



Annual Financial Statements
June 30, 2019

Clovis Unified School District

CLOVIS UNIFIED SCHOOL DISTRICT

TABLE OF CONTENTS

JUNE 30, 2019

FINANCIAL SECTION

Independent Auditor's Report	2
Management's Discussion and Analysis	5
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	15
Statement of Activities	16
Fund Financial Statements	
Governmental Funds - Balance Sheet	17
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	18
Governmental Funds - Statement of Revenues, Expenditures, and Changes in Fund Balances	20
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	21
Proprietary Funds - Statement of Net Position	23
Proprietary Funds - Statement of Revenues, Expenses, and Changes in Fund Net Position	24
Proprietary Funds - Statement of Cash Flows	25
Fiduciary Funds - Statement of Net Position	26
Notes to Financial Statements	27

REQUIRED SUPPLEMENTARY INFORMATION

General Fund - Budgetary Comparison Schedule	78
Schedule of Changes in the District's Total OPEB Liability and Related Ratios	79
Schedule of the District's Proportionate Share of the Net OPEB Liability - MPP Program	80
Schedule of the District's Proportionate Share of the Net Pension Liability	81
Schedule of District Contributions	82
Note to Required Supplementary Information	83

SUPPLEMENTARY INFORMATION

Schedule of Expenditures of Federal Awards	86
Local Education Agency Organization Structure	88
Schedule of Average Daily Attendance	89
Schedule of Instructional Time	90
Reconciliation of Annual Financial and Budget Report With Audited Financial Statements	91
Schedule of Financial Trends and Analysis	92
Schedule of Charter Schools	93
Combining Statements - Non-Major Governmental Funds	
Combining Balance Sheet	94
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	96
Combining Statements - Agency Funds	
Combining Balance Sheet	98
Combining Statement of Assets and Liabilities - Student Body Funds	99
Combining Statement of Changes in Assets and Liabilities for High School and Intermediate School Student Body Funds	100
Combining Statement of Changes in Assets and Liabilities - Student Body Funds High Schools	101

CLOVIS UNIFIED SCHOOL DISTRICT

TABLE OF CONTENTS

JUNE 30, 2019

SUPPLEMENTARY INFORMATION, Continued

Combining Statements - Agency Funds, Continued	
Combining Statement of Changes in Assets and Liabilities - Student Body Funds Intermediate Schools	104
Combining Statement of Changes in Assets and Liabilities - Student Body Funds Elementary Schools	106
Note to Supplementary Information	107

INDEPENDENT AUDITOR'S REPORTS

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	110
Report on Compliance for Each Major Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	112
Report on State Compliance	114

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Summary of Auditor's Results	118
Financial Statement Findings	119
Federal Awards Findings and Questioned Costs	120
State Awards Findings and Questioned Costs	121
Summary Schedule of Prior Audit Findings	122

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Governing Board
Clovis Unified School District
Clovis, 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 the Clovis Unified School District (the District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the 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; and the *2018-2019 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, issued by the California Education Audit Appeals Panel as regulations. 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 the Clovis Unified School District, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 14, budgetary comparison schedule on page 78, schedule of changes in the District's total OPEB liability and related ratios on page 79, schedule of the District's proportionate share of the net OPEB liability - MPP program on page 80, schedule of the District's proportionate share of the net pension liability on page 81, and the schedule of District contributions on page 82, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Clovis Unified School District's basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements and 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 (Uniform Guidance)* and the other supplementary information as 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 accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information 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 accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2019, on our consideration of the Clovis Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Clovis 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 Clovis Unified School District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Eide Sully LLP".

Fresno, California
December 4, 2019



**CLOVIS UNIFIED SCHOOL DISTRICT
Management's Discussion and Analysis
June 30, 2019**

This section of Clovis Unified School District's (the District) annual financial report presents the management's discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2019, with comparative information for the fiscal year ending June 30, 2018.

FINANCIAL HIGHLIGHTS

The District continued its long history of implementing conservative budgets and proactively addressing the volatility of the State of California's revenues resulting in the District maintaining reserve levels well above the State's minimum amount of two percent.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts; management's discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are government-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the government-wide statements.
- The governmental funds statements tell how basic services like regular and special education were financed in the short term as well as what remains for future spending.
- Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others to whom the resources belong.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Governing Board

Sandra Bengel Budd
Christopher Casado
Steven G. Fogg, M.D.
Brian D. Heryford
Ginny L. Hovseplan
Elizabeth J. Sandoval
Jim Van Volkinburg, D.D.S.

Administration

Eimear O'Farrell, Ed.D.
Superintendent
Don Ulrich, Ed.D.
Deputy Superintendent
Norm Anderson
Associate Superintendent
Barry S. Jager, Jr.
Associate Superintendent
Michael Johnston
Associate Superintendent

CLOVIS UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

Figure A-1. Organization of Clovis Unified's Annual Financial Report

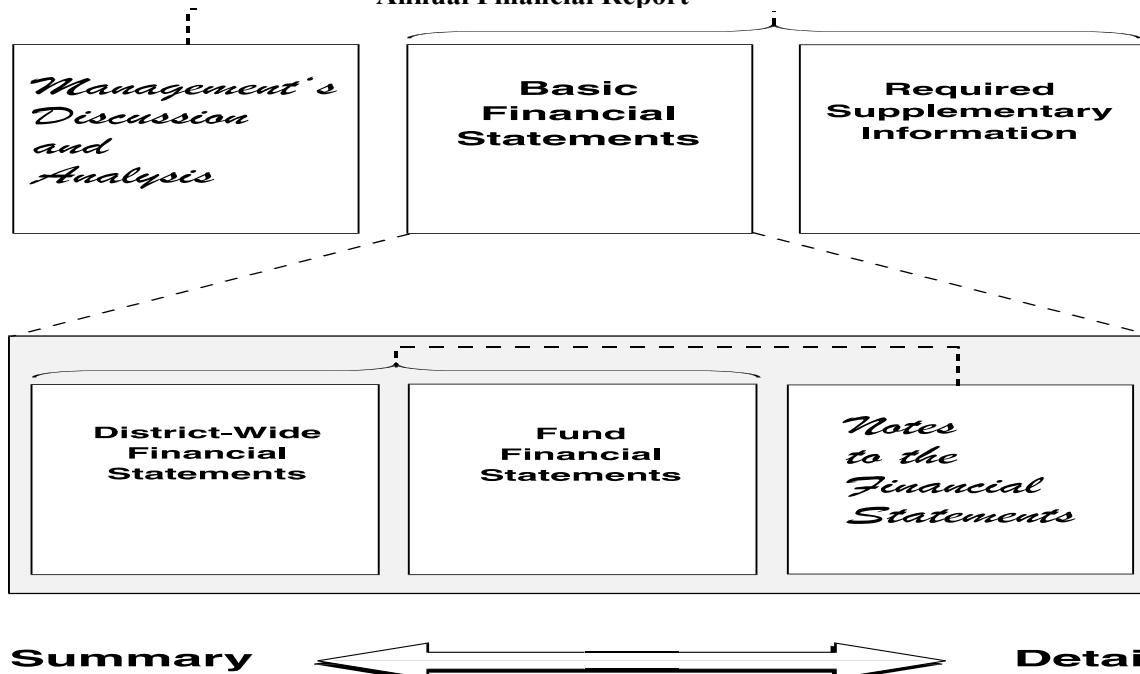


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Figure A-2. Major Features of the Government-wide and Fund Financial Statements

<i>Type of Statements</i>	Fund Statements		
	Government-wide	Governmental Funds	Fiduciary Funds
Scope	Entire District, except fiduciary activities	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the District administers resources on behalf of someone else, such as student body activities.
Required financial statements	<ul style="list-style-type: none"> •Statement of net position •Statement of activities 	<ul style="list-style-type: none"> •Balance sheet •Statement of revenues, expenditures & changes in fund balances •Reconciliation to government-wide financial statements 	<ul style="list-style-type: none"> •Statement of fiduciary net position •Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both short-term and long-term; standard funds do not currently contain nonfinancial assets, though they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

CLOVIS UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

GOVERNMENT-WIDE STATEMENTS

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

These two government-wide statements report the District's net position and how it has changed. Net position (the difference between assets and liabilities) is one way to measure the District's financial health or financial position.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.
- In the government-wide financial statements, the District's activities are combined into one category.
- Governmental activities - The District's basic services are included here, such as regular and special education, transportation, food services, adult education and administration. Property taxes, state formula aid, categorical funding and fees charged, finance most of these activities.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's most significant funds, not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. The District has three kinds of funds:

- Governmental funds - Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets, that can readily be converted to cash, flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statements that explain the relationship (or differences) between them.
- Proprietary funds - When the District charges users for the services it provides, whether to outside customers or to other departments within the District, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the *Statement of Net Position* and the *Statement of Revenues, Expenses, and Changes in Fund Net Position*. We use internal service funds to report activities that provide supplies and services for the District's other programs and activities, such as the District's Self-Insurance Fund. The internal service funds are reported with governmental activities in the government-wide financial statements.

