Unassigned	57,063,774	-	-	-	-	57,063,774
	<u>57,063,774</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>57,063,774</u>
Total fund balances	<u>65,504,955</u>	<u>21,542,731</u>	<u>7,947,879</u>	<u>34,638,160</u>	<u>31,719,631</u>	<u>161,353,356</u>
Total liabilities and and fund balances	<u>\$ 91,385,217</u>	<u>\$ 23,697,385</u>	<u>\$ 9,304,057</u>	<u>\$ 34,638,160</u>	<u>\$ 32,712,035</u>	<u>\$ 191,736,854</u>

See accompanying notes to financial statements

CENTRAL UNIFIED SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
June 30, 2021

Total fund balances - Governmental Funds		\$ 161,353,356
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 \$494,097,310 and the accumulated depreciation is \$140,323,765 (Note 4).		
		353,773,545
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at June 30, 2021 consisted of (Note 7):		
General Obligation Bonds	\$ (197,405,202)	
Qualified Zone Academy Bonds (QZABs)	(12,250,708)	
Certificates of Participation (COPS)	(29,080,450)	
Unamortized premiums on GO Bonds	(12,222,366)	
Unamortized premiums on COPS	(3,483,876)	
Accreted interest	(8,153,263)	
Capitalized lease obligations	(1,067,359)	
Net pension liability (Notes 9 and 10)	(187,678,000)	
Total OPEB liability (Note 11)	(37,831,240)	
Compensated absences	<u>(749,265)</u>	(489,921,729)
Losses on refundings of debt are categorized as deferred outflows and are amortized over the shorter life of the refunded or refunding debt.		
		5,178,279
In government funds, deferred outflows and inflows of resources related to pensions and OPEB are not reported because they are applicable to future periods. In the statement of net position deferred outflows and inflows of resources relating to pensions and OPEB are reported:		
Deferred outflows of resources - pensions (Notes 9 and 10)	\$ 47,509,199	
Deferred outflows of resources - OPEB (Note 11)	4,593,488	
Deferred inflows of resources - OPEB (Note 11)	(4,555,581)	
Deferred inflows of resources - pensions (Notes 9 and 10)	<u>(3,992,720)</u>	43,554,386
Unmatured interest on long-term liabilities is recognized in the period incurred.		
		(3,011,639)
Internal service funds are used for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to operate for the benefit of governmental activities, assets and liabilities of internal service funds are reported with governmental activities.		
		<u>9,055,256</u>
Total net position - governmental activities		<u>\$ 79,981,454</u>

See accompanying notes to financial statements

CENTRAL UNIFIED SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGE IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2021

	General Fund	Building Fund	County School Facilities Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Total Governmental Funds
<b>Revenues:</b>						
Local Control Funding Formula (LCFF):						
State apportionment	\$ 142,118,163	\$ -	\$ -	\$ -	\$ -	\$ 142,118,163
Local sources	<u>19,698,016</u>	-	-	-	<u>400,000</u>	<u>20,098,016</u>
Total LCFF	<u>161,816,179</u>	-	-	-	<u>400,000</u>	<u>162,216,179</u>
Federal sources	27,562,413	-	-	-	5,767,144	33,329,557
Other state sources	25,945,638	-	-	85,289	2,267,243	28,298,170
Other local sources	<u>9,111,220</u>	<u>641,836</u>	<u>(878,260)</u>	<u>8,947,236</u>	<u>6,035,691</u>	<u>23,857,723</u>
Total revenues	<u>224,435,450</u>	<u>641,836</u>	<u>(878,260)</u>	<u>9,032,525</u>	<u>14,470,078</u>	<u>247,701,629</u>
<b>Expenditures:</b>						
Current:						
Certificated salaries	80,037,826	-	-	-	454,035	80,491,861
Classified salaries	26,414,749	-	-	-	3,082,516	29,497,265
Employee benefits	51,657,188	-	-	-	1,562,797	53,219,985
Books and supplies	20,804,675	609	126,705	-	2,891,442	23,823,431
Contract services and operating expenditures	16,508,206	341,833	-	-	993,448	17,843,487
Other outgo	1,553,500	-	-	-	-	1,553,500
Capital outlay	2,366,143	4,659,159	35,810,225	-	4,232,172	47,067,699
Debt service:						
Principal retirement	3,139,727	-	-	4,895,000	236,146	8,270,873
Interest	<u>1,147,810</u>	-	-	<u>6,141,068</u>	<u>17,385</u>	<u>7,306,263</u>
Total expenditures	<u>203,629,824</u>	<u>5,001,601</u>	<u>35,936,930</u>	<u>11,036,068</u>	<u>13,469,941</u>	<u>269,074,364</u>
Excess (deficiency) of revenues over (under) expenditures	<u>20,805,626</u>	<u>(4,359,765)</u>	<u>(36,815,190)</u>	<u>(2,003,543)</u>	<u>1,000,137</u>	<u>(21,372,735)</u>
<b>Other financing sources (uses):</b>						
Transfers in	351,083	-	-	-	145,725	496,808
Transfers out	(214,062)	-	-	(592)	(350,491)	(565,145)
Debt issuance premiums	-	-	-	2,132,759	-	2,132,759
Proceeds from issuance of GO Bonds	<u>-</u>	<u>23,997,469</u>	<u>-</u>	<u>27,585,000</u>	<u>-</u>	<u>51,582,469</u>
Total other financing sources (uses)	<u>137,021</u>	<u>23,997,469</u>	<u>-</u>	<u>29,717,167</u>	<u>(204,766)</u>	<u>53,646,891</u>
Net change in fund balances	20,942,647	19,637,704	(36,815,190)	27,713,624	795,371	32,274,156
Fund balances, July 1, 2020	<u>44,562,308</u>	<u>1,905,027</u>	<u>44,763,069</u>	<u>6,924,536</u>	<u>30,203,358</u>	<u>128,358,298</u>
Cumulative effect of GASB 84 implementation	-	-	-	-	720,902	720,902
Fund balances, July 1, 2020, as restated	<u>44,562,308</u>	<u>1,905,027</u>	<u>44,763,069</u>	<u>6,924,536</u>	<u>30,924,260</u>	<u>129,079,200</u>
Fund balances, June 30, 2021	<u>\$ 65,504,955</u>	<u>\$ 21,542,731</u>	<u>\$ 7,947,879</u>	<u>\$ 34,638,160</u>	<u>\$ 31,719,631</u>	<u>\$ 161,353,356</u>

See accompanying notes to financial statements

CENTRAL 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, 2021

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Net change in fund balances - Total Governmental Funds	\$ 32,274,156
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).	\$ 47,705,996
Depreciation of capital assets is an expense that is not recorded in the governmental funds (Note 4).	(12,195,323)
In government funds, the entire proceeds from disposal of capital assets are reported as revenue. In the government-wide statements, only the resulting gain or loss is reported (Note 4).	(32,326)
Losses on refundings of debt are categorized as deferred outflows and are amortized over the shorter life of the refunded or refunding debt (Note 7).	(527,796)
Proceeds from issuance of long-term liabilities are reported as other financing sources in the governmental funds, but are reported as increase to long-term liabilities in the statement of net position (Note 7).	(51,582,469)
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 7).	8,270,873
Accretion of interest is not recorded in the governmental funds. It increases the long-term liabilities in the statement of net position (Note 7).	(1,253,406)
Interest on long-term liabilities is recognized in the period it is incurred, in governmental funds it is only recognized when it is due.	(469,607)
In governmental funds, premiums received on the issuance of debt are recognized as revenue. In the government-wide statements debt issued at a premium is amortized as interest over the life of the debt (Note 7).	(812,992)
In 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 7, 9, and 10).	(11,980,063)

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(Continued)

CENTRAL 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, 2021

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Activities of the internal service funds are reported with governmental activities.	\$ 4,937,178	
In governmental funds, OPEB costs are recognized when employer contributions are made. In statement of activities OPEB costs are recognized on the accrual basis (Note 7 and 11).	(905,657)	
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 7).	<u>73,008</u>	<u>(18,772,584)</u>
Change in net position of governmental activities		<u>\$ 13,501,572</u>

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See accompanying notes to financial statements

CENTRAL UNIFIED SCHOOL DISTRICT  
STATEMENT OF NET POSITION – PROPRIETARY FUNDS  
June 30, 2021

	Business-Type Activities	Governmental Activities
	Enterprise Fund Campus Connection	Internal Service Fund Self-Insurance
<b>ASSETS</b>		
Current assets:		
Cash and investments (Note 2):		
Cash in County Treasury	\$ 24,584	\$ 10,095,337
Cash on hands and in banks	-	1,626,633
Due from other funds	599,779	-
Receivables	1,174	49,849
Total assets	625,537	11,771,819
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows of resources - pensions (Notes 9 and 10)	127,700	-
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	651	316,563
Unearned revenues	13,306	-
Claims liability	-	2,400,000
Current liabilities	13,957	2,716,563
Net pension liability - long-term (Note 7)	667,000	-
Total liabilities	680,957	2,716,563
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows of resources - pensions (Notes 9 and 10)	72,280	-
<b>NET POSITION</b>		
Unrestricted	\$ -	\$ 9,055,256

See accompanying notes to financial statements

CENTRAL UNIFIED SCHOOL DISTRICT  
STATEMENT OF CHANGE NET POSITION – PROPRIETARY FUNDS  
For the Year Ended June 30, 2021

	Business-Type Activities	Governmental Activities
	Enterprise Fund Campus Connection	Internal Service Fund Self-Insurance
Operating revenues:		
Self insurance premiums	\$ -	\$ 27,000,230
Other local revenues	7,771	1,827,649
Total operating revenues	7,771	28,827,879
Operating expenses:		
Employee benefits	65,221	147,743
Contract services and operating expenses	-	23,838,330
Total operating expense	65,221	23,986,073
Operating (loss) income	(57,450)	4,841,806
Non-operating revenue:		
Interest income	4,607	93,201
Net decrease in fair value of Cash in County Treasury	(15,494)	2,171
Total non-operating revenue	(10,887)	95,372
(Loss) income before transfers	(68,337)	4,937,178
Transfers from other funds	68,337	-
Change in net position	-	4,937,178
Total net position, July 1, 2020	-	4,118,078
Total net position, June 30, 2021	\$ -	\$ 9,055,256

See accompanying notes to financial statements

CENTRAL UNIFIED SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS  
For the Year Ended June 30, 2021

	Business-Type Activities	Governmental Activities
	Enterprise Fund Campus Connection	Internal Service Fund Self-Insurance
Cash flows from operating activities:		
Cash received from user charges	\$ 2,042	\$ -
Cash received from self-insurance premiums	-	28,798,195
Cash paid for services and employee benefits	(503,736)	(23,590,017)
Cash paid for other expenses	(29,319)	-
Net cash (used in) provided by operating activities	<u>(531,013)</u>	<u>5,208,178</u>
Cash flows from financing activities:		
Net transfers from other funds	68,337	-
Cash flows provided by investing activities:		
Change in Cash in County Treasury value	(15,494)	2,171
Interest income received	4,607	93,201
Net cash (used in) provided by investing activities	<u>(10,887)</u>	<u>95,372</u>
(Decrease) Increase in cash and investments	(473,563)	5,303,550
Cash and investments, July 1, 2020	498,147	6,418,420
Cash and investments, June 30, 2021	<u>\$ 24,584</u>	<u>\$ 11,721,970</u>
Reconciliation of operating (loss) income to net cash (used in) provided by operating activities:		
Operating (loss) income	\$ (57,450)	\$ 4,841,806
Adjustments to reconcile operating (loss) income to net cash (used in) provided by operating activities:		
(Increase) decrease in:		
Receivables	1,466	(29,684)
Due from the District	(503,736)	-
Deferred outflows of resources - pensions	25,221	-
Increase (decrease) in:		
Accounts payable	(29,319)	11,256
Pension liability	42,000	-
Due to other funds	(20,501)	-
Unearned revenue	13,306	-
Claims liability	-	384,800
Deferred inflows of resources - pensions	(2,000)	-
Total adjustments	<u>(473,563)</u>	<u>366,372</u>
Net cash (used in) provided by operating activities	<u>\$ (531,013)</u>	<u>\$ 5,208,178</u>

See accompanying notes to financial statements

CENTRAL UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Central 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 generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board. The following is a summary of the more significant policies:

Reporting Entity: The Board of Trustees is the level of government which has governance responsibilities over all activities related to public school education in the Central 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.

