

FRESNO UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENTS

June 30, 2021

FRESNO UNIFIED SCHOOL DISTRICT
FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
For the year ended June 30, 2021
(Continued)

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

(Continued)

Emphasis of Matter

As discussed in Note 1 to the financial statements, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. This resulted in a restatement of the beginning governmental activities net position and the beginning aggregate remaining fund information fund balance totaling \$2,457,388. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5 to 23 and the General Fund Budgetary Comparison Schedule, the Schedule of Changes in the District's Net Other Postemployment Benefits (OPEB) Liability, the Schedule of Money-Weighted Rate of Return of OPEB Plan Investments, the Schedule of the District's Proportionate Share of the Net Pension Liability, and the Schedule of the District's Contributions on pages 77 to 83 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

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

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

(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2021 on our consideration of Fresno Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Fresno Unified School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Fresno Unified School District's internal control over financial reporting and compliance.



Crowe LLP

Sacramento, California
November 23, 2021



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SUPERINTENDENT

Robert G. Nelson, Ed.D.

December 08, 2021

Board of Trustees
Fresno Unified School District
Fresno, California 93721

Dear Trustees:

I am pleased to present the financial statements for the Fresno Unified School District (the District) for the fiscal year ended June 30, 2021, with the Independent Auditors' Reports on those financial statements and the Federal and State Compliance audits. These financial statements have been prepared in conformance with the principles and standards for financial reporting set forth by the Governmental Accounting Standards Board (GASB), and confirm that the District is fiscally sound as defined by the State Controller's Office, with a General Fund balance of \$229,193,036.

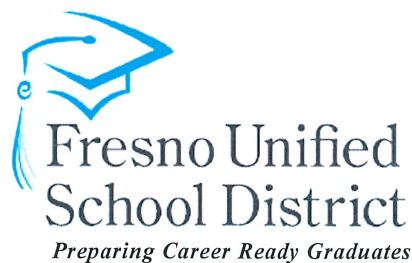
The California Education Code requires the governing board provide for an annual audit made by certified public accountants licensed by the State Board of Accountancy. The licensed firm of Crowe LLP rendered the attached auditors' reports. I believe that the data, as presented, is accurate in all material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

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

The financial statements for the year ended June 30, 2021 present the District's sound financial condition and, along with the MD&A as well as the included note disclosures, provide the reader with an understanding of the District's financial affairs.

Respectfully Submitted,

Santino Danisi
Chief Financial Officer



This section of Fresno Unified School District's annual financial report presents a discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2021. Readers are encouraged to consider the information presented in conjunction with the District's financial statements. This discussion and analysis provides a comparison between fiscal year 2020/21 and 2019/20.

ABOUT FRESNO UNIFIED SCHOOL DISTRICT

Located in the heart of the Central Valley, Fresno Unified School District serves more than 71,500 students Pre-K to 12th grade, with an additional 2,900 adult learners served through Fresno Adult School. Through high quality instruction, district programs, services and resources, the District is focused on building college and career ready graduates among its 66 elementary schools, 14 middle schools, 10 high schools, 5 alternative schools, 3 special education schools and one adult school. In addition, the district provides oversight and evaluation to 8 neighborhood charter schools.

FINANCIAL HIGHLIGHTS

- The District has a net position deficit in governmental activities totaling \$1.14 billion at June 30, 2021.
- The total net position of the District increased by \$8.99 million during fiscal year 2020/21. This is mainly due to an increase in State and Federal grants offset by an increase in net pension and General Obligation Bond liabilities.
- Fund balance of the District's governmental funds increased by \$181.2 million resulting in an ending fund balance of \$737.9 million. This was mainly due to increased one-time recovery funds and the sale of the General Obligation Bonds, Election of 2016, Series C and D, and General Obligation Bonds, Election of 2020, Series A.
- At the end of the 2020/21 fiscal year, the balance in the District's Unrestricted General Fund increased by \$51.6 million resulting in an ending fund balance of \$199.5 million. The changes were mainly due to operational savings as a result of the pandemic and the transition to distance learning.
- Governmental Accounting Standards Board (GASB) Statement No. 68 recognizes the District's portion of the California State Teachers' Retirement System (CalSTRS) and California Public Employees' Retirement System (CalPERS) pension liabilities, deferred inflows, deferred outflows, and pension expenses at June 30, 2021. The District is recognizing a net decrease of \$55 million in the net position as a result of the changes in the net position liability related to deferred outflows and inflow of resources.
- The District's long-term obligations increased by \$259 million to \$3.1 billion mainly due to the sale of the General Obligation Bonds, Election of 2016, Series C and D in the amount of \$90 million, the sale of the General Obligation Bonds, Election of 2020, Series A in the amount of \$80 million, an increase of the net OPEB liability of \$31 million, and an increase of net pension liabilities of \$51.3 million.

Management’s Discussion and Analysis

June 30, 2021

- GASB Statement No. 75 requires an actuarial valuation of the District’s Retiree Health Benefits Plan and full recognition of the total net Other Post Employment Benefit (OPEB) liability. The total OPEB liability of \$1.12 billion, as of June 30, 2021, is offset with the 2020/21 net assets in the District’s Irrevocable Trust for OPEB liabilities of \$69.4 million. The net OPEB liability at the end of 2020/21 is \$1.05 billion. In addition, the District transfers \$3.5 million into an irrevocable trust from the General and Self Insurance Funds on an annual basis.
- The District maintained a positive financial position for 2020/21 as reflected by Moody’s credit rating of Aa3 issued in May 2021. In its report to potential investors, Moody’s Investor Services noted “the district’s ability to maintain stable operations”. The rating report highlights “the district historically outperformed projections, and satisfactory financial performance is supported by the districts adopted reserve policy”.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the basic financial statements

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

Government-wide Financial Statements

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

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

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

Management's Discussion and Analysis

June 30, 2021

Fund Financial Statements

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

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

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

The District maintains 11 different governmental funds which now includes Associated Student Body funds due to the implementation of GASB 84. As of June 30, 2021, the major funds are the General Fund, Building Fund, and the Bond Interest and Redemption Fund. They are presented separately in the *Fund Financial Statements* with the remaining governmental funds combined into a single aggregated presentation labeled *All Non-Major Funds*. Individual fund information for the non-major funds is presented in the Supplementary Information section.

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

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

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

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

Notes to the Basic Financial Statements

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

Other Information

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

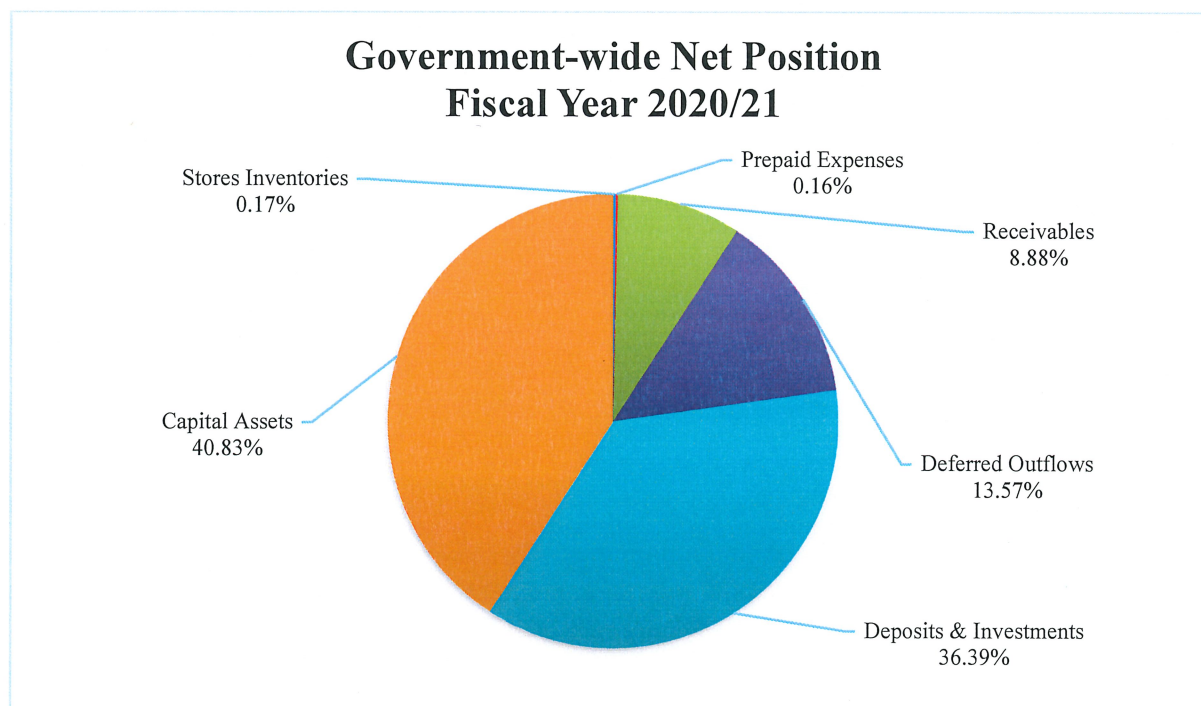
Management's Discussion and Analysis

June 30, 2021

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

	Governmental Activities		
	2021	2020	Change
Current and other Assets	\$1,084,765,261	\$790,968,709	37.14%
Capital Assets	971,026,570	913,181,525	6.33%
Total Assets	2,055,791,831	1,704,150,234	20.63%
Deferred Outflows	322,901,689	353,579,966	(8.68%)
Current Liabilities	289,829,772	204,081,966	42.02%
Long-term Liabilities	3,089,663,080	2,830,179,998	9.17%
Total Liabilities	\$3,379,492,853	\$3,034,261,964	11.38%
Deferred Inflows	136,490,108	169,748,896	(19.59%)
Net invested in			
Capital Assets	399,496,265	394,669,295	1.22%
Restricted	459,729,697	183,278,294	150.84%
Unrestricted	(1,996,515,402)	(1,724,228,249)	15.79%
Total Net Position	(\$1,137,289,440)	(\$1,146,280,660)	(0.78%)



Management's Discussion and Analysis

June 30, 2021

Government-wide Net Position

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

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

Current and long-term liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, unearned revenue, and self-insurance claims liabilities. The liquidation of current liabilities is anticipated to be either from current available resources, current assets or new resources that became available during the 2020/21 fiscal year. Long-term liabilities such as general obligation bonds, energy loans and compensated absences will be liquidated from resources that will become available after the 2020/21 fiscal year.

The liabilities and deferred inflows of the primary governmental activities exceed the assets and deferred outflows by \$1.14 billion. Total net position of the primary governmental activities does not include internal balances. Internal balances are interfund payables and receivables within the governmental activities. The amounts reported in the accounts are eliminated to avoid the "gross up" effect on the assets and liabilities.

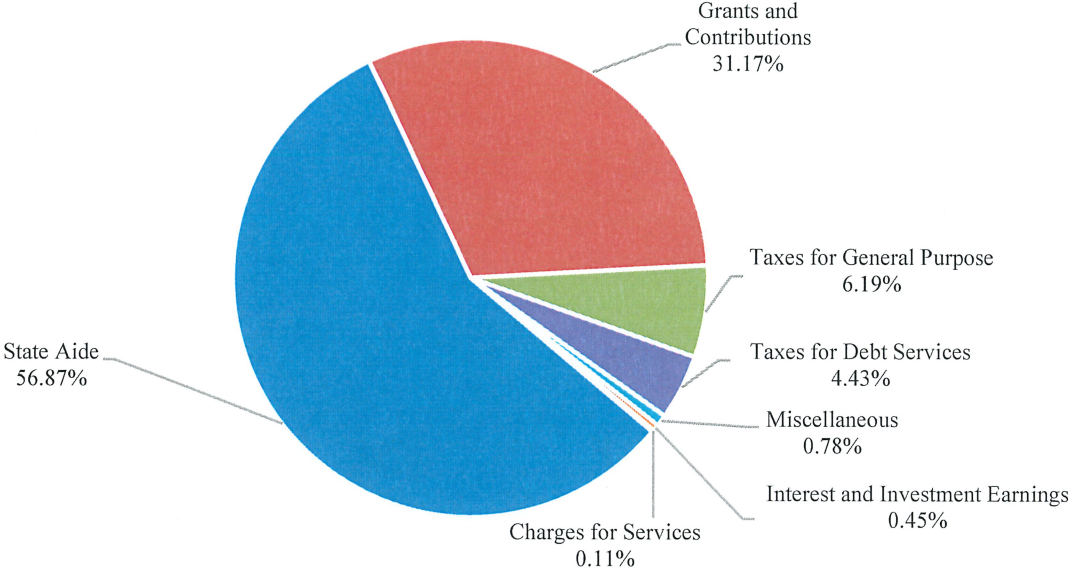
A net investment of \$971 million in land, land improvements, buildings, equipment, and work-in-process, represents 47% of the District's total assets. The District serves 69,709 public school students including transitional kindergarten through 12th grade. In addition, the District participates in the State preschool program in which 1,806 students are enrolled. The table and chart above summarize the District's *Government-wide Net Position*.

Management’s Discussion and Analysis
June 30, 2021

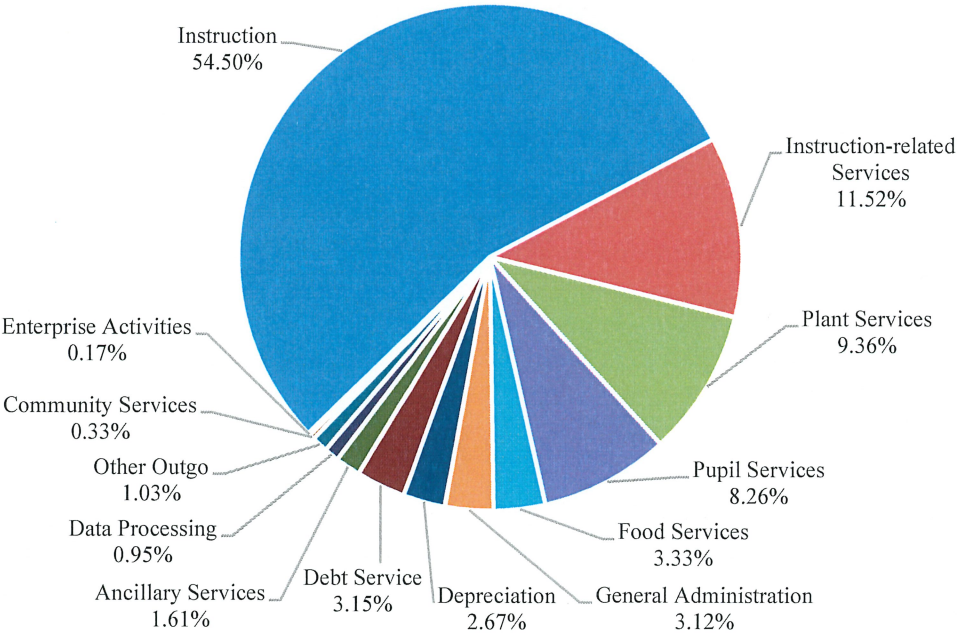
Statement of Activities

	Governmental Activities		
	2021	2020	Change
Program Revenues			
Charges for Services	\$1,382,148	\$2,480,798	(44.29%)
Operating Grants & Contributions	395,553,198	278,345,288	42.11%
General Revenues			
Taxes and Subventions	134,675,699	117,257,007	14.86%
Federal and State Aid, Unrestricted	721,734,074	734,182,674	(1.70%)
Interest and Investment Earnings	5,649,900	15,052,310	(62.46%)
Other General Revenues	9,833,800	8,758,794	12.27%
Capital Grants & Contributions	11,626,265	10,632,553	9.35%
Total Revenues	\$1,280,455,084	\$1,166,709,424	9.75%
Expenses			
Instruction	\$692,914,006	\$653,510,523	6.03%
Instructional Related	146,430,481	144,388,813	1.41%
Student Support Services	147,379,438	157,892,130	(6.66%)
General Administrative	51,670,044	50,313,284	2.70%
Maintenance and Operations	119,007,402	119,121,514	(0.10%)
Depreciation	33,957,505	32,274,542	5.21%
Other	80,104,984	76,312,703	4.97%
Total Expenses	\$1,271,463,860	\$1,233,813,509	3.05%
Change in Net Position	\$8,991,224	\$(67,104,085)	113.40%

Government-wide Revenue
Fiscal Year 2020/21



Government-wide Expenses
Fiscal Year 2020/21



Management’s Discussion and Analysis

June 30, 2021

Governmental activities – Capital Project Funds for the District provide the same type of information presented in the government-wide financial statements but in greater detail. The following highlights significant activity in the District’s Capital Project Funds for fiscal year 2020/21:

- The County School Facilities Fund spent \$81.6 million on projects (Measure Q – \$8.2 million, Measure X – \$57.4 million, Measure M – \$8.8 million, and savings from state facility projects totaling \$7.2 million)
- The County School Facilities Fund’s major projects and activities included the following:
 - Construction and Maintenance major projects and activities totaling \$53.3 million:
 - Juan Herrera \$26.4 million
 - Fresno High \$6.3 million
 - Ericson Elementary \$4.7 million
 - Columbia Elementary \$3.2 million
 - Edison High \$3.0 million
 - Ewing Elementary \$2.1 million
 - Farber Campus \$1.9 million
 - Phoenix Secondary \$1.3 million
 - Vinland Elementary \$0.6 million
 - 19 other sites totaling \$3.8 million
 - Modernization Projects included the following sites totaling \$28.3 million:
 - McLane High \$5.5 million
 - Roosevelt High \$5.2 million
 - Hoover High \$2.6 million
 - Sunnyside High \$2.2 million
 - Farber Campus \$1.1 million
 - Energy Conservation \$1.1 million
 - Computech Middle \$1.0 million
 - Jackson Elementary \$0.9 million
 - Portable Classrooms \$0.8 million
 - 79 other sites totaling \$7.9 million

Financial Analysis of the District’s Governmental Funds

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

The General Fund is the chief operating fund of the District. Student enrollment decreased by 1,151 students during the fiscal year. The funded average daily attendance (ADA) for fiscal year 2020/21 remained status quo from the 2019/20 fiscal year.