CLOVIS UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

- **Fiduciary funds** - The District is the trustee, or fiduciary, for assets that belong to others, such as the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position. We exclude these activities from the government-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position: The District's combined net position was \$2.7 million on June 30, 2019, increasing by \$6.3 million (175 percent). (See Table A-1.)

Table A-1

(Amounts in millions)	Governmental Activities		Percentage Change
	2019	2018	
Assets			
Current and Other Assets	\$ 303.8	\$ 277.8	9.36%
Capital Assets	942.4	933.6	0.94%
Total Assets	<u>1,246.2</u>	<u>1,211.4</u>	<u>2.87%</u>
Deferred Outflows of Resources	<u>167.0</u>	<u>141.5</u>	<u>18.02%</u>
Liabilities			
Current Liabilities	73.0	71.3	2.38%
Long-Term Obligations	844.2	818.6	3.13%
Net Pension Liability	468.1	443.0	5.67%
Total Liabilities	<u>1,385.3</u>	<u>1,332.9</u>	<u>3.93%</u>
Deferred Inflows of Resources	<u>25.2</u>	<u>23.6</u>	<u>6.78%</u>
Net Position			
Net investment in capital assets	559.7	447.1	25.18%
Restricted	76.1	64.6	17.80%
Unrestricted	(633.1)	(515.3)	-22.86%
Total Net Position	<u>\$ 2.7</u>	<u>\$ (3.6)</u>	<u>175.00%</u>

Changes in Net Position: The District's total governmental revenues were \$613.7 million (see Table A-2). Property taxes and state aid formula accounted for most of the District's revenue, with federal and state aid contributing about \$317.4 million and property taxes contributing about \$121.8 million. Another \$98.1 million came from categorical programs, and the remainder came from fees charged for services of \$12.7 million and miscellaneous sources of \$63.7 million including \$40.1 million in developer fees.

CLOVIS UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

The total cost of all governmental programs and services was \$607.4 million (see Table A-2). The District's expenses are predominantly related to educating and caring for students (67 percent). The purely administrative activities of the District accounted for just 4 percent of total costs. Plant services was \$56.7 million, accounting for nine percent of the District's expenses. Revenues surpassed expenses, increasing net position by \$6.3 million over last year predominately due to the other post-employment expenses recognized from the change in obligations balance from the prior year and changes in the net pension obligation and related deferred outflows and inflows of each.

Table A-2

(Amounts in millions)	Governmental Activities		Percentage Change
	2019	2018	
Revenues			
General revenues:			
Federal and state aid not restricted	\$ 317.4	\$ 291.6	8.85%
Property taxes	121.8	115.9	5.09%
Other	63.7	43.4	46.77%
Program Revenues:			
Charges for services	12.7	10.5	20.95%
Operating grants and contributions	98.1	88.6	10.72%
Total Revenues	613.7	550.0	11.58%
Expenses			
Instruction	409.2	389.1	5.17%
Pupil services	76.4	70.2	8.83%
Administration	25.7	24.8	3.63%
Plant services	56.7	56.8	-0.18%
All other services	39.4	40.8	-3.43%
Total Expenses	607.4	581.7	4.42%
Change in Net Position	\$ 6.3	\$ (31.7)	119.87%

CLOVIS UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

GOVERNMENTAL ACTIVITIES

The continued good health of the District's finances can be credited to:

- Staffing formulas that maintain equality
- Maintaining an awareness of the changing fiscal issues and active participation from the Employee Compensation Committee and Employee Benefit Committee
- Projecting a minimum of five years out on the multi-year projection

Table A-3 presents the cost of six major District activities: instruction, student transportation services, all other pupil services, food services, administration, and plant services. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

Table A-3

	Total Cost of Services		Net Cost of Services	
	2019	2018	2019	2018
Instruction	\$ 409.2	\$ 389.1	\$ 335.6	\$ 326.4
Student transportation	12.7	11.7	12.4	11.7
All other pupil services	48.1	43.1	40.1	36.0
Food services	15.6	15.4	(0.1)	0.6
Administration	25.7	24.8	23.6	19.1
Plant services	56.7	56.8	53.4	54.9
All other services	39.4	40.8	31.6	34.0
Total	\$ 607.4	\$ 581.7	\$ 496.6	\$ 482.7

- The net cost of governmental activities this year was \$496.6 million.
- Some of the costs were paid by the users of the District's programs (\$12.7 million).
- The federal and state governments subsidized certain programs with operating grants and contributions (\$98.1 million).
- Most of the District's costs, \$439.2 million, however, were paid for by District taxpayers and the taxpayers of California, in general.

CLOVIS UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2019

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of \$211.1 million which is an increase of \$25.2 million from last year (Table A-4).

Table A-4

(Amounts in millions)	Balance		
	June 30, 2019	June 30, 2018	Variance
General	\$ 115.4	\$ 94.4	\$ 21.0
Charter School	5.2	3.8	1.4
Adult Education	4.6	4.8	(0.2)
Child Development	2.8	2.4	0.4
Cafeteria	8.2	7.7	0.5
Deferred Maintenance	0.1	0.3	(0.2)
Building	7.5	12.1	(4.6)
Capital Facilities	15.0	17.3	(2.3)
County School Facilities	9.1	1.5	7.6
Special Reserve Capital Outlay	3.1	4.3	(1.2)
Bond Interest and Redemption	39.0	36.3	2.7
Central Valley School Districts Financing Corporation	1.1	1.0	0.1
Total	\$ 211.1	\$ 185.9	\$ 25.2

The primary reasons for the changes are:

- The fund balance in the General Fund increased \$21.0 million to \$115.4 million. The net increase is due to an overall increase in revenues; one-time and ongoing. One-time revenues were not allocated to any expenditures.
- The special revenue funds reported a net increase of \$1.9 million with minimal changes across all funds except the Charter School Fund which increased by \$1.4 million.
- The capital projects funds showed a decrease of \$0.5 million. This overall decrease is due to ongoing construction/modernization projects. The majority of these costs were paid for utilizing bond proceeds held and spent within the Building Fund. The County School Facilities Fund reflected an increase of \$7.6 million due to the overdue receipt of state construction funds.
- The Bond Interest and Redemption Fund reported an increase of \$2.7 million due to property tax collections in excess of bond principal and interest payments.

CLOVIS UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year the District revised the annual operating budget several times due to updated projections and actual costs. Following are highlights of the largest changes:

- Net increases in both revenue and expense for federal, state and local grant awards.
- Posting of deferred categorical revenue.
- One-time funds to pay down the mandate claim reimbursements owed to the District.
- GASB Statement No. 68 requires the District to recognize the State's share of the District's unfunded CalSTRS liability. This resulted in a revenue and expenditure adjustment of \$1.8 million.
- The Board approved a three percent salary increase for all District employees.
- The Adopted Budget's revenues over expenditures resulted in the District anticipating a surplus of \$14.1 million. The Adopted Budget was structured in such a way that the District could manage any changes from the State. The LCFF was fully funded as of the 2018-19 fiscal year. Even though District ADA growth was lower than projected at Adopted Budget, the LCFF entitlement increased by \$26.6 million. The projected ADA growth decreased from 304 at Adopted Budget to an actual P-2 ADA growth of 166. Actual revenues to expenditures resulted in a surplus of \$21.1 million, however \$2.0 million of the fund balance is non-spendable, \$3.3 million is restricted for restricted programs and \$17.4 million is assigned for local carryover, site and department carryover, student computer refresh, and LCAP Supplemental programs.
- The LCFF was fully funded as of the 2018-19 fiscal year. Even though ADA growth was lower than projected, the LCFF entitlement increased by \$26.6 million.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By June 30, 2019, the District had invested \$942.4 million in a broad range of capital assets, including school buildings, athletic facilities, computer and audio visual equipment, and administrative offices. (See Table A-5.) This amount represents a net increase of \$8.8 million or 0.9 percent over last year. Total depreciation expense for the year was \$30.6 million.

Table A-5

	Governmental Activities		Percentage Change
	2019	2018	
Land	\$ 101.2	\$ 90.6	11.70%
Land improvements	44.1	47.8	-7.74%
Buildings and improvements	737.8	724.0	1.91%
Equipment	37.8	37.2	1.61%
Construction in progress	21.5	34.0	-36.76%
Total	\$ 942.4	\$ 933.6	0.94%

CLOVIS UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

The District has work in progress related to modernization projects at multiple district sites and well as new construction.

