

CENTRAL UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENTS

June 30, 2020

CENTRAL UNIFIED SCHOOL DISTRICT
 FINANCIAL STATEMENTS
 WITH SUPPLEMENTARY INFORMATION
 For the Year Ended June 30, 2020

CONTENTS

INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
BASIC FINANCIAL STATEMENTS:	
GOVERNMENT-WIDE FINANCIAL STATEMENTS:	
STATEMENT OF NET POSITION	14
STATEMENT OF ACTIVITIES	15
FUND FINANCIAL STATEMENTS:	
BALANCE SHEET - GOVERNMENTAL FUNDS.....	16
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION.....	17
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS.....	18
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS - TO THE STATEMENT OF ACTIVITIES.....	19
STATEMENT OF NET POSITION - PROPRIETARY FUNDS.....	21
STATEMENT OF CHANGE IN NET POSITION - PROPRIETARY FUNDS.....	22
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS.....	23
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUND.....	24
NOTES TO FINANCIAL STATEMENTS	25
REQUIRED SUPPLEMENTARY INFORMATION:	
GENERAL FUND BUDGETARY COMPARISON SCHEDULE.....	58
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY	59
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY.....	60
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS	62
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION.....	64

CENTRAL UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2020
(Continued)

CONTENTS

SUPPLEMENTARY INFORMATION:

COMBINING BALANCE SHEET - ALL NON-MAJOR FUNDS 66

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE
IN FUND BALANCES - ALL NON-MAJOR FUNDS 67

ORGANIZATION..... 68

SCHEDULE OF AVERAGE DAILY ATTENDANCE 69

SCHEDULE OF INSTRUCTIONAL TIME..... 70

SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS 71

RECONCILIATION OF UNAUDITED ACTUAL FINANCIAL REPORT WITH
AUDITED FINANCIAL STATEMENTS..... 73

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS - UNAUDITED..... 74

SCHEDULE OF CHARTER SCHOOLS 75

NOTES TO SUPPLEMENTARY INFORMATION 76

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH STATE LAWS
AND REGULATIONS..... 78

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..... 81

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE..... 83

FINDINGS AND RECOMMENDATIONS:

SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS 85

STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS..... 89

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, 2020, 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, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

(Continued)

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.

(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2020 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
December 17, 2020



CENTRAL UNIFIED SCHOOL DISTRICT
4605 North Polk Avenue · Fresno, CA 93722
Phone: (559) 274-4700 · Fax: (559) 271-8200

BOARD OF TRUSTEES

Yesenia Z. Carrillo
Phillip Cervantes
Naindeep Singh Chann
Terry Cox
Jason R. Paul
Richard A. Solis

SUPERINTENDENT
Andrew G. Alvarado

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, 2020. 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 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 position 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 measure 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 TRUSTEE

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or *fiduciary*, for funds held on behalf of others, like our funds for associated student body activities, and scholarships. The District's fiduciary activities are reported in separate *Statements of Fiduciary Assets and Liabilities*. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for the intended purposes.

THE DISTRICT AS A WHOLE

Net Position

The District's governmental activities net position was \$65.8 million for the fiscal year ended June 30, 2020, and \$18.0 million for the fiscal year ended June 30, 2019; an increase of \$47.8 million. Of the government-wide total net position at June 30, 2020, (\$133.5) million was unrestricted, \$84.8 million was restricted and \$114.5 million was the total net investment in capital assets. The negative \$133.5 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. At June 30, 2020, the District's total OPEB liability and net pension liability was \$36.8 million and \$170.0 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 position 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
	2020	2019	2020	2019	2020	2019	
Current and other assets	\$ 165,318,977	\$ 125,781,559	\$ 576,329	\$ 666,970	\$ 165,895,306	\$ 126,448,529	31%
Capital assets	318,295,198	265,256,346			318,295,198	265,256,346	20%
Total Assets	483,614,175	391,037,905	576,329	666,970	484,190,504	391,704,875	24%
Deferred Outflows of Resources	57,144,314	58,528,655	152,921	175,061	57,297,235	58,703,716	-2%
Current liabilities	35,384,633	16,195,945	29,970	14,768	35,414,603	16,210,713	118%
Long-term liabilities	425,811,175	408,903,394	625,000	578,000	426,436,175	409,481,394	4%
Total Liabilities	461,195,808	425,099,339	654,970	592,768	461,850,778	425,692,107	8%
Deferred Inflows of Resources	13,803,701	6,482,720	74,280	64,280	13,877,981	6,547,000	
Net assets invested in capital assets, net of related debt	114,520,927	115,753,259	-	-	114,520,927	115,753,259	-1%
Restricted	84,758,648	34,352,340	-	-	84,758,648	34,352,340	147%
Unrestricted	(133,520,595)	(132,121,098)	-	184,983	(133,520,595)	(131,936,115)	1%
Total Net Position	\$ 65,758,980	\$ 17,984,501	\$ -	\$ 184,983	\$ 65,758,980	\$ 18,169,484	262%

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 2019-2020 was \$249.2 million as compared to \$246.0 million in the prior year. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only \$28.0 million because the remaining costs were covered by those who benefited from the programs (\$30.5 million) or by other governments and organizations who subsidized certain programs with grants and contributions (\$82.5 million). The District paid for the remaining “public benefit” portion of our governmental activities with \$148.6 million in State and Federal funds and with \$7.6 million 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 2019-2020 was \$676,207 as compared to \$611,193 in the prior year, which is an increase of \$65,014.

TABLE 2

Statement of Activities	Governmental Activities		Business-Type Activities		Total School District		Change
	2020	2019	2020	2019	2020	2019	
Program Revenues							
Charges for Services	\$30,508,062	\$27,234,825	\$36,928	\$47,975	\$30,544,990	\$27,282,800	12%
Operating Grants & Contributions	37,900,657	44,872,782	334,689	557,977	38,235,346	45,430,759	-16%
Capital Grants and Contributions	44,619,952	2,178,775			44,619,952	2,178,775	1948%
General Revenues							
Taxes and Subventions	27,882,484	26,792,460			27,882,484	26,792,460	4%
Federal and State Aid, Unrestricted	148,553,216	144,052,194			148,553,216	144,052,194	3%
Interagency Revenues	-	23,570			0	23,570	-100%
Interest and Investment Earnings	6,166,230	2,428,015	\$23,563	27,810	6,189,793	2,455,825	152%
Special and extraordinary items	-	-					0%
Internal Transfers	(96,043)	-	96,043		0	0	0%
Other General Revenues	1,474,091	5,341,589			1,474,091	5,341,589	-72%
Enterprise Activities							
Total Revenues	297,008,649	252,924,210	491,223	633,762	297,499,872	253,557,972	17%
Expenses							
Instructional Related	142,866,403	139,322,250			142,866,403	139,322,250	3%
Student Support Services	33,492,689	33,816,991			33,492,689	33,816,991	-1%
General Administrative	12,038,342	12,112,434			12,038,342	12,112,434	-1%
Maintenance and Operations	23,389,402	22,748,839			23,389,402	22,748,839	3%
Other	37,364,838	37,953,922			37,364,838	37,953,922	-2%
Enterprise Activities	82,496	66,755	676,206	611,193	758,702	677,948	12%
Total Expenses	\$249,234,170	\$246,021,191	\$676,206	\$611,193	\$249,910,376	\$246,632,384	1%
Change in Net Position	\$47,774,479	\$6,903,019	(\$184,983)	\$22,569	\$47,589,496	\$6,925,588	587%

THE DISTRICT'S FUNDS

As the District completed FY 2019-2020, governmental funds reported a combined fund balance of \$128.3 million as compared to \$110.9 million in the prior year, which is an increase of \$17.4 million.

TABLE 3
Comparative Schedule of Fund Balances

	Fund Balance			
	June 30, 2020	June 30, 2019	\$ Change	% Change
General Fund	\$44,562,308	\$37,377,788	\$7,184,520	19.22%
Building Fund	\$1,905,027	\$43,238,575	(\$41,333,548)	-95.59%
County School Facilities Fund	\$44,763,069	\$1,427,065	\$43,336,004	3036.72%
Special Reserve for Capital Outlay Projects	\$20,832,933	\$11,511,406	\$9,321,527	80.98%
All Non Major Funds	\$16,294,961	\$17,392,663	(\$1,097,702)	-6.31%
Totals	\$128,358,298	\$110,947,497	\$17,410,801	15.69%

As can be seen in the scheduled fund balances (Table 3), the \$128.3 million total fund balance includes the General Fund of \$44.6 million, Building Fund of \$1.9 million, County School Facilities of \$44.8 million, Special Reserve for Capital Outlay Projects of \$20.8 million, and \$16.3 million in All Non-Major Funds, which includes: the Adult Education, Cafeteria, Child Development, Deferred Maintenance, Bond Redemption Fund, and Special Reserve Fund for Capital Outlay, of \$20.8 million. The General Fund has historically had a fund balance in excess of the state required reserve of 3%.

The Building fund decrease of \$41.3 million was due to construction of the new High School.

The County School Facilities fund increase of \$43.3M is from the State Matching funds received for the construction of the new High School.

The Special Reserve for Capital Outlay Projects fund increase of \$9.3M due to the issuance of Certificates of Participation for anticipated District construction projects.

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, 2019, the District had \$265.3 million (net) in a broad range of capital assets, including land, buildings, and furniture and equipment, net of depreciation. At June 30, 2020, net fixed assets totaled \$318.3 million. This amount represents a net increase (including additions, deductions and depreciation) of approximately \$53 million from last year. The primary increase was due to the construction of the new High School.

TABLE 4
Governmental Activities,
Capital Assets

	2020	2019	\$ Change	% Change
Land	\$18,816,534	\$18,816,534	\$0	0.00%
Work-in-process	\$113,829,582	\$54,470,847	\$59,358,735	108.97%
Land improvements	\$44,666,621	\$44,170,534	\$496,087	1.12%
Buildings	\$227,821,830	\$226,308,876	\$1,512,954	0.67%
Equipment	\$41,760,444	\$39,331,258	\$2,429,186	6.18%
Capital Assets, cost	\$446,895,011	\$383,098,049	\$63,796,962	116.94%
Accumulated Depreciation	(\$128,599,813)	(\$117,841,703)	(\$10,758,110)	9.13%
Governmental Activities Capital Assets, net	\$318,295,198	\$265,256,346	\$53,038,852	20.00%

Long-Term Obligations

At the end of this year, the District had \$425.8 million in long-term obligations outstanding versus \$408.9 million last year, an increase of approximately \$16.9 million.