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

The Cafeteria Fund’s key elements that highlight the activities in the 2020/21 fiscal year are as follows:

- Over 24,740 breakfasts and 26,771 lunches per day were served, equating to 9.3 million meals annually which is a decrease of 2.3 million meals overall from the prior year due to school closures as of March 16, 2020.

Management's Discussion and Analysis

June 30, 2021

- The District received a grant for 60 elementary school sites to participate in the Fresh Fruit and Vegetable Program, making the District the largest grant recipient from the California Department of Education.
- The District continues to participate in the National School Lunch and School Breakfast Programs under the Community Eligibility Provision (CEP), which allows all students at every site to receive a healthy breakfast, lunch, and snack every day.
- Meals are served at 107 locations, utilizing 430 full and part-time employees. The volume of meals served has enabled the program to operate on Federal and State reimbursement without additional contribution from the Unrestricted General Fund.

General Fund Budgetary Highlights

The General Fund budget is composed of the unrestricted and restricted fund budgets. Restricted funds are grants or entitlements that have specified rules on how the funds can be spent. Unrestricted funds may be used as determined by the Board of Education. Education Code 41011 requires unified districts to spend at least 55% towards classroom compensation. In 2020/21, Fresno Unified spent 55.69% towards classroom compensation.

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

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

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

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

Unrestricted Ending Balance

The prior year actual ending balance for 2019/20 was \$148 million. The current year actual ending balance is \$199 million, a gain of \$52 million. However, the adopted unrestricted ending balance for 2020/21 was \$116 million. The difference between the 2020/21 adopted ending balance and the 2020/21 actual ending balance is \$83 million and is mainly due to the following:

2019/20 Ending Fund Balance Impacts

- Actual General Fund expenditures in 2019/20 were lower than the adopted budget by \$11 million mainly due to:
 - Lower than anticipated expenditures in salaries
 - School site and department expenditures lower than anticipated
 - Offset by additional costs to serve adult meals during the pandemic
 - Additional revenue due to increased ADA
 - Additional one-time lottery and Medi-Cal Administrative Activity (MAA) revenue

2020/21 Impacts

- An increase in Local Control Funding Formula (LCFF) revenue of \$66 million due to an increase for the Cost of Living Adjustment (COLA) percentage after the State adopted the budget from (7.92%) to 0%

Management's Discussion and Analysis

June 30, 2021

- An increase in Federal, State, and local income of \$6 million mainly due to one-time MAA revenue, City of Fresno reimbursement of Adult Meals served during the pandemic, and Lottery funding allocated after the State adopted the budget
- Total expenditures change of \$0 was recognized due to the following changes:
 - Salaries were lower than anticipated by \$12 million
 - School site/department expenditures were lower than anticipated by \$19 million
 - Facilities project and school site/department carryover of \$10 million
 - Increased cost to provide a one-time contribution to Health Fund of \$8 million
 - Increased cost to provide a one-time salary payment and additional day of \$33 million

Management's Discussion and Analysis

June 30, 2021

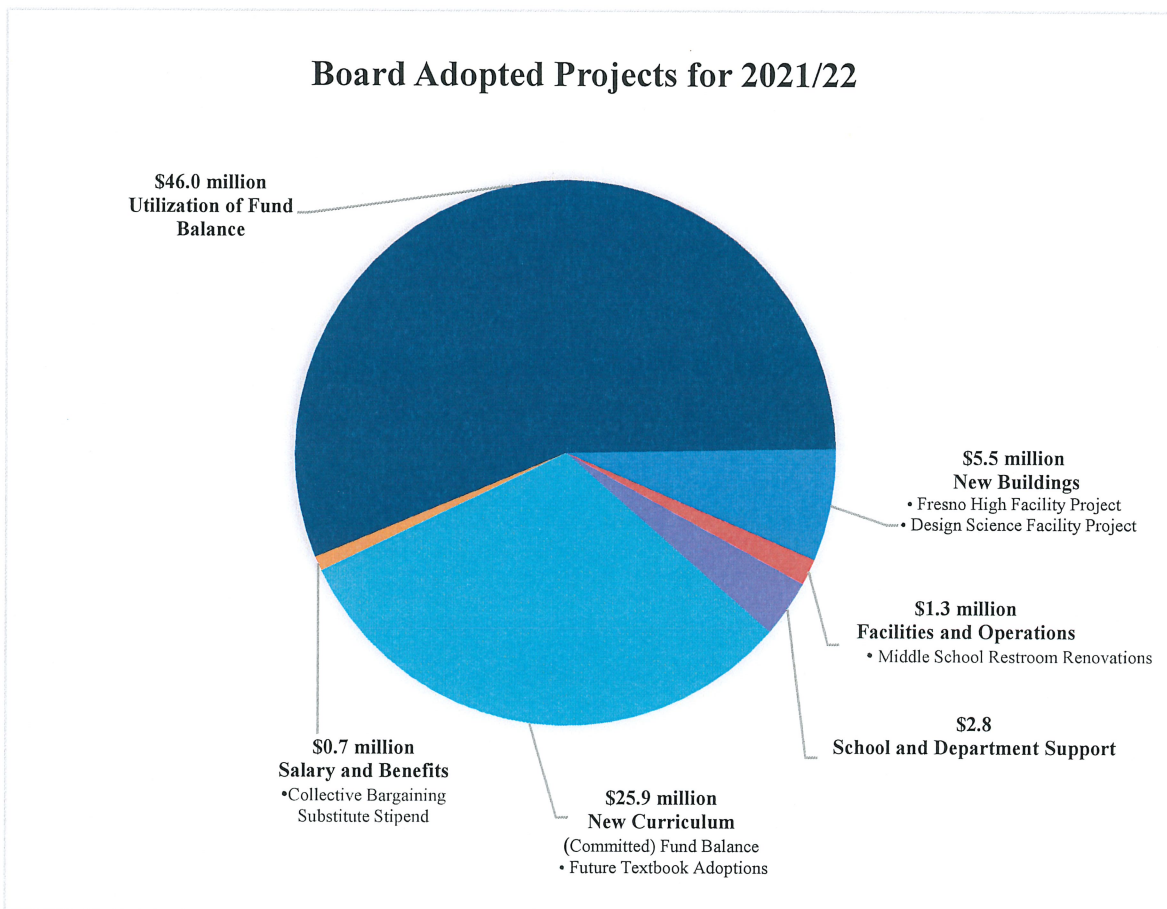
The Board designated funds in the 2020/21 budget in the amount of \$82.2 million for future projects as follows:

Committed Fund Balance:

Future Textbook Adoptions	\$25.9 million
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Assigned Fund Balance:

Utilization of Fund Balance	\$46.0 million
Design Science Facility	\$5.1 million
Middle School Restrooms Renovations	\$1.3 million
School Site and Department Allocation Carryover	\$2.8 million
Collective Bargaining Substitute Stipend	\$0.7 million
Fresno High Facility Project	\$0.4 million



Management’s Discussion and Analysis

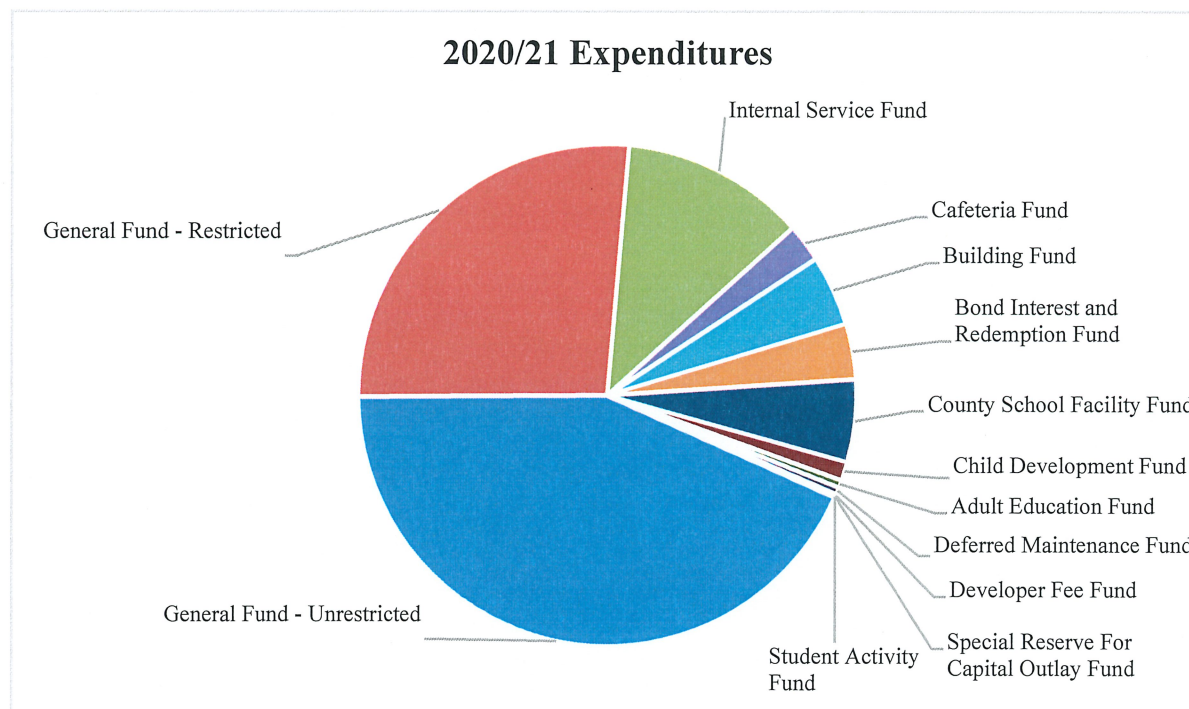
June 30, 2021

Total expenditures for 2020/21 were \$1.5 billion, representing an increase from 2019/20 of \$82.6 million as listed below (in millions):

Expenditures	2020/21 Unaudited Actuals Expense	2019/20 Unaudited Actuals Expense	Difference	Change
General Fund – Unrestricted	\$663.8	\$706.6	(42.8)	(6.06%)
General Fund – Restricted	406.5	315.8	90.7	28.72%
Internal Service Fund	183.8	190.4	(6.6)	(3.47%)
County School Facility Fund	81.6	50.3	31.3	62.23%
Building Fund	70.4	48.9	21.5	43.97%
Bond Interest and Redemption Fund	54.9	54.6	0.30	0.55%
Cafeteria Fund	37.4	49.1	(11.7)	(23.83%)
Child Development Fund	18.7	18.0	0.70	3.89%
Adult Education Fund	7.5	7.3	0.20	2.74%
Deferred Maintenance Fund	6.8	6.6	0.20	3.03%
Developer Fee Fund	2.6	1.7	0.90	52.94%
Student Activity Fund ^(A)	0.9	2.7	(1.8)	(67.15%)
Special Reserve for Capital Outlay Fund	0.2	0.5	(0.30)	(60.0%)
Retiree Benefit Fund ^(B)	-	-	-	- %
Total	\$1,535.1	\$1,452.5	\$82.6	5.7%

^(A) As of 2020/21, the Associated Student Body, now referred to as the Student Activity Fund, is included as governmental fund of the District, as these funds and related activities are considered nonfiduciary for the purposes of Statement No. 84 of the Governmental Accounting Standards Board (GASB).

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



Management's Discussion and Analysis

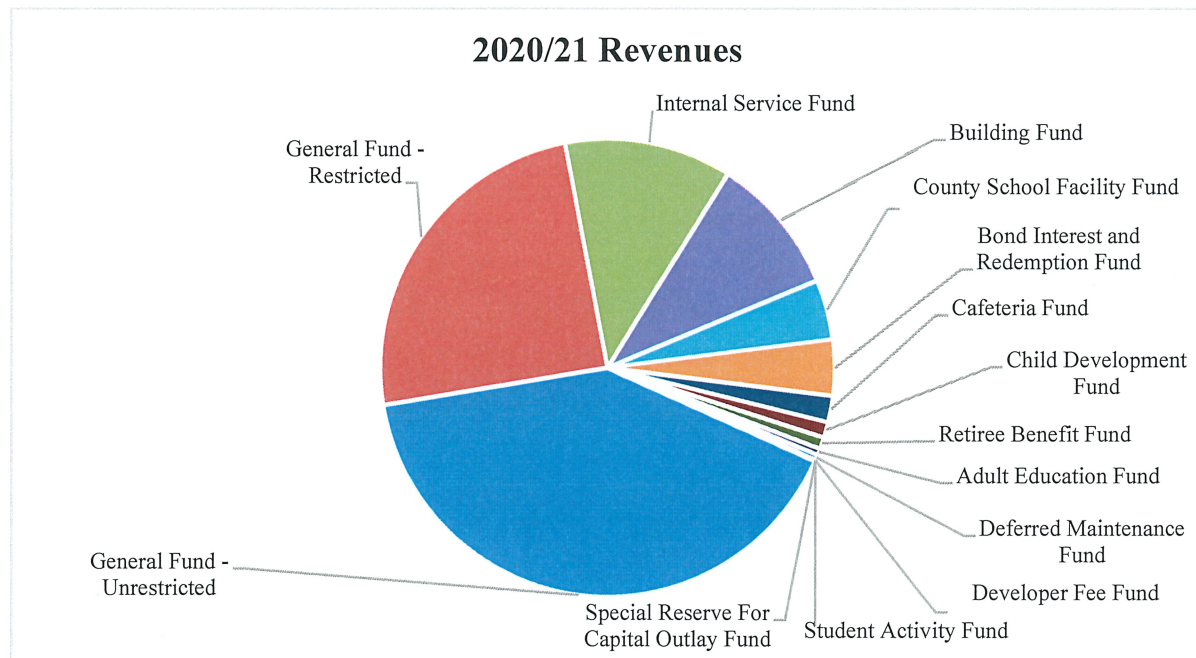
June 30, 2021

Total revenue for 2020/21 was \$1.7 billion, representing a decrease from 2019/20 of \$152.2 million as listed below (in millions):

Revenue	2020/21 Unaudited Actuals Revenue	2019/20 Unaudited Actuals Revenue	Difference	Change
General Fund - Unrestricted	\$715.4	\$713.5	\$1.9	0.3%
General Fund - Restricted	431.8	304.9	126.9	41.6%
Internal Service Fund	209.4	200.3	9.1	4.5%
Building Fund	172.9	77.4	95.5	123.4%
County School Facility Fund	74.9	53.1	21.8	41.1%
Bond Interest and Redemption Fund	69.2	164.0	(94.8)	(57.8%)
Cafeteria Fund	32.8	47.3	(14.5)	(30.7%)
Child Development Fund	19.4	18.0	1.4	7.8%
Retiree Benefit Fund ^(A)	14.6	6.2	8.4	135.5%
Adult Education Fund	7.7	8.0	(0.3)	(3.8%)
Deferred Maintenance Fund	6.8	6.6	0.2	(3.0%)
Developer Fee Fund	1.0	1.8	(0.8)	(44.4%)
Student Activity Fund ^(B)	0.5	3.1	(2.6)	(83.9%)
Special Reserve for Capital Outlay	0.1	0.1	0.0	(50.0%)
Total	\$1,756.5	\$1,604.3	\$152.2	9.5%

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

^(B) As of 2020/21, the Associated Student Body, now referred to as the Student Activity Fund, is included as governmental fund of the District, as these funds and related activities are considered nonfiduciary for the purposes of Statement No. 84 of the Governmental Accounting Standards Board (GASB).



Management's Discussion and Analysis

June 30, 2021

Summary of Capital Assets

Governmental Activities, Capital Assets	2021	2020	Change	Change
Land	\$66,411,797	\$66,411,797	\$ -	- %
Work-in-process	174,137,609	146,303,630	27,833,979	19.02%
Land improvements	108,837,432	99,542,837	9,294,595	9.34%
Buildings	1,086,427,714	1,034,518,751	51,908,963	5.02%
Equipment	42,044,028	40,884,402	1,159,626	2.84%
Capital Assets, cost	1,477,858,580	1,387,661,417	90,197,163	6.50%
Accumulated Depreciation	(506,832,010)	(474,479,892)	(32,352,118)	6.82%
Governmental Activities Capital Assets, net	\$971,026,570	\$913,181,525	\$57,845,045	6.33%

The District's investment in Capital Assets for its governmental activities as of June 30, 2021 was \$971 million (net of accumulated depreciation).

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

Summary of Long-Term Liabilities

Governmental Activities	2021	2020	Change	Change
General Obligation Bonds	\$916,667,292	\$765,164,087	\$151,503,205	19.80%
Accreted Interest	90,937,175	76,783,778	14,153,397	18.43%
PG&E Energy Loans	-	52,959	(52,959)	(100.00%)
Unamortized Premiums	32,995,790	22,251,275	10,744,515	48.29%
Net OPEB liability	1,050,247,712	1,019,190,619	31,057,093	3.05%
Compensated Absences	5,290,111	4,534,280	755,831	16.67%
Net Pension Liability	993,525,000	942,203,000	51,322,000	5.45%
Governmental Activities Long-Term Liabilities	\$3,089,663,080	\$2,830,179,998	\$259,483,082	9.17%

As of June 30, 2021, the District had a total outstanding bonded debt of \$917 million backed by the full faith and credit of the District.

Total long-term debt for the District increased by \$259 million. The change in the long-term debt was due mainly to increases for the issuance of General Obligation Bonds of \$151 million, pension liability of \$51 million, accreted interest of \$14 million, OPEB of \$31 million, and unamortized premiums of \$10 million.

State statutes limit the amount of general obligation debt that the District may issue. At the end of the current fiscal year, the legal debt limit was 2.45%.

Management's Discussion and Analysis

June 30, 2021

Economic Factors and Budgets and Rates for 2021/22

The annual process to develop the District's budget begins in the fall with an update to the Board of Education and stakeholders regarding the District's Local Control and Accountability Plan (LCAP) actions and investment areas. For 2020/21, the LCAP process was modified due to school closures and a Learning Continuity Plan was required instead. The following January the Governor proposes the State budget. Since most of the District's revenue comes from the State, the District carefully derives assumptions from the Governor's proposal, guidance from the Fresno County Superintendent of Schools, and enrollment projections. The 2021/22 Proposed Budget includes recommendations that continue to balance the Board of Education's investments in extensive student programs, competitive employee compensation, and prudent fiscal responsibility.

On June 16, 2021, the Board of Education approved an Adopted Budget for fiscal year 2021/22. The Adopted Budget included an 8.22% unrestricted reserve.