The District received \$16.8 million state facility revenue for projects completed several years ago. The District was able to proceed with planned modernizations due to the receipt of these funds. In 2019-20 the District will commence construction of a new elementary school planned to open in August 2020. The new site will be funded with Developer Fee and bond revenues. The project to cost \$41 million in its entirety.

Long-Term Obligations

At year-end the District had \$844.2 million in long-term obligations outstanding discussed below. This is an increase of 3.1 percent from last year, as shown in Table A-6.

Table A-6

	Governmental Activities		Percentage Change
	2019	2018	
General obligation bonds	\$ 476.5	\$ 491.9	-3.13%
Certificates of participation	3.1	4.6	-32.61%
Child development portables	0.6	0.4	50.00%
Compensated absences	2.9	2.7	7.41%
Capital leases	1.6	1.6	0.00%
Other postemployment benefits	359.5	317.4	13.26%
Total	\$ 844.2	\$ 818.6	3.13%

The District's S&P bond rating as of the most recent bond issuance was "AA". In addition, the District's certificates of participation S&P rating at the time of their last issuance was "AA".

The District also has recognized a deferred outflow of resources (asset) of \$26.5 million related to its other postemployment benefits which helps to offset the obligations impact on the total net position of the District.

Net Pension Liability

At year-end, the District has a net pension liability of \$468.1 million versus \$443.0 million last year, an increase of \$25.1 million, or 5.7 percent. The District also reported Deferred Outflows from pension activities of \$139.4 million, and Deferred Inflows from pension activities of \$23.3 million.

CLOVIS UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2019

FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of the following circumstances that could significantly affect its financial health in the future:

- The State's Local Control Funding Formula (LCFF) accounts for 79% of the District's General Fund revenues. An economic downturn for the State could have a dramatic impact to the District's financial stability. As a safeguard, the District's Board increased the minimum reserve levels from 6% to 10% during the 2017-2018 fiscal year.
- The LCFF attempts to fund students based on their needs related to household income, English language learner, homeless or foster youth. This portion of a district's student population is referred to as the unduplicated pupil percentage (UPP). Clovis Unified's UPP averages 42-45 percent, making the District eligible for the LCFF Base and Supplemental Grants only; the District is not eligible for the Concentration Grant. The District receives the least amount of funding per ADA in Fresno County due to its low UPP.
- Since the inception of the LCFF, the State has been closing the funding gap of the formula to achieve full implementation of the LCFF, or the "target" funding. This has resulted in a significant amount of "new" revenues over the previous five years. The LCFF was fully implemented in the 2018-2019 fiscal year. Unless new legislation is passed to increase the base grant of the LCFF, the District can only count on COLA beyond the 2018-2019 fiscal year. COLA only will not provide enough new revenues to cover step/column, CalSTRS/CalPERS increases, minimum wage, and increasing health care costs.
- Enrollment growth and student attendance is key to the District's financial projections. The District has consistently seen growth over the years and anticipates this trend to continue.
- The State continues to allocate one-time discretionary funds to the District. Fiscal year 2018-2019 was the fourth consecutive year of one-time funds allocated by the State. This method of allocating funds makes it difficult for the District to make ongoing decisions.
- The Clovis Unified population of students with disabilities has grown an average of 4.8% annually over the previous five years, compared to district-wide enrollment growth average of 1.2%.
- The state and federal government have never fully funded special education. The state has acknowledged the increasing population of students with disabilities by including additional funds for early intervention and to equalize the AB 602 formula in the 2019-20 fiscal year. Due to the uncertainty of the state economy, district advocates strongly recommend treating the projected revenue as one-time revenues.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Clovis Unified School District, 1450 Herndon Avenue, Clovis, California 93611.

CLOVIS UNIFIED SCHOOL DISTRICT

STATEMENT OF NET POSITION JUNE 30, 2019

	Governmental Activities
ASSETS	
Deposits and investments	\$ 282,076,863
Receivables	19,376,041
Prepaid expenses	411,400
Stores inventories	1,924,666
Nondepreciable capital assets	122,720,962
Capital assets being depreciated	1,212,951,217
Accumulated depreciation	<u>(393,237,223)</u>
Total Assets	<u><u>1,246,223,926</u></u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding	1,066,646
Deferred outflows of resources related to other post-employment benefits	26,532,515
Deferred outflows of resources related to pensions	<u>139,442,024</u>
Total Deferred Outflows of Resources	<u><u>167,041,185</u></u>
LIABILITIES	
Accounts payable	39,203,239
Unearned revenue	912,274
Claims liability, workers compensation, disability, and health and welfare	32,895,320
Long-term obligations:	
Current portion of long-term obligations	31,907,890
Noncurrent portion of long-term obligations	<u>812,260,582</u>
Total Long-Term Obligations	<u><u>844,168,472</u></u>
Aggregate net pension liability	<u>468,127,821</u>
Total Liabilities	<u><u>1,385,307,126</u></u>
DEFERRED INFLOWS OF RESOURCES	
Deferred charge on refunding	1,919,691
Deferred inflows of resources related to pensions	<u>23,327,155</u>
Total Deferred Inflows of Resources	<u><u>25,246,846</u></u>
NET POSITION	
Net investment in capital assets	559,676,030
Restricted for:	
Debt service	40,113,568
Capital projects	24,081,293
Educational programs	3,765,725
Other activities	8,153,167
Unrestricted	<u>(633,078,644)</u>
Total Net Position	<u><u>\$ 2,711,139</u></u>

The accompanying notes are an integral part of these financial statements.

CLOVIS UNIFIED SCHOOL DISTRICT

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

Functions/Programs	Expenses	Program Revenues		Net (Expenses)
		Charges for Services and Sales	Operating Grants and Contributions	Revenues and Changes in Net Position
				Governmental Activities
Governmental Activities:				
Instruction	\$ 340,456,159	\$ 12,426	\$ 61,736,623	\$ (278,707,110)
Instruction-related activities:				
Supervision of instruction	25,016,013	2,213	9,413,290	(15,600,510)
Instructional library, media, and technology	8,842,912	-	424,999	(8,417,913)
School site administration	34,853,008	-	1,990,152	(32,862,856)
Pupil services:				
Home-to-school transportation	12,714,797	-	335,634	(12,379,163)
Food services	15,550,679	4,086,808	11,613,719	149,848
All other pupil services	48,211,705	27,202	8,119,422	(40,065,081)
Administration:				
Data processing	4,978,579	-	127,438	(4,851,141)
All other administration	20,687,263	160,782	1,787,920	(18,738,561)
Plant services	56,662,439	1,865,610	1,446,730	(53,350,099)
Ancillary services	12,624,649	-	178,699	(12,445,950)
Community services	770,621	-	-	(770,621)
Enterprise services	28,117	-	12,563	(15,554)
Interest on long-term obligations	25,069,713	-	-	(25,069,713)
Other outgo	953,815	6,578,038	872,316	6,496,539
Total Governmental Activities	\$ 607,420,469	\$ 12,733,079	\$ 98,059,505	(496,627,885)
General revenues and subventions:				
				82,123,016
				39,220,914
				481,478
				317,350,812
				3,913,436
				1,345,879
				17,468,688
				41,047,620
				502,951,843
				6,323,958
				(3,612,819)
				\$ 2,711,139

The accompanying notes are an integral part of these financial statements.

CLOVIS UNIFIED SCHOOL DISTRICT

**GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2019**

	General Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds
ASSETS			
Deposits and investments	\$ 139,248,236	\$ 39,015,301	\$ 55,317,543
Receivables	14,840,106	-	3,210,615
Due from other funds	-	-	1,013,546
Prepaid expenditures	155,000	-	256,400
Stores inventories	1,653,039	-	271,627
Total Assets	\$ 155,896,381	\$ 39,015,301	\$ 60,069,731
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 33,779,726	\$ -	\$ 2,853,362
Due to other funds	5,779,768	-	634,866
Unearned revenue	912,274	-	-
Total Liabilities	40,471,768	-	3,488,228
Fund Balances:			
Nonspendable	1,952,039	-	531,527
Restricted	3,307,015	39,015,301	41,045,597
Committed	-	-	4,580,114
Assigned	17,443,755	-	10,424,265
Unassigned	92,721,804	-	-
Total Fund Balances	115,424,613	39,015,301	56,581,503
Total Liabilities and Fund Balances	\$ 155,896,381	\$ 39,015,301	\$ 60,069,731

The accompanying notes are an integral part of these financial statements.