TABLE 5
Summary of Long-Term Liabilities

	2020	2019	\$ Change	% Change
General Obligation Bonds	\$161,641,268	\$167,171,184	-\$5,529,916	-3.31%
Accreted Interest	\$6,899,857	\$5,723,328	\$1,176,529	20.56%
Certificates of Participation	\$34,917,265	\$16,077,379	\$18,839,886	117.18%
Capitalized Lease Obligations	\$1,659,912	\$1,643,822	\$16,090	0.98%
Net OPEB Obligations	\$36,787,672	\$36,587,605	\$200,067	0.55%
QZABs	\$13,166,928	\$14,083,147	-\$916,219	-6.51%
Compensated Absences	\$822,273	\$458,929	\$363,344	79.17%
Net Pension Liability	\$169,916,000	\$167,158,000	\$2,758,000	1.65%
Total Long-Term Liabilities	\$425,811,175	\$408,903,394	\$16,907,781	4.13%

The change in long-term debt was due mainly to the net increase in the Certificates of Participation (COP) of \$14.9 million, new issuance received for the construction of the new High School, and Net Pension Liability of \$2.8 million. We present more detailed information regarding our long-term liabilities in Note 6 of the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Economic Factors

To reduce the potential for community transmission of COVID-19 and in accordance with all official recommendations, guidelines and mandates, the District closed its facilities with respect to in-person instruction in March 2020. Thereafter, distance learning was implemented, which extended through the end of the 2019-20 academic year. The Governor announced on July 17, 2020 that school districts in a county that is on the State monitoring list for COVID-19 must provide distance learning for the beginning of the 2020-21 school year, until such time that the county has been off the list for fourteen days. The County was placed on the monitoring list and therefore the District has commenced the 2020-21 academic year in a distance learning format. The District has formulated plans for instruction in multiple formats as may be required by State or local requirements, and in accordance with recommendations of State and local health authorities, and with the guidance of the County Office of Education.

In order to address some of the financial costs which have arisen due to the COVID-19 pandemic, such as facilities cleaning, the costs of personal protective equipment, learning loss mitigation and implementation of distance learning, the District was awarded \$18,937,683 in one-time COVID relief funds from federal sources in fiscal year 2020-21. Since March 2020, the District has realized some cost-savings resulting from not operating its sites at full capacity, such as reductions in electricity costs and costs relating to transportation and fuel.

The State's revenues have declined sharply since March 2020 and therefore the 2020-21 State Budget has included a number of strategies intended to address the significant budget gap resulting from the COVID-19 emergency. The extent of the pandemic's impact on the economy and on District operations and finances continues to be unpredictable.

2020-21 Budget assumptions and rates

In considering the District Budget for the 2020-2021 year, the Governing Board and management used the following criteria:

General Fund Revenues

General Fund revenue is estimated at 214.6 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. Due to COVID-19 and distant learning models, districts are being held harmless for loss in ADA and will be funding at the same ADA as reported in 2019-20 with the current unduplicated pupil counts, enrollment, class size penalties and local revenue based on the 2020-21 data.

LCFF revenue is based on flat funding with no COLA or no decrease to the base grant less a transfer of \$977,000 to deferred maintenance fund. All other revenues are based on estimates from prior year’s awards or actual awards. All revenues include adjusted beginning balances, carryover and deferred revenue that was not presented during the July 1 budget adoption. Revenues also includes onetime funding for COVID 19 which consists of CARES – ESSER funds and Learning Loss Mitigation funds.

Other rates per ADA used are as follows:

- Lottery: \$150 for unrestricted and \$49 for restricted
- Mandate Block Grant: \$32.18 for grades K-8 and \$61.94 for grades 9-12

General Fund Expenditures

The District’s general fund total expenditures are estimated at \$217.2 million dollars. Restricted expenditures are estimated at \$69.5 million, unrestricted at \$144.5 million and a \$3.2 million dollar transfer to Child Nutrition, Campus Connection and Fee Based Preschool program. The vast majority of District money goes to direct services for children.

Rates used for the calculation of employee benefits are as follows:

- STRS 16.15%
- PERS 20.70%
- Social Security 6.20%
- Medicare 1.45%
- Alt Retire 3.75%
- Health/Welfare \$16,321.79/employee
- SUI .05%
- Workers Comp 1.487%

A 20% reduction was taken on unrestricted budgets and all restricted expenditures are budgeted to reflect revenue.

The District's General Fund contributes additional funds to successfully operate programs that the State does not adequately fund. Special Education and Transportation programs receives the vast majority of general fund contribution. Also, Routine Restricted Maintenance receives a required 3% contribution of the total actual general fund expenditures.

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 reserve at July 1, 2020 Adopted Budget is 12.01% with the remaining 7.01% set aside for additional economic uncertainties. The 2020-21 reserve with the updates to beginning balances, revenue and expenditures based on the State Adopted budget is currently 19.34%. The average total reserve percentage for unified school districts is 17.26% based on School Services data.

General Fund Multi-Year Projections

Revenues for the multi-year projections follow the 2020-21 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, 2020

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
ASSETS			
Cash and investments (Note 2)	\$ 135,597,937	\$ 498,147	\$ 136,096,084
Receivables	29,682,443	2,640	29,685,083
Internal balances (Note 3)	(75,542)	75,542	-
Stores inventory	114,139	-	114,139
Non-depreciable capital assets (Note 4)	132,646,116	-	132,646,116
Depreciable capital assets, net of accumulated depreciation (Note 4)	<u>185,649,082</u>	<u>-</u>	<u>185,649,082</u>
Total assets	<u>483,614,175</u>	<u>576,329</u>	<u>484,190,504</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on refunding of debt (Note 6)	5,706,075	-	5,706,075
Deferred outflows of resources - OPEB (Note 10)	4,886,977	-	4,886,977
Deferred outflows of resources - pensions (Notes 8 and 9)	<u>46,551,262</u>	<u>152,921</u>	<u>46,704,183</u>
Total deferred outflows of resources	<u>57,144,314</u>	<u>152,921</u>	<u>57,297,235</u>
LIABILITIES			
Accounts payable and other current liabilities	31,916,758	29,970	31,946,728
Unearned revenue	1,452,675	-	1,452,675
Self-insurance claims liability (Note 5)	2,015,200	-	2,015,200
Long-term liabilities (Note 6):			
Due within one year	7,916,384	-	7,916,384
Due after one year	<u>417,894,791</u>	<u>625,000</u>	<u>418,519,791</u>
Total liabilities	<u>461,195,808</u>	<u>654,970</u>	<u>461,850,778</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources - pensions (Notes 8 and 9)	8,816,720	74,280	8,891,000
Deferred inflows of resources - OPEB (Note 10)	<u>4,986,981</u>	<u>-</u>	<u>4,986,981</u>
Total deferred inflows of resources	<u>13,803,701</u>	<u>74,280</u>	<u>13,877,981</u>
NET POSITION			
Net investment in capital assets	114,520,927	-	114,520,927
Restricted:			
Legally restricted programs	7,321,106	-	7,321,106
Capital projects	70,513,006	-	70,513,006
Debt service	6,924,536	-	6,924,536
Unrestricted	<u>(133,520,595)</u>	<u>-</u>	<u>(133,520,595)</u>
Total net position	<u>\$ 65,758,980</u>	<u>\$ -</u>	<u>\$ 65,758,980</u>

See accompanying notes to financial statements

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

	Program Revenues						Net (Expense) Revenues and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
Governmental activities:								
Instruction	\$ 121,479,482	\$ 1,226,655	\$ 20,793,992	\$ 44,619,952	\$ (54,838,883)	\$ -	\$ -	\$ (54,838,883)
Instruction-related services:								
Supervision of instruction	7,181,428	81,227	2,877,672	-	(4,222,529)	-	-	(4,222,529)
Instructional library, media and technology	2,240,735	-	79,776	-	(2,160,959)	-	-	(2,160,959)
School site administration	11,964,758	49,833	1,557,089	-	(10,357,836)	-	-	(10,357,836)
Pupil services:								
Home-to-school transportation	7,417,900	14,631	7,978	-	(7,395,291)	-	-	(7,395,291)
Food services	8,484,310	200,395	7,289,362	-	(994,553)	-	-	(994,553)
All other pupil services	17,590,479	1,449	2,842,484	-	(14,746,546)	-	-	(14,746,546)
General administration:								
Centralized data processing	2,263,882	-	-	-	(2,263,882)	-	-	(2,263,882)
All other general administration	9,774,460	112,957	968,979	-	(8,692,524)	-	-	(8,692,524)
Plant services	23,389,402	56,798	742,560	-	(22,590,044)	-	-	(22,590,044)
Ancillary services	26,798,003	26,337,479	153,629	-	(306,895)	-	-	(306,895)
Community services	406,771	139,376	51,103	-	(216,292)	-	-	(216,292)
Enterprise activities	82,496	-	276	-	(82,220)	-	-	(82,220)
Interest on long-term liabilities	7,981,620	-	-	-	(7,981,620)	-	-	(7,981,620)
Other outgo	2,178,444	2,287,262	535,757	-	644,575	-	-	644,575
Total governmental activities	<u>249,234,170</u>	<u>30,508,062</u>	<u>37,900,657</u>	<u>44,619,952</u>	<u>(136,205,499)</u>	<u>-</u>	<u>-</u>	<u>(136,205,499)</u>
Business-type activities:								
Enterprise activities	676,206	36,928	358,252	-	-	(281,026)	-	(281,026)
Total governmental and business-type activities	<u>\$ 249,910,376</u>	<u>\$ 30,544,990</u>	<u>\$ 38,258,909</u>	<u>\$ 44,619,952</u>	<u>\$ (136,205,499)</u>	<u>\$ (281,026)</u>	<u>\$ -</u>	<u>\$ (136,486,525)</u>
General revenues:								
Taxes and subventions:								
Taxes levied for general purposes					18,775,501	-	-	18,775,501
Taxes levied for debt service					9,090,109	-	-	9,090,109
Taxes levied for other specific purposes					16,874	-	-	16,874
Federal and state aid not restricted to specific purposes					148,553,216	-	-	148,553,216
Interest and investment earnings					6,166,230	-	-	6,166,230
Internal transfers					(96,043)	96,043	-	-
Miscellaneous					1,474,091	-	-	1,474,091
Total general revenues					<u>183,979,978</u>	<u>96,043</u>	<u>-</u>	<u>184,076,021</u>
Change in net position					47,774,479	(184,983)	-	47,589,496
Net position, July 1, 2019					17,984,501	184,983	-	18,169,484
Net position, June 30, 2020					<u>\$ 65,758,980</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,758,980</u>