- The major State assumptions are:
 - Statutory cost-of-living adjustment of 3.84%
 - The cash flow projected a positive balance of \$274.9 million on June 30, 2022
 - Educational Protection Account continues, as required by Proposition 30 (November 2012), which represents 19% (\$67 million) of the Local Control Funding Formula (LCFF)
 - The District is projected to be funded on the prior year ADA
 - LCFF Supplemental and Concentration funding of \$206 million
- The local assumptions are as follows:
 - The Elementary School Aligned Instructional System: Designated sites, instructional aides including kindergarten aides, police chaplains to increase safety, custodial, clerical supports, administrative support, and health care professionals including a registered nurse, licensed vocational nurse or health assistant
 - The Middle School Aligned Instructional System: Transition teachers and campus culture support, safety investments include campus assistants, custodial support, clerical support, administrative support, and health care professionals including a registered nurse and licensed vocational nurse or health assistant
 - The High School Aligned Instructional System: Professional learning, librarian, student engagement, campus culture assistant and athletic director support, safety investments include school resource officer, probation officer and campus assistants, custodial support including PE custodians, pool custodians and auditorium custodians, clerical supports including a library technician, administrative support, and health care professionals including a registered nurse and licensed vocational nurse on a daily basis
 - School Site Allocations: Investments for instructional classroom support, after-school activities/athletics, equipment and coaching contracts, as well as supplies for libraries.
 - Liability Rate: Increase to the liability rate from 0.93% to 1.15% to support increased claims
 - Technology Services: Increase investments to better support student and staff with self-wellbeing contracts, student Internet access, and technology
 - Special Education: Support of a third-year investment to support Special Education programs to reduce class size. In addition, 9 FTE were allocated to support expanded services and annual technology refresh
 - Psychological and Guidance increase of five Psychologists and support for on-call mental health response team
 - Health Services: Increased support of four additional registered nurses per the Collective Bargaining Agreement
 - Early Learning: Reorganization within the department, adding Project Manager, Child Welfare Assistant and Paraeducator offset with reductions to Attendance Technician and two Program Technicians
 - English Learners: Increase to convert part-time Community School Liaison to full time
 - Transportation: Increase in the First Student annual contract

Management's Discussion and Analysis

June 30, 2021

- Department of Prevention and Intervention: Increase for social emotional supports and additional Manager offset with increased Medi-Cal for Psychologist support claims
- Alternative Education: Add a principal to support the new eLearn Academy and add an Assistant Superintendent and classified support for Alternative Education schools
- Equity and Access: Support dual immersion assessments, grading initiative, cultural proficiency training and program evaluation. Add an Office Manager for department support
- Career Technical Education: Increase two Teachers on Special Assignment to support senior year redesign, one Internship Coordinator supported by the Strong Workforce Grant, and support to add Executive Director
- College and Career Readiness: Increase five Counselors to provide additional support at middle schools with high unduplicated counts and alternative education
- Visual and Performing Arts: Increase for high school theatre and dance
- Student Engagement: Increase support for African American engagement and add School Office Assistant offset with adjustments to supplemental contracts
- African American Academic Acceleration: Add a Teacher on Special Assignment to oversee the Springboard Literacy Program and increase support allocation to maintain program from expiring Low Performing Student Block Grant
- Advanced Coursework: Increase of one Program Manager
- Teacher Development: Add Project Manager, three Instructional Coaches supported by the Teacher Quality Partnership Grant
- Plant Operations: Increase of three Grounds Maintenance Workers to support additional tree maintenance and an increase for utilities
- Plant Maintenance: Add a Work Control Scheduler and an Inventory Control Coordinator
- Safety and Security: Increase Raptor School Visitor Management System, expand Safe-2-School contract and annual increases for police contracts. In addition, the School Neighborhood Resource Officers contract will not be renewed for 2021/22 and offset with an increase of sixteen Campus Safety Assistants
- Nutrition Services: Add Wellness Coordinator and support Fresh Fruits and Vegetables Grant for nine sites not receiving grant and provide milk to all students
- One-time allocations using recovery funds include:
 - Additional supports programed to address unfinished learning:
 - Allocate an additional Teacher at each elementary school to support class size reduction with a focus on literacy and math (K-3)
 - Allocate an additional Teacher at each comprehensive high school to support literacy in 9th grade
 - Allocate additional sections to expand credit recovery at the comprehensive high schools
 - Allocate additional sections to provide enrichment opportunities at all high schools and middle schools
 - All grade levels will receive 30 additional minutes of instruction in the first semester to address literacy and math
 - All elementary and middle school teachers will have the option to consider providing 30 minutes of instruction in the second semester to address literacy and math
 - An additional three days added to the academic calendar to provide opportunities for student engagement and staff professional learning
 - Early Learning support for summer programs for incoming Transitional Kindergarten and Kindergarten students, extended learning support, professional learning, learning program resources and technology to support online enrollment
 - Special Education support for summer and winter sessions, tutoring and interventions along with digital assessments
 - English Learner Services: Increase English Language instructional support, peer mentoring services and expansion of other translation services

Management’s Discussion and Analysis

June 30, 2021

- Visual and Performing Arts: Instrument filters and choir masks, art supplies, and support for all 4-6th grades for Teacher Artist Residency
- Curriculum and Instruction: Includes digital platforms (K-2 Foundational Skills, Edgenuity district-wide licenses, Nearpod digital lessons, and Digital Math Fact), professional learning (Professional Learning Summit, math lesson design, summer school pilot, Smarter Balanced interim assessment training, and Unbound Education Standards Institute), PBS lessons, Tutor.com, FIRST K-3 reading licenses and student books
- Parent University: Increase for Pilot Program supporting African American families
- Summer School: Expand Winter and Summer Sessions to all sites, summer camp, library supports as well as one Principal on Special Assignment to oversee expansion
- College and Career Readiness: Increase for employability skills contract
- Prevention and Intervention: Support two hubs for social emotional support, increase to Care Solace Mental Health and Substance Abuse contract, increase Community Mentor Stipends. Support additional safe and supportive secondary school’s expansion including site-based training for campus culture team members and social emotional counseling and training services
- Equity and Access: Support GATE assessments and development
- Library Services: Support of student supplemental reading materials
- Plant maintenance: Support to upgrade classroom ventilation
- African American Academic Acceleration: Additional Project Manager and funding to support Springboard Literacy Program for Middle School Development
- Health Services: Health Service contact tracing and pandemic supports
- Teacher Development: Increase for new teacher pipeline adding a Manager and Teacher on Special Assignment to oversee the program focusing on substitute learning, Teacher Academy expansion and tutoring, and Teacher Residency expansion. The new teacher supports include a new teacher conference, summer STEAM lab, Fresno Internship Credential Program, and Dual Immersion teacher training. The teacher leadership includes virtual coaching, ethnic studies institute, literacy/dual enrollment Master’s Program, Coaching Institute, and Aspiring Teacher Leader cohort
- After School Programs: Expansion for after school offerings including elimination of fee-based program as well as three staff to maintain the expanded offerings and contracted services with Springboard
- Information Technology: Upgrade telecommunications system at school sites
- Classroom Baseline: Replace student combination desks and chairs
- Multi-Year Items:
 - Gate assessment and development
 - Future Textbook Adoptions: Commit for other subject areas to be identified in future years
 - Utilization of reserves in 2021/22 and 2022/23 to support a phased-in and balanced approach
 - STRS and PERS increased employer rates:

Year	STRS Employer Rate	PERS Employer Rate	Annual Increase/Decrease to District Contribution	Annual District Contribution
2021/22	16.92%	22.91%	\$5.3 million	\$83.3 million
2022/23	19.10%	26.30%	\$11.9 million	\$95.2 million
2023/24	19.10%	27.34%	\$1.0 million	\$96.2 million

Management's Discussion and Analysis

June 30, 2021

- Unemployment Rate – Increases from .05% to 1.23% in 2021/22 which equates to \$6.2 million. In 2022/23, the rate is anticipated at 0.20% which equates to a decrease of \$4.3 million
- An Unrestricted General Fund contribution of \$1.5 million and a \$2.0 million contribution from the Health Fund to the OPEB irrevocable trust for all years
- Benefit Rates:
 - Increase the Health rate in accordance with the current employee bargaining agreements by \$906 to \$20,254 per employee. For each active eligible employee, the contribution to the Health Fund is estimated to increase by \$366 in 2022/23, and an additional \$606 in 2023/24, equating to \$2.4 million and \$4.0 million accordingly
 - Workers' Compensation maintains the Liability Insurance rates to fund the reserve level at 74% for 2021/22

Employee Benefits

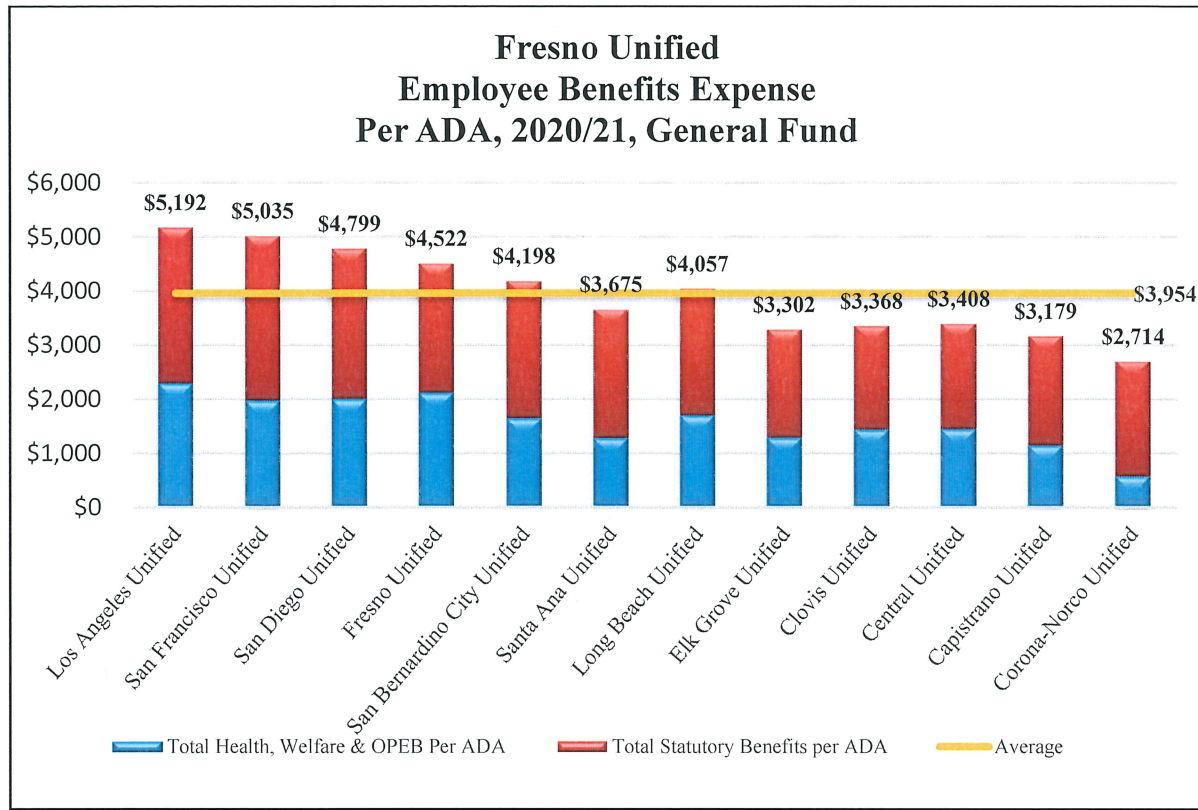
The District provides post-employment health benefits to all District employees (employed before July 1, 2005) and their dependents, with a minimum of 16 years of service who retire at a minimum of 57½ years of age. For employees hired on or after July 1, 2005, the District provides five years of post-employment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

The District's most recent actuarial study calculated the total gross liability for post-employment benefits to be \$1.12 billion in October 2021 which is an increase of \$45.63 million since October 2020. The District established an irrevocable trust in 2013/14. The Trust Fund increased by \$14.57 million and at the end of 2019/20 had an ending fund balance of \$69.42 million. In 2021/22, the District plans to transfer \$3.5 million to the OPEB irrevocable trust. At June 30, 2021, the total net OPEB liability was \$1.05 billion.

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

Fresno Unified ranks fourth in spending for total employee benefits per ADA when compared to the largest ten districts in the State and two of the largest local districts. The District outspends the average by \$568/ADA. If the District spent at the State average of \$3,954/ADA, annual savings generated equates to \$38 million. Furthermore, the District's total benefits per ADA expense for 2020/21 increased by \$101 over 2019/20.

Management’s Discussion and Analysis
June 30, 2021



Source: 2020/21 Unaudited Actual Standardized Account Code Structure
Health and Welfare: Unaudited Actual Expenditure by Object, Health and Welfare Benefits (3401/3402); OPEB (3701, 3702, 3751, 3752); Divided by 2019/20 P-2 ADA

Net Pension Liability

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

Contacting the District’s Financial Management

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

BASIC FINANCIAL STATEMENTS

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

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents (Note 2)	\$ 638,347,565
Investments (Note 2)	227,302,826
Receivables	211,202,167
Prepaid expenses	3,840,990
Stores inventory	4,071,713
Non-depreciable capital assets (Note 4)	240,549,406
Depreciable capital assets, net of accumulated depreciation (Note 4)	<u>730,477,164</u>
Total assets	<u>2,055,791,831</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources - pensions (Notes 8 and 9)	256,776,500
Deferred outflows of resources - loss from refunding of debt	9,199,542
Deferred outflows of resources - OPEB (Note 10)	<u>56,925,647</u>
Total deferred outflows	<u>322,901,689</u>
LIABILITIES	
Accounts payable and other current liabilities	192,266,270
Unearned revenue	41,529,668
Self-insurance claims liability (Note 5)	56,033,834
Long-term liabilities (Note 6):	
Due within one year	78,640,712
Due after one year	<u>3,011,022,368</u>
Total liabilities	<u>3,379,492,852</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources - pensions (Notes 8 and 9)	47,411,000
Deferred inflows of resources - OPEB (Note 10)	<u>89,079,108</u>
Total deferred inflows	<u>136,490,108</u>
NET POSITION	
Net investment in capital assets	399,496,265
Restricted:	
Legally restricted programs	47,549,549
Capital projects	57,292,938
Debt service	288,473,495
Self insurance	66,413,715
Unrestricted	<u>(1,996,515,402)</u>
Total net position	<u><u>\$(1,137,289,440)</u></u>

See accompanying notes to financial statements.

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

		Program Revenues			Net (Expenses) Revenues and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
Instruction	\$ 692,914,006	\$ 581,684	\$ 222,770,833	\$ 11,626,265	\$ (457,935,224)
Instruction-related services:					
Supervision of instruction	61,918,217	77,532	35,239,786	-	(26,600,899)
Instructional library and technology	13,505,430	-	9,324,565	-	(4,180,865)
School site administration	71,006,834	28,978	7,798,523	-	(63,179,333)
Pupil services:					
Home-to-school transportation	12,934,268	3,037	2,267,901	-	(10,663,330)
Food services	42,401,297	157,326	31,926,084	-	(10,317,887)
All other pupil services	92,043,873	227,943	51,401,188	-	(40,414,742)
General administration:					
Data processing	12,052,788	-	2,280,399	-	(9,772,389)
All other general administration	39,617,256	45,440	11,279,604	-	(28,292,212)
Plant services	119,007,402	248,800	10,928,691	-	(107,829,911)
Ancillary services	20,504,520	1,915	5,905,412	-	(14,597,193)
Community services	4,198,343	2,112	3,614,283	-	(581,948)
Enterprise activities	2,187,245	3,031	237,158	-	(1,947,056)
Interest on long-term liabilities	40,060,424	-	-	-	(40,060,424)
Other outgo	13,154,452	4,350	578,771	-	(12,571,331)
Depreciation (unallocated) (Note 4)	33,957,505	-	-	-	(33,957,505)
	\$ 1,271,463,860	\$ 1,382,148	\$ 395,553,198	\$ 11,626,265	(862,902,249)
Total governmental activities					
General revenues:					
Taxes and subventions:					
Taxes levied for general purposes					76,906,964
Taxes levied for debt service					56,167,756
Taxes levied for other specific purposes					1,600,979
Federal and state aid not restricted to specific purposes					721,734,074
Interest and investment earnings					5,649,900
Miscellaneous					9,833,800
Total general revenues					871,893,473
Change in net position					8,991,224
Net Position, July 1, 2020					(1,148,738,052)
Cumulative effect of GASB 84 implementation					2,457,388
Net Position, July 1, 2020, as restated					(1,146,280,664)
Net position, June 30, 2021					\$ (1,137,289,440)

See accompanying notes to financial statements.

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

	General Fund	Building Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents:					
Cash in County					
Treasury	\$ 201,814,927	\$ 207,220,636	\$ 60,906,135	\$ 23,963,176	\$ 493,904,874
Cash in revolving fund	96,776	-	-	550	97,326
Cash on hand and in banks	12,363,479	-	-	6,016,314	18,379,793
Collections awaiting deposit	-	-	-	1,742	1,742
Investments	-	-	227,302,826	-	227,302,826
Receivables	202,586,353	640,839	264,534	7,002,491	210,494,217
Prepaid expenditures	977,806	-	-	-	977,806
Due from other funds	12,709,933	790,367	-	66,716,005	80,216,305
Stores inventory	2,528,519	-	-	1,543,194	4,071,713
	<u>433,077,793</u>	<u>208,651,842</u>	<u>288,473,495</u>	<u>105,243,472</u>	<u>1,035,446,602</u>
Total assets	<u>\$ 433,077,793</u>	<u>\$ 208,651,842</u>	<u>\$ 288,473,495</u>	<u>\$ 105,243,472</u>	<u>\$ 1,035,446,602</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 159,217,549	\$ 5,000	\$ -	\$ 16,774,854	\$ 175,997,403
Unearned revenue	39,142,283	-	-	2,387,385	41,529,668
Due to other funds	5,524,925	63,522,600	-	10,927,638	79,975,163
	<u>203,884,757</u>	<u>63,522,600</u>	<u>-</u>	<u>30,089,877</u>	<u>297,502,234</u>
Total liabilities	<u>203,884,757</u>	<u>63,522,600</u>	<u>-</u>	<u>30,089,877</u>	<u>297,502,234</u>
Fund balances:					
Nonspendable	3,603,101	-	-	1,543,744	5,146,845
Restricted	29,688,892	145,124,242	288,473,495	73,609,851	536,896,480
Committed	25,900,000	-	-	-	25,900,000
Assigned	56,260,000	-	-	-	56,260,000
Unassigned	113,741,043	-	-	-	113,741,043
	<u>229,193,036</u>	<u>145,124,242</u>	<u>288,473,495</u>	<u>75,153,595</u>	<u>737,944,368</u>
Total fund balances	<u>229,193,036</u>	<u>145,124,242</u>	<u>288,473,495</u>	<u>75,153,595</u>	<u>737,944,368</u>
Total liabilities and fund balances	<u>\$ 433,077,793</u>	<u>\$ 208,651,842</u>	<u>\$ 288,473,495</u>	<u>\$ 105,243,472</u>	<u>\$ 1,035,446,602</u>

See accompanying notes to financial statements.