**Total
Governmental
Funds**

\$	233,581,080
	18,050,721
	1,013,546
	411,400
	1,924,666
\$	<u>254,981,413</u>

\$	36,633,088
	6,414,634
	912,274
	<u>43,959,996</u>

	2,483,566
	83,367,913
	4,580,114
	27,868,020
	92,721,804
	<u>211,021,417</u>

\$	<u>254,981,413</u>
----	--------------------

CLOVIS UNIFIED SCHOOL DISTRICT

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019**

Total Fund Balance - Governmental Funds		\$ 211,021,417
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	\$1,335,672,179	
Accumulated depreciation is	<u>(393,237,223)</u>	
Net Capital Assets		942,434,956
Deferred charges on refunding (the difference between the reacquisition price and net carrying amount of refunded debt) are capitalized and amortized over the remaining life of the new or old debt (whichever is greater) and are included with governmental activities. The District has recognized both deferred outflows and inflows the net of which are:		(853,045)
Deferred outflows of resources related to OPEB represent a consumption of net position in a future period and is not reported in the District's funds. Deferred outflows of resources related to OPEB totaled:		26,532,515
Deferred outflows of resources related to pensions represent a consumption of net position in a future period and is not reported in the District's funds. Deferred outflows of resources related to pensions at year-end consist of:		
Pension contributions subsequent to measurement date	45,837,416	
Net change in proportionate share of net pension liability	17,161,737	
Difference between projected and actual earnings on pension plan investments	1,226,942	
Differences between expected and actual experience in the measurement of the total pension liability	10,794,108	
Changes of assumptions	<u>64,421,821</u>	
Total Deferred Outflows of Resources Related to Pensions		139,442,024
Deferred inflows of resources related to pensions represent an acquisition of net position that applies to a future period and is not reported in the District's funds. Deferred inflows of resources related to pensions at year-end consist of:		
Net change in proportionate share of net pension liability	(6,434,297)	
Difference between projected and actual earnings on pension plan investments	(12,265,864)	
Differences between expected and actual experience in the measurement of the total pension liability	<u>(4,626,994)</u>	
Total Deferred Inflows of Resources Related to Pensions		(23,327,155)

The accompanying notes are an integral part of these financial statements.

CLOVIS UNIFIED SCHOOL DISTRICT

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION, Continued
JUNE 30, 2019**

The net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		\$ (468,127,821)
Long-term obligations, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		
General obligation bonds, net of unamortized premiums and discounts	\$ 384,954,310	
Certificates of participation	3,073,005	
Compensated absences	2,913,852	
Capital leases	1,573,549	
Child development portables	630,000	
Net other postemployment benefits, excluding Self Insurance Fund portion	339,745,442	
In addition, the District has issued 'capital appreciation' general obligation bonds. The accretion of interest unmatured on the general obligation bonds to date is:	91,521,594	
Total Long-Term Obligations		<u>(824,411,752)</u>
Total Net Position - Governmental Activities		<u>\$ 2,711,139</u>

The accompanying notes are an integral part of these financial statements.

CLOVIS UNIFIED SCHOOL DISTRICT

**GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2019**

	General Fund	Bond Interest and Redemption Fund
REVENUES		
Local Control Funding Formula	\$ 377,019,505	\$ -
Federal sources	20,288,418	-
Other State sources	85,436,107	345,394
Other local sources	20,020,899	40,115,210
Total Revenues	502,764,929	40,460,604
EXPENDITURES		
Current		
Instruction	281,774,471	-
Instruction-related activities:		
Supervision of instruction	21,343,157	-
Instructional library, media and technology	8,204,449	-
School site administration	28,795,430	-
Pupil services:		
Home-to-school transportation	13,471,976	-
Food services	262,839	-
All other pupil services	39,843,130	-
Administration:		
Data processing	4,852,522	-
All other administration	17,419,570	-
Plant services	48,602,958	-
Ancillary services	9,525,660	-
Other outgo	953,815	-
Enterprise services	12,563	-
Facility acquisition and construction	932,050	-
Debt service		
Principal	1,552,516	45,074,070
Interest and other	33,724	12,859,426
Total Expenditures	477,580,830	57,933,496
Excess (Deficiency) of Revenues Over Expenditures	25,184,099	(17,472,892)
Other Financing Sources (Uses)		
Transfers in	2,229,339	-
Proceeds from capital leases	1,500,000	-
Proceeds from bond issuances	-	20,219,191
Transfers out	(7,854,336)	-
Net Other Financing Sources (Uses)	(4,124,997)	20,219,191
NET CHANGE IN FUND BALANCES	21,059,102	2,746,299
Fund Balance - Beginning	94,365,511	36,269,002
Fund Balance - Ending	\$ 115,424,613	\$ 39,015,301

The accompanying notes are an integral part of these financial statements.

Non-Major Governmental Funds	Total Governmental Funds
\$ 4,276,820	\$ 381,296,325
12,006,885	32,295,303
25,366,809	111,148,310
36,568,130	96,704,239
<u>78,218,644</u>	<u>621,444,177</u>
15,869,845	297,644,316
2,293,901	23,637,058
357,086	8,561,535
2,030,077	30,825,507
-	13,471,976
14,962,411	15,225,250
861,887	40,705,017
-	4,852,522
1,335,585	18,755,155
6,330,426	54,933,384
-	9,525,660
-	953,815
-	12,563
36,584,946	37,516,996
-	
1,606,000	48,232,586
256,206	13,149,356
<u>82,488,370</u>	<u>618,002,696</u>
<u>(4,269,726)</u>	<u>3,441,481</u>
19,947,388	22,176,727
-	1,500,000
-	20,219,191
(14,322,391)	(22,176,727)
<u>5,624,997</u>	<u>21,719,191</u>
1,355,271	25,160,672
55,226,232	185,860,745
<u>\$ 56,581,503</u>	<u>\$ 211,021,417</u>

CLOVIS UNIFIED SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2019

Total Net Change in Fund Balances - Governmental Funds **\$ 25,160,672**
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities.

This is the amount by which capital outlays exceed depreciation in the period.

Capital outlays	\$ 40,067,306	
Depreciation expense	<u>(30,580,741)</u>	
Net Expense Adjustment		9,486,565

Loss on disposal of capital assets is reported in the government-wide Statement of Net Position, but is not recorded in the governmental funds. (612,202)

Some of the capital assets acquired this year were financed with capital leases. The amount financed by the leases is reported in the governmental funds as a source of financing. On the other hand, the capital leases are not revenues in the Statement of Activities, but rather constitute long-term obligations in the Statement of Net Position. (1,815,000)

Deferred amounts on refunding (the difference between the reacquisition price of the net carrying amount of the refunded debt) are capitalized and amortized over the remaining life of the new or old debt, whichever is shorter. This year, deferred inflows were recognized for this reason totaling: (2,020,727)

In the Statement of Activities, compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). Vacation earned was more than the amounts paid by \$194,439. (194,439)

In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and net pension liability during the year. (25,494,560)

In the governmental funds, OPEB costs are based on employer contributions made to OPEB plans during the year. However, in the Statement of Activities, OPEB expense is the net effect of all changes in the deferred outflows, deferred inflows and net OPEB liability during the year. (16,615,116)

The accompanying notes are an integral part of these financial statements.

CLOVIS UNIFIED SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES, Continued FOR THE YEAR ENDED JUNE 30, 2019

Proceeds received from the sale of bonds is a revenue in the governmental funds, but it increases long-term obligations in the Statement of Net Position and does not affect the Statement of Activities.		\$ (20,219,191)
In governmental funds, debt issue costs are recognized as expenditures in the period they are incurred and premiums are recognized as revenues. In the government-wide statements, these items are amortized over the life of the debt.		
Amortization of debt premium	\$ 898,848	
Amortization of debt discounts	(24,540)	
Amortization of deferred outflows on refundings	(264,399)	
Amortization of deferred inflows of refundings	<u>101,036</u>	
Combined adjustment		710,945
Payment of principal on long-term obligations is an expenditure in the governmental funds, but it reduces long-term obligations in the Statement of Net Position and does not affect the Statement of Activities:		
General obligation bonds	45,074,070	
Certificates of participation	1,480,000	
Capital lease obligations	1,552,516	
Child development portables	<u>126,000</u>	
Combined adjustment		48,232,586
Interest on long-term obligations in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The additional interest reported in the Statement of Activities includes additional accumulated interest that was accreted on the District's capital appreciation general obligation bonds.		<u>(10,295,575)</u>
Change in Net Position of Governmental Activities		<u><u>\$ 6,323,958</u></u>

The accompanying notes are an integral part of these financial statements.