See accompanying notes to financial statements

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

	General Fund	Building Fund	County School Facilities Fund	Special Reserve for Capital Outlay Projects Fund	All Non-Major Funds	Total Governmental Funds
ASSETS						
Cash and investments:						
Cash in County Treasury	\$ 33,423,263	\$ 7,439,815	\$ 45,475,658	\$ 5,557,586	\$ 16,830,366	\$ 108,726,688
Cash in revolving fund	25,000	-	-	-	-	25,000
Cash on hand and in banks	13,248	-	-	-	25,306	38,554
Cash with Fiscal Agent	-	-	-	20,389,275	-	20,389,275
Receivables	28,174,329	48,184	220,885	52,388	1,166,492	29,662,278
Due from other funds	361,928	243,030	55,501	-	26,522	686,981
Stores inventory	4,856	-	-	-	109,283	114,139
	<u>4,856</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>109,283</u>	<u>114,139</u>
Total assets	<u>\$ 62,002,624</u>	<u>\$ 7,731,029</u>	<u>\$ 45,752,044</u>	<u>\$ 25,999,249</u>	<u>\$ 18,157,969</u>	<u>\$ 159,642,915</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 16,041,998	\$ 5,763,786	\$ 757,441	\$ 5,166,316	\$ 1,339,878	\$ 29,069,419
Unearned revenue	1,276,158	-	-	-	176,517	1,452,675
Due to other funds	122,160	62,216	231,534	-	346,613	762,523
	<u>122,160</u>	<u>62,216</u>	<u>231,534</u>	<u>-</u>	<u>346,613</u>	<u>762,523</u>
Total liabilities	<u>17,440,316</u>	<u>5,826,002</u>	<u>988,975</u>	<u>5,166,316</u>	<u>1,863,008</u>	<u>31,284,617</u>
Fund balances:						
Nonspendable	29,856	-	-	-	109,283	139,139
Restricted	2,867,685	1,905,027	44,763,069	20,832,933	16,185,678	86,554,392
Unassigned	41,664,767	-	-	-	-	41,664,767
	<u>41,664,767</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,664,767</u>
Total fund balances	<u>44,562,308</u>	<u>1,905,027</u>	<u>44,763,069</u>	<u>20,832,933</u>	<u>16,294,961</u>	<u>128,358,298</u>
Total liabilities and and fund balances	<u>\$ 62,002,624</u>	<u>\$ 7,731,029</u>	<u>\$ 45,752,044</u>	<u>\$ 25,999,249</u>	<u>\$ 18,157,969</u>	<u>\$ 159,642,915</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, 2020

Total fund balances - Governmental Funds	\$	128,358,298
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 \$446,895,011 and the accumulated depreciation is \$128,599,813 (Note 4).		
		318,295,198
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, 2020 consisted of (Note 6):		
General Obligation Bonds	\$ (150,717,733)	
Bond Premiums	(10,923,535)	
Accreted interest	(6,899,857)	
Capitalized lease obligations	(1,659,912)	
Qualified Zone Academy Bonds (QZABs)	(13,166,928)	
Certificates of Participation	(30,947,550)	
COPS Premiums	(3,969,715)	
Total OPEB liability (Note 10)	(36,787,672)	
Net pension liability (Notes 8 and 9)	(169,916,000)	
Compensated absences	<u>(822,273)</u>	(425,811,175)
Losses on refundings of debt are categorized as deferred outflows and are amortized over the shorter life of the refunded or refunding debt.		
		5,706,075
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 relating to pensions (Notes 8 and 9)	\$ 46,551,262	
Deferred outflows of resources relating to OPEB (Note 10)	4,886,977	
Deferred inflows of resources relating to OPEB (Note 10)	(4,986,981)	
Deferred inflows of resources relating to pensions (Notes 8 and 9)	<u>(8,816,720)</u>	37,634,538
Unmatured interest on long-term liabilities is recognized in the period incurred.		
		(2,542,032)
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>4,118,078</u>
Total net position - governmental activities	\$	<u><u>65,758,980</u></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, 2020

	General Fund	Building Fund	County School Facilities Fund	Special Reserve for Capital Outlay Projects Fund	All Non-Major Funds	Total Governmental Funds
Revenues:						
Local Control Funding Formula (LCFF):						
State apportionment	\$ 143,591,574	\$ -	\$ -	\$ -	\$ -	\$ 143,591,574
Local sources	<u>17,277,156</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,500,000</u>	<u>18,777,156</u>
Total LCFF	<u>160,868,730</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,500,000</u>	<u>162,368,730</u>
Federal sources	9,450,070	-	-	-	7,180,215	16,630,285
Other state sources	14,988,804	-	44,548,675	-	2,551,432	62,088,911
Other local sources	<u>10,281,868</u>	<u>548,217</u>	<u>1,852,470</u>	<u>497,283</u>	<u>14,585,201</u>	<u>27,765,039</u>
Total revenues	<u>195,589,472</u>	<u>548,217</u>	<u>46,401,145</u>	<u>497,283</u>	<u>25,816,848</u>	<u>268,852,965</u>
Expenditures:						
Current:						
Certificated salaries	79,622,778	-	-	-	725,858	80,348,636
Classified salaries	24,743,402	-	-	-	3,305,702	28,049,104
Employee benefits	52,187,207	-	-	-	1,741,926	53,929,133
Books and supplies	8,426,669	78,627	-	-	4,251,438	12,756,734
Contract services and operating expenditures	15,847,998	111,795	37,824	433,720	721,107	17,152,444
Other outgo	1,744,726	-	-	-	-	1,744,726
Capital outlay	2,825,326	41,691,343	3,027,317	11,406,751	4,482,056	63,432,793
Debt service:						
Principal retirement	3,935,832	-	-	-	5,389,575	9,325,407
Interest	<u>770,882</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,941,425</u>	<u>6,712,307</u>
Total expenditures	<u>190,104,820</u>	<u>41,881,765</u>	<u>3,065,141</u>	<u>11,840,471</u>	<u>26,559,087</u>	<u>273,451,284</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,484,652</u>	<u>(41,333,548)</u>	<u>43,336,004</u>	<u>(11,343,188)</u>	<u>(742,239)</u>	<u>(4,598,319)</u>
Other financing sources (uses):						
Transfers in	355,463	-	-	-	-	355,463
Transfers out	(96,043)	-	-	-	(355,463)	(451,506)
Debt issuance premiums	-	-	-	3,969,715	-	3,969,715
Proceeds from issuance of long-term debt	<u>1,440,448</u>	<u>-</u>	<u>-</u>	<u>16,695,000</u>	<u>-</u>	<u>18,135,448</u>
Total other financing sources (uses)	<u>1,699,868</u>	<u>-</u>	<u>-</u>	<u>20,664,715</u>	<u>(355,463)</u>	<u>22,009,120</u>
Net change in fund balances	7,184,520	(41,333,548)	43,336,004	9,321,527	(1,097,702)	17,410,801
Fund balances, July 1, 2019	<u>37,377,788</u>	<u>43,238,575</u>	<u>1,427,065</u>	<u>11,511,406</u>	<u>17,392,663</u>	<u>110,947,497</u>
Fund balances, June 30, 2020	<u>\$ 44,562,308</u>	<u>\$ 1,905,027</u>	<u>\$ 44,763,069</u>	<u>\$ 20,832,933</u>	<u>\$ 16,294,961</u>	<u>\$ 128,358,298</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, 2020

Net change in fund balances - Total Governmental Funds \$ 17,410,801

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). \$ 64,061,487

Depreciation of capital assets is an expense that is not recorded in the governmental funds (Note 4). (11,010,670)

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). (11,965)

Losses on refundings of debt are categorized as deferred outflows and are amortized over the shorter life of the refunded or refunding debt (Notes 6) (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 6): (18,135,448)

Repayment of principal on long-term liabilities is an expenditure in the governmental funds, but decreases the long-term liabilities in the statement of net position (Note 6). 9,325,407

Accretion of interest is not recorded in the governmental funds. It increases the long-term liabilities in the statement of net position (Note 6). (1,176,531)

Interest on long-term liabilities is recognized in the period it is incurred, in governmental funds it is only recognized when it is due. 65,095

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 6). (3,599,798)

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 6, 8, and 9) (9,666,427)

(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, 2020

Activities of the internal service funds are reported with governmental activities.	\$ 2,872,832	
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 6 and 10).	(1,469,164)	
In the statement of activities, expenses related to compensated absences are measured by the amounts earned during the year. In the governmental funds, expenditures are measured by the amount of financial resources used (Note 6).	<u>(363,344)</u>	<u>30,363,678</u>
Change in net position of governmental activities		<u>\$ 47,774,479</u>

See accompanying notes to financial statements

CENTRAL UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
June 30, 2020

	Business-Type Activities	Governmental Activities
	Enterprise Fund Campus Connection	Internal Service Fund Self-Insurance
ASSETS		
Current assets:		
Cash and investments (Note 2):		
Cash in County Treasury	\$ 498,147	\$ 5,118,095
Cash on hands and in banks	-	1,300,325
Due from other funds	96,043	-
Receivables	2,640	20,165
Total assets	596,830	6,438,585
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources - pensions (Notes 8 and 9)	152,921	-
LIABILITIES		
Current liabilities:		
Accounts payable	29,970	305,307
Due to other funds	20,501	-
Claims liability	-	2,015,200
Current liabilities	50,471	2,320,507
Net pension liability - long-term (Note 6)	625,000	-
Total liabilities	675,471	2,320,507
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources - pensions (Notes 8 and 9)	74,280	-
NET POSITION		
Unrestricted	\$ -	\$ 4,118,078

See accompanying notes to financial statements

CENTRAL UNIFIED SCHOOL DISTRICT
STATEMENT OF CHANGE NET POSITION – PROPRIETARY FUNDS
For the Year Ended June 30, 2020

	Business-Type Activities	Governmental Activities
	Enterprise Fund Campus Connection	Internal Service Fund Self-Insurance
Operating revenues:		
Self insurance premiums	\$ -	\$ 24,290,068
Other local revenues	371,620	2,035,029
	<u>371,620</u>	<u>26,325,097</u>
Total operating revenues		
Operating expenses:		
Classified salaries	375,947	-
Employee benefits	254,078	141,609
Books and supplies	10,963	-
Contract services and operating expenses	35,218	23,362,365
	<u>676,206</u>	<u>23,503,974</u>
Total operating expense		
Operating (loss) income	(304,586)	2,821,123
Non-operating revenue:		
Interest income	23,560	51,709
	<u>23,560</u>	<u>51,709</u>
(Loss) income before transfers	(281,026)	2,872,832
Transfers from other funds	96,043	-
	<u>96,043</u>	<u>-</u>
Change in net position	(184,983)	2,872,832
Total net position, July 1, 2019	184,983	1,245,246
Total net position, June 30, 2020	<u>\$ -</u>	<u>\$ 4,118,078</u>