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

Total fund balances - Governmental Funds		\$ 737,944,368
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used for governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is \$1,477,858,580 and the accumulated depreciation is \$506,832,010 (Note 4).		
		971,026,570
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at June 30, 2021 consisted of (Note 6):		
General Obligation Bonds	\$ (916,667,292)	
Unamortized premiums	(32,995,790)	
Accreted interest	(90,937,175)	
Net OPEB liability (Note 10)	(1,050,247,712)	
Net pension liability (Notes 8 and 9)	(993,525,000)	
Compensated absences	<u>(5,290,111)</u>	
		(3,089,663,080)
Internal service funds are included in the government-wide financial statements.		
		66,413,715
Losses on refundings of debt are categorized as deferred outflows and are amortized over the shorter life of the refunded or refunding of the debt.		
		9,199,542
In government funds, deferred outflows and inflows of resources relating to pensions and OPEB are not reported because they are applicable to future periods. In the statement net position, deferred outflows and inflows of resources relating to pensions are reported.		
Deferred outflows of resources - pensions (Note 8 and 9)	\$ 256,776,500	
Deferred outflows of resources - OPEB (Note 10)	56,925,647	
Deferred inflows of resources - pensions (Notes 8 and 9)	(47,411,000)	
Deferred inflows of resources - OPEB (Note 10)	<u>(89,079,108)</u>	
		177,212,039
Unmatured interest on long-term liabilities is recognized in the period incurred.		
		<u>(9,422,594)</u>
Total net position - governmental activities		<u>\$ (1,137,289,440)</u>

See accompanying notes to financial statements.

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

	General Fund	Building Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Total Governmental Funds
Revenues:					
Local Control Funding Formula (LCFF):					
State apportionment	\$ 706,653,545	\$ -	\$ -	\$ -	\$ 706,653,545
Local sources	72,894,659	-	-	-	72,894,659
Total LCFF	779,548,204	-	-	-	779,548,204
Federal sources	167,002,772	-	-	30,005,886	197,008,658
Other state sources	171,938,651	-	403,665	39,490,004	211,832,320
Other local sources	21,935,956	1,545,984	56,596,286	4,560,676	84,638,902
Total revenues	1,140,425,583	1,545,984	56,999,951	74,056,566	1,273,028,084
Expenditures:					
Current:					
Certificated salaries	444,220,633	-	-	8,805,006	453,025,639
Classified salaries	148,682,788	-	-	17,975,284	166,658,072
Employee benefits	304,024,327	-	-	19,807,485	323,831,812
Books and supplies	76,577,451	-	-	13,677,294	90,254,745
Contract services and operating expenditures	79,521,336	1,418,966	-	17,789,329	98,729,631
Other outgo	2,648,022	-	-	-	2,648,022
Capital outlay	2,019,908	-	-	75,348,145	77,368,053
Debt service:					
Principal retirement	52,959	-	33,485,006	-	33,537,965
Interest	-	-	21,370,414	-	21,370,414
Total expenditures	1,057,747,424	1,418,966	54,855,420	153,402,543	1,267,424,353
Excess (deficiency) of revenues over (under) expenditures	82,678,159	127,018	2,144,531	(79,345,977)	5,603,731
Other financing (uses) sources:					
Transfers in	9,140,331	-	-	68,986,389	78,126,720
Transfers out	(14,808,419)	(68,986,389)	-	(2,331,912)	(86,126,720)
Proceeds from the sale of bonds	-	262,615,000	-	-	262,615,000
Debt issuance premiums	-	965,700	12,222,100	-	13,187,800
Deposit to refunding escrow	-	(92,230,520)	-	-	(92,230,520)
Total other financing (uses) sources	(5,668,088)	102,363,791	12,222,100	66,654,477	175,572,280
Net change in fund balances	77,010,071	102,490,809	14,366,631	(12,691,500)	181,176,011
Fund balances, July 1, 2020	152,182,965	42,633,433	274,106,864	85,387,707	554,310,969
Cumulative effect of GASB 84 implementation	-	-	-	2,457,388	2,457,388
Fund balance, July 1, 2020, as restated	152,182,965	42,633,433	274,106,864	87,845,095	556,768,357
Fund balances, June 30, 2021	\$ 229,193,036	\$ 145,124,242	\$ 288,473,495	\$ 75,153,595	\$ 737,944,368

See accompanying notes to financial statements.

FRESNO UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCES – GOVERNMENTAL FUNDS –
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021

Net change in fund balances - Total Governmental Funds	\$ 181,176,011
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).	\$ 92,028,291
Depreciation of capital assets is an expense that is not recorded in the governmental funds (Note 4).	(33,957,505)
In the governmental funds, proceeds from the issuance of debt are recognized as Other Financing Sources. In the government-wide statements, proceeds from debt are reported as increases to liabilities. Amounts recognized in governmental funds as proceeds from debt.	(262,615,000)
In the governmental funds, debt issued at a premium is recognized as an other financing source. In the government-wide statements debt issued at a premium is amortized as interest over the life of the debt (Note 6).	(10,744,515)
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).	111,164,754
Accreted interest is an expense that is not recorded in the governmental funds (Note 6).	(14,153,397)
Interest on long-term liabilities is recognized in the period it is incurred, in governmental funds it is only recognized when it is due.	1,283,498
Activities of the internal service fund are reported with governmental activities.	25,589,241
Losses on refundings of debt are categorized as deferred outflows and are amortized over the shortened life of the refunded or refunding of the debt.	6,685,877
In the governmental funds, OPEB is recognized when employers contributions are made. In the government-wide statements, other post-employment benefits are recognized on the accrual basis (Note 6 and 10).	(31,250,777)
If a planned capital project is canceled and will not be completed, costs previously capitalized as work-in-progress are written off to expense (Note 4).	(225,741)

(Continued).

FRESNO UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCES – GOVERNMENTAL FUNDS –
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021

In the government funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual -basis pension costs and actual employer contributions was (Note 8 and 9).	\$ (55,233,682)
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>(755,831)</u> <u>\$ (172,184,787)</u>
Change in net position of governmental activities	<u>\$ 8,991,224</u>

See accompanying notes to financial statements.

FRESNO UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION – PROPRIETARY FUND
SELF-INSURANCE FUND – GOVERNMENTAL ACTIVITIES
June 30, 2021

ASSETS

Current assets:

Cash and investments (Note 2):	
Cash in County Treasury	\$ 122,900,045
Cash on hand and in banks	3,063,785
Receivables	707,950
Due from other funds (Note 3)	465,428
Prepaid expenditures	<u>2,863,184</u>
 Total current assets	 <u>130,000,392</u>

LIABILITIES

Current liabilities:

Accounts payable	6,846,273
Due to other funds (Note 3)	706,570
Self-insurance claims liability (Note 5)	<u>56,033,834</u>
 Total current liabilities	 <u>63,586,677</u>

NET POSITION

Net position - restricted	<u>\$ 66,413,715</u>
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See accompanying notes to financial statements.

FRESNO UNIFIED SCHOOL DISTRICT
STATEMENT OF CHANGE IN NET POSITION – PROPRIETARY FUND
SELF-INSURANCE FUND – GOVERNMENTAL ACTIVITIES
For the year ended June 30, 2021

Operating revenues:	
Self insurance premiums	<u>\$ 199,911,418</u>
Operating expenses:	
Classified salaries	1,609,978
Employee benefits	833,012
Books and supplies	23
Contract services	<u>179,338,299</u>
Total operating expenses	<u>181,781,312</u>
Operating income	<u>18,130,106</u>
Non-operating revenues (expense):	
Interest income	1,459,135
Contribution to California Employers' Retiree Benefit Trust (CERBT)	<u>(2,000,000)</u>
Total non-operating (expense) revenues	(540,865)
Income before transfers	17,589,241
Transfers from other District funds	<u>8,000,000</u>
Change in net position	25,589,241
Net position, July 1, 2020	<u>40,824,474</u>
Net position, June 30, 2021	<u>\$ 66,413,715</u>

See accompanying notes to financial statements.

FRESNO UNIFIED SCHOOL DISTRICT
STATEMENT OF CHANGE CASH FLOWS – PROPRIETARY FUND
SELF-INSURANCE FUND – GOVERNMENTAL ACTIVITIES
For the year ended June 30, 2021

Cash flows from operating activities:	
Cash received from self-insurance premiums	\$ 187,841,149
Cash received from user charges	11,702,029
Cash paid for employee benefits	(181,606,688)
Cash paid for salaries	(2,442,990)
Cash paid for other expenses	<u>(23)</u>
Net cash provided by operating activities	<u>15,493,477</u>
Cash flows from noncapital financing activities:	
Transfers in from District funds	8,000,000
Contribution to CERBT	<u>(2,000,000)</u>
Net cash provided by noncapital financing activities	<u>6,000,000</u>
Cash flows provided by investing activities:	
Interest income received	<u>1,195,265</u>
Increase in cash and investments	22,688,742
Cash and investments, July 1, 2020	<u>103,275,088</u>
Cash and investments, June 30, 2021	<u>\$ 125,963,830</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	<u>\$ 18,130,106</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Increase in:	
Amount due from other funds	(368,240)
Prepaid expenditures	(582,388)
Increase (decrease) in:	
Accounts payable	2,655,106
Amount due to other funds	(79,844)
Unpaid claims and claim adjustment expenses	<u>(4,261,263)</u>
Total adjustments	<u>(2,636,629)</u>
Net cash provided by operating activities	<u>\$ 15,493,477</u>

See accompanying notes to financial statements.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fresno Unified School District (the "District") accounts for its financial transactions in accordance with the policies and procedures of the California Department of Education's California School Accounting Manual. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The following is a summary of the more significant policies:

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

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

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

Basis of Presentation - Government-Wide Financial Statements: The Statement of Net Position and the Statement of Activities displays information about the reporting government as a whole.

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

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

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

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

(Continued)

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A - Major Funds

1 - *General Fund:*

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

2 - *Building Fund:*

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

3 - *Bond Interest and Redemption Fund:*

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

B - Other Funds

1 - *Special Revenue Funds:*

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

2 - *Capital Project Funds:*

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

3 - *Self Insurance Fund:*

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

(Continued)

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

Receivables: Receivables are made up principally of amounts due from the State of California for the Local Control Funding Formula and categorical programs. The District has determined that no allowance for doubtful accounts was needed as of June 30, 2021.

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

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

Interfund Activity: Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

(Continued)

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State Teachers' Retirement Plan (STRP) and Public Employers Retirement Fund B (PERF B) and additions to/deductions from STRP's and PERF B's fiduciary net position have been determined on the same basis as they are reported by STRP an PERF B. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Certain investments are reported at fair value. The following is a summary of pension amounts in the aggregate:

	<u>STRP</u>	<u>PERF B</u>	<u>Total</u>
Deferred outflows of resources	\$ 196,526,257	\$ 60,250,243	\$ 256,776,500
Deferred inflows of resources	<u>\$ 47,411,000</u>	<u>\$ -</u>	<u>\$ 47,411,000</u>
Net pension liability	<u>\$ 698,344,000</u>	<u>\$ 295,181,000</u>	<u>\$ 993,525,000</u>
Pension expense	<u>\$ 149,846,259</u>	<u>\$ 54,512,892</u>	<u>\$ 204,359,151</u>

Compensated Absences: Compensated absences benefits are recorded as a liability of the District. The liability of \$5,290,111 is for the earned but unused benefits.

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

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

(Continued)

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position: Net position is displayed in three components:

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

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

A - Nonspendable Fund Balance:

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

B - Restricted Fund Balance:

The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation. These are the same restrictions used to determine restricted net position as reported in the government-wide 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 Education. The constraints giving rise to committed fund balance must be imposed no later than the end of the reporting period. The actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements. Formal action by the Board of Education is required to remove any commitment from any fund balance.

(Continued)

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D - Assigned Fund Balance:

The assigned fund balance classification reflects amounts that the District's Board of Education has approved to be used for specific purposes, based on the District's intent related to those specific purposes. The Board of Education can designate personnel within the District to assign fund balances. At June 30, 2021, the District had assigned a portion of the fund balance for the General Fund.

E - Unassigned Fund Balance:

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

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

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

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

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

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

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

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

(Continued)

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Pronouncements: In January 2017, the GASB issued GASB Statement No. 84, *Fiduciary Activities*. The principal objective of this Statement is to enhance the consistency and comparability of fiduciary activity reporting by state and local governments. The provisions in GASB Statement No. 84 are effective for reporting periods beginning after December 15, 2019. Based on the implementation of GASB Statement No. 84, the District restated its beginning net position of governmental activities as well as the aggregate remaining fund information beginning fund balance for a total of \$2,457,388.

NOTE 2 - CASH AND INVESTMENTS

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

	Governmental Activities		Total
	Governmental Funds	Proprietary Fund	
Pooled Funds:			
Cash in County Treasury	\$ 493,904,874	\$ 122,900,045	\$ 616,804,919
Deposits:			
Cash on hand and in banks	18,379,793	3,063,785	21,443,578
Cash in revolving fund	97,326	-	97,326
Collections awaiting deposit	1,742	-	1,742
Total deposits	18,478,861	3,063,785	21,542,646
Investments	227,302,826	-	227,302,826
Total cash and investments	\$ 739,686,561	\$ 125,963,830	\$ 865,650,391

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

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

In accordance with applicable state laws, the Fresno County Treasurer may invest in derivative securities with the State of California. However, at June 30, 2021, the Fresno County Treasurer has represented that the Pooled Investment Fund contained no derivatives or other investments with similar risk profiles.

(Continued)

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

NOTE 2 - CASH AND INVESTMENTS (Continued)

Deposits - Custodial Credit Risk: The District limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. Cash balances held in banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) and are collateralized by the respective financial institution. At June 30, 2021, the carrying amount of the District's accounts was \$21,297,446 and the bank balances were \$25,180,241. The total uninsured bank balance at June 30, 2021 was \$23,995,827.

Cash balances held in credit unions are insured by the National Credit Union Association. At June 30, 2021, the carrying amount of the District's accounts was \$245,200 and the credit union balances were \$258,475. The total uninsured credit union balance at June 30, 2021 was \$8,475.

Investments: In October 2016 and October 2019, the District issued crossover refunding bonds and the bond proceeds were deposited into an irrevocable escrow fund to be funded, invested and held. Amounts held in the escrow fund will be applied to (a) pay respective interest due on the 2016 and 2019 Refunding Bonds to and including the crossover dates, and (b) on the crossover dates, pay the redemption price of the refunded prior bonds. The amounts Investments at June 30, 2021 are reported at fair value and consisted of the following:

	<u>Rating</u>	<u>2021</u>
Investments:		
U.S. Treasury Notes	Aaa	\$ 226,840,997
Foreign Issues	N/A	<u>461,829</u>
Total investments		<u>\$ 227,302,826</u>

Investment security ratings reported as of June 30, 2021 are defined by Moody's.

The following presents information about the District's assets measured at fair value on a recurring basis as of June 30, 2021, and indicates the fair value hierarchy of the valuation techniques utilized by the District to determine such fair value based on the hierarchy:

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

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

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

(Continued)

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

NOTE 2 - CASH AND INVESTMENTS (Continued)

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

Description	2021			
	Fair Value	Level 1	Level 2	Level 3
U.S. Treasury Notes	\$ 226,840,997	\$ -	\$ 226,840,997	\$ -
Foreign Issues	461,829	-	461,829	-
	<u>\$ 227,302,826</u>	<u>\$ -</u>	<u>\$ 227,302,826</u>	<u>\$ -</u>

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

The District had no non-recurring assets and no liabilities at June 30, 2021 which were required to be disclosed using the fair value hierarchy.

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

Maturities of investments held at June 30, 2021 consist of the following:

Investments securities:	Maturity			
	Fair Value	Less Than One Year	One Year through Five Years	Six Years through Ten Years
U.S. Treasury Notes	\$ 226,840,997	\$ 166,633,487	\$ 60,207,510	\$ -
Foreign Issues	461,829	461,829	-	-
Total	<u>\$ 227,302,826</u>	<u>\$ 167,095,316</u>	<u>\$ 60,207,510</u>	<u>\$ -</u>

Investment Credit Risk: The District's investment policy limits investment choices to obligations of the United States Treasury, sweep accounts and trustee banks and guaranteed investment contracts. At June 30, 2021, all investments represented U.S. Treasury Notes and Foreign Issue Notes which were issued, registered and held by the Escrow Agent.

Concentration of Investment Credit Risk: At June 30, 2021, the District had \$226,840,997 in U.S. Treasury Notes which represented more than five percent of the District's total investments.