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 Codification Section (GASB 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 is specifically identified by function and is included in the direct expense of each function. Interest on general long-term liabilities is considered an indirect expense and is 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.

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(Continued)

CENTRAL UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**A - Major Funds**

*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.

*Building Fund:* The Building Fund is a capital projects fund used to account for resources used for the acquisition or construction of major capital facilities by the District.

*County School Facilities Fund:* The County School Facilities Fund is a capital projects fund used to account for resources used for the acquisition or construction of major capital facilities by the District.

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

**B - Other Funds**

*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 specified purposes. This classification includes the Student Activity, Adult Education, Child Development, Cafeteria, and Deferred Maintenance Funds.

*Capital Projects Funds:* The Capital Projects Funds are used to account for resources used for the acquisition or construction of major capital facilities by the District. This classification includes the Capital Facilities and Special Reserve for Capital Outlay Projects Funds.

*Self-Insurance Fund:* The Self-Insurance Fund is an internal service fund which is used to account for medical and surgical benefits provided to the District's employees.

*Campus Connection Fund:* The Campus Connection Fund is a business-type activity fund which is used to account for the financial transactions of the District's after-school services.

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 and business-type 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.

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(Continued)

CENTRAL UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2021

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Budgets and Budgetary Accounting:** By state law, the Board of Trustees must adopt a final budget by July 1. A public hearing is conducted to receive comments prior to adoption. The Board of Trustees 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, 2021.

**Stores Inventory:** Inventory in the General Fund and Cafeteria Fund consists mainly of consumable supplies 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 \$5,000 or more, 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.

**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 represents a consumption of net position that applies to future periods, 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, which results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter life of the refunded or refunding debt. The District has also recognized deferred outflows of resources related to the recognition of the total OPEB liability and net pension liability.

In addition to liabilities, the Statement of Net Position includes a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods 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 total OPEB liability and net pension liability.

**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 and 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.

	<u>STRP</u>	<u>PERF B</u>	<u>Total</u>
Deferred outflows of resources	\$ 38,057,261	\$ 9,579,638	\$ 47,636,899
Deferred inflows of resources	\$ 3,823,000	\$ 242,000	\$ 4,065,000
Net pension liability	\$ 135,556,000	\$ 52,789,000	\$ 188,345,000
Pension expense	\$ 29,671,963	\$ 9,600,564	\$ 39,272,527

The District has allocated approximately 1.26 percent of the total proportionate share of the PERF B net pension liability and related deferred inflows of resources and outflows of resources, to the District's business-type activities.

(Continued)

CENTRAL UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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.

Compensated Absences: Compensated absences benefits are recorded as a liability of the District. The liability of \$749,265 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.

Net Position: Net position is displayed in three components:

*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.

*Restricted Net Position* - Restrictions of the ending net position indicate the portions of net position not appropriable 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. It is the District's policy to use restricted net position first when allowable expenditures are incurred.

*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.

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(Continued)

CENTRAL UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**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 and proprietary 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 Trustees. 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 Trustees is required to remove any commitment from any fund balance. At June 30, 2021, the District had no committed fund balances.

**D - Assigned Fund Balance:**

The assigned fund balance classification reflects amounts that the District's Board of Trustees has approved to be used for specific purposes, based on the District's intent related to those specific purposes. The Board of Trustees can designate personnel with the authority to assign fund balances, however, as of June 30, 2021, no such designation has occurred. At June 30, 2021, the District had no assigned fund balances.

**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 Trustees. At June 30, 2021, the District has a minimum fund balance policy which requires a reserve of at least 5% of total General Fund revenue. At June 30, 2021 the District has not established a stabilization arrangement.

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.

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(Continued)

CENTRAL UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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.

New Accounting Pronouncements: In January 2017, the GASB issued GASB Statement No. 84, Fiduciary Activities. The principal objective of this Statement is to enhance the consistency and comparability of fiduciary activity reporting by state and local governments. The provisions in GASB Statement No. 84 are effective for reporting periods beginning after December 15, 2019. Based on the implementation of GASB Statement No. 84, the District restated its beginning net position of governmental activities as well as the aggregate remaining fund information beginning fund balance for a total of \$720,902.

**NOTE 2 - CASH AND INVESTMENTS**

Cash and investments at June 30, 2021 consisted of the following:

	Governmental Activities			Business-Type Activities
	Governmental Funds	Proprietary Fund	Total	
Pooled Funds:				
Cash in County Treasury	\$ 104,247,273	\$ 10,095,337	\$ 114,342,610	\$ 24,584
Deposits:				
Cash in revolving fund	25,000	-	25,000	-
Cash on hand and in banks	797,449	1,626,633	2,424,082	-
Total deposits	822,449	1,626,633	2,449,082	-
Cash with Fiscal Agent	59,851,515	-	59,851,515	-
Total cash and investments	\$ 164,921,237	\$ 11,721,970	\$ 176,643,207	\$ 24,584

(Continued)

CENTRAL UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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**NOTE 2 - CASH AND INVESTMENTS** (Continued)

Pooled Funds: In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the 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 in the pool is reported in the financial statements at amounts based upon the District's pro-rata share of the fair value 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, 2021, 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, 2021, the carrying amount of the District's FDIC insured accounts was \$1,700,518 and the bank balances totaled \$1,698,505, of which \$321,872 was FDIC insured. Cash balances held in credit unions are insured by the National Credit Union Association (NCUA). At June 30, 2021, the carrying amount of the District's NCUA insured accounts was \$748,564 and the bank balance was \$784,424, of which \$250,000 was NCUA insured. All uninsured amounts in banks and credit union accounts remained collateralized at June 30, 2021.

Cash with Fiscal Agent: Cash with Fiscal Agent represents amounts held by a third party custodian in the District's name. The balances are comprised entirely of cash equivalents and are carried at amortized cost.

Interest Rate Risk: The District does not have a formal investment policy that limits cash and investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2021, the District had no significant interest rate risk related to cash and investments held.

Credit Risk: The District does not have a formal investment policy that limits its investment choices other than the limitations of state law.

Concentration of Credit Risk: The District does not place limits on the amount it may invest in any one issuer. At June 30, 2021, the District had no concentration of credit risk.

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(Continued)

CENTRAL UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2021

**NOTE 3 - INTERFUND TRANSACTIONS**

Interfund Activity: Transactions between funds of the District are recorded as 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, 2021 were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
<u>Governmental Activities</u>		
Major Fund:		
General	\$ 296,432	\$ 870,715
Non-Major Funds:		
Adult Education	-	10,891
Child Development	145,746	18,161
Cafeteria	103,033	261,432
Capital Facilities	22,285	6,076
<u>Business-Type Activities</u>		
Proprietary Fund:		
Campus Connection Fund	599,779	-
Totals	\$ 1,167,275	\$ 1,167,275

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

Transfers for the 2020-21 fiscal year were as follows:

Transfer from the General Fund to the Child Development Fund for operational support.	\$	145,725
Transfer from the General Fund to the Campus Connection Fund for operational support.		68,337
Transfer from the Adult Education Fund to the General Fund for indirect cost support.		34,277
Transfer from the Child Development Fund to the General Fund for indirect cost support.		55,523
Transfer from the Cafeteria Fund to the General Fund for indirect cost support.		260,691
Transfer from the Bond Interest and Redemption Fund to the General Fund to close out an inactive balance.		592
	\$	565,145

(Continued)

CENTRAL UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

**NOTE 4 - CAPITAL ASSETS**

A schedule of changes in capital assets for the year ended June 30, 2021 is shown below:

	Balance July 1, <u>2020</u>	Transfers and <u>Additions</u>	Transfers and <u>Deletions</u>	Balance June 30, <u>2021</u>
Non-depreciable:				
Land	\$ 18,816,534	\$ -	\$ -	\$ 18,816,534
Work-in-process	113,829,582	44,158,924	(39,593,276)	118,395,230
Depreciable:				
Land improvements	44,666,621	183,200	-	44,849,821
Buildings and improvements	227,821,830	39,201,115	(943)	267,022,002
Equipment	<u>41,760,444</u>	<u>3,756,033</u>	<u>(502,754)</u>	<u>45,013,723</u>
Totals, at cost	<u>446,895,011</u>	<u>87,299,272</u>	<u>(40,096,973)</u>	<u>494,097,310</u>
Less accumulated depreciation:				
Land improvements	(13,181,423)	(1,536,659)	-	(14,718,082)
Buildings and improvements	(92,969,806)	(6,804,386)	943	(99,773,249)
Equipment	<u>(22,448,584)</u>	<u>(3,854,278)</u>	<u>470,428</u>	<u>(25,832,434)</u>
Total accumulated depreciation	<u>(128,599,813)</u>	<u>(12,195,323)</u>	<u>471,371</u>	<u>(140,323,765)</u>
Capital assets, net	<u>\$ 318,295,198</u>	<u>\$ 75,103,949</u>	<u>\$ (39,625,602)</u>	<u>\$ 353,773,545</u>

Depreciation expense was charged to governmental activities for the year ended June 30, 2021 as follows:

Governmental activities:	
Instruction	\$ 9,236,177
School site administration	1,597
Home to school transportation	1,183,410
Food services	109,794
Ancillary services	268
Community services	15,208
General administration	149,698
Centralized data processing	658,084
Plant services	<u>841,087</u>
Total depreciation expense	<u>\$ 12,195,323</u>

At June 30, 2021, the District had capital assets acquired from capital leases with an original cost of \$8,761,958. The accumulated depreciation was \$5,582,344 on these assets.