See accompanying notes to financial statements

CENTRAL UNIFIED SCHOOL DISTRICT
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
For the Year Ended June 30, 2020

	Business-Type Activities	Governmental Activities
	Enterprise Fund Campus Connection	Internal Service Fund Self-Insurance
Cash flows from operating activities:		
Cash received from user charges	\$ 275,317	\$ -
Cash received from self-insurance premiums	-	26,316,124
Cash paid for services	(550,885)	(23,745,476)
Cash paid for other expenses	(30,979)	-
Net cash (used in) operating activities	(306,547)	2,570,648
Cash flows used in financing activities:		
Net transfers from other funds	96,043	-
Cash flows provided by investing activities:		
Interest income received	23,560	51,709
(Decrease) Increase in cash and investments	(186,944)	2,622,357
Cash and investments, July 1, 2019	685,091	3,796,063
Cash and investments, June 30, 2020	\$ 498,147	\$ 6,418,420
Reconciliation of operating (loss) income to net cash (used in) provided by operating activities:		
Operating (loss) income	\$ (304,586)	\$ 2,821,123
Adjustments to reconcile operating (loss) income to net cash (used in) provided by operating activities:		
(Increase) decrease in:		
Receivables	968	(8,973)
Due from the District	(96,019)	-
Deferred outflows of resources - pensions	22,140	-
Increase (decrease) in:		
Accounts payable	15,202	301,713
Pension liability	47,000	-
Due to other funds	(1,252)	-
Claims liability	-	(543,215)
Deferred inflows of resources - pensions	10,000	-
Total adjustments	(1,961)	(250,475)
Net cash (used in) provided by operating activities	\$ (306,547)	\$ 2,570,648

See accompanying notes to financial statements

CENTRAL UNIFIED SCHOOL DISTRICT
STATEMENT OF FIDUCIARY ASSETS AND LIABILITES
AGENCY FUND
June 30, 2020

ASSETS

Cash on hand and in bank (Note 2) \$ 720,902

LIABILITIES

Due to student groups \$ 720,902

See accompanying notes to financial statements

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

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. Fiduciary funds are not included in the government-wide financial statements. Fiduciary funds are reported only in the Statement of Fiduciary Assets and Liabilities at the fund financial statement level.

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.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A - Major Funds

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

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

3 – 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.

4 – Special Reserve for Capital Outlay Projects Fund: The Special Reserve for Capital Outlay Projects Funds is a capital projects fund used to account for resources used for the acquisition or construction of major capital facilities by the District.

5 - 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.

B - Other Funds

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

2 - Capital Facilities Fund: The Capital Facilities Fund is used to account for resources used for the acquisition or construction of major capital facilities by the District.

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

4 - 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.

5 - Agency Fund: The Agency Fund is a fiduciary fund for which the District acts as an agent. The Agency Fund includes all cash activity and assets Student Body Funds of the District.

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.

(Continued)

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Budgets and Budgetary Accounting: By state law, the Board of 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, 2020.

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 reported which is in the Statement of Net Position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the 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.

(Continued)

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

	<u>STRP</u>	<u>PERF B</u>	<u>Total</u>
Deferred outflows of resources	\$ 35,212,618	\$ 11,491,565	\$ 46,704,183
Deferred inflows of resources	\$ 8,068,000	\$ 823,000	\$ 8,891,000
Net pension liability	\$ 120,960,000	\$ 49,581,000	\$ 170,541,000
Pension expense	\$ 28,072,905	\$ 10,994,039	\$ 39,066,944

The District has allocated approximately 1.26 percent of the District's 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.

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 \$822,273 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 appropriate for expenditure or amounts legally segregated for a specific future use. The restriction for legally restricted programs represents the portion of net position restricted to specific program expenditures. The restriction for debt service represents the portion of net position available for the retirement of debt. The restriction for capital projects represents the portion of net position restricted for capital projects. 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".

(Continued)

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

A - Nonspendable Fund Balance:

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

B - Restricted Fund Balance:

The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation. These are the same restrictions used to determine restricted net position as reported in the government-wide 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, 2020, 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, 2020, no such designation has occurred. At June 30, 2020, 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.

(Continued)

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2020, the District has a minimum fund balance policy which requires a reserve of at least 5% of total General Fund revenue. At June 30, 2020 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.

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.

NOTE 2 - CASH AND INVESTMENTS

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

	Governmental Activities			Business-Type <u>Activities</u>	Fiduciary <u>Activities</u>
	<u>Governmental Funds</u>	<u>Proprietary Fund</u>	<u>Total</u>		
Pooled Funds:					
Cash in County Treasury	\$ 108,726,688	\$ 5,118,095	\$ 113,844,783	\$ 498,147	\$ -
Deposits:					
Cash in revolving fund	25,000	-	25,000	-	-
Cash on hand and in banks	38,554	1,300,325	1,338,879	-	720,902
Total deposits	63,554	1,300,325	1,363,879	-	720,902
Cash with Fiscal Agent	20,389,275	-	20,389,275	-	-
Total cash and investments	\$ 129,179,517	\$ 6,418,420	\$ 135,597,937	\$ 498,147	\$ 720,902

(Continued)

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

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, 2020, the Fresno County Treasurer has represented that the Pooled Investment Fund contained no derivatives or other investments with similar risk profiles.

Deposits - Custodial Credit Risk: The District limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. Cash balances held in banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) and are collateralized by the respective financial institution. At June 30, 2020, the carrying amount of the District's FDIC insured accounts was \$1,400,227 and the bank balances totaled \$1,400,308, of which \$349,983 was FDIC insured. Cash balances held in credit unions are insured by the National Credit Union Association (NCUA). At June 30, 2020, the carrying amount of the District's NCUA insured accounts was \$684,554 and the bank balance was \$761,037, of which \$250,000 was NCUA insured. All uninsured amounts in banks and credit union accounts remained collateralized at June 30, 2020.

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, 2020, 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, 2020, the District had no concentration of credit risk.

(Continued)

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

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, 2020 were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
<u>Governmental Activities</u>		
Major Funds:		
General	\$ 361,928	\$ 122,160
Building	243,030	62,216
County School Facilities	55,501	231,534
Non-Major Funds:		
Adult Education	979	16,342
Child Development	-	10,376
Cafeteria	8,669	299,997
Capital Facilities	16,874	19,898
<u>Business-Type Activities</u>		
Proprietary Fund:		
Campus Connection Fund	96,043	20,501
Totals	\$ 783,024	\$ 783,024

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

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

Transfer from the General Fund to the Campus Connection Fund for operational support.	\$ 96,043
Transfer from the Cafeteria Fund to the General Fund for indirect costs.	288,752
Transfer from the Child Development Fund to the General Fund for indirect costs.	34,782
Transfer from the Adult Education Fund to the General Fund for indirect costs.	31,929
	\$ 451,506

(Continued)

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

NOTE 4 - CAPITAL ASSETS

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

	Balance July 1, <u>2019</u>	Transfers and <u>Additions</u>	Transfers and <u>Deletions</u>	Balance June 30, <u>2020</u>
Non-depreciable:				
Land	\$ 18,816,534	\$ -	\$ -	\$ 18,816,534
Work-in-process	54,470,847	61,128,119	(1,769,384)	113,829,582
Depreciable:				
Land improvements	44,170,534	496,087	-	44,666,621
Buildings and improvements	226,308,876	1,512,954	-	227,821,830
Equipment	<u>39,331,258</u>	<u>2,693,711</u>	<u>(264,525)</u>	<u>41,760,444</u>
Totals, at cost	<u>383,098,049</u>	<u>65,830,871</u>	<u>(2,033,909)</u>	<u>446,895,011</u>
Less accumulated depreciation:				
Land improvements	(11,651,253)	(1,530,170)	-	(13,181,423)
Buildings and improvements	(87,173,093)	(5,796,713)	-	(92,969,806)
Equipment	<u>(19,017,357)</u>	<u>(3,683,787)</u>	<u>252,560</u>	<u>(22,448,584)</u>
Total accumulated depreciation	<u>(117,841,703)</u>	<u>(11,010,670)</u>	<u>252,560</u>	<u>(128,599,813)</u>
Capital assets, net	<u>\$ 265,256,346</u>	<u>\$ 54,820,201</u>	<u>\$ (1,781,349)</u>	<u>\$ 318,295,198</u>

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

Governmental activities:	
Instruction	\$ 7,356,823
School site administration	1,442
Home to school transportation	1,068,453
Food services	99,129
Ancillary services	13,973
General administration	135,156
Centralized data processing	594,158
Plant services	<u>1,741,536</u>
Total depreciation expense	<u>\$ 11,010,670</u>

At June 30, 2020, the District had capital assets acquired from capital leases with an original cost of \$8,761,958. The accumulated depreciation was \$3,982,474 on these assets.

(Continued)

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

NOTE 5 - SELF-INSURANCE

The District has established a self-insurance fund to account for the risk of loss for 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, 2020 were as follows:

Claims liability at July 01, 2018	\$ 2,135,777
Incurred claims and changes in estimates	21,373,444
Paid claims	<u>(20,950,806)</u>
Claims liability at July 01, 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>

(Continued)

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

NOTE 6 - LONG-TERM LIABILITIES

General Obligation Bonds: In February 2009, the District issued Election of 2008, Series A General Obligation Bonds in the amount of \$35,999,923 (\$33,255,000 in Current Interest Bonds and \$2,744,923 in Capital Appreciation Bonds) to finance the renovation and update of existing school facilities and to finance construction, furnishing and equipping of two new elementary, one new middle school, and one new high school.

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.

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.