(Continued)

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

NOTE 3 - INTERFUND TRANSACTIONS

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

Interfund Receivables/Payables: Individual fund interfund receivable and payable balances at June 30, 2021 were as follows:

Fund	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
<u>Governmental Activities</u>		
Major Funds:		
General	\$ 12,709,933	\$ 5,524,925
Building	790,367	63,522,600
Non-Major Funds:		
Student Activities	11,085	9,240
Adult Education	143,380	1,292,863
Child Development	5,872	2,883,756
Cafeteria	1,913,586	3,956,451
Deferred Maintenance	408,419	44,298
Capital Facilities	-	102,143
County School Facilities	62,947,025	2,398,393
Special Reserve for Capital Outlay Projects	1,286,638	240,494
Proprietary Fund:		
Self-Insurance	<u>465,428</u>	<u>706,570</u>
Total	<u>\$ 80,681,733</u>	<u>\$ 80,681,733</u>

(Continued)

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

NOTE 3 - INTERFUND TRANSACTIONS (Continued)

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

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

Transfer from the Building Fund to the County School Facilities Fund to contribute the local share by project.	\$ 62,177,970
Transfer from the General Fund to the Deferred Maintenance Fund for the State Deferred Allocation, as received in the General Fund	6,808,419
Transfer from the Building Fund to the General Fund to contribute to Routine Restricted Maintenance.	6,808,419
Transfer from the Cafeteria Fund to the General Fund for indirect costs.	1,404,577
Transfer from the Child Development Fund to the General Fund for indirect costs.	696,451
Transfer from the Adult Education Fund to the General Fund for indirect costs.	202,615
Transfer from the Capital Facilities Fund to the General Fund for indirect costs.	28,269
Transfer from the General Fund to the Self-Insurance Fund to support District-provided healthcare plans.	<u>8,000,000</u>
	<u>\$ 86,126,720</u>

(Continued)

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

NOTE 4 - CAPITAL ASSETS

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

	Balance July 1, <u>2020</u>	Transfers and <u>Additions</u>	Transfers and <u>Deletions</u>	Balance June 30, <u>2021</u>
<u>Governmental Activities</u>				
Non-depreciable:				
Land	\$ 66,411,797	\$ -	\$ -	\$ 66,411,797
Work-in-process	146,303,630	90,868,665	63,034,686	174,137,609
Depreciable:				
Land improvements	99,542,837	9,294,595	-	108,837,432
Buildings	1,034,518,751	53,514,350	1,605,387	1,086,427,714
Equipment	<u>40,884,402</u>	<u>1,159,626</u>	<u>-</u>	<u>42,044,028</u>
Totals, at cost	<u>1,387,661,417</u>	<u>154,837,236</u>	<u>64,640,073</u>	<u>1,477,858,580</u>
Less accumulated depreciation:				
Land improvements	(53,436,881)	(4,568,387)	-	(58,005,268)
Buildings	(392,478,552)	(26,942,554)	(1,605,387)	(417,815,719)
Equipment	<u>(28,564,459)</u>	<u>(2,446,564)</u>	<u>-</u>	<u>(31,011,023)</u>
Total accumulated depreciation	<u>(474,479,892)</u>	<u>(33,957,505)</u>	<u>(1,605,387)</u>	<u>(506,832,010)</u>
Governmental activities capital assets, net	<u>\$ 913,181,525</u>	<u>\$ 120,879,731</u>	<u>\$ 63,034,686</u>	<u>\$ 971,026,570</u>

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

Governmental activities:	
Unallocated	<u>\$ 33,957,505</u>

(Continued)

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

NOTE 5 - SELF-INSURANCE

The District has established a self-insurance fund to account for the risk of loss for property and liability, workers' compensation, and employee health benefits. For the year ended June 30, 2021, the District was self-insured up to \$2,000,000 for each workers' compensation claim, \$350,000 for each property claim, and \$1,000,000 for each liability claim. The District purchased commercial excess insurance for claims above the self-insured retention.

The property and liability claims liability of \$3,143,815 is based on an actuarial projected estimate at June 30, 2021, discounted at .25%. The workers' compensation claims liability of \$31,001,698 is based on an actuarial projected estimate at June 30, 2021, discounted at 1.0%. The health claims liability of \$21,888,321 is based on an actuarial projected estimate at June 30, 2021, discounted at 3.0% - 6.0%. The liability for all programs include a component for unallocated loss adjustment expenses. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years. Changes in the claims liability for the years ended June 30, 2021 and 2020 were as follows:

	Property and <u>Liability</u>	Workers' Compen- sation	<u>Health</u>	<u>Total</u>
Claims liability at June 30, 2019	\$ 1,818,770	\$ 37,543,179	\$ 19,771,885	\$ 59,133,834
Incurred claims	4,484,895	6,119,459	172,499,268	183,103,622
Paid claims	<u>(4,393,956)</u>	<u>(6,013,684)</u>	<u>(171,534,719)</u>	<u>(181,942,359)</u>
Claims liability at June 30, 2020	<u>1,909,709</u>	<u>37,648,954</u>	<u>20,736,434</u>	<u>60,295,097</u>
Incurred claims	5,525,302	(8,289,097)	173,403,488	170,639,693
Paid claims	<u>(4,291,196)</u>	<u>1,641,841</u>	<u>(172,251,601)</u>	<u>(174,900,956)</u>
Claims liability at June 30, 2021	<u>\$ 3,143,815</u>	<u>\$ 31,001,698</u>	<u>\$ 21,888,321</u>	<u>\$ 56,033,834</u>

(Continued)

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

NOTE 6 - LONG-TERM LIABILITIES

General Obligation Bonds

Series	Interest Rate %	Date of Issuance	Maturity Date	Amount of Original Issuance	Outstanding July 1, 2020	Issued Current Year	Redeemed Current Year	Outstanding June 30, 2021
1999 Series C	4.5 - 5.125%	1999	2023	\$ 40,640,000	\$ 6,805,000	\$ -	\$ 2,910,000	\$ 3,895,000
2002 Series A	2.25 - 6.0%	2002	2027	65,485,000	27,215,000	-	4,305,000	22,910,000
2004 GO Refunding 1995 Series B	1.70 - 5.25%	2004	2028	58,040,000	23,290,000	-	3,120,000	20,170,000
2001 Series F	5.48%	2009	2026	29,429,022	14,866,065	-	2,160,006	12,706,059
2010 GO Refunding	2.0 - 4.0%	2010	2023	12,040,000	3,870,000	-	1,385,000	2,485,000
2010 Measure Q Series A	4.726 - 5.876%	2011	2030	29,561,373	28,861,373	-	-	28,861,373
2001 Measure K Series G	5.39 - 11.814%	2011	2042	55,570,915	55,570,915	-	-	55,570,915
2010 Measure Q Series B	2.0 - 5.25%	2011	2042	50,434,849	41,204,849	-	2,310,000	38,894,849
2012 GO Refunding Series A	1.0 - 4.5%	2012	2023	39,895,000	29,150,000	-	25,685,000	3,465,000
2012 GO Refunding Series B	0.805 - 4.5%	2012	2022	32,390,000	6,080,000	-	3,750,000	2,330,000
2010 Measure Q Series C	2% - 5.5%	2012	2047	54,997,540	45,105,385	-	-	45,105,385
2010 Measure Q Series D	3.56% - 5.11%	2014	2021	59,996,789	54,306,789	-	54,306,789	-
2015 GO Refunding	2.0% - 5.0%	2015	2031	14,555,000	11,795,000	-	660,000	11,135,000
2010 Series E Current Interest	2.0% - 5.0%	2015	2046	49,565,000	42,990,000	-	1,775,000	41,215,000
2010 Series E Capital Appreciation	2.0% - 5.0%	2015	2032	5,433,095	5,433,095	-	-	5,433,095
2016 GO Refunding Series A	3.13% - 3.6%	2016	2042	60,480,000	60,480,000	-	-	60,480,000
2010 Measure Q Series F	2.0% - 4.0%	2016	2042	30,010,000	25,890,000	-	-	25,890,000
2016 GO Refunding Series B	4.0% - 5.0%	2016	2047	59,590,988	59,590,988	-	-	59,590,988
2016 Series A Current Interest	2.0% - 5.0%	2018	2044	38,500,000	32,050,000	-	-	32,050,000
2016 Series A Capital Appreciation	2.0% - 5.0%	2018	2039	21,496,623	21,496,623	-	-	21,496,623
2019 GO Refunding	2.317 - 3.756%	2019	2042	103,738,005	103,738,005	-	-	103,738,005
2016 Measure X Series B	3.0 - 4.0%	2019	2045	75,000,000	65,375,000	-	8,745,000	56,630,000
2016 Measure X Series C	2.5 - 4.0%	2021	2044	45,000,000	-	45,000,000	-	45,000,000
2016 Measure X Series D	2.0 - 3.0%	2021	2037	45,000,000	-	45,000,000	-	45,000,000
2020 Measure M Series A	3.0 - 4.0%	2021	2056	80,000,000	-	80,000,000	-	80,000,000
2020 GO Refunding	0.237 - 3.013%	2021	2048	92,615,000	-	92,615,000	-	92,615,000
				<u>\$ 1,249,464,199</u>	<u>\$ 765,164,087</u>	<u>\$ 262,615,000</u>	<u>\$ 111,111,795</u>	<u>\$ 916,667,292</u>

(Continued)

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

NOTE 6 - LONG-TERM LIABILITIES (Continued)

The annual payments required to amortize the 1999, Series C, General Obligation Bonds outstanding as of June 30, 2021, are as follows:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 3,075,000	\$ 207,090	\$ 3,282,090
2023	<u>820,000</u>	<u>24,190</u>	<u>844,190</u>
	<u>\$ 3,895,000</u>	<u>\$ 231,280</u>	<u>\$ 4,126,280</u>

The annual payments required to amortize the 2002, Series A, General Obligation Bonds outstanding as of June 30, 2021, are as follows:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 4,580,000	\$ 1,363,200	\$ 5,943,200
2023	4,880,000	1,087,800	5,967,800
2024	5,180,000	794,400	5,974,400
2025	5,500,000	483,000	5,983,000
2026	2,550,000	152,400	2,702,400
2027	<u>220,000</u>	<u>6,600</u>	<u>226,600</u>
	<u>\$ 22,910,000</u>	<u>\$ 3,887,400</u>	<u>\$ 26,797,400</u>

The annual payments required to amortize the 2004 Refunding, Series 95B, General Obligation Bonds outstanding as of June 30, 2021, are as follows:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 3,275,000	\$ 1,035,426	\$ 4,310,426
2023	3,425,000	871,426	4,296,426
2024	3,585,000	699,301	4,284,301
2025	3,815,000	510,037	4,325,037
2026	3,985,000	309,487	4,294,487
2027-2028	<u>2,085,000</u>	<u>103,424</u>	<u>2,188,424</u>
	<u>\$ 20,170,000</u>	<u>\$ 3,529,101</u>	<u>\$ 23,699,101</u>

(Continued)

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

NOTE 6 - LONG-TERM LIABILITIES (Continued)

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

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 2,276,840	\$ 634,138	\$ 2,910,978
2023	2,400,086	505,943	2,906,029
2024	2,530,083	370,807	2,900,890
2025	2,667,218	228,350	2,895,568
2026	<u>2,831,832</u>	<u>77,621</u>	<u>2,909,453</u>
	<u>\$ 12,706,059</u>	<u>\$ 1,816,859</u>	<u>\$ 14,522,918</u>

In October 2010, the District issued 2010 General Obligation Refunding Bonds totaling \$12,040,000. The proceeds of the 2010 General Obligation Refunding Bonds were used to refund portions of the 2001, Series D, General Obligation Bonds. The District also received a total premium of \$789,371 which will be amortized over 20 years. The annual payments required to amortize the 2010 General Obligation Refunding Bonds payable, outstanding as of June 30, 2021, are as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 1,420,000	\$ 71,000	\$ 1,491,000
2023	<u>1,065,000</u>	<u>21,300</u>	<u>1,086,300</u>
	<u>\$ 2,485,000</u>	<u>\$ 92,300</u>	<u>\$ 2,577,300</u>

(Continued)

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

NOTE 6 - LONG-TERM LIABILITIES (Continued)

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

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ -	\$ 1,154,455	\$ 1,154,455
2023	2,246,998	1,109,515	3,356,513
2024	2,769,658	1,009,181	3,778,839
2025	2,840,596	896,977	3,737,573
2026	3,414,810	771,869	4,186,679
2027-2030	<u>17,589,311</u>	<u>1,481,118</u>	<u>19,070,429</u>
	<u>\$ 28,861,373</u>	<u>\$ 6,423,115</u>	<u>\$ 35,284,488</u>

The annual payments required to amortize the 2001 Series G, Capital Appreciation General Obligation Bonds payable, outstanding as of June 30, 2021, are as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 48,704	\$ 388,145	\$ 436,849
2023	275,006	558,909	833,915
2024	507,177	564,731	1,071,908
2025	633,362	835,970	1,469,332
2026	764,698	2,209,277	2,973,975
2027-2031	14,838,394	33,841,793	48,680,187
2032-2036	19,388,605	68,285,637	87,674,242
2037-2041	16,193,706	88,262,798	104,456,504
2042	<u>2,921,263</u>	<u>9,889,368</u>	<u>12,810,631</u>
	<u>\$ 55,570,915</u>	<u>\$ 204,836,628</u>	<u>\$ 260,407,543</u>

(Continued)

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

NOTE 6 - LONG-TERM LIABILITIES (Continued)

The annual payments required to amortize the 2010 Series B, Current Interest General Obligation Bonds payable, outstanding as of June 30, 2021, are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 3,585,000	\$ 573,150	\$ 4,158,150
2023	3,015,000	426,075	3,441,075
2024	3,155,000	267,881	3,422,881
2025	3,525,000	92,531	3,617,531
2026	1,618,974	2,086,026	3,705,000
2027	<u>1,525,142</u>	<u>2,299,858</u>	<u>3,825,000</u>
	<u>\$ 16,424,116</u>	<u>\$ 5,745,521</u>	<u>\$ 22,169,637</u>

The annual payments required to amortize the 2010 Series B, Capital Appreciation General Obligation Bonds payable, outstanding as of June 30, 2021, are as follows:

Year Ending June 30,	Principal	Interest	Total
2028-2031	\$ 5,962,074	\$ 12,672,926	\$ 18,635,000
2032-2036	8,331,696	28,435,178	36,766,874
2037-2041	6,926,096	36,860,072	43,786,168
2042	<u>1,250,867</u>	<u>8,469,133</u>	<u>9,720,000</u>
	<u>\$ 22,470,733</u>	<u>\$ 86,437,309</u>	<u>\$ 108,908,042</u>

The annual payments required to amortize the 2012 Refunding General Obligation Bonds, Series A, outstanding as of June 30, 2021, are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 1,690,000	\$ 1,021,669	\$ 2,711,669
2023	<u>1,775,000</u>	<u>491,822</u>	<u>2,266,822</u>
	<u>\$ 3,465,000</u>	<u>\$ 1,513,491</u>	<u>\$ 4,978,491</u>

The annual payments required to amortize the 2012 Refunding General Obligation Bonds, Series B, outstanding as of June 30, 2021, are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	<u>\$ 2,330,000</u>	<u>\$ 40,775</u>	<u>\$ 2,370,775</u>

(Continued)

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

NOTE 6 - LONG-TERM LIABILITIES (Continued)

The annual payments required to amortize the 2010 Measure Q, Series C, outstanding as of June 30, 2021, are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ -	\$ 1,707,200	\$ 1,707,200
2023	-	1,707,200	1,707,200
2024	-	1,707,200	1,707,200
2025	-	1,707,200	1,707,200
2026	-	1,707,200	1,707,200
2027-2031	790,339	9,985,661	10,776,000
2032-2036	3,878,378	18,417,622	22,296,000
2037-2041	3,484,598	22,906,401	26,390,999
2042-2046	20,737,070	46,665,885	67,402,955
2047	<u>16,215,000</u>	<u>445,913</u>	<u>16,660,913</u>
	<u>\$ 45,105,385</u>	<u>\$ 106,957,482</u>	<u>\$ 152,062,867</u>

The annual payments required to amortize the 2015 Refunding General Obligation Bonds, outstanding as of June 30, 2021, are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 685,000	\$ 345,750	\$ 1,030,750
2023	735,000	320,525	1,055,525
2024	765,000	293,544	1,058,544
2025	2,370,000	255,313	2,625,313
2026	765,000	210,388	975,388
2027-2031	<u>5,815,000</u>	<u>594,443</u>	<u>6,409,443</u>
	<u>\$ 11,135,000</u>	<u>\$ 2,019,963</u>	<u>\$ 13,154,963</u>

The annual payments required to amortize the 2010 Series E, Current Interest General Obligation Bonds payable, outstanding as of June 30, 2021, are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 1,380,000	\$ 1,648,844	\$ 3,028,844
2023	-	1,614,344	1,614,344
2024	-	1,614,344	1,614,344
2025	-	1,614,344	1,614,344
2026	-	1,614,344	1,614,344
2027-2031	-	8,071,719	8,071,719
2032-2036	4,805,000	7,743,591	12,548,591
2037-2041	10,520,000	6,273,088	16,793,088
2042-2046	<u>24,510,000</u>	<u>2,714,454</u>	<u>27,224,454</u>
	<u>\$ 41,215,000</u>	<u>\$ 32,909,072</u>	<u>\$ 74,124,072</u>

(Continued)

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

NOTE 6 - LONG-TERM LIABILITIES (Continued)

The annual payments required to amortize the 2010 Series E, Capital Appreciation General Obligation Bonds payable, outstanding as of June 30, 2021, are as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 675,063	\$ 219,937	\$ 895,000
2026	662,569	267,431	930,000
2027-2031	3,641,510	2,493,490	6,135,000
2032	<u>453,953</u>	<u>471,047</u>	<u>925,000</u>
	<u>\$ 5,433,095</u>	<u>\$ 3,451,905</u>	<u>\$ 8,885,000</u>

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

The annual payments required to amortize the 2016 Refunding General Obligation Bonds, Series A, outstanding as of June 30, 2021, are as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ -	\$ 2,475,850	\$ 2,475,850
2023	-	2,475,850	2,475,850
2024	-	2,475,850	2,475,850
2025	-	2,475,850	2,475,850
2026	-	2,475,850	2,475,850
2027-2031	2,640,000	12,313,250	14,953,250
2032-2036	19,085,000	9,836,225	28,921,225
2037-2041	30,840,000	4,884,000	35,724,000
2042	<u>7,915,000</u>	<u>158,300</u>	<u>8,073,300</u>
	<u>\$ 60,480,000</u>	<u>\$ 39,571,025</u>	<u>\$ 100,051,025</u>

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

NOTE 6 - LONG-TERM LIABILITIES (Continued)