(Continued)

CENTRAL UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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**NOTE 5 – TAX REVENUE ANTICIPATION NOTES**

On March 29, 2021, the District issued Tax Revenue Anticipation Notes (TRANs), in the total amount of \$14,000,000. The TRANs are considered a general obligation of the District and are payable from property taxes and principal apportionment generated by the District, bear interest at .25 percent, and have a final maturity date of January 31, 2022. The TRANs are secured by a pledge of certain unrestricted revenues received by the District issuing such TRANs for its General Fund, and constitute a first lien and charge payable from the first monies received by the District from such pledged revenues.

**NOTE 6 - SELF-INSURANCE**

The District has established a self-insurance fund to account for the risk of loss for employee medical, dental, vision and medical prescription benefits. The District records an estimated liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses, based on claims lag data from the District's claim system.

Changes in the claims liability for the year ended June 30, 2021 were as follows:

Claims liability at July 1, 2019	\$ 2,558,415
Incurred claims and changes in estimates	17,124,135
Paid claims	<u>(17,667,350)</u>
Claims liability at June 30, 2020	<u>2,015,200</u>
Incurred claims and changes in estimates	15,216,200
Paid claims	<u>(14,831,400)</u>
Claims liability at June 30, 2021	<u>\$ 2,400,000</u>

**NOTE 7 - LONG-TERM LIABILITIES**

General Obligation Bonds: In December 2012, the District issued Election of 2008, Series B General Obligation Bonds (Capital Appreciation Bonds) in the amount of \$12,999,862.

In May 2014, the District issued 2014 General Obligation Refunding Bonds in the amount of \$22,665,000 to refund on a current basis, all of the District's outstanding 2005 General Obligation Refunding Bonds and to pay the cost of issuance of the 2014 Refunding Bonds.

In July 2014, the District issued General Obligation Bonds, Election 2008, Series C in the amount of \$7,497,871. The proceeds from the Series C bonds were be used to pay the District's 2013 General Obligation Bond Anticipation Notes and to construct a portion of the projects specified in the District's proposition submitted at an election of the registered voters of the District held on November 4, 2008.

In December 2014, the District issued 2014 General Obligation Refunding Bonds, Series B in the amount of \$12,495,000 to refund a portion of the District's outstanding Election of 2004 Series B Bonds and to pay costs of issuance of the Bonds.

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(Continued)

CENTRAL UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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**NOTE 7 - LONG-TERM LIABILITIES** (Continued)

In June 2016, the District issued 2016 General Obligation Refunding Bonds in the amount of \$34,380,000 to refund, on an advance basis, a portion of the District's outstanding Election of 2008 Series A Bonds and to pay the cost of issuance of the 2016 Refunding Bonds.

In March 2017, the District issued 2008 Election, Series D in the amount of \$4,500,000. The proceeds from the Series D bonds are to be used to construct projects specified in the District's proposition submitted at an election of the registered voters of the District held on November 4, 2008.

In March 2017, the District issued 2016 Election, Series A (GO Reauthorization Bonds) in the amount of \$25,000,000. The proceeds from the Series A bonds were authorized at an election of the registered voters of the District held on November 8, 2016, which reauthorized the issuance of \$87,300,000 principal amount of general obligation bonds for the purpose of financing the replacement and upgrading of school facilities.

In December 2018, the District issued 2016 Election, Series B (GO Reauthorization Bonds) in the amount of \$42,000,000. The proceeds from the Series B bonds were authorized at an election of the registered voters of the District held on November 8, 2016, which reauthorized the issuance of \$87,300,000 principal amount of general obligation bonds for the purpose of financing the replacement and upgrading of school facilities.

In October 2020, the District issued 2020 Refunding General Obligation Bonds, Series A (2020 Refunding Series A), in the amount of \$22,425,000. The proceeds will be used to refund, on an advance crossover basis, certain maturities of the District's 2008 Series B GO Bonds (2008B Bonds), and to pay interest on the 2020 Refunding Series A Bonds until the crossover date of August 1, 2022. The refunded 2008B Bonds will continue to be reported as liabilities and the District will continue to be responsible for interest and principal payments until the crossover date. At the crossover date, the 2008B Bonds will be considered defeased and will be removed from the books of the District.

In October 2020, the District issued 2020 Refunding General Obligation Bonds, Series B (2020 Refunding Series B), in the amount of \$5,160,000. The proceeds will be used to refund, on an advance crossover basis, certain maturities of the District's 2008 Series C GO Bonds (2008C Bonds), and to pay interest on the 2020 Refunding Series B Bonds until the crossover date of July 1, 2024. The refunded 2008C Bonds will continue to be reported as liabilities and the District will continue to be responsible for interest and principal payments until the crossover date. At the crossover date, the 2008C Bonds will be considered defeased and will be removed from the books of the District.

In February 2021, the District issued Election of 2008, Series E General Obligation Bonds (Capital Appreciation Bonds) in the amount of \$3,697,469. The proceeds from the Series E bonds are to be used to construct projects specified in the District's proposition submitted at an election of the registered voters of the District held on November 4, 2008.

In February 2021, the District issued 2016 Election, Series C (GO Reauthorization Bonds) in the amount of \$20,300,000. The proceeds from the Series C bonds were authorized at an election of the registered voters of the District held on November 8, 2016, which reauthorized the issuance of \$87,300,000 principal amount of general obligation bonds for the purpose of financing the replacement and upgrading of school facilities.

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(Continued)

CENTRAL UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

**NOTE 7 - LONG-TERM LIABILITIES** (Continued)

The District's General Obligation Bonds outstanding as of June 30, 2021, are scheduled to mature as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 3,490,000	\$ 6,896,775	\$ 10,386,775
2023	4,630,000	6,687,450	11,317,450
2024	4,855,000	6,456,750	11,311,750
2025	5,340,000	6,209,850	11,549,850
2026	6,040,000	5,936,425	11,976,425
2027-2031	40,510,000	25,381,096	65,891,096
2032-2036	36,034,526	32,444,841	68,479,367
2037-2041	44,883,526	36,813,982	81,697,508
2042-2046	34,507,150	14,401,741	48,908,891
2047-2048	17,115,000	1,061,300	18,176,300
	<u>\$ 197,405,202</u>	<u>\$ 142,290,210</u>	<u>\$ 339,695,412</u>

A summary of General Obligation Bonds payable as of June 30, 2021 follows:

Series	Interest Rate %	Fiscal Year of Issuance	Maturity Date	Amount of Original Issuance	Outstanding July 1, 2020	Issued Current Year	Redeemed Current Year	Outstanding June 30, 2021
2008 Series B	5.00 - 5.25%	2013	2043	\$ 12,999,862	\$ 12,999,862	\$ -	\$ -	\$ 12,999,862
2014 Refunding	2.00 - 5.00%	2014	2030	22,665,000	18,725,000	-	1,110,000	17,615,000
2008 Series C	2.00 - 5.00%	2015	2045	7,497,871	7,472,871	-	40,000	7,432,871
2014 Refunding, Series B	2.00 - 5.00%	2015	2032	12,495,000	11,180,000	-	395,000	10,785,000
2016 Refunding	2.00 - 5.00%	2016	2033	34,380,000	34,380,000	-	1,295,000	33,085,000
2008 Series D	2.00 - 5.00%	2017	2031	4,500,000	3,210,000	-	255,000	2,955,000
2016 Series A	2.00 - 4.08%	2017	2048	20,750,000	20,750,000	-	-	20,750,000
2016 Series B	3.00 - 5.00%	2019	2048	42,000,000	42,000,000	-	1,350,000	40,650,000
2008 Series E	1.960 - 2.300%	2021	2037	3,697,469	-	3,697,469	-	3,697,469
2016 Series C	0.180 - 4.000%	2021	2043	20,300,000	-	20,300,000	450,000	19,850,000
2020 Refunding, Series A	2.129 - 2.886%	2021	2042	22,425,000	-	22,425,000	-	22,425,000
2020 Refunding, Series B	1.929 - 2.936%	2021	2043	5,160,000	-	5,160,000	-	5,160,000
Total				<u>\$ 208,870,202</u>	<u>\$ 150,717,733</u>	<u>\$ 51,582,469</u>	<u>\$ 4,895,000</u>	<u>\$ 197,405,202</u>

(Continued)

CENTRAL UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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**NOTE 7 - LONG-TERM LIABILITIES (Continued)**

Certificates of Participation: In June 2016, the District issued Refunding Certificates of Participation (2016 Refunding COPs) in the total amount of \$13,668,513. The 2016 Refunding COPs bear interest at 2.21% and mature annually through the year ended June 30, 2027.

The annual payments required to amortize the 2016 Refunding COPs outstanding as of June 30, 2021, are as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 1,367,162	\$ 166,383	\$ 1,533,545
2023	1,396,604	136,006	1,532,610
2024	1,252,245	105,939	1,358,184
2025	1,287,850	78,068	1,365,918
2026	1,316,589	49,447	1,366,036
2027	<u>1,250,000</u>	<u>13,813</u>	<u>1,263,813</u>
	<u>\$ 7,870,450</u>	<u>\$ 549,656</u>	<u>\$ 8,420,106</u>

In October 2017, the District issued Refunding Certificates of Participation (2017 Refunding COPs) in the total amount of \$6,110,000. The 2017 Refunding COPs bear interest at 2.29% and mature annually through the year ended June 30, 2028. The annual payments required to amortize the 2017 Refunding COPs outstanding as of June 30, 2021, are as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 545,000	\$ 97,153	\$ 642,153
2023	560,000	84,501	644,501
2024	715,000	69,902	784,902
2025	725,000	53,414	778,414
2026	745,000	36,583	781,583
2027-2028	<u>1,225,000</u>	<u>24,675</u>	<u>1,249,675</u>
	<u>\$ 4,515,000</u>	<u>\$ 366,228</u>	<u>\$ 4,881,228</u>

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(Continued)

CENTRAL UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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**NOTE 7 - LONG-TERM LIABILITIES** (Continued)

In August 2019, the District issued Certificates of Participation (2019 COPs) in the total amount of \$16,695,000. The 2019 COPs bear interest at 5.0% and mature annually through the year ended June 30, 2034. The annual payments required to amortize the 2019 COPs outstanding as of June 30, 2021, are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ -	\$ 834,750	\$ 834,750
2023	-	834,750	834,750
2024	-	834,750	834,750
2025	-	834,750	834,750
2026	-	834,750	834,750
2027-2031	8,660,000	3,359,250	12,019,250
2032-2034	<u>8,035,000</u>	<u>615,625</u>	<u>8,650,625</u>
	<u>\$ 16,695,000</u>	<u>\$ 8,148,625</u>	<u>\$ 24,843,625</u>

Capitalized Lease Obligations: The District has entered into capital lease agreements with third party vendors for the purpose of acquiring certain assets such as modular buildings and equipment. The annual payments required to amortize the District's capital lease obligations outstanding as of June 30, 2021, are as follows:

Year Ending June 30,	
2022	\$ 617,365
2023	<u>471,731</u>
Subtotal	1,089,096
Less amount representing interest	<u>(21,737)</u>
Net Present value of minimum payments	<u>\$ 1,067,359</u>

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(Continued)

CENTRAL UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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**NOTE 7 - LONG-TERM LIABILITIES** (Continued)

Qualified Zone Academy Bonds: In June 2014, the District issued Qualified Zone Academy Bonds (2014 QZABs) under an agreement with Debuque Bank & Trust Company to finance the acquisition, construction and installation of certain solar and related energy improvements to school facilities within buildings or on land owned by the District totaling \$6,825,000. The bonds bear no interest, and in lieu of periodic interest payments to purchasers of the bonds, the bonds qualify for an annual federal income tax credit to the purchasers.