(Continued)

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

NOTE 6 - LONG-TERM LIABILITIES (Continued)

<u>Series</u>	<u>Interest Rate %</u>	<u>Year of Issuance</u>	<u>Maturity Date</u>	<u>Amount of Original Issuance</u>	<u>Outstanding July 1, 2019</u>	<u>Issued Current Year</u>	<u>Redeemed Current Year</u>	<u>Outstanding June 30, 2020</u>
2008 Series A	5.00 - 5.25%	2009	2020	\$ 35,999,923	\$ 935,000	\$ -	\$ 935,000	\$ -
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	19,650,000	-	925,000	18,725,000
2008 Series C	2.00 - 5.00%	2015	2045	7,497,871	7,497,871	-	25,000	7,472,871
2014 Refunding, Series B	2.00 - 5.00%	2015	2032	12,495,000	11,555,000	-	375,000	11,180,000
2016 Refunding	2.00 - 5.00%	2016	2033	34,380,000	34,380,000	-	-	34,380,000
2008 Series D	2.00 - 5.00%	2017	2031	4,500,000	3,860,000	-	650,000	3,210,000
2016 Series A	2.00 - 4.08%	2017	2048	25,000,000	23,000,000	-	2,250,000	20,750,000
2016 Series B	3.00 - 5.00%	2019	2048	42,000,000	42,000,000	-	-	42,000,000
Total				<u>\$ 197,537,656</u>	<u>\$ 155,877,733</u>	<u>\$ -</u>	<u>\$ 5,160,000</u>	<u>\$ 150,717,733</u>

(Continued)

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

NOTE 6 - LONG-TERM LIABILITIES (Continued)

The District's General Obligation Bonds outstanding as of June 30, 2020, are scheduled to mature as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 3,295,000	\$ 5,758,869	\$ 9,053,869
2022	3,885,000	5,565,069	9,450,069
2023	3,735,000	5,378,394	9,113,394
2024	4,235,000	5,183,494	9,418,494
2025	4,845,000	4,961,394	9,806,394
2026-2030	34,475,000	20,981,525	55,456,525
2031-2035	27,973,037	23,329,643	51,302,680
2036-2040	19,141,246	33,092,145	52,233,391
2041-2045	27,138,450	20,270,764	47,409,214
2046-2048	21,995,000	1,843,500	23,838,500
	<u>\$ 150,717,733</u>	<u>\$ 126,364,797</u>	<u>\$ 277,082,530</u>

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, 2020, are as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 1,337,100	\$ 196,099	\$ 1,533,199
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
2026-2027	2,566,589	63,260	2,629,849
	<u>\$ 9,207,550</u>	<u>\$ 745,755</u>	<u>\$ 9,953,305</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.

(Continued)

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

NOTE 6 - LONG-TERM LIABILITIES (Continued)

The annual payments required to amortize the 2017 Refunding COPs outstanding as of June 30, 2020, are as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 530,000	\$ 109,462	\$ 639,462
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
2026-2028	<u>1,970,000</u>	<u>61,258</u>	<u>2,031,258</u>
	<u>\$ 5,045,000</u>	<u>\$ 475,690</u>	<u>\$ 5,520,690</u>

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, 2020, are as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ -	\$ 834,750	\$ 834,750
2022	-	834,750	834,750
2023	-	834,750	834,750
2024	-	834,750	834,750
2025	-	834,750	834,750
2026-2030	6,235,000	3,731,625	9,966,625
2031-2034	<u>10,460,000</u>	<u>1,078,000</u>	<u>11,538,000</u>
	<u>\$ 16,695,000</u>	<u>\$ 8,983,375</u>	<u>\$ 25,678,375</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, 2020, are as follows:

Year Ending <u>June 30,</u>	
2021	\$ 617,366
2022	617,365
2023	<u>471,731</u>
Subtotal	1,706,462
Less amount representing interest	<u>(46,550)</u>
Net Present value of minimum payments	<u>\$ 1,659,912</u>

(Continued)

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

NOTE 6 - 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, 2020, are as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>
2021	\$ 916,220
2022	916,220
2023	916,220
2024	916,221
2025	916,221
2026-2030	4,581,105
2031-2035	2,975,221
2036-2037	<u>1,029,500</u>
Total payments	<u>\$ 13,166,928</u>

(Continued)

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

NOTE 6 - 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, 2020 is shown below:

<u>Governmental Activities</u>	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
<u>Debt</u>					
General Obligation Bonds	\$ 155,877,733	\$ -	\$ 5,160,000	\$ 150,717,733	\$ 3,295,000
Bond premiums	11,293,452	-	369,917	10,923,535	759,673
Accreted interest	5,723,326	1,176,531	-	6,899,857	-
Certificates of participation	16,077,379	16,695,000	1,824,829	30,947,550	1,867,100
COPS premiums	-	3,969,715	-	3,969,715	485,839
Capital lease obligations	1,643,822	1,440,448	1,424,358	1,659,912	592,552
Qualified Zone Academy Bonds (QZABs)	14,083,148	-	916,220	13,166,928	916,220
<u>Other Long-Term Liabilities</u>					
Total OPEB liability (Note 10)	36,587,605	200,067	-	36,787,672	-
Compensated absences	458,929	364,425	1,081	822,273	-
Net pension liability (Notes 8 and 9)	167,158,000	2,758,000	-	169,916,000	-
Totals	<u>\$ 408,903,394</u>	<u>\$ 26,604,186</u>	<u>\$ 9,696,405</u>	<u>\$ 425,811,175</u>	<u>\$ 7,916,384</u>
<u>Business-Type Activities:</u>	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Net pension liability (Notes 8 and 9)	<u>\$ 578,000</u>	<u>\$ 47,000</u>	<u>\$ -</u>	<u>\$ 625,000</u>	<u>\$ -</u>

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, 2020

NOTE 7 - FUND BALANCES

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

	<u>General Fund</u>	<u>Building Fund</u>	<u>County School Facilities Fund</u>	<u>Special Reserve for Capital Outlay Projects Fund</u>	<u>All Non-Major Funds</u>	<u>Total Governmental Funds</u>
Nonspendable:						
Revolving cash fund	\$ 25,000	\$ -	\$ -	\$ -	\$ -	\$ 25,000
Stores inventory	4,856	-	-	-	109,283	114,139
	<u>29,856</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>109,283</u>	<u>139,139</u>
Subtotal nonspendable						
	<u>29,856</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>109,283</u>	<u>139,139</u>
Restricted:						
Legally restricted programs	2,867,685	-	-	-	4,344,138	7,211,823
Capital projects	-	1,905,027	44,763,069	20,832,933	4,917,004	72,418,033
Debt service	-	-	-	-	6,924,536	6,924,536
	<u>2,867,685</u>	<u>1,905,027</u>	<u>44,763,069</u>	<u>20,832,933</u>	<u>16,185,678</u>	<u>86,554,392</u>
Subtotal restricted						
	<u>2,867,685</u>	<u>1,905,027</u>	<u>44,763,069</u>	<u>20,832,933</u>	<u>16,185,678</u>	<u>86,554,392</u>
Unassigned:						
Designed for economic uncertainties	9,490,716	-	-	-	-	9,490,716
Undesignated	32,174,051	-	-	-	-	32,174,051
	<u>41,664,767</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,664,767</u>
Subtotal unassigned						
	<u>41,664,767</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,664,767</u>
Total Fund balances						
	<u>\$ 44,562,308</u>	<u>\$ 1,905,027</u>	<u>\$ 44,763,069</u>	<u>\$ 20,832,933</u>	<u>\$ 16,294,961</u>	<u>\$ 128,358,298</u>

(Continued)

NOTE 8 - 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.

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

CalSTRS 2% at 60

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

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

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.

(Continued)

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

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

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

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

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

Members - Under CalSTRS 2% at 60, the member contribution rate was 10.25 percent of applicable member earnings for fiscal year 2019-20. Under CalSTRS 2% at 62, members contribute 50 percent of the normal cost of their retirement plan, which resulted in a contribution rate of 10.205 percent of applicable member earnings for fiscal year 2019-20.

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

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

Pursuant to AB 1469, employer contributions will increase from 8.25 percent to a total of 19.1 percent of applicable member earnings phased in over seven years starting in 2014. The legislation also gives the CalSTRS board limited authority to adjust employer contribution rates from July 1, 2021 through June 2046 in order to eliminate the remaining unfunded actuarial obligation related to service credited to members prior to July 1, 2014. The CalSTRS board cannot adjust the rate by more than 1 percent in a fiscal year, and the total contribution rate in addition to the 8.25 percent cannot exceed 12 percent. The CalSTRS employer contribution rate increases effective for fiscal year 2019-20 through fiscal year 2045-46 are summarized in the table below.

(Continued)

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

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

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

- (1) This rate does not include the reduction of employer contributions to be paid by the employer for fiscal year 2019-20 by 1.03 percentage points pursuant to SB 90.
- (2) This rate does not include the reduction of employer contributions to be paid by the employer for fiscal year 2020-21 by 2.95 percentage points pursuant to SB 90 and AB84.
- (3) The CalSTRS Funding Plan authorizes the board to adjust the employer contribution rate up or down 1% each year, but no higher than 20.25% total and no lower than 8.25%.

The District contributed \$13,285,618 to the plan for the fiscal year ended June 30, 2020.

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

As a result of AB 1469, the additional state appropriation required to fully fund the benefits in effect as of 1990 by 2046 is specific in subdivision (b) of Education Code Section 22955.1. The increased contributions end as of fiscal year 2045-2046.

The state's base contribution to the Defined Benefit Program is calculated based on creditable compensation from two fiscal years prior. The state rate increased to 5.811 percent on July 1, 2020, to continue paying down the unfunded liabilities associated with the benefits structure that was in place in 1990 prior to certain enhancements in benefits and reductions in contributions. Additionally, the enactment of SB 90 will result in future supplemental contributions to be made by the state to pay down its portion of the unfunded actuarial obligation of the Defined Benefit Program in fiscal years 2019–20 through 2022–23. The CalSTRS state contribution rates effective for fiscal year 2019-20 and beyond are summarized in the table below:

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

- (1) This rate does not include the \$72 million reduction in accordance with Education Code Section 22954.
- (2) In May 2020, the CalSTRS board exercised its limited authority to increase the state contribution rate by 0.5% of the creditable compensation effective July 1, 2020. However, pursuant to AB 84, the state suspended the board's rate-setting authority for state contributions for fiscal year 2020–21, thereby negating the board's rate increase of 0.5%
- (3) This rate does not include the \$2.2 billion supplemental state contribution on behalf of employers pursuant to SB 90.
- (4) The CalSTRS board has limited authority to adjust state contribution rates annually through June 30, 2046 in order to eliminate the remaining unfunded actuarial obligation associated with the 1990 benefit structure. The board cannot increase the rate by more than 0.50 percent in a fiscal year, and if there is no unfunded actuarial obligation, the contribution rate imposed to pay for the 1990 benefit structure would be reduced to zero percent.
- (5) From July 1, 2046, and thereafter, the rates in effect prior to July 1, 2014, are reinstated, if necessary, to address any remaining 1990 unfunded actuarial obligation.