The annual payments required to amortize the 2010 Election of 2010, Series F, outstanding as of June 30, 2021 are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ -	\$ 840,050	\$ 840,050
2023	-	840,050	840,050
2024	-	840,050	840,050
2025	-	840,050	840,050
2026	-	840,050	840,050
2027-2031	1,745,000	4,166,800	5,911,800
2032-2036	8,855,000	3,135,125	11,990,125
2037-2041	12,165,000	1,438,275	13,603,275
2042	<u>3,125,000</u>	<u>46,875</u>	<u>3,171,875</u>
	<u>\$ 25,890,000</u>	<u>\$ 12,987,325</u>	<u>\$ 38,877,325</u>

The annual payments required to amortize the 2016 Refunding General Obligation Bonds, Series B, outstanding as of June 30, 2021, are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ -	\$ 1,649,600	\$ 1,649,600
2023	-	1,649,600	1,649,600
2024	-	1,649,600	1,649,600
2025	-	1,649,600	1,649,600
2026	-	1,649,600	1,649,600
2027-2031	426,640	8,476,359	8,902,999
2032-2036	3,314,467	10,768,533	14,083,000
2037-2041	4,583,343	13,579,657	18,163,000
2042-2046	36,401,538	22,653,762	59,055,300
2047	<u>14,865,000</u>	<u>297,300</u>	<u>15,162,300</u>
	<u>\$ 59,590,988</u>	<u>\$ 64,023,611</u>	<u>\$ 123,614,599</u>

(Continued)

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

NOTE 6 - LONG-TERM LIABILITIES (Continued)

The annual payments required to amortize the 2016 Series A, Current Interest General Obligation Bonds payable, outstanding as of June 30, 2021, are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ -	\$ 1,474,300	\$ 1,474,300
2023	-	1,474,300	1,474,300
2024	-	1,474,300	1,474,300
2025	-	1,474,300	1,474,300
2026	-	1,474,300	1,474,300
2027-2031	-	7,371,500	7,371,500
2032-2036	-	7,371,500	7,371,500
2037-2041	13,760,000	6,381,500	20,141,500
2042-2044	18,290,000	1,171,950	19,461,950
	<u>\$ 32,050,000</u>	<u>\$ 29,667,950</u>	<u>\$ 61,717,950</u>

The annual payments required to amortize the 2016 Series A, Capital Appreciation General Obligation Bonds payable, outstanding as of June 30, 2021, are as follows:

Year Ending June 30,	Principal	Interest	Total
2028-2031	\$ 7,923,603	\$ 3,566,397	\$ 11,490,000
2032-2036	9,733,763	8,271,237	18,005,000
2037-2039	3,839,257	4,650,743	8,490,000
	<u>\$ 21,496,623</u>	<u>\$ 16,488,377</u>	<u>\$ 37,985,000</u>

The annual payments required to amortize the 2019 General Obligation Refunding Bonds payable, outstanding as of June 30, 2021, are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 599,980	\$ 55,020	\$ 655,000
2025	802,445	102,555	905,000
2026	1,034,613	170,387	1,205,000
2027-2031	23,316,263	7,357,133	30,673,396
2032-2036	36,160,715	22,677,491	58,838,206
2037-2041	34,894,781	35,451,527	70,346,308
2042	6,929,208	8,670,792	15,600,000
	<u>\$ 103,738,005</u>	<u>\$ 74,484,905</u>	<u>\$ 178,222,910</u>

(Continued)

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

NOTE 6 - LONG-TERM LIABILITIES (Continued)

The annual payments required to amortize the 2016 Series B General Obligation Bonds payable, outstanding as of June 30, 2021, are as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 2,790,000	\$ 2,015,150	\$ 4,805,150
2023	-	1,959,350	1,959,350
2024	-	1,959,350	1,959,350
2025	-	1,959,350	1,959,350
2026	-	1,959,350	1,959,350
2027-2031	6,865,000	9,280,250	16,145,250
2032-2036	12,805,000	7,227,650	20,032,650
2037-2041	19,205,000	4,089,350	23,294,350
2042-2044	<u>14,965,000</u>	<u>689,025</u>	<u>15,654,025</u>
	<u>\$ 56,630,000</u>	<u>\$ 31,138,825</u>	<u>\$ 87,768,825</u>

The annual payments required to amortize the 2016 Series C General Obligation Bonds payable, outstanding as of June 30, 2021, are as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 8,705,000	\$ 1,302,575	\$ 10,007,575
2023	-	1,172,000	1,172,000
2024	-	1,172,000	1,172,000
2025	-	1,172,000	1,172,000
2026	-	1,172,000	1,172,000
2027-2031	6,405,000	5,191,100	11,596,100
2032-2036	8,480,000	3,794,650	12,274,650
2037-2041	12,210,000	2,117,500	14,327,500
2042-2044	<u>9,200,000</u>	<u>350,625</u>	<u>9,550,625</u>
	<u>\$ 45,000,000</u>	<u>\$ 17,444,450</u>	<u>\$ 62,444,450</u>

(Continued)

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

NOTE 6 - LONG-TERM LIABILITIES (Continued)

The annual payments required to amortize the 2016 Series D General Obligation Bonds payable, outstanding as of June 30, 2021, are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ -	\$ 128,056	\$ 128,056
2023	3,380,000	1,024,450	4,404,450
2024	5,130,000	956,850	6,086,850
2025	3,435,000	854,250	4,289,250
2026	2,810,000	785,550	3,595,550
2027-2031	12,530,000	3,106,350	15,636,350
2032-2036	14,330,000	1,765,100	16,095,100
2037	3,385,000	101,550	3,486,550
	<u>\$ 45,000,000</u>	<u>\$ 8,722,156</u>	<u>\$ 53,722,156</u>

The annual payments required to amortize the 2020 Series A General Obligation Bonds payable, outstanding as of June 30, 2021, are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 5,225,000	\$ 335,541	\$ 5,560,541
2023	9,035,000	2,527,575	11,562,575
2024	1,800,000	2,166,175	3,966,175
2025	-	2,094,175	2,094,175
2026	-	2,094,175	2,094,175
2027-2031	490,000	10,470,875	10,960,875
2032-2036	4,030,000	10,095,875	14,125,875
2037-2041	7,330,000	9,041,475	16,371,475
2042-2046	11,735,000	7,242,675	18,977,675
2047-2051	17,035,000	4,972,650	22,007,650
2052-2056	23,320,000	2,184,750	25,504,750
	<u>\$ 80,000,000</u>	<u>\$ 53,225,941</u>	<u>\$ 133,225,941</u>

(Continued)

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

NOTE 6 - LONG-TERM LIABILITIES (Continued)

In September 2020, the District issued the 2020 Refunding General Obligation Bonds (2020 Refunding Bonds) totaling \$92,615,000. The proceeds from the 2020 Refunding Bonds were issued for the purpose of refunding certain maturities of the 2012 Refunding General Obligation Bonds, Series B, and all remaining maturities of the 2010 GO Bonds, Series D. As a result of the refunding, the District in effect reduced its aggregate debt service payments by \$10,795,298, and obtained an economic gain of \$7,216,656.

The annual payments required to amortize the 2020 Refunding General Obligation Bonds payable, outstanding as of June 30, 2021, are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 990,000	\$ 2,159,293	\$ 3,149,293
2023	415,000	2,157,317	2,572,317
2024	3,775,000	2,147,794	5,922,794
2025	2,215,000	2,131,111	4,346,111
2026	3,875,000	2,106,311	5,981,311
2027-2031	15,615,000	9,889,782	25,504,782
2032-2036	9,810,000	8,828,067	18,638,067
2037-2041	13,840,000	7,290,377	21,130,377
2042-2046	16,150,000	5,220,474	21,370,474
2047-2048	25,930,000	1,048,825	26,978,825
	<u>\$ 92,615,000</u>	<u>\$ 42,979,351</u>	<u>\$ 135,594,351</u>

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

<u>Governmental Activities</u>	Balance at July 1, 2020	Additions	Deletions	Balance at June 30, 2021	Amounts Due Within One Year
<u>Debt:</u>					
General Obligation Bonds	\$ 765,164,087	\$ 262,615,000	\$ 111,111,795	\$ 916,667,292	\$ 77,365,393
Unamortized premiums	22,251,275	13,187,800	2,443,285	32,995,790	1,174,022
Accreted interest	76,783,778	17,549,972	3,396,575	90,937,175	101,297
PG&E energy savings loans	52,959	-	52,959	-	-
<u>Other long-term liabilities:</u>					
Net OPEB liability (Note 10)	1,019,190,619	45,627,927	14,570,834	1,050,247,712	-
Net pension liability (Notes 8 and 9)	942,203,000	51,322,000	-	993,525,000	-
Compensated absences	4,534,280	755,831	-	5,290,111	-
Totals	<u>\$ 2,830,179,998</u>	<u>\$ 391,058,530</u>	<u>\$ 131,575,448</u>	<u>\$ 3,089,663,080</u>	<u>\$ 78,640,712</u>

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

(Continued)

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

NOTE 7 - FUND BALANCES

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

	General <u>Fund</u>	Building <u>Fund</u>	Bond Interest and Redemption <u>Fund</u>	All Non-Major <u>Funds</u>	<u>Total</u>
Nonspendable:					
Revolving cash fund	\$ 96,776	\$ -	\$ -	\$ 550	\$ 97,326
Prepaid expenditures	977,806	-	-	-	977,806
Stores inventory	<u>2,528,519</u>	<u>-</u>	<u>-</u>	<u>1,543,194</u>	<u>4,071,713</u>
Subtotal nonspendable	<u>3,603,101</u>	<u>-</u>	<u>-</u>	<u>1,543,744</u>	<u>5,146,845</u>
Restricted:					
Legally restricted:					
Grants	29,688,892	-	-	-	29,688,892
Student activities	-	-	-	2,046,885	2,046,885
Adult ed programs	-	-	-	1,744,973	1,744,973
Cafeteria operations	-	-	-	11,821,660	11,821,660
Other	-	-	-	703,395	703,395
Capital projects	-	145,124,242	-	57,292,938	202,417,180
Debt service	<u>-</u>	<u>-</u>	<u>288,473,495</u>	<u>-</u>	<u>288,473,495</u>
Subtotal restricted	<u>29,688,892</u>	<u>145,124,242</u>	<u>288,473,495</u>	<u>73,609,851</u>	<u>536,896,480</u>
Committed:					
Textbook Adoption	<u>25,900,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,900,000</u>
Assigned:					
Reserve for future operations	46,000,000	-	-	-	46,000,000
Design Science Facility	5,060,000	-	-	-	5,060,000
Middle school restroom renovation	1,280,000	-	-	-	1,280,000
School site carryover	2,820,000	-	-	-	2,820,000
Other assignments	<u>1,100,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,100,000</u>
Subtotal assigned	<u>56,260,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>56,260,000</u>
Unassigned:					
Designated for economic uncertainty	<u>113,741,043</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>113,741,043</u>
Total fund balances	<u>\$ 229,193,036</u>	<u>\$ 145,124,242</u>	<u>\$ 288,473,495</u>	<u>\$ 75,153,595</u>	<u>\$ 737,944,368</u>

(Continued)

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

General Information about the State Teachers' Retirement Plan

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

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

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

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

CalSTRS 2% at 60

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

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

CalSTRS 2% at 62

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

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

(Continued)

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

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 required portions of the contribution to supplant the amounts remitted by employers such that the amounts remitted will be 1.03 and 0.70 percentage points less than the statutorily required amounts due for fiscal years 2019–20 and 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 percent less than the statutory rate for fiscal year 2020–21 and 2.18 percent less than the rate set by the board for fiscal year 2021–22. Any remaining amounts must be allocated to reduce the employers' share of the unfunded actuarial obligation of the DB Program. The rate reduction for fiscal year 2019-20 under SB 90 was not changed by AB 84. The employer contribution rates set in statute and the board's authority to adjust those rates starting in fiscal year 2021-22 under the CalSTRS Funding Plan were not changed by the passage of SB 90 or AB 84 .

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

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

Members - Under CalSTRS 2% at 60, the member contribution rate was 10.25 percent of applicable member earnings for fiscal year 2020-2021.

Under CalSTRS 2% at 62, members contribute 50 percent of the normal cost of their retirement plan, which resulted in a contribution rate of 10.205 percent of applicable member earnings for fiscal year 2020-2021. According to current law, the contribution rate for CalSTRS 2% at 62 members is adjusted if the normal cost increases or decreases by more than 1 percent since the last time the member contribution rate was set. Based on the June 30, 2019, valuation adopted by the board in May 2020, the increase in normal cost was less than 1 percent. Therefore, the contribution rate for CalSTRS 2% at 62 members did not change effective July 1, 2020

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

(Continued)

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

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

The CalSTRS Funding Plan, which was enacted in June 2014 with the passage of California Assembly Bill (AB) 1469, required that employer contributions will increase from 8.25 percent to a total of 19.1 percent of applicable member earnings phased in over seven years starting in 2014. The legislation gave the CalSTRS board limited authority to adjust employer contribution rates from July 1, 2021 through June 2046 in order to eliminate the remaining unfunded actuarial obligation related to service credited to members prior to July 1, 2014. The CalSTRS board cannot adjust the rate by more than 1 percent in a fiscal year, and the total contribution rate in addition to the 8.25 percent cannot exceed 12 percent.

The CalSTRS employer contribution rates effective for fiscal year 2020-2021 through fiscal year 2046-47 are summarized in the table below:

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

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

The District contributed \$69,740,257 to the plan for the fiscal year ended June 30, 2021.

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

The state's base contribution to the DB Program is calculated based on creditable compensation from two fiscal years prior. As a result of the CalSTRS Funding Plan, the state is required to make additional contributions to pay down the unfunded liabilities associated with the benefit structure that was in place in 1990 prior to certain enhancements in benefits and reductions in contributions. The additional state appropriation required to fully fund the benefits in effect as of 1990 by 2046 is specified in subdivision (b) of Education Code section 22955.1. The increased contributions end as of fiscal year 2045-46. Pursuant to AB 84, the state contribution rate remained at 5.811% for fiscal year 2020-21.

(Continued)

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

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

The CalSTRS state contribution rates effective for fiscal year 2020-21 and beyond are summarized in the table below.

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

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

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

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

District's proportionate share of the net pension liability	\$ 698,344,000
State's proportionate share of the net pension liability associated with the District	381,640,000
Total	\$ 1,079,984,000

The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating school districts and the State. At June 30, 2020, the District's proportion was 0.721 percent, which was a decrease of 0.019 percent from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the District recognized pension expense of \$149,846,259 and revenue of \$50,469,969 for support provided by the State. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

(Continued)

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

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 1,232,000	\$ 19,695,000
Changes of assumptions	68,098,000	-
Net differences between projected and actual earnings on investments	16,589,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	40,867,000	27,716,000
Contributions made subsequent to measurement date	<u>69,740,257</u>	<u>-</u>
Total	<u>\$ 196,526,257</u>	<u>\$ 47,411,000</u>

\$69,740,257 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending <u>June 30,</u>	
2022	\$ 11,959,217
2023	\$ 24,654,217
2024	\$ 33,053,217
2025	\$ 14,176,883
2026	\$ (2,229,867)
2027	\$ (2,238,667)

Differences between expected and actual experience, changes in assumptions and changes in proportion and differences between District contributions and proportionate share of contributions are amortized over a closed period equal to the average remaining service life of plan members, which is 7 years as of the June 30, 2020 measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

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

Valuation Date	June 30, 2019
Experience Study	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.10%
Consumer Price Inflation	2.75%
Wage Growth	3.50%
Post-retirement Benefit Increases	2.00% simple for DB, maintain 85% Purchasing power level for DB, not applicable for DBS/CBB

(Continued)

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

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

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

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

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

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

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term* Expected Real Rate of Return</u>
Public Equity	42%	4.8%
Real Estate Assets	15	3.6
Private Equity	13	6.3
Fixed Income	12	1.3
Risk Mitigating Strategies	10	1.8
Inflation Sensitive	6	3.3
Cash / Liquidity	2	(0.4)

* 20-year geometric average

(Continued)

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

NOTE 8 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (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 7.10 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	1% Decrease <u>(6.10%)</u>	Current Discount Rate <u>(7.10%)</u>	1% Increase <u>(8.10%)</u>
District's proportionate share of the net pension liability	<u>\$ 1,055,101,000</u>	<u>\$ 698,344,000</u>	<u>\$ 403,791,000</u>

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

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

General Information about the Public Employer's Retirement Fund B

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

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

<https://www.calpers.ca.gov/docs/forms-publications/cafr-2020.pdf>

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

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

(Continued)

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

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

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

Required contribution rates for active plan members and employers as a percentage of payroll for the year ended June 30, 2021 were as follows:

Members - The member contribution rate was 7.0 percent of applicable member earnings for fiscal year 2020-2021.

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

The District contributed \$28,915,243 to the plan for the fiscal year ended June 30, 2021.

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

At June 30, 2021, the District reported a liability of \$295,181,000 or its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating school districts. At June 30, 2020 the District's proportion was 0.962 percent, which was an increase of 0.021 percent from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the District recognized pension expense of \$54,512,892. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 14,640,000	\$ -
Changes of assumptions	1,082,000	-
Net differences between projected and actual earnings on investments	6,144,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	9,469,000	-
Contributions made subsequent to measurement date	<u>28,915,243</u>	<u>-</u>
Total	<u>\$ 60,250,243</u>	<u>\$ -</u>

(Continued)

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

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

\$28,915,243 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending June 30,	
2022	\$ 12,684,833
2023	\$ 9,777,833
2024	\$ 6,044,334
2025	\$ 2,828,000

Differences between expected and actual experience, changes in assumptions and changes in proportion and differences between District contributions and proportionate share of contributions are amortized over a closed period equal to the average remaining service life of plan members, which is 4 years as of the June 30, 2020 measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

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

Valuation Date	June 30, 2019
Experience Study	June 30, 1997 through June 30, 2015
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.15%
Consumer Price Inflation	2.50%
Wage Growth	Varies by entry age and service
Post-retirement Benefit Increases	Contract COLA up to 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies 2.50% thereafter

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

All other actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found at CalPERS’ website.

(Continued)

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

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

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

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

* 10-year geometric average

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

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

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

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical and forecasted information for all the funds' asset classes, expected compound (geometric) returns were calculated over the short term (first 10 years) and the long term (11+ years) using a building-block approach. Using the expected nominal returns for both short term and long term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses .

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	\$ 424,376,000	\$ 295,181,000	\$ 91,752,000

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

(Continued)

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

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS

General Information about the Other Postemployment Benefits (OPEB) Plan

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

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

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

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

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

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

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

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

(Continued)

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

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

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

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 \$39,104,029 for the year ended June 30, 2021. District contributions to the Trust are voluntary. Employees are not required to contribute to the OPEB plan.

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

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

*Geometric average

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

Money-weighted rate of return on OPEB plan investments	19.65%
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The money-weighted rate of return expresses investment performance, net of OPEB plan investment expenses, adjusted for the changing amounts actually invested.

(Continued)

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

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions: The District's net OPEB liability was measured as of June 30, 2021 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2019. Standard actuarial update procedures were used to determine the liability between the valuation and measurement dates.

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

(Continued)

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

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Changes in the Net OPEB Liability:

	Total OPEB Liability (a)	Total Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at June 30, 2020	\$ 1,074,044,710	\$ 54,854,091	\$ 1,019,190,619
Changes for the year:			
Service cost	16,831,921	-	16,831,921
Interest	64,400,035	-	64,400,035
Employer contributions	-	39,104,029	(39,104,029)
Net investment income	-	11,123,667	(11,123,667)
Administrative expense	-	(52,833)	52,833
Benefit payments	<u>(35,604,029)</u>	<u>(35,604,029)</u>	<u>-</u>
Net change	<u>45,627,927</u>	<u>14,570,834</u>	<u>31,057,093</u>
Balance at June 30, 2021	<u>\$ 1,119,672,637</u>	<u>\$ 69,424,925</u>	<u>\$ 1,050,247,712</u>

Fiduciary Net Position as a % of the Total OPEB Liability, at June 30, 2021: 6.20%

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

	Discount Rate 1% Lower (5.0%)	Valuation Discount Rate (6.0%)	Discount Rate 1% Higher (7.0%)
Net OPEB liability	<u>\$ 1,187,022,591</u>	<u>\$ 1,050,247,712</u>	<u>\$ 936,092,254</u>

The following table presents the net OPEB liability calculated using the health care cost trend rate of 5.8 – 5.0 percent. The schedule also shows what the net OPEB liability would be if it were calculated using a health care cost trend rate that is 1 percent lower (4.8 – 4.0 percent) and 1 percent higher (6.8 – 6.0 percent):

	Health Care Trend Rate 1% Lower (4.8 - 4.0%)	Valuation Health Care Trend Rate (5.8 - 5.0%)	Health Care Trend Rate 1% Higher (6.8 - 6.0%)
Net OPEB liability	<u>\$ 908,362,336</u>	<u>\$ 1,050,247,712</u>	<u>\$ 1,223,303,909</u>

(Continued)

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

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, 2021, the District recognized OPEB expense of \$70,354,806. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 56,721,718	\$ -
Change in assumptions	-	82,714,090
Net differences between projected and actual earnings on investments	<u>203,929</u>	<u>6,365,018</u>
 Total	 <u>\$ 56,925,647</u>	 <u>\$ 89,079,108</u>

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

Years Ending <u>June 30,</u>	
2022	\$ (7,483,297)
2023	\$ (7,488,092)
2024	\$ (7,376,379)
2025	\$ (7,442,752)
2026	\$ (2,362,941)

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

(Continued)

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

NOTE 11 - JOINT POWERS AGREEMENT

The District is a member with other school districts of a Joint Powers Authority, Central Valley Support Services (CVSS), to provide support services to educational agencies in the Central Valley of California. CVSS is governed by a board consisting of one district representative selected by each member district's superintendent, one member of the operations staff of each member district and the Treasurer of CVSS. The CVSS Board controls the operations of CVSS, independent of any influence by the member districts beyond their representation on the Board. The following is a summary of financial information of CVSS as of June 30, 2020 (the most recent information available):

Total assets	\$	78,376,307
Deferred outflows of resources	\$	27,898,921
Total liabilities	\$	98,235,673
Net position	\$	8,039,555
Total revenues	\$	23,429,921
Total expenses	\$	16,618,424

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

On September 30, 2020, CVSS issued 2020 Refunding Lease Revenue Bonds (2020 Lease Refunding) totaling \$6,750,000. The 2020 Lease Refunding was issued to refund two series of lease revenue bonds previously issued by CVSS, which had been issued to finance the acquisition and construction of the central kitchen for the District. Neither the refunded lease revenue bonds nor the 2020 Lease Refunding are considered to be obligations of the District.

NOTE 12 - CONTINGENCIES

Contingent Liabilities: The District is subject to legal proceedings and claims which arise in the ordinary course of business. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect the financial position or results of operations of the District. Also, the District has received federal and state funds for specific purposes that are subject to review or audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursements will not be material.

Construction Commitments: As of June 30, 2021, the District had approximately \$62.8 million in outstanding commitments on construction contracts.

(Continued)

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

NOTE 13 - FINANCIAL RESPONSIBILITY

The District has maintained a commitment to strategic guiding principles anchored in providing extensive student programs, competitive employee compensation, and prudent fiscal responsibility. These principles and approach to budget development have enabled the district to maintain a positive financial position. Recently, through use of one-time state and federal resources, the District has complimented these principles with addressing unfinished learning and responding to the impacts of the pandemic.

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

The District continues to maintain a positive reserve in the current and future years as shown in the 2020/21 adopted budget and a commitment to equity-based resource allocation as intended with implementation of the Local Control Funding Formula. The District has maintained a positive financial position since 2006/07 as reflected by Moody's continued affirmation of the District's credit rating of Aa3 since 2010 during a time when other agencies have been lowered.

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

REQUIRED SUPPLEMENTARY INFORMATION

FRESNO UNIFIED SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
For the year ended June 30, 2021

	Budget		Actual	Over/ (Under) Budget
	Original	Final		
Revenues:				
Local Control Funding Formula (LCFF):				
State apportionment	\$ 645,399,191	\$ 711,359,198	\$ 706,653,545	\$ (4,705,653)
Local sources	<u>67,834,891</u>	<u>67,834,891</u>	<u>72,894,659</u>	<u>5,059,768</u>
Total LCFF	<u>713,234,082</u>	<u>779,194,089</u>	<u>779,548,204</u>	<u>354,115</u>
Federal sources	170,849,479	193,509,057	167,002,772	(26,506,285)
Other state sources	120,868,929	211,479,597	171,938,651	(39,540,946)
Other local sources	<u>15,867,379</u>	<u>19,710,243</u>	<u>21,935,956</u>	<u>2,225,713</u>
Total revenues	<u>1,020,819,869</u>	<u>1,203,892,986</u>	<u>1,140,425,583</u>	<u>(63,467,403)</u>
Expenditures:				
Current:				
Certificated salaries	429,866,267	454,472,604	444,220,633	10,251,971
Classified salaries	140,140,726	153,057,597	148,682,788	4,374,809
Employee benefits	301,423,243	306,144,850	304,024,327	2,120,523
Books and supplies	60,264,876	160,057,882	76,577,451	83,480,431
Contract services and operating expenditures	103,151,838	94,534,759	79,521,336	15,013,423
Other outgo	3,460,321	4,088,798	2,648,022	1,440,776
Capital outlay	8,438,252	5,234,579	2,019,908	3,214,671
Debt Service:				
Principal retirement	<u>52,959</u>	<u>52,959</u>	<u>52,959</u>	<u>-</u>
Total expenditures	<u>1,046,798,482</u>	<u>1,177,644,028</u>	<u>1,057,747,424</u>	<u>119,896,604</u>
(Deficiency) excess of revenues (under) over expenditures	<u>(25,978,613)</u>	<u>26,248,958</u>	<u>82,678,159</u>	<u>56,429,201</u>
Other financing sources (uses):				
Transfers in	12,565,504	10,020,959	9,140,331	(880,628)
Transfers out	<u>(8,856,409)</u>	<u>(16,856,409)</u>	<u>(14,808,419)</u>	<u>2,047,990</u>
Total other financing sources (uses)	<u>3,709,095</u>	<u>(6,835,450)</u>	<u>(5,668,088)</u>	<u>1,167,362</u>
Net change in fund balance	(22,269,518)	19,413,508	77,010,071	57,596,563
Fund balance, July 1, 2020	<u>152,182,965</u>	<u>152,182,965</u>	<u>152,182,965</u>	<u>-</u>
Fund balance, June 30, 2021	<u>\$ 129,913,447</u>	<u>\$ 171,596,473</u>	<u>\$ 229,193,036</u>	<u>\$ 57,596,563</u>

See accompanying notes to required supplementary information.

FRESNO UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S NET
OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY
For the year ended June 30, 2021

	Last 10 fiscal years			
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Total OPEB liability				
Service cost	\$ 19,392,480	\$ 19,974,255	\$ 16,341,671	\$ 16,831,921
Interest	57,806,121	60,369,696	61,778,007	64,400,035
Difference between expected and actual experience	-	-	82,504,316	-
Changes in assumptions	-	-	(120,311,404)	-
Benefit payments	<u>(32,459,314)</u>	<u>(36,544,893)</u>	<u>(34,234,823)</u>	<u>(35,604,029)</u>
Net change in total OPEB liability	44,739,287	43,799,058	6,077,767	45,627,927
Total OPEB liability, beginning of year	<u>979,428,598</u>	<u>1,024,167,885</u>	<u>1,067,966,943</u>	<u>1,074,044,710</u>
Total OPEB liability, end of year (a)	<u>\$ 1,024,167,885</u>	<u>\$ 1,067,966,943</u>	<u>\$ 1,074,044,710</u>	<u>\$ 1,119,672,637</u>
Plan fiduciary net position				
Employer contributions	\$ 35,959,314	\$ 40,044,893	\$ 37,734,823	\$ 39,104,029
Expected investment returns	2,250,968	3,172,151	2,685,784	11,123,667
Administrative expense	(33,150)	(37,143)	(43,345)	(52,833)
Benefits payment	<u>(32,459,314)</u>	<u>(36,544,893)</u>	<u>(34,234,823)</u>	<u>(35,604,029)</u>
Change in plan fiduciary net position	5,717,818	6,635,008	6,142,439	14,570,834
Fiduciary trust net position, beginning of year	<u>36,358,826</u>	<u>42,076,644</u>	<u>48,711,652</u>	<u>54,854,091</u>
Fiduciary trust net position, end of year (b)	<u>\$ 42,076,644</u>	<u>\$ 48,711,652</u>	<u>\$ 54,854,091</u>	<u>\$ 69,424,925</u>
Net OPEB liability, ending (a) - (b)	<u>\$ 982,091,241</u>	<u>\$ 1,019,255,291</u>	<u>\$ 1,019,190,619</u>	<u>\$ 1,050,247,712</u>
Covered employee payroll	\$ 550,120,072	\$ 568,497,726	\$ 595,678,953	\$ 620,124,968
Plan fiduciary net position as a percentage of the total OPEB liability %	4.11%	4.56%	5.11%	6.20%
Net OPEB liability as a percentage of covered-employee payroll	178.52%	179.29%	171.10%	169.36%

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

See accompanying notes to required supplementary information.

FRESNO UNIFIED SCHOOL DISTRICT
SCHEDULE OF MONEY-WEIGHTED RATE
OF RETURN OF OPEB PLAN INVESTMENTS
For the year ended June 30, 2021

	Last 10 Fiscal Years			
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Money-weighted rate of return on OPEB plan investments	6.01%	6.98%	5.37%	19.65%

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

See accompanying notes to required supplementary information.

FRESNO UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
For the year ended June 30, 2021

	State Teachers' Retirement Plan Last 10 Fiscal Years						
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
District's proportion of the net pension liability	0.666%	0.696%	0.679%	0.664%	0.723%	0.740%	0.721%
District's proportionate share of the net pension liability	\$ 389,455,000	\$ 468,883,000	\$ 549,121,000	\$ 613,982,000	\$ 664,860,000	\$ 668,050,000	\$ 698,344,000
State's proportionate share of the net pension liability associated with the District	<u>235,171,000</u>	<u>247,987,000</u>	<u>312,634,000</u>	<u>363,228,000</u>	<u>380,665,000</u>	<u>364,468,000</u>	<u>381,640,000</u>
Total net pension liability	<u>\$ 624,626,000</u>	<u>\$ 716,870,000</u>	<u>\$ 861,755,000</u>	<u>\$ 977,210,000</u>	<u>\$ 1,045,525,000</u>	<u>\$ 1,032,518,000</u>	<u>\$ 1,079,984,000</u>
District's covered payroll	\$ 296,840,000	\$ 323,258,000	\$ 338,357,000	\$ 351,408,000	\$ 380,363,000	\$ 402,574,000	\$ 389,097,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	131.20%	145.05%	162.29%	174.72%	174.80%	165.95%	179.48%
Plan fiduciary net position as a percentage of the total pension liability	76.52%	74.02%	70.04%	69.46%	70.99%	72.56%	71.82%

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

All years prior to 2015 are not available.

(Continued)

FRESNO UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
For the year ended June 30, 2021

	Public Employer's Retirement Fund B Last 10 Fiscal Years						
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
District's proportion of the net pension liability	0.845%	0.905%	0.919%	0.873%	0.907%	0.941%	0.962%
District's proportionate share of the net pension liability	\$ 95,928,000	\$ 133,463,000	\$ 181,422,000	\$ 208,394,000	\$ 241,867,000	\$ 274,153,000	\$ 295,181,000
District's covered payroll	\$ 88,704,000	\$ 100,241,000	\$ 110,204,000	\$ 111,303,000	\$ 123,132,000	\$ 130,845,000	\$ 138,577,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	108.14%	133.14%	164.62%	187.23%	196.43%	209.53%	213.01%
Plan fiduciary net position as a percentage of the total pension liability	83.38%	74.02%	73.89%	71.87%	70.85%	70.05%	70.00%

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

All years prior to 2015 are not available.

See accompanying notes to required supplementary information.

FRESNO UNIFIED SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
 For the year ended June 30, 2021

	State Teachers' Retirement Plan Last 10 Fiscal Years						
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Contractually required contribution	\$ 28,705,329	\$ 36,305,716	\$ 44,207,146	\$ 54,886,374	\$ 65,539,064	\$ 71,921,290	\$ 69,740,257
Contributions in relation to the contractually required contribution	<u>(28,705,329)</u>	<u>(36,305,716)</u>	<u>(44,207,146)</u>	<u>(54,886,374)</u>	<u>(65,539,064)</u>	<u>(71,921,290)</u>	<u>(69,740,257)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 323,258,000	\$ 338,357,000	\$ 351,408,000	\$ 380,363,000	\$ 402,574,000	\$ 389,097,000	\$ 365,132,000
Contributions as a percentage of covered payroll	8.88%	10.73%	12.58%	14.43%	16.28%	17.10% *	16.15%**

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

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

All years prior to 2015 are not available.

(Continued)

FRESNO UNIFIED SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
 For the year ended June 30, 2021

	Public Employer's Retirement Fund B Last 10 Fiscal Years						
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Contractually required contribution	\$ 11,799,345	\$ 13,055,815	\$ 15,457,728	\$ 19,123,632	\$ 23,633,158	\$ 27,391,892	\$ 28,915,243
Contributions in relation to the contractually required contribution	<u>(11,799,345)</u>	<u>(13,055,815)</u>	<u>(15,457,728)</u>	<u>(19,123,632)</u>	<u>(23,633,158)</u>	<u>(27,391,892)</u>	<u>(28,915,243)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 100,241,000	\$ 110,204,000	\$ 111,303,000	\$ 123,132,000	\$ 130,845,000	\$ 138,577,000	\$ 139,687,000
Contributions as a percentage of covered payroll	11.77%	11.85%	13.89%	15.53%	18.06%	19.72%	20.70%

All years prior to 2015 are not available.

See accompanying notes to required supplementary information.