CLOVIS UNIFIED SCHOOL DISTRICT

**PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2019**

	<u>Internal Service Self Insurance Fund</u>
ASSETS	
Current Assets	
Deposits and investments	\$ 48,495,783
Receivables	1,325,320
Due from other funds	5,401,088
Total Assets	<u>55,222,191</u>
LIABILITIES	
Current Liabilities	
Accounts payable	2,570,151
Claim liabilities-Workers Compensation, Disability and Health and Welfare	32,895,320
Other postemployment benefits obligation	19,756,720
Total Current Liabilities	<u>55,222,191</u>
NET POSITION	
Total Net Position	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

CLOVIS UNIFIED SCHOOL DISTRICT

**PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019**

	Internal Service Self Insurance Fund
OPERATING REVENUES	
Charges to other funds and miscellaneous revenues	<u>\$ 70,840,830</u>
OPERATING EXPENSES	
Payroll costs	304,493
Professional and contract services	69,950,434
Supplies and materials	<u>585,903</u>
Total Operating Expenses	<u>70,840,830</u>
Operating Income/(Loss)	<u>-</u>
Total Net Position - Beginning	<u>-</u>
Total Net Position - Ending	<u><u>\$ -</u></u>

The accompanying notes are an integral part of these financial statements.

CLOVIS UNIFIED SCHOOL DISTRICT

**PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019**

	Governmental Activities Internal Service Funds
	Internal Service Self Insurance Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from operating funds	\$ 66,718,138
Fair market value adjustment on investments	1,020,516
Cash paid for contracted services	(66,582,224)
Cash payments for other operating expenses	(890,396)
Net Cash Provided by Operating Activities	<u>266,034</u>
FINANCING ACTIVITIES	
Net Cash Used for Noncapital Financing Activities	<u>-</u>
CASH FLOWS USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	
Net Cash Provided by Capital and Related Financing Activities	<u>-</u>
CASH FLOWS USED BY INVESTING ACTIVITIES	
Net Cash Provided by Investing Activities	<u>-</u>
Net Increase in Cash and Cash Equivalents	266,034
Cash and Cash Equivalents - Beginning	48,229,749
Cash and Cash Equivalents - Ending	<u><u>\$ 48,495,783</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating loss	\$ -
Changes in assets and liabilities:	
Receivables	(534,698)
Due from other funds	(2,567,478)
Accounts payable, claims liability, and other postemployment benefits obligation	3,368,210
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 266,034</u></u>

The accompanying notes are an integral part of these financial statements.

CLOVIS UNIFIED SCHOOL DISTRICT

**FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2019**

	<u>Agency Funds</u>
ASSETS	
Deposits and investments	\$ 2,572,959
Receivables	57,601
Total Assets	<u><u>\$ 2,630,560</u></u>
 LIABILITIES	
Due to student groups	\$ 2,296,259
Due to other agencies - Warrant/Pass-Through Fund	334,301
Total Liabilities	<u><u>\$ 2,630,560</u></u>

The accompanying notes are an integral part of these financial statements.

CLOVIS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The Clovis Unified School District (the District) was established in 1960 under the laws of the State of California. The District operates under a locally elected seven-member Board form of government and provides educational services to grades K - 12 as mandated by the State and/or Federal agencies. The District operates thirty-three elementary schools, five intermediate schools, five high schools, three alternative education schools, one adult school, the Clovis Online Charter School, and the Center for Advanced Research and Technology as a joint high school with Fresno Unified School District.

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, boards, and agencies that are not legally separate from the District. For Clovis Unified School District, this includes general operations, food service, and student related activities of the District.

Component Units

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District, in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. For financial reporting purposes, the component unit has a financial and operational relationship which meets the reporting entity definition criteria of the Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity, and thus is included in the financial statements of the District. The component unit, although a legally separate entity, is reported in the financial statements using the blended presentation method as if it were part of the District's operations because the governing board of the component unit is essentially the same as the governing board of the District and because its purpose is to finance the construction of facilities to be used for the direct benefit of the District.

The Central Valley School Districts Financing Corporation's financial activity is presented in the financial statements as the Central Valley School Districts Financing Fund. Certificates of participation issued by the Corporation are included as long-term liabilities in the government-wide financial statements.

Charter School The District has approved a charter for Clovis Online Charter School pursuant to *Education Code* Section 47605. The Clovis Online Charter School is operated by the District, and its financial activities are presented in the Charter School Fund.

Basis of Presentation - Fund Accounting

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The District's funds are grouped into three broad fund categories: governmental, proprietary, and fiduciary.

CLOVIS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major and non-major governmental funds:

Major Governmental Funds

General Fund The General Fund is the chief operating fund for all districts. It is used to account for the ordinary operations of the District. All transactions except those accounted for in another fund are accounted for in this fund.

Bond Interest and Redemption Fund The Bond Interest and Redemption Fund is used for the repayment of bonds issued for a district (*Education Code* Sections 15125-15262).

Non-Major Governmental Funds

Special Revenue Funds The Special Revenue funds are used to account for the proceeds from specific revenue sources (other than trusts, major capital projects, or debt service) that are restricted or committed to the financing of particular activities, that compose a substantial portion of the inflows of the fund, and that are reasonably expected to continue. Additional resources that are restricted, committed, or assigned to the purpose of the fund may also be reported in the fund.

Charter School Fund The Charter School Fund may be used by authorizing districts to account separately for the operating activities of district-operated charter schools that would otherwise be reported in the authorizing District's General Fund.

Adult Education Fund The Adult Education Fund is used to account separately for Federal, State, and local revenues that are restricted or committed for adult education programs and is to be expended for adult education purposes only.

Child Development Fund The Child Development Fund is used to account separately for Federal, State, and local revenues to operate child development programs and is to be used only for expenditures for the operation of child development programs.

Cafeteria Fund The Cafeteria Fund is used to account separately for Federal, State, and local resources to operate the food service program (*Education Code* Sections 38090-38093) and is used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code* Sections 38091 and 38100).

Deferred Maintenance Fund The Deferred Maintenance Fund is used to account separately for revenues that are restricted or committed for deferred maintenance purposes (*Education Code* Section 17582).

CLOVIS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

Capital Project Funds The Capital Project funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and other capital assets (other than those financed by proprietary funds and trust funds).

Building Fund The Building Fund exists primarily to account separately for proceeds from the sale of bonds (*Education Code* Section 15146) and may not be used for any purposes other than those for which the bonds were issued.

Capital Facilities Fund The Capital Facilities Fund is used primarily to account separately for monies received from fees levied on developers or other agencies as a condition of approval (*Education Code* Sections 17620-17626 and *Government Code* Section 65995 et seq.). Expenditures are restricted to the purposes specified in *Government Code* Sections 65970-65981 or to the items specified in agreements with the developer (*Government Code* Section 66006).

County School Facilities Fund The County School Facilities Fund is established pursuant to *Education Code* Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), the 2004 State School Facilities Fund (Proposition 55), the 2006 State School Facilities Fund (Proposition 1D), or the 2016 State School Facilities Fund (Proposition 51), authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code* Section 17070 et seq.).

Special Reserve Capital Outlay Fund The Special Reserve Capital Outlay Fund exists primarily to provide for the accumulation of General Fund monies for capital outlay purposes (*Education Code* Section 42840).

Debt Service Funds The Debt Service funds are used to account for the accumulation of resources for, and the payment of, principal and interest on general long-term obligations.

Central Valley School Districts Financing Corporation Fund The Central Valley School Districts Financing Corporation Fund is used to account for the accumulation of resources for the payment of principal and interest on certificates of participation issued by the Central Valley School Districts Financing Corporation.

Proprietary Funds Proprietary funds are used to account for activities that are more business-like than government-like in nature. Business-type activities include those for which a fee is charged to external users or to other organizational units of the local education agency, normally on a full cost-recovery basis. Proprietary funds are generally intended to be self-supporting and are classified as enterprise or internal service. The District has the following proprietary fund:

Internal Service Fund Internal Service funds may be used to account for goods or services provided to other funds of the District on a cost-reimbursement basis. The District operates a Self Insurance Fund that is accounted for in an internal service fund that accounts for the costs associated with the District's self-insurance programs and its retiree benefits.

Fiduciary Funds Fiduciary funds are used to account for assets held in trustee or agent capacity for others that cannot be used to support the District's own programs.

CLOVIS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Such funds have no equity accounts since all assets are due to individuals or entities at some future time. The District's agency fund accounts for student body activities (ASB) and the Warrant/Pass-Through Fund which is used to account for payroll transactions.

Basis of Accounting - Measurement Focus

Government-Wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements, but differs from the manner in which governmental fund financial statements are prepared.

The government-wide statement of activities presents a comparison between expenses, both direct and indirect, and for each governmental function, and exclude fiduciary activity. Direct expenses are those that are specifically associated with a service, program, or department and are therefore, clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the Statement of Activities, except for depreciation. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District. Eliminations have been made to minimize the double counting of internal activities.

Net position should be reported as restricted when constraints placed on net position are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other activities result from special revenue funds and the restrictions on their use.