(Continued)

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

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

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

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

District's proportionate share of the net pension liability	\$	120,960,000
State's proportionate share of the net pension liability associated with the District		<u>65,992,000</u>
Total	\$	<u>186,952,000</u>

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating school districts and the State. At June 30, 2019, the District's proportion was 0.134 percent, which was an increase of 0.001 percent from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$28,072,905 and revenue of \$11,111,192 for support provided by the State. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 305,000	\$ 3,409,000
Changes of assumptions	15,299,000	-
Net differences between projected and actual earnings on investments	-	4,659,000
Changes in proportion and differences between District contributions and proportionate share of contributions	6,323,000	-
Contributions made subsequent to measurement date	<u>13,285,618</u>	<u>-</u>
Total	<u>\$ 35,212,618</u>	<u>\$ 8,068,000</u>

(Continued)

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

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

\$13,285,618 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	
2021	\$ 4,179,483
2022	\$ 948,483
2023	\$ 3,717,983
2024	\$ 4,992,983
2025	\$ 207,233
2026	\$ (187,165)

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, 2019 measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

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

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant as an input to the process. The actuarial investment rate of return assumption was adopted by the CalSTRS board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary reviews the return assumption for reasonableness based on the most current capital market assumptions.

(Continued)

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

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

Best estimates of 20-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

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

* 20-year geometric average

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

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.10 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
District's proportionate share of the net pension liability	<u>\$ 180,119,000</u>	<u>\$ 120,960,000</u>	<u>\$ 71,905,000</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 9 - NET PENSION LIABILITY – PUBLIC EMPLOYER’S RETIREMENT FUND B

General Information about the Public Employer’s Retirement Fund B

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

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

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

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

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, 2020 were as follows:

Members - The member contribution rate was 7.00 percent of applicable member earnings for fiscal year 2019-20.

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

The District contributed \$4,924,565 to the plan for the fiscal year ended June 30, 2020.

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

At June 30, 2020, the District reported a liability of \$49,581,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. The District’s proportion of the net pension liability was based on the District’s share of contributions to the pension plan relative to the contributions of all participating school districts and the State. At June 30, 2019, the District’s proportion was 0.170 percent, which was a decrease of 0.002 percent from its proportion measured as of June 30, 2018.

(Continued)

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

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

For the year ended June 30, 2020, the District recognized pension expense of \$10,994,039. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 3,602,000	\$ -
Changes of assumptions	2,360,000	-
Net differences between projected and actual earnings on investments	-	460,000
Changes in proportion and differences between District contributions and proportionate share of contributions	605,000	363,000
Contributions made subsequent to measurement date	<u>4,924,565</u>	<u>-</u>
Total	<u>\$ 11,491,565</u>	<u>\$ 823,000</u>

\$4,924,565 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending <u>June 30,</u>	
2021	\$ 4,488,500
2022	\$ 786,500
2023	\$ 338,500
2024	\$ 130,500

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

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

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

(Continued)

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

NOTE 9 - 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, 2018 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found at CalPERS’ website.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

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

* 10-year geometric average

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

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

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

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

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

(Continued)

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

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

Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate:
The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.15 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.15 percent) or 1-percentage-point higher (8.15 percent) than the current rate:

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
District’s proportionate share of the net pension liability	<u>\$ 71,468,000</u>	<u>\$ 49,581,000</u>	<u>\$ 31,425,000</u>

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

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS

General Information about the Other Postemployment Benefits (OPEB) Plan

Plan Description: In addition to the pension benefits described in Notes 8 and 9, the District 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, 2020, 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, 2020:

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

(Continued)

NOTE 10 - 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 \$1,359,418 for the year ended June 30, 2020. 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.

(Continued)

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

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Total OPEB Liability

Actuarial Assumptions: The District's total OPEB liability was measured as of June 30, 2020 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 7/1/2020</u>	2.21%. 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 (Level Percentage of Pay).

(Continued)

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

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Changes in Total OPEB Liability:

	<u>Total OPEB Liability</u>
Balance at June 30, 2019	\$ <u>36,587,605</u>
Changes for the year:	
Service cost	1,512,447
Interest	1,309,917
Differences between actual and expected experience	(5,418,381)
Changes in assumptions	4,155,502
Benefit payments	<u>(1,359,418)</u>
Net change	<u>200,067</u>
Balance at June 30, 2020	<u>\$ 36,787,672</u>

The changes in assumptions include a change in the discount rate from 3.50% at the June 30, 2019 measurement date, to 2.21% at the June 30, 2020 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 (1.21%)	Current Discount Rate (2.21%)	1% Increase in Discount Rate (3.21%)
Total OPEB liability	<u>\$ 40,085,389</u>	<u>\$ 36,787,672</u>	<u>\$ 33,767,403</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 (1.50%)	Healthcare Cost Trend Rate (2.50%)	1% Increase (3.50%)
Total OPEB liability	<u>\$ 32,769,935</u>	<u>\$ 36,787,672</u>	<u>\$ 41,461,286</u>

(Continued)

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

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

For the year ended June 30, 2020, the District recognized OPEB expense of \$2,828,582. At June 30, 2020 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	\$ -	\$ 4,986,981
Changes of assumptions	<u>4,886,977</u>	<u>-</u>
	<u>\$ 4,886,977</u>	<u>\$ 4,986,981</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>	
2021	\$ 6,218
2022	\$ 6,218
2023	\$ 6,218
2024	\$ 6,218
2025	\$ 6,218
2026	\$ (131,094)

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 11 - 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, 2019 (the most recent information available):

Total assets	\$	4,726,679
Total liabilities	\$	2,039,723
Net position	\$	2,686,956
Total revenues	\$	4,344,840
Total expenses	\$	4,101,381
Change in net position	\$	243,459

(Continued)

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

NOTE 11 - 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, 2019 (the most recent information available):

Total assets	\$	22,849,902
Total liabilities	\$	11,862,306
Net position	\$	10,987,596
Total revenues	\$	7,888,849
Total expenses	\$	5,779,791
Change in net position	\$	2,109,058

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, 2019 (the most recent information available):

Total assets	\$	14,492,893
Total liabilities	\$	8,982,171
Net position	\$	5,510,722
Total revenues	\$	46,279,107
Total expenses	\$	46,839,506
Change in net position	\$	(560,399)

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.

(Continued)

NOTE 13 – COVID-19 PANDEMIC IMPACT

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

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

NOTE 14 - SUBSEQUENT EVENTS

On September 15, 2020, the District issued Series 2020A Refunding General Obligation Bonds with a total principal value of \$22,425,000. The 2020A Refunding Bonds bear interest rates ranging from 2.129 to 2.886 percent and mature through August 1, 2042.

Also on September 15, 2020, the District issued Series 2020B Refunding General Obligation Bonds with a total principal value of \$5,160,000. The 2020B Refunding Bonds bear interest rates ranging from 1.929 to 2.936 percent and mature through August 1, 2043.

On December 15, 2020, Board of Trustees authorized the issuance of Tax Revenue Anticipation Notes (TRANs) for up to a total not to exceed \$42 million. Any amounts drawn through the TRANs will be used to manage cash flows of the District for the year ended June 30, 2021, in response to anticipated deferrals of resources from the State of California. As of June 30, 2020 and through the date of these financial statements, no amounts have been drawn on the board authorized amount.

REQUIRED SUPPLEMENTARY INFORMATION

CENTRAL UNIFIED SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2020

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues:				
Local Control Funding				
Formula (LCFF):				
State apportionment	\$ 147,164,047	\$ 143,591,574	\$ 143,591,574	\$ -
Local sources	<u>17,731,407</u>	<u>17,277,156</u>	<u>17,277,156</u>	<u>-</u>
Total LCFF	<u>164,895,454</u>	<u>160,868,730</u>	<u>160,868,730</u>	<u>-</u>
Federal sources	9,840,117	9,450,070	9,450,070	-
Other state sources	10,352,288	14,988,804	14,988,804	-
Other local sources	<u>5,835,171</u>	<u>10,281,868</u>	<u>10,281,868</u>	<u>-</u>
Total revenues	<u>190,923,030</u>	<u>195,589,472</u>	<u>195,589,472</u>	<u>-</u>
Expenditures:				
Current:				
Certificated salaries	76,194,202	79,622,778	79,622,778	-
Classified salaries	24,765,656	24,743,402	24,743,402	-
Employee benefits	48,393,493	52,187,207	52,187,207	-
Books and supplies	10,640,221	8,426,669	8,426,669	-
Contract services and operating expenditures	14,449,640	15,816,919	15,847,998	(31,079)
Other outgo	1,374,108	1,744,726	1,744,726	-
Capital outlay	1,070,673	2,825,326	2,825,326	-
Debt service:				
Principal retirement	4,122,680	3,935,832	3,935,832	-
Interest	<u>369,759</u>	<u>770,882</u>	<u>770,882</u>	<u>-</u>
Total expenditures	<u>181,380,432</u>	<u>190,073,741</u>	<u>190,104,820</u>	<u>(31,079)</u>
Excess of revenues over expenditures	9,542,598	5,515,731	5,484,652	(31,079)
Other financing sources (uses):				
Transfers in	-	1,084,985	355,463	(729,522)
Transfers out	(1,500,000)	(96,043)	(96,043)	-
Proceeds from issuance of long-term debt	<u>-</u>	<u>-</u>	<u>1,440,448</u>	<u>1,440,448</u>
Total other financing sources (uses)	<u>(1,500,000)</u>	<u>988,942</u>	<u>1,699,868</u>	<u>710,926</u>
Net change in fund balance	8,042,598	6,504,673	7,184,520	679,847
Fund balance, July 1, 2019	<u>37,377,788</u>	<u>37,377,788</u>	<u>37,377,788</u>	<u>-</u>
Fund balance, June 30, 2020	<u>\$ 45,420,386</u>	<u>\$ 43,882,461</u>	<u>\$ 44,562,308</u>	<u>\$ 679,847</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, 2020

	Last 10 Fiscal Years		
	<u>2018</u>	<u>2019</u>	<u>2020</u>
Total OPEB liability			
Service cost	\$ 1,326,164	\$ 1,369,263	\$ 1,512,447
Interest	1,290,753	1,341,736	1,309,917
Differences between actual and expected experience			(5,418,381)
Change in assumptions	-	1,275,859	4,155,502
Benefit payments	<u>(1,298,882)</u>	<u>(1,387,190)</u>	<u>(1,359,418)</u>
Net change in total OPEB liability	1,318,035	2,599,668	200,067
Total OPEB liability, beginning of year	<u>32,669,902</u>	<u>33,987,937</u>	<u>36,587,605</u>
Total OPEB liability - end of year	<u>\$ 33,987,937</u>	<u>\$ 36,587,605</u>	<u>\$ 36,787,672</u>
Covered employee payroll	\$ 80,897,497	\$ 83,324,422	\$ 85,824,155
Total OPEB liability as a percentage of covered-employee payroll	42.0%	43.9%	42.9%

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, 2020

	State Teachers' Retirement Plan Last 10 Fiscal Years					
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
District's proportion of the net pension liability	0.120%	0.127%	0.124%	0.129%	0.133%	0.134%
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
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>
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>
District's covered payroll	\$ 53,665,000	\$ 58,834,000	\$ 61,882,000	\$ 68,502,000	\$ 71,240,000	\$ 74,022,000
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%
Plan fiduciary net position as a percentage of the total pension liability	76.52%	74.02%	70.04%	69.46%	70.99%	72.56%

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

All years prior to 2015 are not available.