In December 2016, the District issued Qualified Zone Academy Bonds (2016 QZABs) under an agreement with Public Property Financing Corporation, a nonprofit benefit corporation, to finance the costs of certain improvements to school facilities within buildings or on land owned by the District totaling \$10,295,000. The bonds bear no interest, and in lieu of periodic interest payments to purchasers of the bonds, the bonds qualify for an annual federal income tax credit to the purchasers.

The required annual payments required to amortize the combined outstanding balances of the 2014 QZABs and 2016 QZABs as of June 30, 2021, are as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>
2022	\$ 916,220
2023	916,220
2024	916,221
2025	916,221
2026	916,221
2027-2031	4,581,105
2032-2036	2,573,750
2037	<u>514,750</u>
Total payments	<u>\$ 12,250,708</u>

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(Continued)

CENTRAL UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

**NOTE 7 - LONG-TERM LIABILITIES (Continued)**

Schedule of Changes in Long-Term Liabilities: A schedule of changes in long-term liabilities for the fiscal year ended June 30, 2021 is shown below:

<u>Governmental Activities</u>	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2021</u>	<u>Amounts Due Within One Year</u>
<i>Debt:</i>					
General Obligation Bonds	\$ 150,717,733	\$ 51,582,469	\$ 4,895,000	\$ 197,405,202	\$ 3,490,000
Qualified Zone Academy Bonds (QZABs)	13,166,928	-	916,220	12,250,708	916,220
Certificates of participation	30,947,550	-	1,867,100	29,080,450	1,912,162
Unamortized premiums on GO Bonds	10,923,535	2,132,759	833,928	12,222,366	850,289
Unamortized premiums on COPS	3,969,715	-	485,839	3,483,876	510,695
Accreted interest	6,899,857	1,253,406	-	8,153,263	-
Capital lease obligations	1,659,912	-	592,553	1,067,359	601,776
<i>Other Long-Term Liabilities:</i>					
Net pension liability (Notes 9 and 10)	169,916,000	17,762,000	-	187,678,000	-
Total OPEB liability (Note 11)	36,787,672	1,043,568	-	37,831,240	-
Compensated absences	822,273	-	73,008	749,265	-
Totals	<u>\$ 425,811,175</u>	<u>\$ 73,774,202</u>	<u>\$ 9,663,648</u>	<u>\$ 489,921,729</u>	<u>\$ 8,281,142</u>
<u>Business-Type Activities:</u>	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2021</u>	<u>Amounts Due Within One Year</u>
Net pension liability (Notes 9 and 10)	\$ 625,000	\$ 42,000	\$ -	\$ 667,000	\$ -

Payments on the General Obligation Bonds are made from the Bond Interest Redemption Fund. Payments on the Certificates of Participation, QZABs and capitalized lease obligations are made from the General Fund and Capital Facilities Fund. Payments on other postemployment benefits, compensated absences and net pension liability are made from the fund for which the related employee worked.

(Continued)

CENTRAL UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

**NOTE 8 - FUND BALANCES**

Governmental fund balances, by category, at June 30, 2021 consisted of the following:

	General Fund	Building Fund	County School Facilities Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Total Governmental Funds
Nonspendable:						
Revolving cash fund	\$ 25,000	\$ -	\$ -	\$ -	\$ -	\$ 25,000
Stores inventory	<u>14,269</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>49,286</u>	<u>63,555</u>
Subtotal nonspendable	<u>39,269</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>49,286</u>	<u>88,555</u>
Restricted:						
Legally restricted:						
Grants	8,401,912	-	-	-	-	8,401,912
Student body activities	-	-	-	-	748,564	748,564
Adult education program	-	-	-	-	696,340	696,340
Cafeteria program	-	-	-	-	2,465,537	2,465,537
Other restrictions	-	-	-	-	865,859	865,859
Capital projects	-	21,542,731	7,947,879	-	26,894,045	56,384,655
Debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,638,160</u>	<u>-</u>	<u>34,638,160</u>
Subtotal restricted	<u>8,401,912</u>	<u>21,542,731</u>	<u>7,947,879</u>	<u>34,638,160</u>	<u>31,670,345</u>	<u>104,201,027</u>
Unassigned:						
Designed for economic uncertainties	10,174,670	-	-	-	-	10,174,670
Undesignated	<u>46,889,104</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>46,889,104</u>
Subtotal unassigned	<u>57,063,774</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>57,063,774</u>
Total Fund balances	<u>\$ 65,504,955</u>	<u>\$ 21,542,731</u>	<u>\$ 7,947,879</u>	<u>\$ 34,638,160</u>	<u>\$ 31,719,631</u>	<u>\$ 161,353,356</u>

**NOTE 9 - NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN**

*General Information about the State Teachers' Retirement Plan*

Plan Description: Teaching-certificated 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.

(Continued)

**NOTE 9 - NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN** (Continued)

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 up to the 2.4 percent maximum.

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.

*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 required 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 2021–21, 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.

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(Continued)

**NOTE 9 - NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN** (Continued)

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 percent less than the statutory rate for fiscal year 2020–21 and 2.18 percent 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 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.

In addition, the CalSTRS board's rate-setting authority for the state contribution rate was suspended for fiscal year 2020–21 by AB 84. Although the CalSTRS board exercised its authority in May 2020 to increase the state contribution rate by 0.50 percent effective July 1, 2020, the rate increase did not go into effect. Instead, the state rate remained at the 2019–20 level of 7.828 percent.

A summary of statutory contribution rates and other sources of contributions to the DB Program pursuant to the CalSTRS Funding Plan, SB 90 and AB 84 are as follows:

*Members* - Under CalSTRS 2% at 60, the member contribution rate was 10.25 percent of applicable member earnings for fiscal year 2020-21.

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 2020-21. According to current law, the contribution rate for CalSTRS 2% at 62 members is adjusted if the normal cost increases or decreases by more than 1 percent since the last time the member contribution rate was set. Based on the June 30, 2019, valuation adopted by the board in May 2020, the increase in normal cost was less than 1 percent. Therefore, the contribution rate for CalSTRS 2% at 62 members did not change effective July 1, 2020.

*Employers* – 16.15 percent of applicable member earnings. This rate reflects the original employer contribution rate of 19.10 percent resulting from the CalSTRS Funding Plan, and subsequently reduced for the 2.95 percentage points to be paid on behalf of employers pursuant to SB 90 and AB 84.

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(Continued)

CENTRAL UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2021

**NOTE 9 - NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN** (Continued)

The CalSTRS Funding Plan, which was enacted in June 2014 with the passage of California Assembly Bill (AB) 1469, required that 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 gave 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 rates effective for fiscal year 2019-20 through fiscal year 2045-46 are summarized in the table below.

<u>Effective Date</u>	<u>Base Rate</u>	<u>Supplemental Rate Per CalSTRS Funding Plan</u>	<u>Rate Adjustment Per Special Legislation</u>	<u>Total</u>
July 1, 2020	8.250%	10.850%	(2.950%)	16.150%
July 1, 2021	8.250%	10.850%	(2.180%)	16.920%
July 1, 2022 to June 30, 2046	8.250%	(1)	N/A	(1)
July 1, 2046	8.250%	Increase from AB 1469 rate ends in 2046-47		

(1) The CalSTRS Funding Plan authorizes the board to adjust the employer contribution rate up or down by up to 1% each year, but no higher than 20.250% total and no lower than 8.250%.

The District contributed \$12,339,261 to the plan for the fiscal year ended June 30, 2021.

*State* – 10.328 percent of the members' calculated based on creditable compensation from two fiscal years prior.

The state's base contribution to the DB Program is calculated based on creditable compensation from two fiscal years prior. As a result of the CalSTRS Funding Plan, the state is required to make additional contributions to pay down the unfunded liabilities associated with the benefit structure that was in place in 1990 prior to certain enhancements in benefits and reductions in contributions. 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. Pursuant to AB 84, the state contribution rate remained at 5.811% for fiscal year 2020-21.

(Continued)

CENTRAL UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

**NOTE 9 - 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>Supplemental Rate Per CalSTRS Funding Plan</u>	<u>SBMA Funding<sup>(1)</sup></u>	<u>Total</u>
July 01, 2020	2.017%	5.811%	2.50%	10.328%
July 01, 2021	2.017%	6.311%	2.50%	10.828%
July 01, 2022 to June 30, 2046	2.017%	(2)	2.50%	(2)
July 01, 2046	2.017%	(3)	2.50%	(3)

- (1) The SBMA contribution rate excludes the \$72 million that is reduced from the required contribution in accordance with Education Code section 22954.
- (2) The board has limited authority to adjust the state contribution rate annually through June 2046 in order to eliminate the remaining unfunded actuarial obligation. The board cannot increase the supplemental rate by more than 0.5% in a fiscal year, and if there is no unfunded actuarial obligation, the supplemental contribution rate imposed would be reduced to 0%.
- (3) From July 1, 2046, and thereafter, the rates in effect prior to July 1, 2014, are reinstated, if necessary, to address any remaining unfunded actuarial obligation.

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

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

District's proportionate share of the net pension liability	\$ 135,556,000
State's proportionate share of the net pension liability associated with the District	<u>69,888,000</u>
Total	<u>\$ 205,444,000</u>

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019. 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, 2020, the District's proportion was 0.140 percent, which was an increase of 0.006 percent from its proportion measured as of June 30, 2019.

(Continued)

CENTRAL UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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**NOTE 9 - NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN** (Continued)

For the year ended June 30, 2021, the District recognized pension expense of \$29,671,963 and revenue of \$9,826,346 for support provided by the State. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 239,000	\$ 3,823,000
Changes of assumptions	13,219,000	-
Net differences between projected and actual earnings on investments	3,220,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	9,040,000	-
Contributions made subsequent to measurement date	<u>12,339,261</u>	<u>-</u>
Total	<u>\$ 38,057,261</u>	<u>\$ 3,823,000</u>

\$12,339,261 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending <u>June 30,</u>	
2022	\$ 3,552,333
2023	\$ 6,463,333
2024	\$ 7,794,332
2025	\$ 2,822,668
2026	\$ 529,667
2027	\$ 732,667

Differences between expected and actual experience, changes in assumptions, 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, 2020 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.

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(Continued)

CENTRAL UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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**NOTE 9 - 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, 2019, and rolling forward the total pension liability to June 30, 2020. The financial reporting actuarial valuation as of June 30, 2019, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2019
Experience Study	July 1, 2015 through June 30, 2018
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	

Discount Rate: The discount rate used to measure the total pension liability was 7.10 percent, which was unchanged from the prior fiscal year. 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.