Fund Financial Statements Fund financial statements report detailed information about the District. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements.

Governmental Funds All governmental funds are accounted for using the flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting, and the governmental fund financial statements, prepared using the flow of current financial resources measurement focus and the modified accrual basis of accounting.

CLOVIS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

Proprietary Funds Proprietary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of this fund are included in the statement of net position. The statement of changes in fund net position presents increases (revenues) and decreases (expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary fund.

Fiduciary Funds Fiduciary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are excluded from the government-wide financial statements because they do not represent resources of the District.

Revenues – Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. Generally, available is defined as collectible within 60 days. However, to achieve comparability of reporting among California districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to State-aid apportionments, the California Department of Education has defined available for districts as collectible within one year. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose restrictions. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Certain grants received before the eligibility requirements are met are recorded as unearned revenue. On the governmental fund financial statements, receivables that will not be collected within the available period are also recorded as unearned revenue.

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable, and typically paid within 60 days. Principal and interest on long-term obligations, which have not matured, are recognized when paid in the governmental funds as expenditures. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds but are recognized in the entity-wide statements.

CLOVIS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include cash with county treasury balances for purposes of the statement of cash flows.

Investments

Investments held at June 30, 2019, with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in county investment pool are determined by the program sponsor.

Prepaid Expenditures (Expenses)

Prepaid expenditures (expenses) represent amounts paid in advance of receiving goods or services. The District has the option of reporting an expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report expenditures during the benefiting period.

Stores Inventories

Inventories consist of expendable food and supplies held for consumption. Inventories are stated at cost, on the first-in, first-out basis. The costs of inventory items are recorded as expenditures in the governmental funds and expenses in the proprietary fund when used.

Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets are long-lived assets of the District. The District maintains a capitalization threshold of \$25,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized, but are expensed as incurred.

When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in the government-wide statement of net position. The valuation basis for capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Donated capital assets are capitalized at estimated fair market value on the date donated.

Depreciation is computed using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 50 years; improvements/infrastructure, 5 to 50 years; equipment, 5 to 15 years.

CLOVIS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental activities column of the statement of net position, except for the net residual amounts due between governmental and business-type activities which are presented as internal balances.

Compensated Absences

Compensated absences are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide statement of net position as long-term obligations.

Sick leave is accumulated without limit for each employee at the rate of one day for each month worked. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive .004 year of service credit for each day of unused sick leave. Credit for unused sick leave is applicable to all certificated employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full-time.

Accounts Payable and Long-Term Obligations

Accounts payable and long-term obligations are reported in the government-wide and proprietary fund financial statements. In general, governmental fund accounts payable that are paid in a timely manner and in full from current financial resources are reported as obligations of the funds.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District reports deferred outflows of resources for deferred charges on refunding of debt, for postemployment benefits related items, and for pension related items.

In addition to liabilities, the Statement of Net Position reports 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 and so will not be recognized as revenue until then. The District reports deferred inflows of resources for deferred charges on refunding of debt and pension related items.

CLOVIS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) plan for schools (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalSTRS and CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Member contributions are recognized in the period in which they are earned. Investments are reported at fair value.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the CalSTRS Medicare Premium Payment (MPP) Program and additions to/deductions from the MPP's fiduciary net position have been determined on the same basis as they are reported by the MPP. For this purpose, the MPP recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Fund Balances - Governmental Funds

As of June 30, 2019, fund balances of the governmental funds are classified as follows:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed - amounts that can be used only for specific purposes determined by a formal action of the governing board. The governing board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions or other action as approved by the governing board.

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, the assistant superintendent of business services or the associate superintendent of administrative services may assign amounts for specific purposes.

Unassigned - all other spendable amounts.

CLOVIS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

Spending Order Policy

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the governing board has provided otherwise in its commitment or assignment actions.

Minimum Fund Balance Policy

In fiscal year 2010-2011, the governing board adopted a minimum fund balance policy for the General Fund in order to protect the district against revenue shortfalls or unpredicted on-time expenditures. The policy requires a Reserve for Economic Uncertainties consisting of unassigned amounts equal to no less than ten percent of General Fund expenditures and other financing uses.

Net Position

Net position represents the difference between assets and liabilities. Net position net of investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report \$76,113,753 of restricted net position.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are premiums charged to the operating funds to support the health and welfare and workers' compensation coverage. Operating expenses are necessary costs incurred to provide the services that are the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented in the financial statements. Interfund transfers are eliminated in the governmental activities column of the Statement of Activities.

CLOVIS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Property Tax

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County of Fresno bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

New Accounting Pronouncements

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all State and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

The requirements of this Statement are effective for the reporting periods beginning after December 15, 2018. Early implementation is encouraged.

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The requirements of this Statement are effective for the reporting periods beginning after December 15, 2019. Early implementation is encouraged.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

CLOVIS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

In August 2018, the GASB issued Statement 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 60*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government’s holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

CLOVIS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

A conduit debt obligation is defined as a debt instrument having all of the following characteristics:

- There are at least three parties involved: (1) an issuer, (2) a third-party obligor, and (3) a debt holder or a debt trustee.
- The issuer and the third-party obligor are not within the same financial reporting entity.
- The debt obligation is not a parity bond of the issuer, nor is it cross-collateralized with other debt of the issuer.
- The third-party obligor or its agent, not the issuer, ultimately receives the proceeds from the debt issuance.
- The third-party obligor, not the issuer, is primarily obligated for the payment of all amounts associated with the debt obligation (debt service payments).

All conduit debt obligations involve the issuer making a limited commitment. Some issuers extend additional commitments or voluntary commitments to support debt service in the event the third party is, or will be, unable to do so.

An issuer should not recognize a conduit debt obligation as a liability. However, an issuer should recognize a liability associated with an additional commitment or a voluntary commitment to support debt service if certain recognition criteria are met. As long as a conduit debt obligation is outstanding, an issuer that has made an additional commitment should evaluate at least annually whether those criteria are met. An issuer that has made only a limited commitment should evaluate whether those criteria are met when an event occurs that causes the issuer to reevaluate its willingness or ability to support the obligor's debt service through a voluntary commitment.

This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

Issuers should not report those arrangements as leases, nor should they recognize a liability for the related conduit debt obligations or a receivable for the payments related to those arrangements. In addition, the following provisions apply:

- If the title passes to the third-party obligor at the end of the arrangement, an issuer should not recognize a capital asset.

CLOVIS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

- If the title does not pass to the third-party obligor and the third party has exclusive use of the entire capital asset during the arrangement, the issuer should not recognize a capital asset until the arrangement ends.
- If the title does not pass to the third-party obligor and the third party has exclusive use of only portions of the capital asset during the arrangement, the issuer, at the inception of the arrangement, should recognize the entire capital asset and a deferred inflow of resources. The deferred inflow of resources should be reduced, and an inflow recognized, in a systematic and rational manner over the term of the arrangement.

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

The requirements of this Statement are effective for the reporting periods beginning after December 15, 2020. Early implementation is encouraged.

NOTE 2 - DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

Deposits and investments as of June 30, 2019, are classified in the accompanying financial statements as follows:

Governmental activities	\$ 282,076,863
Fiduciary funds	2,572,959
Total Deposits and Investments	<u>\$ 284,649,822</u>

Deposits and investments as of June 30, 2019, consist of the following:

Cash awaiting deposit	\$ 8,589,859
Cash on hand and in banks	10,220,455
Cash in revolving	147,500
Cash with fiscal agent	918,961
Investments with county treasury	264,773,047
Total Deposits and Investments	<u>\$ 284,649,822</u>

Policies and Practices

The District is authorized under *California Government Code* to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations.

CLOVIS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

Investment in County Treasury - The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (*Education Code* Section 41001). The fair value of the District's investment in the pool is reported in the accounting 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.

General Authorizations

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the County Pool which purchases a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

CLOVIS UNIFIED SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

Segmented Time Distribution

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following schedule that shows the distribution of the District's investments by maturity:

<u>Investment Type</u>	<u>Fair Value</u>	<u>12 Months or Less</u>	<u>13 - 36 Months</u>	<u>37 - 60 Months</u>	<u>More Than 60 Months</u>
County Pool	\$ 265,675,334	\$ -	\$ 265,675,334	\$ -	\$ -

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California *Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2019, \$16,023,218 of the District's bank balance was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

NOTE 3 - FAIR VALUE MEASUREMENTS

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonably available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

CLOVIS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

Uncategorized - Investments in the Fresno County Treasury Investment Pool are not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at \$1.00 net asset value per share.

NOTE 4 - RECEIVABLES

Receivables at June 30, 2019, consisted of intergovernmental grants, entitlements, interest and other local sources. All receivables are considered collectible in full.