(Continued)

CENTRAL UNIFIED SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE
 SHARE OF THE NET PENSION LIABILITY
 For the Year Ended June 30, 2020

	Public Employer's Retirement Fund B Last 10 Fiscal Years					
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
District's proportion of the net pension liability	0.157%	0.167%	0.164%	0.167%	0.172%	0.170%
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
District's covered payroll	\$ 16,466,000	\$ 18,450,000	\$ 19,708,000	\$ 21,453,000	\$ 22,884,000	\$ 23,729,000
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%
Plan fiduciary net position as a percentage of the total pension liability	83.38%	79.43%	73.89%	71.87%	70.85%	70.05%

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

All years prior to 2015 are not available.

See accompanying notes to required supplementary information.

CENTRAL UNIFIED SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
 For the Year Ended June 30, 2020

State Teachers' Retirement Plan
 Last 10 Fiscal Years

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Contractually required contribution	\$ 5,224,489	\$ 6,639,904	\$ 8,617,505	\$ 10,279,880	\$ 12,050,713	\$ 13,285,619
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>
Contribution deficiency (excess)	<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	\$ 73,280,000
Contributions as a percentage of covered payroll	8.88%	10.73%	12.58%	14.43%	16.28%	17.10% *

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

All years prior to 2015 are not available.

(Continued)

CENTRAL UNIFIED SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
 For the Year Ended June 30, 2020

	Public Employer's Retirement Fund B Last 10 Fiscal Years					
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Contractually required contribution	\$ 2,171,718	\$ 2,334,850	\$ 2,979,364	\$ 3,547,920	\$ 4,285,906	\$ 4,924,565
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>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 18,450,000	\$ 19,708,000	\$ 21,453,000	\$ 22,884,000	\$ 23,729,000	\$ 24,971,000
Contributions as a percentage of covered payroll	11.77%	11.85%	13.89%	15.53%	18.06%	19.72%

All years prior to 2015 are not available.

See accompanying notes to required supplementary information.

CENTRAL UNIFIED SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2020

NOTE 1 - PURPOSE OF SCHEDULES

A - Budgetary Comparison Schedule

The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The budgets are revised during the year by the Board of 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 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 changes in assumptions for the total OPEB liability include a change in the discount rate from 3.50% at the June 30, 2019 measurement date, to 2.21% at the June 30, 2020 measurement date.

(Continued)

CENTRAL UNIFIED SCHOOL DISTRICT
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 For the Year Ended June 30, 2020

NOTE 1 - PURPOSE OF SCHEDULES (Continued)

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

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

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

SUPPLEMENTARY INFORMATION

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

	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Total
ASSETS							
Cash and investments:							
Cash in County Treasury	\$ 354,198	\$ 232,542	\$ 2,224,716	\$ 1,840,433	\$ 5,288,902	\$ 6,889,575	\$ 16,830,366
Cash on hand and in banks	-	-	25,306	-	-	-	25,306
Receivables	216,882	155,001	730,174	3,224	26,250	34,961	1,166,492
Due from other funds	979	-	8,669	-	16,874	-	26,522
Stores inventory	-	-	109,283	-	-	-	109,283
Total assets	<u>\$ 572,059</u>	<u>\$ 387,543</u>	<u>\$ 3,098,148</u>	<u>\$ 1,843,657</u>	<u>\$ 5,332,026</u>	<u>\$ 6,924,536</u>	<u>\$ 18,157,969</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 90,234	\$ 26,052	\$ 107,856	\$ 812,449	\$ 303,287	\$ -	\$ 1,339,878
Unearned revenue	-	-	84,680	-	91,837	-	176,517
Due to other funds	16,342	10,376	299,997	-	19,898	-	346,613
Total liabilities	<u>106,576</u>	<u>36,428</u>	<u>492,533</u>	<u>812,449</u>	<u>415,022</u>	<u>-</u>	<u>1,863,008</u>
Fund balances:							
Nonspendable	-	-	109,283	-	-	-	109,283
Restricted	465,483	351,115	2,496,332	1,031,208	4,917,004	6,924,536	16,185,678
Total fund balances	<u>465,483</u>	<u>351,115</u>	<u>2,605,615</u>	<u>1,031,208</u>	<u>4,917,004</u>	<u>6,924,536</u>	<u>16,294,961</u>
Total liabilities and fund balances	<u>\$ 572,059</u>	<u>\$ 387,543</u>	<u>\$ 3,098,148</u>	<u>\$ 1,843,657</u>	<u>\$ 5,332,026</u>	<u>\$ 6,924,536</u>	<u>\$ 18,157,969</u>

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

	Adult Education <u>Fund</u>	Child Development <u>Fund</u>	Cafeteria <u>Fund</u>	Deferred Maintenance <u>Fund</u>	Capital Facilities <u>Fund</u>	Bond Interest and Redemption <u>Fund</u>	<u>Total</u>
Revenues:							
Local Control Funding Formula (LCFF):							
Local sources	\$ -	\$ -	\$ -	\$ 1,500,000	\$ -	\$ -	\$ 1,500,000
Federal sources	165,288	-	7,014,927	-	-	-	7,180,215
Other state sources	953,134	992,262	520,597	-	-	85,439	2,551,432
Other local sources	157,021	63,152	461,011	200,631	4,419,607	9,283,779	14,585,201
Total revenues	<u>1,275,443</u>	<u>1,055,414</u>	<u>7,996,535</u>	<u>1,700,631</u>	<u>4,419,607</u>	<u>9,369,218</u>	<u>25,816,848</u>
Expenditures:							
Current:							
Certificated salaries	644,745	81,113	-	-	-	-	725,858
Classified salaries	265,982	457,252	2,460,616	-	121,852	-	3,305,702
Employee benefits	393,974	215,604	1,082,225	-	50,123	-	1,741,926
Books and supplies	40,246	173,833	4,032,684	3,909	766	-	4,251,438
Contract services and operating expenditures	79,484	28,692	210,727	150,933	251,271	-	721,107
Capital outlay	-	-	24,100	2,227,705	2,230,251	-	4,482,056
Debt service:							
Principal retirement	-	-	-	-	229,575	5,160,000	5,389,575
Interest	-	-	-	-	23,956	5,917,469	5,941,425
Total expenditures	<u>1,424,431</u>	<u>956,494</u>	<u>7,810,352</u>	<u>2,382,547</u>	<u>2,907,794</u>	<u>11,077,469</u>	<u>26,559,087</u>
(Deficiency) excess of revenues (under) over expenditures	<u>(148,988)</u>	<u>98,920</u>	<u>186,183</u>	<u>(681,916)</u>	<u>1,511,813</u>	<u>(1,708,251)</u>	<u>(742,239)</u>
Other financing uses:							
Transfers out	<u>(31,929)</u>	<u>(34,782)</u>	<u>(288,752)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(355,463)</u>
Net change in fund balances	(180,917)	64,138	(102,569)	(681,916)	1,511,813	(1,708,251)	(1,097,702)
Fund balance, July 1, 2019	646,400	286,977	2,708,184	1,713,124	3,405,191	8,632,787	17,392,663
Fund balance, June 30, 2020	<u>\$ 465,483</u>	<u>\$ 351,115</u>	<u>\$ 2,605,615</u>	<u>\$ 1,031,208</u>	<u>\$ 4,917,004</u>	<u>\$ 6,924,536</u>	<u>\$ 16,294,961</u>

CENTRAL UNIFIED SCHOOL DISTRICT
ORGANIZATION
June 30, 2020

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, 2020 was comprised of the following members:

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

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Yesenia Z. Carrillo	President	2022
Jason R. Paul	Vice President	2022
Naindeep Singh Chann	Clerk	2022
Phillip Cervantes	Member	2020
Terry Cox	Member	2020
Richard A. Solis	Member	2020
Richard Atkins	Member	2022

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

Andrew G. Alvarado
Superintendent

Steve McClain
Assistant Superintendent, Chief Business Officer

Ketti Davis
Assistant Superintendent, Educational Services

Jack Kelejian
Assistant Superintendent, Human Resources

CENTRAL UNIFIED SCHOOL DISTRICT
 SCHEDULE OF AVERAGE DAILY ATTENDANCE
 For the Year Ended June 30, 2020

	Second Period <u>Report</u>	Revised Second Period <u>Report</u>	Annual <u>Report</u>
Certificate Number:	F36EE58F	AB666FD4	4C331347
Regular ADA:			
Elementary:			
Transitional Kindergarten through Third	4,816	4,817	4,817
Fourth through Sixth	3,450	3,449	3,449
Seventh and Eighth	2,502	2,502	2,502
Special Education	5	3	3
Community Day School	<u>12</u>	<u>7</u>	<u>7</u>
Subtotal Elementary	<u>10,785</u>	<u>10,778</u>	<u>10,778</u>
Secondary:			
Ninth through Twelfth	4,171	4,172	4,172
Special Education	3	2	2
Community Day School	11	10	10
Continuation Education	<u>78</u>	<u>77</u>	<u>77</u>
Subtotal Secondary	<u>4,263</u>	<u>4,261</u>	<u>4,261</u>
District Total	<u><u>15,048</u></u>	<u><u>15,039</u></u>	<u><u>15,039</u></u>

See accompanying notes to supplementary information.