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

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

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(Continued)

CENTRAL UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2021

**NOTE 9 - NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN** (Continued)

The actuarial investment rate of return assumption was adopted by the CalSTRS board in January 2020 in conjunction with the most recent experience study. For each current and 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>
Public Equity	42%	4.8%
Real Estate Assets	15	3.6
Private Equity	13	6.3
Fixed Income	12	1.3
Risk Mitigating Strategies	10	1.8
Inflation Sensitive	6	3.3
Cash / Liquidity	2	(0.4)

\* 20-year geometric average

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>\$ 204,807,000</u>	<u>\$ 135,556,000</u>	<u>\$ 78,380,000</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.

(Continued)

**NOTE 10 - 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-2020.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.

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 agencies first join the PERF, 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, 2021 were as follows:

*Members* - The member contribution rate was 7.0 percent of applicable member earnings for fiscal year 2020-21.

*Employers* - The employer contribution rate was 20.70 percent of applicable member earnings.

The District contributed \$5,061,638 to the plan for the fiscal year ended June 30, 2021.

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

At June 30, 2021, the District reported a liability of \$52,789,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019. 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, 2020, the District’s proportion was 0.172 percent, which was an increase of 0.002 percent from its proportion measured as of June 30, 2019.

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(Continued)

CENTRAL UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

**NOTE 10 - NET PENSION LIABILITY – PUBLIC EMPLOYER’S RETIREMENT FUND B (Continued)**

For the year ended June 30, 2021, the District recognized pension expense of \$9,600,564. At June 30, 2021, 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	\$ 2,618,000	\$ -
Changes of assumptions	194,000	-
Net differences between projected and actual earnings on investments	1,098,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	608,000	242,000
Contributions made subsequent to measurement date	<u>5,061,638</u>	<u>-</u>
Total	<u>\$ 9,579,638</u>	<u>\$ 242,000</u>

\$5,061,638 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending <u>June 30,</u>	
2022	\$ 1,638,917
2023	\$ 1,173,917
2024	\$ 957,416
2025	\$ 505,750

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, 2020 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, 2019, and rolling forward the total pension liability to June 30, 2019 and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2019
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

(Continued)

CENTRAL UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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**NOTE 10 - NET PENSION LIABILITY – PUBLIC EMPLOYER’S RETIREMENT FUND B** (Continued)

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, 2019 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.

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 pension fund cash flows. Using historical and forecasted information for all the funds’ 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 for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long- term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

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(Continued)

CENTRAL UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

**NOTE 10 - 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 Rate <u>(7.15%)</u>	1% Increase <u>(8.15%)</u>
District’s proportionate share of the net pension liability	<u>\$ 75,894,000</u>	<u>\$ 52,789,000</u>	<u>\$ 33,613,000</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 11 - OTHER POSTEMPLOYMENT BENEFITS**

*General Information about the Other Postemployment Benefits (OPEB) Plan*

Plan Description: In addition to the pension benefits described in Notes 9 and 10, the District administers a single-employer defined benefit healthcare plan which provides post employment medical, drug, dental and vision insurance coverage, as prescribed in various employee labor agreements and plan documents, to retirees meeting eligibility requirements. Eligible employees retiring from the District may become eligible for these benefits when requirements are met. There are no separate financial statements issued for the defined benefit healthcare plan offered by the District.

The District’s Retiree Health Care Plan (Plan) is a single-employer defined benefit postemployment health care plan that covers eligible retired employees of the District. The District’s Board of Trustees has the authority to establish or amend the benefit terms offered by the Plan, and also retains the authority to establish the requirements for paying the Plan benefits as they come due. As of June 30, 2021, the District has not accumulated assets in a qualified trust for the purpose of paying the benefits related to the District’s total OPEB liability.

Employees Covered by Benefit Terms: The following is a table of plan participants at June 30, 2021:

	<u>Number of Participants</u>
Retirees	138
Active employees	<u>1,333</u>
	<u><u>1,471</u></u>

(Continued)

**NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (Continued)**

Benefits Provided and Coverage Period:

Prior to Age 65:

Retirees are eligible to receive a continuation of the health insurance benefits (medical, drug, dental, and vision) they received as active employees until age 65. Retirees must make the same monthly premium payments that are required of actives.

After Age 65:

**Retirement Date Prior to June 30, 2005**

Less than 20 years of service

No District contribution after age 65.

At least 20 years of service

Retiree is eligible for medical benefits, plus prescription drug coverage up to \$3,000 per year. Retiree may purchase dental and vision coverage for themselves as well as medical, drug, dental, and vision coverage for their spouse.

At least 25 years of service

In addition to above coverage, District pays for dental and vision coverage. Retiree may purchase coverage for their spouse (medical, drug, dental, and vision).

At least 30 years of service

In addition to above coverage, District pays for spouse benefits. Surviving spouses continue to receive benefits for their lifetime.

**Retirement Date After June 30, 2005**

Less than 30 years of service or retired before age 57

No District contribution after age 65.

"Sunset" Provision - At least 30 years of service and 57 years of age at Retirement

District pays for entire cost of medical, drug, dental, and vision benefits for retirees and their spouses. Surviving spouses continue to receive benefits for their lifetime. This sunset provision expired June 30, 2012. Any employees who had not yet retired by this date are not eligible for the lifetime District contribution regardless of service at retirement.

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 \$ 1,646,470 for the year ended June 30, 2021. Employees are not required to contribute to the OPEB plan. In determining the actuarially determined contribution, the total OPEB liability is amortized as a level dollar amount over 30 years on an open basis.

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(Continued)

CENTRAL UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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**NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (Continued)**

*Total OPEB Liability*

Actuarial Assumptions: The District's total OPEB liability was measured as of June 30, 2021 based on an actuarial valuation as of July 1, 2020. Standard actuarial update procedures were used to determine the liability between the valuation and measurement dates. The actuarial valuation included the following assumptions:

<u>Valuation Date</u>	July 1, 2020
<u>Mortality Rate</u>	Rates developed by CalPERS and CalSTRS in their most recent demographic experience studies.
<u>Retirement</u>	Vary by age and service. Rates developed by CalPERS and CalSTRS in their most recent demographic experience studies.
<u>Discount Rate as of 7/1/2021</u>	2.16%. Based on the 20 year Bond Buyer GO Index
<u>Assumed Investment Return</u>	Not applicable since the plan is unfunded.
<u>Inflation Rate</u>	2.50% per year
<u>Salary Increases</u>	3.25% per year
<u>Spouse Coverage</u>	70% of employees and retirees are assumed to have a covered spouse in retirement (no dependent children are assumed).  Female spouses are assumed to be three years younger than male spouses.
<u>Medicare Coverage</u>	All current and future participating retirees and spouses will qualify for Medicare coverage and enroll in Parts A and B upon age 65.
<u>Health Care Inflation</u>	The medical cost inflation trend was derived from the "Getzen Model" published by the Society of Actuaries for developing long term medical cost trends. The "Getzen Model" was then updated to reflect the latest economic growth factors, and an adjustment was made to reflect the value of expected excise taxes payable in 2022 and later. The medical inflation developed for this valuation was based on an underlying inflation (CPI) assumption of 2.50%.
<u>Funding Method</u>	Entry Age Cost Method.

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(Continued)

CENTRAL UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

**NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (Continued)**

Changes in Total OPEB Liability:

	<u>Total OPEB Liability</u>
Balance at June 30, 2020	\$ 36,787,672
Changes for the year:	
Service cost	1,700,936
Interest	832,505
Changes in assumptions	156,597
Benefit payments	<u>(1,646,470)</u>
Net change	<u>1,043,568</u>
Balance at June 30, 2021	<u>\$ 37,831,240</u>

The changes in assumptions include a change in the discount rate from 2.21% at the June 30, 2020 measurement date, to 2.16% at the June 30, 2021 measurement date.

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

	1% Decrease in Discount Rate (1.16%)	Current Discount Rate (2.16%)	1% Increase in Discount Rate (3.16%)
Total OPEB liability	<u>\$ 41,092,518</u>	<u>\$ 37,831,240</u>	<u>\$ 34,814,145</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

	1% Decrease (5.10-4.90%)	Healthcare Cost Trend Rate (6.10-5.90%)	1% Increase (7.10-6.90%)
Total OPEB liability	<u>\$ 33,409,672</u>	<u>\$ 37,831,240</u>	<u>\$ 42,993,464</u>

(Continued)

CENTRAL UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2021

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**NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (Continued)**

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$2,552,127. At June 30, 2021 the District reported deferred outflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 4,555,581
Changes of assumptions	<u>4,593,488</u>	<u>-</u>
	<u>\$ 4,593,488</u>	<u>\$ 4,555,581</u>

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

Year Ending <u>June 30,</u>	
2022	\$ 18,686
2023	\$ 18,686
2024	\$ 18,686
2025	\$ 18,686
2026	\$ 18,686
2027	\$ (55,523)

Deferred outflows related to differences between expected and actual experience, and changes of assumptions, are netted and amortized over a closed 12-year period.

**NOTE 12 - JOINT POWERS AGREEMENTS**

California Risk Management Authority I: The District is a member with other school districts of a Joint Powers Authority, California Risk Management Authority I (CRMA I), which provides property and liability coverage to educational agencies in the Central Valley of California. CRMA I is governed by a board consisting of a Representative and Alternate Representative who are appointed by each district's Board of Trustees. The CRMA I Board controls the operations of the Joint Powers Authority, independent of any influence by the member districts beyond their representation on the Board. Settled claims resulting from these risks have not exceeded insurance coverage on any of the past three years. There have been no significant reductions in insurance coverage from coverage in the prior year. The following is a summary of financial information of CRMA I as of June 30, 2020 (the most recent information available):

Total assets	\$	5,371,090
Total liabilities	\$	2,188,000
Net position	\$	3,183,090
Total revenues	\$	5,047,749
Total expenses	\$	4,551,615
Change in net position	\$	496,134

(Continued)

CENTRAL UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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**NOTE 12 - JOINT POWERS AGREEMENTS (Continued)**

California Risk Management Authority II: The District is a member with other school districts of a Joint Powers Authority, California Risk Management Authority II (CRMA II), which provides workers compensation coverage to educational agencies in the Central Valley of California. CRMA II is governed by a board consisting of a Representative and Alternate Representative who are appointed by each district's Board of Trustees. The CRMA II Board controls the operations of the Joint Powers Authority, independent of any influence by the member districts beyond their representation on the Board. Settled claims resulting from these risks have not exceeded insurance coverage on any of the past three years. There have been no significant reductions in insurance coverage from coverage in the prior year. The following is a summary of financial information of CRMA II as of June 30, 2020 (the most recent information available):

Total assets	\$	26,010,540
Total liabilities	\$	11,787,167
Net position	\$	14,223,373
Total revenues	\$	8,040,322
Total expenses	\$	4,804,545
Change in net position	\$	3,235,777

School Project for Utility Rate Reduction: The District is a member with other school districts of a Joint Powers Authority, School Project for Utility Rate Reduction (SPURR), which seeks to reduce and control the utility costs by aggregating members utility needs to obtain a lower average cost for each member entity. SPURR is governed by a board consisting of a Representative and Alternate Representative who are appointed by each district's Board of Trustees. The SPURR controls the operations of the Joint Powers Authority, independent of any influence by the member districts beyond their representation on the Board. The following is a summary of financial information of SPURR as of June 30, 2021 (the most recent information available):

Total assets	\$	15,851,772
Total liabilities	\$	9,262,735
Net position	\$	6,589,037
Total revenues	\$	40,420,291
Total expenses	\$	39,341,976
Change in net position	\$	1,078,315

The relationship between Central Unified School District and the Joint Powers Authorities are such that they are not component units of the District for financial reporting purposes.