	General Fund	Non-Major Governmental Funds	Total Governmental Funds	Internal Service Fund	Total Governmental Activities	Warrant/ Pass-Through Fund
Federal Government						
Categorical aid	\$ 7,981,857	\$ 1,930,343	\$ 9,912,200	\$ -	\$ 9,912,200	\$ -
State Government						
State grants and entitlements	2,880,406	828,447	3,708,853	-	3,708,853	-
Local Sources	3,977,843	451,825	4,429,668	1,325,320	5,754,988	57,601
Total	<u>\$14,840,106</u>	<u>\$ 3,210,615</u>	<u>\$ 18,050,721</u>	<u>\$ 1,325,320</u>	<u>19,376,041</u>	<u>\$ 57,601</u>

CLOVIS UNIFIED SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2019, was as follows:

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
Governmental Activities				
Capital Assets not being depreciated				
Land	\$ 90,600,927	\$ 10,637,252	\$ -	\$ 101,238,179
Construction in progress	34,022,307	37,516,880	50,056,404	21,482,783
Total Capital Assets Not Being Depreciated	<u>124,623,234</u>	<u>48,154,132</u>	<u>50,056,404</u>	<u>122,720,962</u>
Capital Assets being depreciated				
Land improvements	127,374,408	1,783,435	1,464,217	127,693,626
Buildings and improvements	972,421,307	35,050,264	93,833	1,007,377,738
Furniture and equipment	72,855,863	5,135,879	111,889	77,879,853
Total Capital Assets Being Depreciated	<u>1,172,651,578</u>	<u>41,969,578</u>	<u>1,669,939</u>	<u>1,212,951,217</u>
Less Accumulated Depreciation				
Land improvements	79,681,192	4,774,523	883,452	83,572,263
Buildings and improvements	248,361,530	21,302,915	63,872	269,600,573
Furniture and equipment	35,671,497	4,503,303	110,413	40,064,387
Total Accumulated Depreciation	<u>363,714,219</u>	<u>30,580,741</u>	<u>1,057,737</u>	<u>393,237,223</u>
Governmental Activities Capital Assets, Net	<u>\$ 933,560,593</u>	<u>\$ 59,542,969</u>	<u>\$ 50,668,606</u>	<u>\$ 942,434,956</u>

Depreciation expense was charged as a direct expense to governmental functions as follows:

Governmental Activities	
Instruction	\$ 18,312,875
School site administration	1,875,712
All other pupil services	4,151,700
Ancillary services	2,920,462
Community services	770,621
All other general administration	1,261,476
Plant services	1,287,895
Total Depreciation Expenses Governmental Activities	<u>\$ 30,580,741</u>

CLOVIS UNIFIED SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 6 - INTERFUND TRANSACTIONS

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivable and payable balances at June 30, 2019, between major and non-major governmental funds, and internal service funds are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Governmental Fund		
General	\$ -	\$ 5,779,768
Non-Major Governmental Funds		
Charter School	521,512	-
Adult Education	231,097	-
Child Development	-	147,050
Cafeteria	-	151,751
Deferred Maintenance	200,000	-
Building	20,648	-
Capital Facilities	-	336,065
Special Reserve Capital Outlay	40,289	-
Total Non-Major Governmental Funds	<u>1,013,546</u>	<u>634,866</u>
Subtotal All Governmental Funds	<u>1,013,546</u>	<u>6,414,634</u>
Self Insurance Fund	5,401,088	-
Total All Funds	<u>\$ 6,414,634</u>	<u>\$ 6,414,634</u>

CLOVIS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

Operating Transfers

Interfund transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Interfund transfers for the year ended June 30, 2019, consisted of the following:

The General Fund transferred to the Deferred Maintenance Non-Major Governmental Fund for future repairs and maintenance projects.	\$ 2,800,000
The General Fund transferred to the Building Fund for the COPs debt service payment.	1,732,456
The General Fund transferred to the Special Reserve Capital Outlay Non-Major Governmental Fund for a district-wide furniture refresh.	500,000
The General Fund transferred to the Adult Education Non-Major Governmental Fund the District's Adult Education contribution.	846,880
The General Fund transferred to the Special Reserve Capital Outlay Non-Major Governmental Fund for the annual RCA transfer.	275,000
The General Fund transferred to the Special Reserve Capital Outlay Non-Major Governmental Fund for safety standards costs.	1,700,000
The Charter School Non-Major Governmental Fund transferred to the Special Reserve Capital Outlay Non-Major Governmental Fund Prop 39 funds.	212,963
The Deferred Maintenance Non-Major Governmental Fund transferred to the Building Fund for the Clovis West High School modernization project.	1,700,000
The Capital Facilities Non-Major Governmental Fund transferred to the General Fund a three percent administrative fee.	336,000
The Capital Facilities Non-Major Governmental Fund transferred to the County School Facilities Non-Major Governmental Fund for developer fees related to the Shields and Locan area.	8,500,000
The County School Facilities Non-Major Governmental Fund transferred to the Building Non-Major Governmental Fund to balance the fund.	180,089
The Special Reserve Capital Outlay Non-Major Governmental Fund transferred solar rebates to the General Fund.	1,893,339
The Special Reserve Capital Outlay Non-Major Governmental Fund transferred to the Deferred Maintenance Non-Major Governmental Fund for future repairs and maintenance projects.	1,500,000
Total	<u><u>\$ 22,176,727</u></u>

CLOVIS UNIFIED SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 7 - PREPAID EXPENDITURES (EXPENSES)

Prepaid expenditures (expenses) at June 30, 2019, consist of the following:

	General Fund	Non-Major Governmental Funds	Total Governmental Activities
Electronic Student Curriculum Database Subscription	\$ 155,000	\$ 256,400	\$ 411,400

NOTE 8 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2019, consisted of the following:

	General Fund	Non-Major Governmental Funds	Governmental Funds Total	Internal Service Fund ¹	Total Governmental Activities
Vendor payables	\$ 3,579,496	\$ 2,853,362	\$ 6,432,858	\$ 2,570,151	\$ 9,003,009
Local control funding formula	2,166,548	-	2,166,548	-	2,166,548
Deferred payroll	27,690,953	-	27,690,953	-	27,690,953
Accrued payroll	342,729	-	342,729	-	342,729
Total	<u>\$ 33,779,726</u>	<u>\$ 2,853,362</u>	<u>\$ 36,633,088</u>	<u>\$ 2,570,151</u>	<u>39,203,239</u>

¹ Other post-employment benefits are reflected in the Long-Term Obligations balance.

NOTE 9 - UNEARNED REVENUE

Unearned revenue at June 30, 2019, consists of the following:

	General Fund
Federal financial assistance	\$ 398,451
State categorical aid	497,938
Local sources	15,885
Total	<u>\$ 912,274</u>

CLOVIS UNIFIED SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 10 - LONG-TERM OBLIGATIONS

Summary

The changes in the District's long-term obligations during the year consisted of the following:

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019	Due in One Year
General Obligation Bonds	\$ 481,768,620	\$ 31,005,575	\$ 45,074,070	\$ 467,700,125	\$ 29,460,000
Bond premium/discounts, net	10,140,896	(490,809)	874,308	8,775,779	-
Certificates of Participation	4,553,005	-	1,480,000	3,073,005	1,250,000
Compensated absences - net	2,719,413	194,439	-	2,913,852	-
Capital leases	1,626,065	1,500,000	1,552,516	1,573,549	1,071,890
Child development portables	441,000	315,000	126,000	630,000	126,000
Other postemployment benefits-not recognized in Self Insurance Fund	294,028,042	43,336,213	-	337,364,255	-
Other postemployment benefits-recognized in Self Insurance Fund	20,743,947	-	987,227	19,756,720	-
Other postemployment benefits-Medicare Premium Payment Program (MPP)	2,569,769	-	188,582	2,381,187	-
Total	<u>\$ 818,590,757</u>	<u>\$ 75,860,418</u>	<u>\$ 50,282,703</u>	<u>\$ 844,168,472</u>	<u>\$ 31,907,890</u>

The General Obligation Bonds are paid by the Bond Interest and Redemption Fund with local tax revenue. The Certificates of Participation are paid by the Building Fund and Central Valley School Districts Financing Corporation Fund. Payments on the capital leases and child development portables are made from General Fund, Building Fund and Child Development Fund. Payments on compensated absences and other postemployment benefits are made from the fund which the related employee worked.