CENTRAL UNIFIED SCHOOL DISTRICT
 SCHEDULE OF INSTRUCTIONAL TIME
 For the Year Ended June 30, 2020

<u>Grade Level</u>	<u>Statutory Minutes Requirement</u>	<u>2019-2020 Actual Minutes</u>	<u>Number of Days Traditional Calendar</u>	<u>Status</u>
Kindergarten	36,000	52,925	180	In compliance
Grade 1	50,400	54,035	180	In compliance
Grade 2	50,400	54,035	180	In compliance
Grade 3	50,400	54,035	180	In compliance
Grade 4	54,000	54,035	180	In compliance
Grade 5	54,000	54,035	180	In compliance
Grade 6	54,000	54,035	180	In compliance
Grade 7	54,000	57,825	180	In compliance
Grade 8	54,000	57,825	180	In compliance
Grade 9	64,800	65,430	180	In compliance
Grade 10	64,800	65,430	180	In compliance
Grade 11	64,800	65,430	180	In compliance
Grade 12	64,800	65,430	180	In compliance

See accompanying notes to supplementary information.

CENTRAL UNIFIED SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
 For the Year Ended June 30, 2020

Federal Catalog Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass- Through Entity Identifying Number	Federal Expend- itures
<u>U.S. Department of Education - Passed through</u>			
<u>California Department of Education</u>			
ESEA: Title I Programs:			
84.010	ESEA: Title I, Part A, Basic Grants Low Income and Neglected	14329	\$ 4,561,049
84.010	ESEA: ESSA School Improvement (CSI) Funding for LEA	15438	<u>332,826</u>
	Subtotal Title I Programs		<u>4,893,875</u>
Special Education Cluster:			
84.027	Special Ed: IDEA Basic Local Assistance Entitlement, Part B, Sec. 611 (Formerly 94-142)	13379	2,714,040
84.173	Special Ed: IDEA Preschool Grant, Part B, Sec. 619	13430	<u>67,664</u>
	Subtotal Special Education Cluster		<u>2,781,704</u>
Adult Education Programs:			
84.002A	Adult Education: Adult Basic Education and ESL	14508	49,115
84.002	Adult Education: Secondary Education	13978	80,300
84.002A	Adult Education: Adult Education, English Literacy and Civics	14109	<u>1,035</u>
	Subtotal Adult Education Programs		<u>130,450</u>
ESEA: Title I, Migrant Education Programs:			
84.011	ESEA: Title I, Migrant Education - Regular	14326	37,274
84.011	ESEA: Title I, Migrant Education - Summer	10005	<u>10,267</u>
	Subtotal ESEA: Title I, Migrant Education Programs		<u>47,541</u>
Vocational Education Programs:			
84.048	Carl D. Perkins Career and Technical Education: Secondary, Section 131 (Vocational Education)	14894	27,708
84.048	Vocational Programs: Adult Sec.132 (Carl Perkins Act)	14893	<u>34,838</u>
	Subtotal Vocational Education Programs		<u>62,546</u>

(Continued)

CENTRAL UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
For the Year Ended June 30, 2020

Federal Catalog Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass- Through Entity Identifying Number	Federal Expend- itures
<u>U.S. Department of Education - Passed through</u>			
<u>California Department of Education (Continued)</u>			
84.365	ESEA: Title III, English Learner Student Program	14346	\$ 194,006
84.367	ESEA: Title II, Part A Supporting Effective Instruction Local Grants	14341	<u>429,542</u>
	Total U.S. Department of Education		<u>8,539,664</u>
<u>U.S. Department of Health and Human Services - Passed through</u>			
<u>California Department of Education</u>			
	Medicaid Cluster:		
93.778	Medi-Cal Billing Option	10013	155,320
93.778	Medi-Cal Administrative Activities (MAA)	10060	<u>420,818</u>
	Subtotal Medicaid Cluster		<u>576,138</u>
<u>U.S. Department of Agriculture - Passed through California</u>			
<u>Department of Education</u>			
	Child Nutrition Cluster:		
10.555	Child Nutrition: School Programs (NSL Sec 4)	13523	6,782,823
10.558	Child Nutrition: CACFP Claims Centers and Family Day Care	13393	<u>232,105</u>
	Total U.S. Department of Agriculture		<u>7,014,928</u>
	Total Federal Programs		<u>\$ 16,130,730</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, 2020

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

See accompanying notes to supplementary information.

CENTRAL UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
For the Year Ended June 30, 2020
(UNAUDITED)

	(Budgeted) <u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>General Fund</u>				
Revenues and other financing sources	\$ 215,124,770	\$ 197,385,383	\$ 198,293,947	\$ 176,740,264
Expenditures	214,023,524	190,104,820	187,394,521	176,246,692
Other uses and transfers out	<u>3,677,818</u>	<u>96,043</u>	<u>10,687,242</u>	<u>2,710,128</u>
Total outgo	<u>217,701,342</u>	<u>190,200,863</u>	<u>198,081,763</u>	<u>178,956,820</u>
Change in fund balance	<u>\$ (2,576,572)</u>	<u>\$ 7,184,520</u>	<u>\$ 212,184</u>	<u>\$ (2,216,556)</u>
Ending fund balance	<u>\$ 41,985,736</u>	<u>\$ 44,562,308</u>	<u>\$ 37,377,788</u>	<u>\$ 37,165,604</u>
Available reserves	<u>\$ 41,312,448</u>	<u>\$ 41,664,767</u>	<u>\$ 33,324,322</u>	<u>\$ 29,692,909</u>
Designated for economic uncertainties	<u>\$ 10,858,368</u>	<u>\$ 9,490,716</u>	<u>\$ 9,886,802</u>	<u>\$ 8,920,676</u>
Undesignated fund balance	<u>\$ 30,454,080</u>	<u>\$ 32,174,051</u>	<u>\$ 23,437,520</u>	<u>\$ 20,772,233</u>
Available reserves as percentages of total outgo	<u>19.0%</u>	<u>21.9%</u>	<u>16.8%</u>	<u>16.6%</u>
<u>All Funds</u>				
Total long-term liabilities	<u>\$ 417,894,791</u>	<u>\$ 425,811,175</u>	<u>\$ 408,903,394</u>	<u>\$ 362,209,079</u>
Average daily attendance at P-2	<u>15.158</u>	<u>15.039</u>	<u>14.966</u>	<u>15.296</u>

The General Fund fund balance has increased by \$5,180,148 over the past three years. The fiscal year 2020-2021 budget projects a decrease of \$2,576,572. 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, 2020, the District has met this requirement.

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

Total long-term liabilities have increased by \$63,602,096 over the past two years, as shown in Note 6 to the financial statements.

Average daily attendance has decreased by 262 over the past two years. An increase of 124 ADA is projected for the 2020-2021 fiscal year.

See accompanying notes to supplementary information.

CENTRAL UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOLS
For the Year Ended June 30, 2020

Charter Schools Chartered by District

Included in District
Financial Statements, or
Separate Report

There are currently no charter schools in the District.

See accompanying notes to supplementary information.

CENTRAL UNIFIED SCHOOL DISTRICT
 NOTES TO SUPPLEMENTARY INFORMATION
 June 30, 2020

NOTE 1 - PURPOSE OF SCHEDULES

A - Schedule of Average Daily Attendance

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

B - Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. 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.

The District submitted a COVID-19 School Closure Certification with the State Superintendent of Public Instruction (SSPI) in connection with the effected school days impacted by COVID-19. The Certification was submitted to the SSPI on June 26, 2020.

C - 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.

The following schedule provides a reconciliation between revenues reported on the Statement of Revenues, Expenditures and Change in Fund Balances and the related expenditures reported on the Schedule of Expenditure of Federal Awards. The reconciling amounts represent Federal funds that have been recorded as revenues that have not been expended by June 30, 2020.

<u>Description</u>	<u>CFDA Number</u>	<u>Amount</u>
Total Federal revenues, Statement of Revenues, Expenditures and Change in Fund Balances		\$ 16,630,285
add: Medi-Cal Administrative Activities		
awards not spend in the current year	93.778	(461,247)
Medi-Cal Billing Option awards not spent	93.778	<u>(38,308)</u>
Total Schedule of Expenditure of Federal Awards		<u>\$ 16,130,730</u>

(Continued)

CENTRAL UNIFIED SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
June 30, 2020

NOTE 1 - PURPOSE OF SCHEDULE (Continued)

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

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

E - Schedule of Financial Trends and Analysis - Unaudited

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

F - Schedule of Charter Schools

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

NOTE 2 - EARLY RETIREMENT INCENTIVE PROGRAM

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

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

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 *2019-20 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, 2020.

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

(Continued)

We did not perform any procedures related to Early Retirement Incentive Program because the District did not offer an Early Retirement Incentive in the 2019-20 year.

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

We did not perform any procedures related to Middle or Early College High Schools because the District did not operate any Middle or Early College High Schools.

We did not perform any procedures related to Apprenticeship: Related and Supplemental Instruction because the District did not report any attendance hours for this program.

We did not perform any procedures related to District of Choice because the District does not operate as a District of Choice, per review of the CDE website listing of Districts of Choice.

We did not perform any procedures related to After / Before School Education and Safety Program because the District does not offer any After/Before School Program.

The District did not report any attendance hours for the Independent Study – Course Based program; therefore, we did not perform any procedures related to this program.

We did not perform any procedures related to charter schools because the District does not have any charter schools reported in their annual audit report which are subject to state compliance testing/evaluation.

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 *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* (Audit Guide). Those standards and the Audit Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on 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, 2020.

(Continued)

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 *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Crowe LLP". The letters are cursive and somewhat stylized.

Crowe LLP

Sacramento, California
December 17, 2020

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

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, 2020, 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 December 17, 2020.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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*.

(Continued)

Purpose of this Report

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


Crowe LLP

Sacramento, California
December 17, 2020

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

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, 2020. 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, 2020.

(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
December 17, 2020

FINDINGS AND RECOMMENDATIONS

CENTRAL UNIFIED SCHOOL DISTRICT
 SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
 Year Ended June 30, 2020

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes _____ X _____ No

Significant deficiency(ies) identified not considered to be material weakness(es)? _____ Yes _____ X _____ None reported

Noncompliance material to financial statements noted? _____ Yes _____ X _____ No

FEDERAL AWARDS

Internal control over major programs:

Material weakness(es) identified? _____ Yes _____ X _____ No

Significant deficiency(ies) identified not considered to be material weakness(es)? _____ Yes _____ X _____ None reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ Yes _____ X _____ No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.027, 84.173 10.555	Special Education Cluster Child Nutrition Cluster

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

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

STATE AWARDS

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

(Continued)

CENTRAL UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2020

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

(Continued)

CENTRAL UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2020

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

(Continued)

CENTRAL UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2020

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, 2020

No matters were reported.