**NOTE 13 – COMMITMENTS AND 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, 2021, the District had approximately \$15 million in outstanding commitments on construction contracts.

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(Continued)

CENTRAL UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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**NOTE 14 - SUBSEQUENT EVENTS**

On September 28, 2021, the District issued General Obligation Bonds, Election of 2020, Series A (2020 Series A) with a principal amount totaling \$75,000,000, plus premiums totaling \$10,447,855. Proceeds from the issuance of the 2020 Series A Bonds will be used in the completion of Justin Garza High School and the construction of a new elementary school, other improvements to security and technology infrastructure, and school and classroom renovations, as authorized by ballot Measure D in the November 3, 2020 election. The 2020 Series A Bonds bear interest at rates ranging from 0.16% to 4.0% and are scheduled to mature through August 1, 2048.

On December 14, 2021, the District entered into a capital lease agreement with a principal amount totaling \$7,753,940. The lease was issued to provide interior and exterior building lighting system upgrades, sports lighting upgrades, installation of solar photovoltaic systems, and replacement of transformers at various educational facilities of the District. The capital lease bears interest at 2.186% per annum and matures through December 17, 2041.

**REQUIRED SUPPLEMENTARY INFORMATION**

CENTRAL UNIFIED SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
For the Year Ended June 30, 2021

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues:				
Local Control Funding Formula (LCFF):				
State apportionment	\$ 131,299,344	\$ 142,118,163	\$ 142,118,163	\$ -
Local sources	<u>19,036,783</u>	<u>19,698,016</u>	<u>19,698,016</u>	<u>-</u>
Total LCFF	<u>150,336,127</u>	<u>161,816,179</u>	<u>161,816,179</u>	<u>-</u>
Federal sources	10,580,577	27,562,413	27,562,413	-
Other state sources	10,269,772	25,945,638	25,945,638	-
Other local sources	<u>7,265,931</u>	<u>9,111,220</u>	<u>9,111,220</u>	<u>-</u>
Total revenues	<u>178,452,407</u>	<u>224,435,450</u>	<u>224,435,450</u>	<u>-</u>
Expenditures:				
Current:				
Certificated salaries	79,477,641	80,037,826	80,037,826	-
Classified salaries	26,458,925	26,414,749	26,414,749	-
Employee benefits	50,707,954	51,657,188	51,657,188	-
Books and supplies	9,830,502	20,804,675	20,804,675	-
Contract services and operating expenditures	15,686,820	16,508,206	16,508,206	-
Other outgo	1,204,154	1,553,500	1,553,500	-
Capital outlay	193,042	2,366,143	2,366,143	-
Debt service:				
Principal retirement	3,139,727	3,139,727	3,139,727	-
Interest	<u>1,147,810</u>	<u>1,147,810</u>	<u>1,147,810</u>	<u>-</u>
Total expenditures	<u>187,846,575</u>	<u>203,629,824</u>	<u>203,629,824</u>	<u>-</u>
(Deficiency) excess of revenues (under) over expenditures	<u>(9,394,168)</u>	<u>20,805,626</u>	<u>20,805,626</u>	<u>-</u>
Other financing (uses) sources:				
Transfers in	-	351,083	351,083	-
Transfers out	<u>(977,000)</u>	<u>(214,062)</u>	<u>(214,062)</u>	<u>-</u>
Total other financing (uses) sources	<u>(977,000)</u>	<u>137,021</u>	<u>137,021</u>	<u>-</u>
Net change in fund balance	(10,371,168)	20,942,647	20,942,647	-
Fund balance, July 1, 2020	<u>44,562,308</u>	<u>44,562,308</u>	<u>44,562,308</u>	<u>-</u>
Fund balance, June 30, 2021	<u>\$ 34,191,140</u>	<u>\$ 65,504,955</u>	<u>\$ 65,504,955</u>	<u>\$ -</u>

See accompanying notes to required supplementary information.

CENTRAL UNIFIED SCHOOL DISTRICT  
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL  
OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY  
For the Year Ended June 30, 2021

	Last 10 Fiscal Years			
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Total OPEB liability				
Service cost	\$ 1,326,164	\$ 1,369,263	\$ 1,512,447	\$ 1,700,936
Interest	1,290,753	1,341,736	1,309,917	832,505
Differences between actual and expected experience	-	-	(5,418,381)	-
Change in assumptions	-	1,275,859	4,155,502	156,597
Benefit payments	<u>(1,298,882)</u>	<u>(1,387,190)</u>	<u>(1,359,418)</u>	<u>(1,646,470)</u>
Net change in total OPEB liability	1,318,035	2,599,668	200,067	1,043,568
Total OPEB liability - beginning of year	<u>32,669,902</u>	<u>33,987,937</u>	<u>36,587,605</u>	<u>36,787,672</u>
Total OPEB liability - end of year	<u>\$ 33,987,937</u>	<u>\$ 36,587,605</u>	<u>\$ 36,787,672</u>	<u>\$ 37,831,240</u>
Covered payroll	\$ 80,897,497	\$ 83,324,422	\$ 109,105,423	\$ 110,194,944
Total OPEB liability as a percentage of covered-employee payroll	42.0%	43.9%	33.7%	34.3%

This is a 10-year schedule, however the information in this schedule is not required to be presented retrospectively. The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior. All years prior to 2018 are not available.

See accompanying notes to required supplementary information.

CENTRAL UNIFIED SCHOOL DISTRICT  
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE  
 SHARE OF THE NET PENSION LIABILITY  
 For the Year Ended June 30, 2021

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>	<u>2021</u>
District's proportion of the net pension liability	0.120%	0.127%	0.124%	0.129%	0.133%	0.134%	0.140%
District's proportionate share of the net pension liability	\$ 70,408,000	\$ 85,339,000	\$ 100,428,000	\$ 119,174,000	\$ 121,790,000	\$ 120,960,000	\$ 135,556,000
State's proportionate share of the net pension liability associated with the District	<u>42,516,000</u>	<u>45,135,000</u>	<u>57,177,000</u>	<u>70,503,000</u>	<u>69,731,000</u>	<u>65,992,000</u>	<u>69,888,000</u>
Total net pension liability	<u>\$ 112,924,000</u>	<u>\$ 130,474,000</u>	<u>\$ 157,605,000</u>	<u>\$ 189,677,000</u>	<u>\$ 191,521,000</u>	<u>\$ 186,952,000</u>	<u>\$ 205,444,000</u>
District's covered payroll	\$ 53,665,000	\$ 58,834,000	\$ 61,882,000	\$ 68,502,000	\$ 71,240,000	\$ 74,022,000	\$ 75,528,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	131.20%	145.05%	162.29%	148.83%	170.96%	163.41%	179.48%

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)

CENTRAL UNIFIED SCHOOL DISTRICT  
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE  
 SHARE OF THE NET PENSION LIABILITY  
 For the Year Ended June 30, 2021

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>	<u>2021</u>
District's proportion of the net pension liability	0.157%	0.167%	0.164%	0.167%	0.172%	0.170%	0.172%
District's proportionate share of the net pension liability	\$ 17,807,000	\$ 24,564,000	\$ 32,445,000	\$ 39,956,000	\$ 45,946,000	\$ 49,581,000	\$ 52,789,000
District's covered payroll	\$ 16,466,000	\$ 18,450,000	\$ 19,708,000	\$ 21,453,000	\$ 22,884,000	\$ 23,729,000	\$ 24,783,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	108.14%	133.14%	164.63%	186.25%	200.78%	208.95%	213.00%
Plan fiduciary net position as a percentage of the total pension liability	83.38%	79.43%	73.89%	71.87%	70.85%	70.05%	70.00%

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.

CENTRAL UNIFIED SCHOOL DISTRICT  
 SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS  
 For the Year Ended June 30, 2021

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>	<u>2021</u>
Contractually required contribution	\$ 5,224,489	\$ 6,639,904	\$ 8,617,505	\$ 10,279,880	\$ 12,050,713	\$ 13,285,619	\$ 12,339,261
Contributions in relation to the contractually required contribution	<u>5,224,489</u>	<u>6,639,904</u>	<u>8,617,505</u>	<u>10,279,880</u>	<u>12,050,713</u>	<u>13,285,619</u>	<u>12,339,261</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 58,834,000	\$ 61,882,000	\$ 68,502,000	\$ 71,240,000	\$ 74,022,000	\$ 75,528,000	\$ 64,603,000
Contributions as a percentage of covered payroll	8.88%	10.73%	12.58%	14.43%	16.28%	17.10% *	16.15%**

\* 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.

\*\* This rate reflects the original employer contribution rate of 19.10 percent under AB1469, reduced for the 2.95 percentage points to be paid on behalf of employers pursuant to SB 90.

All years prior to 2015 are not available.

(Continued)

CENTRAL UNIFIED SCHOOL DISTRICT  
 SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS  
 For the Year Ended June 30, 2021

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>	<u>2021</u>
Contractually required contribution	\$ 2,171,718	\$ 2,334,850	\$ 2,979,364	\$ 3,547,920	\$ 4,285,906	\$ 4,924,565	\$ 5,061,638
Contributions in relation to the contractually required contribution	<u>2,171,718</u>	<u>2,334,850</u>	<u>2,979,364</u>	<u>3,547,920</u>	<u>4,285,906</u>	<u>4,924,565</u>	<u>5,061,638</u>
Contribution deficiency (excess)	<u>\$ -</u>						
District's covered payroll	\$ 18,450,000	\$ 19,708,000	\$ 21,453,000	\$ 22,884,000	\$ 23,729,000	\$ 24,783,000	\$ 24,452,000
Contributions as a percentage of covered payroll	11.77%	11.85%	13.89%	15.53%	18.06%	19.87%	20.70%

All years prior to 2015 are not available.

See accompanying notes to required supplementary information.

CENTRAL UNIFIED SCHOOL DISTRICT  
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
 For the Year Ended June 30, 2021

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**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 Trustees 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 Generally Accepted Accounting Principles (GAAP).

B - Schedule of Changes in Total Other Postemployment Benefits (OPEB) Liability: The Schedule of Changes in Total OPEB liability is presented to illustrate the elements of the District's total 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. The District has not accumulated assets in a qualified trust for the purpose of paying the benefits related to the District's total OPEB liability.

C - 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.

D - Schedule of the District's Contributions: The Schedule of the District's 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.

E - Changes of Benefit Terms: There are no changes in benefit terms reported in the Required Supplementary Information.

F - Changes of Assumptions: The discount rate for the District's total OPEB liability was 3.50%, 2.21% and 2.16% at the June 30, 2019, 2020 and 2021 measurement periods, respectively.