FRESNO UNIFIED SCHOOL DISTRICT
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2021

NOTE 1 - PURPOSE OF SCHEDULES

A - Budgetary Comparison Schedule:

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

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

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

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

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

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

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

E - Schedule of District Contributions:

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

F - Changes of Benefit Terms:

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

(Continued)

FRESNO UNIFIED SCHOOL DISTRICT
 NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
 June 30, 2021

G - Changes of Assumptions:

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

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

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

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

SUPPLEMENTARY INFORMATION

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

	Student Activity Fund	Adult Education Fund	Child Develop- ment Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve for Capital Outlay Projects Fund	Total
ASSETS									
Cash in County Treasury	\$ 539,382	\$ 1,744,753	\$ 4,936,254	\$ 6,356,826	\$ 175,757	\$ 1,310,616	\$ 6,315,690	\$ 2,583,898	\$ 23,963,176
Cash on hand and in banks	1,515,450	2,485	-	4,498,379	-	-	-	-	6,016,314
Cash in revolving fund	-	550	-	-	-	-	-	-	550
Collections awaiting deposit	-	-	-	-	-	1,742	-	-	1,742
Receivables	4,184	1,338,092	1,002,463	4,445,393	1,485	9,645	181,418	19,811	7,002,491
Due from other funds	11,085	143,380	5,872	1,913,586	408,419	-	62,947,025	1,286,638	66,716,005
Stores inventory	-	-	-	1,543,194	-	-	-	-	1,543,194
Total assets	\$ 2,070,101	\$ 3,229,260	\$ 5,944,589	\$ 18,757,378	\$ 585,661	\$ 1,322,003	\$ 69,444,133	\$ 3,890,347	\$ 105,243,472
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ 13,976	\$ 190,874	\$ 71,328	\$ 1,334,798	\$ 541,363	\$ 255,863	\$ 14,325,292	\$ 41,360	\$ 16,774,854
Unearned revenue	-	-	2,286,110	101,275	-	-	-	-	2,387,385
Due to other funds	9,240	1,292,863	2,883,756	3,956,451	44,298	102,143	2,398,393	240,494	10,927,638
Total liabilities	23,216	1,483,737	5,241,194	5,392,524	585,661	358,006	16,723,685	281,854	30,089,877
Fund balances:									
Nonspendable	-	550	-	1,543,194	-	-	-	-	1,543,744
Restricted	2,046,885	1,744,973	703,395	11,821,660	-	963,997	52,720,448	3,608,493	73,609,851
Total fund balance	2,046,885	1,745,523	703,395	13,364,854	-	963,997	52,720,448	3,608,493	75,153,595
Total liabilities and fund balances	\$ 2,070,101	\$ 3,229,260	\$ 5,944,589	\$ 18,757,378	\$ 585,661	\$ 1,322,003	\$ 69,444,133	\$ 3,890,347	\$ 105,243,472

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

	Student Activity Fund	Adult Education Fund	Child Develop- ment Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve for Capital Outlay Projects Fund	Total
Revenues:									
Federal sources	\$ -	\$ 1,281,987	\$ 2,102,389	\$ 26,621,510	\$ -	\$ -	\$ -	\$ -	\$ 30,005,886
Other state sources	-	5,938,853	17,132,279	4,792,607	-	-	11,626,265	-	39,490,004
Other local sources	479,968	486,835	134,641	1,368,604	3,923	970,660	1,071,482	44,563	4,560,676
Total revenues	479,968	7,707,675	19,369,309	32,782,721	3,923	970,660	12,697,747	44,563	74,056,566
Expenditures:									
Current:									
Certificated salaries	-	2,621,428	6,183,578	-	-	-	-	-	8,805,006
Classified salaries	-	1,369,170	3,598,623	11,994,527	-	-	-	1,012,964	17,975,284
Employee benefits	-	2,136,633	7,335,837	9,819,213	-	-	-	515,802	19,807,485
Books and supplies	888,950	305,589	321,638	11,915,667	-	376	245,074	-	13,677,294
Contract services and operating expenditures	1,521	859,380	529,787	2,139,954	6,812,342	137,822	8,623,181	(1,314,658)	17,789,329
Capital outlay	-	-	-	142,912	-	2,409,625	72,765,789	29,819	75,348,145
Total expenditures	890,471	7,292,200	17,969,463	36,012,273	6,812,342	2,547,823	81,634,044	243,927	153,402,543
(Deficiency) excess of revenues (under) over expenditures	(410,503)	415,475	1,399,846	(3,229,552)	(6,808,419)	(1,577,163)	(68,936,297)	(199,364)	(79,345,977)
Other financing (uses) sources:									
Transfers in	-	-	-	-	6,808,419	-	62,177,970	-	68,986,389
Transfers out	-	(202,615)	(696,451)	(1,404,577)	-	(28,269)	-	-	(2,331,912)
Total other financing (uses) sources	-	(202,615)	(696,451)	(1,404,577)	6,808,419	(28,269)	62,177,970	-	66,654,477
Net change in fund balances	(410,503)	212,860	703,395	(4,634,129)	-	(1,605,432)	(6,758,327)	(199,364)	(12,691,500)
Fund balance, July 1, 2020	-	1,532,663	-	17,998,983	-	2,569,429	59,478,775	3,807,857	85,387,707
Cumulative effect of GASB 84 implementation	2,457,388	-	-	-	-	-	-	-	2,457,388
Fund balance, July 1, 2020, as restated	2,457,388	1,532,663	-	17,998,983	-	2,569,429	59,478,775	3,807,857	87,845,095
Fund balance, June 30, 2021	\$ 2,046,885	\$ 1,745,523	\$ 703,395	\$ 13,364,854	\$ -	\$ 963,997	\$ 52,720,448	\$ 3,608,493	\$ 75,153,595

FRESNO UNIFIED SCHOOL DISTRICT
ORGANIZATION
June 30, 2021

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

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

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Valerie F. Davis	President	2022
Keisha Thomas	Clerk	2022
Carol Mills, J.D	Member	2024
Veva Islas	Member	2022
Elizabeth Jonasson Rosas	Member	2024
Major Terry Slatc USMC (Retired)	Member	2022
Claudia Cazares	Member	2024

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

Robert G. Nelson, Ed.D.
Superintendent

Santino Danisi Chief Financial Officer Administrative Services	Misty Her Deputy Superintendent	Kim Mecum Chief Academic Officer School Leadership	Paul Idsvoog Chief of Human Resources Labor Relations
Tami Lundberg Chief Technology Officer Technology Services	Lindsay Sanders Chief of Equity and Access	Karin Temple Chief Operations Officer Operational Services	David Chavez Chief of Staff
Wendy McCulley Chief Engagement and External Officer	Nikki Henry Chief Information Officer	Brian Wall Inst. Superintendent School Leadership	Kali Isom-Moore Inst. Superintendent School Leadership
Ed Gomes Inst. Superintendent School Leadership	Carlos Castillo Inst. Superintendent Curriculum and Instruction	Alex Belanger Assistant Superintendent Facilities Management and Planning	Brian Beck Assistant Superintendent Special Education & Health Services
Sandra Toscano Assistant Superintendent English Learner Service	Bryan Wells Assistant Superintendent Student Engagement		

The Administrative Services Leadership staff at June 30, 2021 was comprised of the following:

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

FRESNO UNIFIED SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
For the year ended June 30, 2021

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

FRESNO UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
For the year ended June 30, 2021

Assistance Listing Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass- Through Entity Identifying Number	Federal Expend- itures
<u>U.S. Department of Education - Passed through</u>			
<u>California Department of Education</u>			
Special Education Cluster:			
84.027	IDEA Basic Local Assistance Entitlement, Part B, Sec. 611	13379	\$ 12,642,170
84.027A	IDEA Mental Health Allocation Plan, Part B, Sec. 611	14468	792,003
84.173	IDEA Preschool Grants, Part B, Sec. 619, Age (3-5)	13430	298,460
84.027	IDEA Local Assistance, Sec 611, Early Intervening Services	10119	1,148,561
84.173	IDEA Part B, Sec 619, Preschool Early Intervening Services	10131	52,670
84.027A	Supporting Inclusive Practices	13693	6,674
84.027A	Alternate Dispute Resolution, Part B, Sec 611	13007	15,208
84.027	IDEA Local Assistance, Private School ISPs, Part B, Sec. 611	10115	19,568
84.173A	IDEA Preschool Staff Development, Part B, Sec. 619	13431	<u>2,312</u>
	Subtotal Special Education Cluster		<u>14,977,626</u>
Migrant Ed Programs:			
84.011	ESEA: Title I, Part C, Migrant Ed	14326	339,875
84.011	ESEA: Title I, Migrant Ed Summer Program	10005	<u>107,070</u>
	Subtotal Migrant Ed Programs		<u>446,945</u>
Title III Programs			
84.365	ESEA: Title III, English Learner Student Program	14346	1,837,940
84.365	ESEA: Title III, Immigrant Student Program	15146	<u>71,785</u>
	Subtotal Title III Programs		<u>1,909,725</u>
Adult Education Programs:			
84.002A	Adult Education: Adult Basic Education & ESL	14508	466,582
84.002	Adult Education: Adult Secondary Education	13978	376,656
84.002A	Adult Education: English Literacy and Civics Education	14109	197,848
84.002	Adult Education: Citizenship and Integration Citizenship and Direct Services Grant	N/A	<u>118,265</u>
	Subtotal Adult Education Programs		<u>1,159,351</u>
Title I Programs:			
84.010	ESEA: Title I, Part A Basic Grants, Low Income and Neglected	14329	53,419,486
84.010	ESSA: Comprehensive Support & Improvement	15438	<u>2,654,232</u>
	Subtotal Title I Programs		<u>56,073,718</u>

(Continued)

FRESNO UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
For the year ended June 30, 2021

Assistance Listing Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass- Through Entity Identifying Number	Federal Expend- itures
<u>U.S. Department of Education - Passed through California Department of Education (Continued)</u>			
	Carl D. Perkins Career and Tech Education Programs:		
84.048	Carl D. Perkins Career and Technical Education: Secondary, Sec. 131	14894	\$ 1,084,387
84.048	Carl D. Perkins Career and Technical Education: Adult, Sec. 132	14893	<u>122,636</u>
	Subtotal Carl D. Perkins Career and Tech Education Programs		<u>1,207,023</u>
	Teacher Quality Programs:		
84.336	Teacher Quality Partnership Program	N/A	311,166
84.336S	National Teacher Quality Partnership Program	N/A	1,073,317
84.336S	Fresno Pacific Teacher Quality Partnership Program	N/A	<u>928,016</u>
	Subtotal Teacher Quality Programs		<u>2,312,499</u>
	ESF Programs:		
84.425C	COVID-19: Governor's Emergency Education Relief (GEER) Fund: Learning Loss Mitigation	15517	3,189
84.425D	COVID-19: Elementary and Secondary School Emergency Relief (ESSER I) Fund	15536	<u>6,450,658</u>
	Subtotal ESF Programs		<u>6,453,847</u>
84.367	ESEA: Title II, Part A, Supporting Effective Instruction Local Grants	14341	5,371,128
84.287	ESEA: Title IV, Part B, 21st Century Community Learning Centers Program	14349	1,069,729
84.060	Indian Education	10011	71,915
84.181	Special Ed: IDEA Early Intervention Grants, Part C	23761	95,874
84.350	Transition to Teaching	N/A	762,393
84.424	ESEA: Title IV, Part A, Student Support and Academic Enrichment Grant Program	15391	<u>4,710</u>
	Total U.S Department of Education		<u>91,916,483</u>

(Continued)

FRESNO UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
For the year ended June 30, 2021

Assistance Listing Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass- Through Entity Identifying Number	Federal Expend- itures
<u>U.S. Department of Health and Human Services - Passed through California Department of Education</u>			
	CCDF Cluster:		
93.575	Child Development: Quality Improvement Activities	14092	\$ 486,879
93.596	Child Development: Federal General and Preschool, Family Child Care Home	13609	<u>912,115</u>
	Subtotal CCDF Cluster		<u>1,398,994</u>
	Total U.S. Department of Health and Human Services		<u>1,398,994</u>
<u>U.S. Department of the Treasury - Passed through California Department of Education</u>			
21.019	COVID-19: Coronavirus Relief Fund: Learning Loss Mitigation	25516	<u>76,368,276</u>
<u>U.S. Department of Agriculture - Passed through California Department of Education</u>			
10.558	Child Nutrition: CACFP Claims, Centers and Family Day Care Homes	13529	155,494
10.555	Child Nutrition: School Programs (Child Nutrition Cluster)	13396	26,503,333
10.582	Child Nutrition: Fresh Fruit & Vegetable Program	14968	<u>118,177</u>
	Total U.S. Department of Agriculture		<u>26,777,004</u>
	Total Federal Programs		<u>\$ 196,460,757</u>

See accompanying notes to supplementary information.

FRESNO UNIFIED SCHOOL DISTRICT
RECONCILIATION OF UNAUDITED ACTUAL FINANCIAL REPORT
WITH AUDITED FINANCIAL STATEMENTS
For the year ended June 30, 2021

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

FRESNO UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
For the year ended June 30, 2021
(UNAUDITED)

<u>General Fund</u>	(Adopted Budget) <u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Revenues and other financing sources	\$ 1,239,518,557	\$ 1,149,565,914	\$ 1,021,065,105	\$ 995,359,887
Expenditures	1,198,896,122	1,057,747,424	1,018,273,499	980,388,419
Other uses and transfers out	7,356,409	14,808,419	6,859,750	7,892,451
Total outgo	1,206,252,531	1,072,555,843	1,025,133,249	988,280,870
Change in fund balance	\$ 33,266,026	\$ 77,010,071	\$ (4,068,144)	\$ 7,079,017
Ending fund balance	\$ 262,459,062	\$ 229,193,036	\$ 152,182,965	\$ 156,251,109
Available reserves	\$ 111,333,914	\$ 113,741,043	\$ 102,475,777	\$ 98,376,536
Designated for economic uncertainties	\$ 111,333,914	\$ 113,741,043	\$ 102,475,777	\$ 98,376,536
Undesignated fund balance	\$ -	\$ -	\$ -	\$ -
Available reserves as percentages of total outgo	9.23%	10.60%	10.00%	9.95%
<u>All Funds</u>				
Total long-term liabilities	\$ 3,011,022,368	\$ 3,089,663,080	\$ 2,830,179,998	\$ 2,628,780,469
Average daily attendance at P-2	66,564	66,904	66,904	67,037

The fund balance of the General Fund has increased by \$80,020,944 over the past three years. The fiscal year 2021-2022 budget projects a surplus of \$33,266,026. For a district this size, the State of California recommends available reserves of at least 2% of total General Fund expenditures, transfers out, and other uses be maintained. For the year ended June 30, 2021, the District has met this requirement.

The District has incurred operating surpluses in two of the past three years, and anticipates an operating surplus in fiscal year 2021-2022.

Total long-term liabilities have increased by \$460,882,611 over the past two years, as shown in Note 6 to the basic financial statements.

Average daily attendance has decreased by 133 over the past two years. A decrease of 340 ADA is projected for the 2021-2022 fiscal year.

FRESNO UNIFIED SCHOOL DISTRICT
 SCHEDULE OF CHARTER SCHOOLS
 For the year ended June 30, 2021

<u>Charter Schools Chartered by District</u>	<u>Charter #</u>	<u>Included in District Financial Statements, or Separate report</u>
Aspen Meadow Public Charter School	1792	Separate Report
Carter G. Woodson Public Charter	0378	Separate Report
Morris E. Dailey Elementary Charter School	1172	Separate Report
Sierra Charter School	0898	Separate Report
School of Unlimited Learning	0149	Separate Report
University High School	0890	Separate Report
Aspen Valley Prep Academy	0662	Separate Report
Endeavor Charter School	2099	Separate Report
The Golden Charter Academy	2113	Separate Report*
Aspen Ridge Public School	2115	Separate Report**

* The Golden Charter Academy (2113) began serving students in the 2021-22 fiscal year, effective August 9, 2021.

** Aspen Ridge Public School (2115) began serving students in the 2021-22 fiscal year, effective August 3, 2021.

FRESNO UNIFIED SCHOOL DISTRICT
 NOTES TO SUPPLEMENTARY INFORMATION
 For the year ended June 30, 2021

NOTE 1- PURPOSE OF SCHEDULES

A - Schedule of Instructional Time:

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

B - Schedule of Expenditure of Federal Awards:

The Schedule of Expenditure of Federal Awards includes the federal award activity of Fresno Unified School District, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. As a sub-recipient of the State of California the District is using the approved indirect cost rate provided by the California Department of Education rather than the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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

<u>Description</u>	<u>AL Number</u>	<u>Amount</u>
Total Federal revenues, Statement of Revenues, Expenditures and Change in Fund Balances		\$ 197,008,658
Less:		
COVID-19 - Child Development: Coronavirus Response and Relief Supplemental Appropriations (CRRSA) act funds received in advance of expenditures incurred.	93.575	(703,395)
Add:		
Child Nutrition: CACFP Claims, Centers and Family Day Care Homes funds expenditures in advance of revenues received.	10.558	<u>155,494</u>
Total Schedule of Expenditure of Federal Awards		<u>\$ 196,460,757</u>

(Continued)

FRESNO UNIFIED SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
For the year ended June 30, 2021

NOTE 1- PURPOSE OF SCHEDULES (Continued)

C - Reconciliation of Unaudited Actual Financial Report with Audited Financial Statements:

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

D - Schedule of Financial Trends and Analysis – Unaudited:

This schedule provides information on the District's financial condition over the past three years and its anticipated condition for the 2021-2022 fiscal year, as required by the State Controller's Office. The information in this schedule has been derived from audited information.

E - Schedule of Charter Schools:

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

NOTE 2 - EARLY RETIREMENT INCENTIVE PROGRAM

Education Code Section 14502 requires certain disclosure in the financial statements of districts which adopt Early Retirement Incentive Programs pursuant to Education Code Section 22714 and 44929. For the fiscal year ended June 30, 2021, the District did not adopt such a program.

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

Audit Committee
Fresno Unified School District
Fresno, California

Report on Compliance with State Laws and Regulations

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

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

(Continued)

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

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

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

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on Fresno Unified School District's compliance with state laws and regulations as listed above based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* (Audit Guide). Those standards and the Audit Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on Fresno Unified School District's compliance with the state laws and regulations listed above occurred. An audit includes examining, on a test basis, evidence about Fresno Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with state laws and regulations. However, our audit does not provide a legal determination of Fresno Unified School District's compliance.

Opinion on Compliance with State Laws and Regulations

In our opinion, Fresno Unified School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the state laws and regulations referred to above for the year ended June 30, 2021.

Purpose of this Report

The purpose of this report on compliance is solely to describe the scope of our testing of compliance and the results of that testing based on the requirements of the State of California *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.



Crowe LLP

Sacramento, California
November 23, 2021

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

Audit Committee
Fresno Unified School District
Fresno, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Fresno Unified School District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Fresno Unified School District's basic financial statements, and have issued our report thereon dated November 23, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Fresno Unified School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Fresno Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Fresno Unified School District's internal control.

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

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

(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Fresno Unified School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



Crowe LLP

Sacramento, California
November 23, 2021

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

Audit Committee
Fresno Unified School District
Fresno, California

Report on Compliance for Each Major Federal Program

We have audited Fresno Unified School District's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of Fresno Unified School District's major federal programs for the year ended June 30, 2021. Fresno Unified School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

(Continued)

Report on Internal Control Over Compliance

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

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

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

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


Crowe LLP

Sacramento, California
November 23, 2021

FINDINGS AND RECOMMENDATIONS

FRESNO UNIFIED SCHOOL DISTRICT
 SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
 Year ended June 30, 2021

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
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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
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Identification of major programs:

<u>AL Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.019	COVID-19: Coronavirus Relief Fund (CRF): Learning Loss Mitigation
84.425C, 84.425D	COVID-19: ESF Programs

Dollar threshold used to distinguish between Type A and Type B programs: \$3,000,000

Auditee qualified as low-risk auditee?

	_____ X	_____	Yes	_____	No
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STATE AWARDS

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

(Continued)

FRESNO UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2021

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

(Continued)

FRESNO UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2021

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

(Continued)

FRESNO UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2021

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

**STATUS OF PRIOR YEAR
FINDINGS AND RECOMMENDATIONS**

FRESNO UNIFIED SCHOOL DISTRICT
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
Year ended June 30, 2021

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

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

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

Current Status: Implemented.

District Explanation if Not Implemented: Not Applicable.

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

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

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

Current Status: Implemented.

District Explanation if Not Implemented: Not Applicable.