The discount rate for Public Employer's Retirement Fund B (PERF B) was 7.50, 7.65, 7.65, 7.15, 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:

Assumption	Measurement Period					
	As of June 30, 2020	As of June 30, 2019	As of June 30, 2018	As of June 30, 2017	As of June 30, 2016	As of June 30, 2015
Consumer price inflation	2.75%	2.75%	2.75%	2.75%	3.00%	3.00%
Investment rate of return	7.10%	7.10%	7.10%	7.10%	7.60%	7.60%
Wage growth	3.50%	3.50%	3.50%	3.50%	3.75%	3.75%

**SUPPLEMENTARY INFORMATION**

CENTRAL UNIFIED SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 ALL NON-MAJOR FUNDS  
 June 30, 2021

	Student Activity Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	Special Reserve for Capital Outlay Projects Fund	Total
<b>ASSETS</b>								
Cash and investments:								
Cash in County Treasury	\$ -	\$ 538,383	\$ 200,465	\$ 1,612,687	\$ 539,897	\$ 8,348,341	\$ 359,550	\$ 11,599,323
Cash on hand and in banks	748,564	-	-	25,369	-	-	-	773,933
Cash with Fiscal agent	-	-	-	-	-	-	18,623,466	18,623,466
Receivables	-	212,660	79,187	1,053,731	2,711	45,561	1,113	1,394,963
Due from other funds	-	-	145,746	103,033	-	22,285	-	271,064
Stores inventory	-	-	-	49,286	-	-	-	49,286
<b>Total assets</b>	<b>\$ 748,564</b>	<b>\$ 751,043</b>	<b>\$ 425,398</b>	<b>\$ 2,844,106</b>	<b>\$ 542,608</b>	<b>\$ 8,416,187</b>	<b>\$ 18,984,129</b>	<b>\$ 32,712,035</b>
<b>LIABILITIES AND FUND BALANCES</b>								
Liabilities:								
Accounts payable	\$ -	\$ 43,812	\$ 35,015	\$ 67,851	\$ 48,971	\$ 91,044	\$ 317,314	\$ 604,007
Unearned revenue	-	-	-	-	-	91,837	-	91,837
Due to other funds	-	10,891	18,161	261,432	-	6,076	-	296,560
<b>Total liabilities</b>	<b>-</b>	<b>54,703</b>	<b>53,176</b>	<b>329,283</b>	<b>48,971</b>	<b>188,957</b>	<b>317,314</b>	<b>992,404</b>
Fund balances:								
Nonspendable	-	-	-	49,286	-	-	-	49,286
Restricted	748,564	696,340	372,222	2,465,537	493,637	8,227,230	18,666,815	31,670,345
<b>Total fund balances</b>	<b>748,564</b>	<b>696,340</b>	<b>372,222</b>	<b>2,514,823</b>	<b>493,637</b>	<b>8,227,230</b>	<b>18,666,815</b>	<b>31,719,631</b>
<b>Total liabilities and fund balances</b>	<b>\$ 748,564</b>	<b>\$ 751,043</b>	<b>\$ 425,398</b>	<b>\$ 2,844,106</b>	<b>\$ 542,608</b>	<b>\$ 8,416,187</b>	<b>\$ 18,984,129</b>	<b>\$ 32,712,035</b>

CENTRAL UNIFIED SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES  
 ALL NON-MAJOR FUNDS  
 For the Year Ended June 30, 2021

	Student Activity Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	Special Reserve for Capital Outlay Projects Fund	Total
Revenues:								
Local Control Funding Formula (LCFF):								
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 400,000	\$ -	\$ -	\$ 400,000
Total LCFF	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>400,000</u>	<u>-</u>	<u>-</u>	<u>400,000</u>
Federal sources	-	155,053	52,920	5,559,171	-	-	-	5,767,144
Other state sources	-	973,485	871,865	421,893	-	-	-	2,267,243
Other local sources	479,660	28,079	36,611	(19,183)	30,731	5,643,506	(163,713)	6,035,691
Total revenues	<u>479,660</u>	<u>1,156,617</u>	<u>961,396</u>	<u>5,961,881</u>	<u>430,731</u>	<u>5,643,506</u>	<u>(163,713)</u>	<u>14,470,078</u>
Expenditures:								
Current:								
Certificated salaries	-	372,664	81,371	-	-	-	-	454,035
Classified salaries	-	201,154	495,700	2,241,312	-	144,350	-	3,082,516
Employee benefits	-	231,639	243,469	1,027,798	-	59,891	-	1,562,797
Books and supplies	346,738	21,842	189,340	2,260,294	6,035	67,193	-	2,891,442
Contract services and operating expenditures	105,260	64,184	20,611	175,651	189,318	438,424	-	993,448
Capital outlay	-	-	-	86,927	772,949	1,369,891	2,002,405	4,232,172
Debt service:								
Principal retirement	-	-	-	-	-	236,146	-	236,146
Interest	-	-	-	-	-	17,385	-	17,385
Total expenditures	<u>451,998</u>	<u>891,483</u>	<u>1,030,491</u>	<u>5,791,982</u>	<u>968,302</u>	<u>2,333,280</u>	<u>2,002,405</u>	<u>13,469,941</u>
Excess (deficiency) of revenues over (under) expenditures	<u>27,662</u>	<u>265,134</u>	<u>(69,095)</u>	<u>169,899</u>	<u>(537,571)</u>	<u>3,310,226</u>	<u>(2,166,118)</u>	<u>1,000,137</u>
Other financing uses:								
Transfers in	-	-	145,725	-	-	-	-	145,725
Transfers out	-	(34,277)	(55,523)	(260,691)	-	-	-	(350,491)
Total other financing (uses) sources	<u>-</u>	<u>(34,277)</u>	<u>90,202</u>	<u>(260,691)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(204,766)</u>
Net change in fund balances	27,662	230,857	21,107	(90,792)	(537,571)	3,310,226	(2,166,118)	795,371
Fund balance, July 1, 2020	-	465,483	351,115	2,605,615	1,031,208	4,917,004	20,832,933	30,203,358
Cumulative effect of GASB 84 implementation	720,902	-	-	-	-	-	-	720,902
Fund balances, July 1, 2020, as restated	<u>720,902</u>	<u>465,483</u>	<u>351,115</u>	<u>2,605,615</u>	<u>1,031,208</u>	<u>4,917,004</u>	<u>20,832,933</u>	<u>30,924,260</u>
Fund balance, June 30, 2021	<u>\$ 748,564</u>	<u>\$ 696,340</u>	<u>\$ 372,222</u>	<u>\$ 2,514,823</u>	<u>\$ 493,637</u>	<u>\$ 8,227,230</u>	<u>\$ 18,666,815</u>	<u>\$ 31,719,631</u>

CENTRAL UNIFIED SCHOOL DISTRICT  
ORGANIZATION  
June 30, 2021

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The Central Unified School District, a political subdivision of the State of California, was established in 1982 and encompasses an area of approximately 88 square miles in Fresno County. There were no changes in the District's boundaries during the year. The District serves preschool age, grades transitional kindergarten through twelve, and adults. Central Unified operates five State preschools, one fee based preschool, fourteen elementary, three middle, one comprehensive high school (with two campuses), one continuation high school, one independent study center, two community day schools, and one adult school.

The Board of Trustees at June 30, 2021 was comprised of the following members:

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Yesenia Z. Carrillo	President	2022
Richard A. Solis	Vice President	2024
Shawn M. Brooks	Clerk	2022
Phillip Cervantes	Member	2024
Jeremy A. Mehling	Member	2024
Jason R. Paul	Member	2022
Naindeep Singh Chann	Member	2022

The Superintendent's Executive Staff at June 30, 2021 was comprised of the following:

Ketti Davis  
Acting Superintendent

Steve McClain  
Assistant Superintendent, Chief Business Officer

Jack Kelejian  
Assistant Superintendent, Human Resources

CENTRAL UNIFIED SCHOOL DISTRICT  
SCHEDULE OF INSTRUCTIONAL TIME  
For the Year Ended June 30, 2021

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<u>Grade Level</u>	<u>Number of Days</u>	<u>Status</u>
Kindergarten	180	In Compliance
Grade 1	180	In Compliance
Grade 2	180	In Compliance
Grade 3	180	In Compliance
Grade 4	180	In Compliance
Grade 5	180	In Compliance
Grade 6	180	In Compliance
Grade 7	180	In Compliance
Grade 8	180	In Compliance
Grade 9	180	In Compliance
Grade 10	180	In Compliance
Grade 11	180	In Compliance
Grade 12	180	In Compliance

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See accompanying notes to supplementary information.

CENTRAL UNIFIED SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS  
For the Year Ended June 30, 2021

Assistance Listing (AL) <u>Number</u>	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass- Through Entity Identifying <u>Number</u>	Federal Expend- itures
<u>U.S. Department of Education - Passed through</u>			
<u>California Department of Education</u>			
	ESEA: Title I Programs:		
84.010	ESEA: Title I, Part A, Basic Grants Low Income and Neglected	14329	\$ 4,366,424
84.010	ESEA: School Improvement (CSI) Funding for LEAs	15438	<u>345,748</u>
	Subtotal Title I Programs		<u>4,712,172</u>
	Special Education Cluster:		
84.027	Special Ed: IDEA Basic Local Assistance Entitlement, Part B, Sec. 611 (Formerly 94-142)	13379	2,885,201
84.173	Special Ed: IDEA Preschool Grant, Part B, Sec. 619	13430	<u>71,609</u>
	Subtotal Special Education Cluster		<u>2,956,810</u>
	Adult Education Programs:		
84.002A	Adult Education: Adult Basic Education and ESL	14508	43,767
84.002	Adult Education: Secondary Education	13978	<u>88,332</u>
	Subtotal Adult Education Programs		<u>132,099</u>
	Vocational Education Programs:		
84.048	Carl D. Perkins Career and Technical Education: Secondary, Section 131 (Vocational Education)	14893	22,954
84.048	Vocational Programs: Adult Sec.132 (Carl Perkins Act)	14894	<u>132,894</u>
	Subtotal Vocational Education Programs		<u>155,848</u>
	Education Stabilization Fund (ESF) Programs:		
84.425	COVID-19: Elementary and Secondary School Emergency Relief (ESSER I) Fund	15536	3,571,457
84.425	COVID-19: Elementary and Secondary School Emergency Relief (ESSER II) Fund	15547	2,435,310
84.425	COVID-19: Child Nutrition: COVID CARES Act Supplemental Meal Reimbursement	15535	487,320
84.425C	COVID-19: Governor's Emergency Education Relief (GEER) Fund: Learning Loss Mitigation	15517	<u>706,212</u>
	Subtotal ESF Programs		<u>7,200,299</u>

(Continued)

CENTRAL UNIFIED SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS  
 For the Year Ended June 30, 2021

<u>Assistance Listing (AL) Number</u>	<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Pass- Through Entity Identifying Number</u>	<u>Federal Expend- itures</u>
<u>U.S. Department of Education - Passed through California Department of Education (Continued)</u>			
84.011	ESEA: Title I, Migrant Education - Regular	14326	\$ 48,447
84.365	ESEA: Title III, English Learner Student Program	14346	161,327
84.367	ESEA: Title II, Part A Supporting Effective Instruction Local Grants	14341	<u>425,727</u>
	Total U.S Department of Education		<u>15,792,729</u>
<u>U.S. Department of Health and Human Services - Passed through California Department of Education</u>			
	Medicaid Cluster:		
93.778	DHCS: Medi-Cal Billing Option	10013	<u>128,865</u>
	CCDF Cluster:		
93.575	Child Dev: Coronavirus Response and Relief Supplemental Appropriations Act - COVID-19	15555	<u>52,920</u>
	Total U.S. Department of Health and Human Services		<u>181,785</u>
<u>U.S Department of Agriculture - Passed through California Department of Education</u>			
	Child Nutrition Cluster:		
10.555	Child Nutrition: School Programs (NSL Sec 4)	13523	4,979,790
10.579	Child Nutrition: NSLP Equipment Assistance Grants	14906	<u>90,581</u>
	Total U.S. Department of Agriculture		<u>5,070,371</u>
<u>U.S Department of the Treasury - Passed through California Department of Education</u>			
21.019	COVID-19: Coronavirus Relief Fund: Learning Loss Mitigation	25516	<u>12,362,315</u>
	Total Federal Programs		<u>\$ 33,407,200</u>

See accompanying notes to supplementary information.

CENTRAL UNIFIED SCHOOL DISTRICT  
RECONCILIATION OF UNAUDITED ACTUAL FINANCIAL REPORT  
WITH AUDITED FINANCIAL STATEMENTS  
For the Year Ended June 30, 2021

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	Bond Interest and Redemption Fund
June 30, 2021 Unaudited Actual Financial Reporting Ending Fund Balance	\$ 7,372,611
To record the net effect of issuing the 2020 crossover advance refunding General Obligation bonds.*	<u>27,265,549</u>
June 30, 2021 Audited Financial Statements Ending Fund Balance	<u>\$ 34,638,160</u>

\* For additional information regarding this adjustment, see Finding 2021-001 in the Schedule of Audit Findings and Questioned Costs.

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

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See accompanying notes to supplementary information.

CENTRAL UNIFIED SCHOOL DISTRICT  
 SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS  
 For the Year Ended June 30, 2021  
 (UNAUDITED)

	(Budgeted) 2022	2021	2020	2019
<u>General Fund</u>				
Revenues and other financing sources	\$ 267,031,173	\$ 224,786,533	\$ 197,385,383	\$ 198,293,947
Expenditures	271,564,234	203,629,824	190,104,820	187,394,521
Other uses and transfers out	-	214,062	96,043	10,687,242
Total outgo	<u>271,564,234</u>	<u>203,843,886</u>	<u>190,200,863</u>	<u>198,081,763</u>
Change in fund balance	\$ (4,533,061)	\$ 20,942,647	\$ 7,184,520	\$ 212,184
Ending fund balance	<u>\$ 60,971,894</u>	<u>\$ 65,504,955</u>	<u>\$ 44,562,308</u>	<u>\$ 37,377,788</u>
Available reserves	<u>\$ 51,869,455</u>	<u>\$ 57,063,774</u>	<u>\$ 41,664,767</u>	<u>\$ 33,324,322</u>
Designated for economic uncertainties	<u>\$ 13,578,212</u>	<u>\$ 10,174,670</u>	<u>\$ 9,490,716</u>	<u>\$ 9,886,802</u>
Undesignated fund balance	<u>\$ 38,291,243</u>	<u>\$ 46,889,104</u>	<u>\$ 32,174,051</u>	<u>\$ 23,437,520</u>
Available reserves as percentages of total outgo	<u>19.1%</u>	<u>28.0%</u>	<u>21.9%</u>	<u>16.8%</u>
<u>All Funds</u>				
Total long-term liabilities	<u>\$ 556,640,587</u>	<u>\$ 489,921,729</u>	<u>\$ 425,811,175</u>	<u>\$ 408,903,394</u>
Average daily attendance at P-2	<u>15.158</u>	<u>15.039</u>	<u>15.039</u>	<u>14.966</u>

The fund balance of the General Fund has increased by \$28,339,351 over the past three years. The fiscal year 2021-2022 budget projects a decrease of \$4,533,061. For a district this size, the State of California recommends available reserves of at least 3% of total General Fund expenditures, transfers out, and other uses be maintained. For the year ended June 30, 2021, the District has met this requirement.

The District has incurred an operating surplus in each of the past three years, but anticipates an operating deficit in fiscal year 2021-2022.

Total long-term liabilities have increased by \$81,018,335 over the past two years.

Average daily attendance has increased by 73 over the past two years. An increase of 119 ADA is projected for the 2021-2022 fiscal year.

See accompanying notes to supplementary information.

CENTRAL UNIFIED SCHOOL DISTRICT  
SCHEDULE OF CHARTER SCHOOLS  
For the Year Ended June 30, 2021

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Charter Schools Chartered by District

Included in District  
Financial Statements, or  
Separate Report

There are currently no charter schools in the District.

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See accompanying notes to supplementary information.

CENTRAL UNIFIED SCHOOL DISTRICT  
NOTES TO SUPPLEMENTARY INFORMATION  
June 30, 2021

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**NOTE 1 - PURPOSE OF SCHEDULES**

A - Schedule of Instructional Time: The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. The District neither met nor exceeded its target funding. This schedule presents information on the amount of instructional time offered by the District, and whether the District complied with the provisions of Education Code Sections 46201 through 46206.

B - Schedule of Expenditure of Federal Awards: The Schedule of Expenditure of Federal Awards includes the federal award activity of Central 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. The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

C - Reconciliation of Unaudited Actual Financial Report with Audited Financial Statements: This schedule provides the information necessary to reconcile the fund balances of all funds as reported on the Unaudited Actual Financial Report to the audited financial statements.

D - 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 2021-2022 fiscal year, as required by the State Controller's Office.

E - 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, 2021, the District did not adopt such a program.

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

Board of Trustees  
Central Unified School District  
Fresno, California

**Report on Compliance with State Laws and Regulations**

We have audited Central Unified School District's compliance with the types of compliance requirements described in the State of California's *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* (the "Audit Guide") to the state laws and regulations listed below for the year ended June 30, 2021.

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

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(Continued)

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

The District did not report any applicable hours for Apprenticeship: Related and Supplemental Instruction; therefore, we did not perform any procedures related to Apprenticeship: Related and Supplemental Instruction.

The District did not elect to operate as a District of Choice; therefore, we did not perform any procedures related to District of Choice.

The District does not operate a Charter School; therefore, we did not perform any procedures related to Charter Schools.

### ***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 Central 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 State of California's *2020-21 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 Central Unified School District's compliance with the state laws and regulations listed above occurred. An audit includes examining, on a test basis, evidence about Central 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 Central Unified School District's compliance.

### ***Opinion on Compliance with State Laws and Regulations***

In our opinion, Central 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, 2021.

***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's *2020-21 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  
January 5, 2022

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
*GOVERNMENT AUDITING STANDARDS*

Board of Trustees  
Central 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, the business-type activities, each major fund, and the aggregate remaining fund information of Central Unified School District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Central Unified School District's basic financial statements, and have issued our report thereon dated January 5, 2022.

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

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify one deficiency in internal control, as described in the accompanying Schedule of Findings and Questioned Costs as Finding 2021-001 that we consider to be a material weakness.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Central 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*.

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(Continued)

## Central Unified School District's Response to Finding

Central Unified School District's response to the finding identified in our audit is described in the Schedule of Audit Findings and Questioned costs. Central Unified School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### 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  
January 5, 2022

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH  
MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL  
CONTROL OVER COMPLIANCE AS REQUIRED BY UNIFORM GUIDANCE

Board of Trustees  
Central Unified School District  
Fresno, California

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

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

***Opinion on Each Major Federal Program***

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

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(Continued)

## **Report on Internal Control Over Compliance**

Management of Central 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 Central Unified School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Central 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Crowe LLP

Sacramento, California  
January 5, 2022

## **FINDINGS AND RECOMMENDATIONS**

CENTRAL UNIFIED SCHOOL DISTRICT  
 SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
 Year Ended June 30, 2021

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SECTION I - SUMMARY OF AUDITOR'S RESULTS

**FINANCIAL STATEMENTS**

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?   X   Yes            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>AL Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.019	Coronavirus Relief Fund (CRF): Learning Loss Mitigation
84.425, 84.425C	Education Stabilization Fund programs

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

\$1,002,216

Auditee qualified as low-risk auditee?   X   Yes            No

**STATE AWARDS**

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

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(Continued)

CENTRAL UNIFIED SCHOOL DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2021

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SECTION II - FINANCIAL STATEMENT FINDINGS

**2021-001 MATERIAL WEAKNESS - INTERNAL CONTROL OVER FINANCIAL REPORTING (30000)**

Criteria

Management is responsible for the preparation and fair presentation of their financial statements, as well as the design, implementation, and maintenance of relevant internal control to ensure their financial statements are free from material misstatement, whether due to fraud or error.

Condition

During the year ended June 30, 2021, the District issued 2020 Refunding General Obligation Bonds, Series A and 2020 Refunding General Obligation Bonds, Series B (2020 Refunding Bonds). The 2020 Refunding Bonds were issued as crossover advance refunding bonds and according to Generally Accepted Accounting Principles (GAAP) for this type of debt, both the refunded bonds and crossover bonds continue to be reported as a liability until the crossover date is reached, which is specified in the official debt agreement. The District did not record the necessary entries to (1) report the new refunding debt associated with the 2020 Refunding Bonds, (2) continue to report the "old" refunded bonds to be defeased at the crossover dates, and (3) report the restricted cash proceeds associated with the crossover advance refunding bonds, until the crossover dates are reached.

Effect

Because the District did not recognize the issuance of the crossover advance refunding and related restricted cash proceeds, adjusting entries were necessary to report the issuance of the 2020 crossover advance refunding bonds in accordance with GAAP. The fund balance in the District's Bond Interest and Redemption Fund was understated by \$27,265,549, net of issuance costs.

Cause

Internal control procedures related to the recording of debt for the District, did not adequately account for the unique nature of the crossover advance refunding general obligation bonds.

Recommendation

We recommend that the District's management team implement necessary internal controls to ensure the accuracy of financial reporting.

Views of Responsible Officials and Planned Corrective Action

Management concurs that the initial accounting and reporting for the debt refunding transaction was incorrect. Entries were posted in the District's accounting records to reflect the audit adjustments for the year ended June 30, 2021. The District will also implement updated internal control procedures related to the accounting for crossover advance refunding bonds, such to ensure that any such transactions entered into in future periods, are reported in accordance with GAAP.

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(Continued)

CENTRAL UNIFIED SCHOOL DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2021

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SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

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(Continued)

CENTRAL UNIFIED SCHOOL DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2021

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SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

**STATUS OF PRIOR YEAR  
FINDINGS AND RECOMMENDATIONS**

CENTRAL UNIFIED SCHOOL DISTRICT  
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS  
Year Ended June 30, 2021

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No matters were reported.