CLOVIS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

Bonded Debt

The outstanding general obligation bonded debt is as follows:

Fiscal Year Issued	Fiscal Series	Fiscal Year Matured	Interest Rate	Original Issue	Bonds Outstanding July 1, 2018	Interest Accreted/ Issued	Redeemed	Bonds Outstanding June 30, 2019	Due in One Year
2002	01A	2019	9.0%	\$ 49,996,471	\$ 6,645,000	\$ -	\$ 6,645,000	\$ -	\$ -
2003	01B	2028	3.6-5.23%	29,000,256	14,537,575	-	1,415,593	13,121,982	1,360,615
Accreted interest on bonds					17,510,289	1,505,994	1,539,407	17,476,876	1,664,385
2005	04A	2030	3.8-6.15%	119,998,286	49,834,437	-	888,600	48,945,837	-
Accreted interest on bonds					52,674,032	5,498,932	985,470	57,187,494	-
2006	04B	2031	4.0-5.0%	48,001,060	13,847,060	-	-	13,847,060	-
Accreted interest on bonds					11,078,238	1,211,642	-	12,289,880	-
2012	12R	2022	2.0-5.0%	17,935,000	17,570,000	-	8,895,000	8,675,000	4,120,000
2013	12A	2038	1.0-5.5%	79,996,801	38,025,000	-	1,625,000	36,400,000	2,615,000
2014	12B	2039	2.0-6.12%	49,996,579	29,165,547	-	16,105,000	13,060,547	-
Accreted interest on bonds					1,070,348	254,585	-	1,324,933	-
2015	12C	2040	3.19-4.52%	64,995,505	57,465,504	-	1,180,000	56,285,504	1,115,000
Accreted interest on bonds					1,923,544	542,205	-	2,465,749	-
2016	12D	2041	3.37-5.0%	103,007,034	96,107,034	-	1,190,000	94,917,034	1,045,000
Accreted interest on bonds					1,900,716	703,583	-	2,604,299	-
2017	16R	2022	2.0-5.0%	30,510,000	28,850,000	-	1,740,000	27,110,000	14,505,000
2017	17R	2036	3.18-5.0%	43,121,677	43,121,677	-	2,865,000	40,256,677	545,000
Accreted interest on bonds					442,619	578,634	-	1,021,253	-
2018	18R	2039	2.694-4.357%	20,710,000	-	20,710,000	-	20,710,000	2,490,000
Total				<u>\$ 657,268,669</u>	<u>\$ 481,768,620</u>	<u>\$ 31,005,575</u>	<u>\$ 45,074,070</u>	<u>\$ 467,700,125</u>	<u>\$ 29,460,000</u>

Debt Service Requirements to Maturity

The annual requirement to amortize the Election of 2001, Series B general obligation bonds payable, outstanding at June 30, 2019, is as follows:

Fiscal Year	Accreted Obligation	Unaccreted Interest	Final Maturity
2020	\$ 3,025,000	\$ -	\$ 3,025,000
2021	2,953,060	146,940	3,100,000
2022	2,875,915	299,085	3,175,000
2023	2,802,948	457,052	3,260,000
2024	2,736,338	618,662	3,355,000
2025-2028	16,205,597	7,114,403	23,320,000
Total	<u>\$ 30,598,858</u>	<u>\$ 8,636,142</u>	<u>\$ 39,235,000</u>

CLOVIS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

The annual requirement to amortize the Election of 2004, Series A general obligation bonds payable, outstanding at June 30, 2019, is as follows:

<u>Fiscal Year</u>	<u>Accreted Obligation</u>	<u>Unaccreted Interest</u>	<u>Final Maturity</u>
2021	\$ 11,830,874	\$ 599,126	\$ 12,430,000
2022	-	-	-
2023	11,993,142	1,971,858	13,965,000
2024	12,054,231	2,750,769	14,805,000
2025-2029	58,794,756	26,655,244	85,450,000
2030	11,460,328	9,544,672	21,005,000
Total	<u>\$ 106,133,331</u>	<u>\$ 41,521,669</u>	<u>\$ 147,655,000</u>

The annual requirement to amortize the Election of 2004, Series B general obligation bonds payable, outstanding at June 30, 2019, is as follows:

Capital Appreciation Bond portion:

<u>Fiscal Year</u>	<u>Accreted Obligation</u>	<u>Unaccreted Interest</u>	<u>Final Maturity</u>
2027	\$ 3,525,690	\$ 1,364,310	\$ 4,890,000
2028	3,558,660	1,621,340	5,180,000
2029	3,589,334	1,905,666	5,495,000
2030	3,619,256	2,195,744	5,815,000
2031	11,844,000	8,156,000	20,000,000
Total	<u>\$ 26,136,940</u>	<u>\$ 15,243,060</u>	<u>\$ 41,380,000</u>

The annual requirement to amortize the 2012 Refunding general obligation bonds payable, outstanding at June 30, 2019, is as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2020	\$ 4,120,000	\$ 290,350	\$ 4,410,350
2021	-	202,950	202,950
2022	4,555,000	101,475	4,656,475
Total	<u>\$ 8,675,000</u>	<u>\$ 594,775</u>	<u>\$ 9,269,775</u>

CLOVIS UNIFIED SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

The annual requirement to amortize the 2012 Series A general obligation bonds payable, outstanding at June 30, 2019, is as follows:

Current Interest Bond portion:

Fiscal Year	Principal	Interest to Maturity	Total
2020	\$ 2,615,000	\$ 1,362,400	\$ 3,977,400
2021	-	1,310,100	1,310,100
2022	3,165,000	1,246,800	4,411,800
2023	3,515,000	1,113,200	4,628,200
2024	-	1,042,900	1,042,900
2025-2029	-	5,214,500	5,214,500
2030-2034	8,260,000	4,386,750	12,646,750
2035-2038	18,845,000	2,276,700	21,121,700
Total	\$ 36,400,000	\$ 17,953,350	\$ 54,353,350

The annual requirement to amortize the 2012 Series B general obligation bonds payable, outstanding at June 30, 2019, is as follows:

Current Interest Bond portion:

Fiscal Year	Principal	Interest to Maturity	Total
2020	\$ -	\$ 491,500	\$ 491,500
2021	-	491,500	491,500
2022	-	491,500	491,500
2023	-	491,500	491,500
2024	-	491,500	491,500
2025-2029	-	2,457,500	2,457,500
2030-2034	-	2,457,500	2,457,500
2035-2039	9,830,000	998,000	10,828,000
Total	\$ 9,830,000	\$ 8,370,500	\$ 18,200,500

Capital Appreciation Bond portion:

Fiscal Year	Accreted Obligation	Unaccreted Interest	Final Maturity
2021	\$ 1,751,491	\$ 103,509	\$ 1,855,000
2022-2024	2,803,989	541,011	3,345,000
Total	\$ 4,555,480	\$ 644,520	\$ 5,200,000

Total 2012, Series B obligation:

\$ 14,385,480

CLOVIS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

The annual requirement to amortize the 2012 Series C general obligation bonds payable, outstanding at June 30, 2019, is as follows:

Current Interest Bond portion:

Fiscal Year	Principal	Interest to Maturity	Total
2020	\$ 1,115,000	\$ 1,757,000	\$ 2,872,000
2021	-	1,729,125	1,729,125
2022	1,125,000	1,701,000	2,826,000
2023	1,305,000	1,640,250	2,945,250
2024	-	1,607,625	1,607,625
2025-2029	-	8,038,126	8,038,126
2030-2034	3,555,000	7,975,913	11,530,913
2035-2039	24,545,000	5,391,500	29,936,500
2040	13,025,000	260,500	13,285,500
Total	\$ 44,670,000	\$ 30,101,039	\$ 74,771,039

Capital Appreciation Bond portion:

Fiscal Year	Accreted Obligation	Unaccreted Interest	Final Maturity
2024-2027	\$ 6,012,768	\$ 1,297,232	\$ 7,310,000
2028-2032	6,395,879	3,629,121	10,025,000
2033	1,672,606	1,317,394	2,990,000
Total	\$ 14,081,253	\$ 6,243,747	\$ 20,325,000

Total 2012, Series C obligation: \$ 58,751,253

The annual requirement to amortize the 2012 Series D general obligation bonds payable, outstanding at June 30, 2019, is as follows:

Current Interest Bond portion:

Fiscal Year	Principal	Interest to Maturity	Total
2020	\$ 1,045,000	\$ 3,435,875	\$ 4,480,875
2021	1,575,000	3,370,375	4,945,375
2022	1,030,000	3,305,250	4,335,250
2023	1,325,000	3,246,375	4,571,375
2024	1,590,000	3,173,500	4,763,500
2025-2029	3,355,000	15,466,375	18,821,375
2030-2034	3,090,000	14,134,750	17,224,750
2035-2039	17,340,000	13,251,949	30,591,949
2040-2041	51,185,000	2,349,500	53,534,500
Total	\$ 81,535,000	\$ 61,733,949	\$ 143,268,949

CLOVIS UNIFIED SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

Capital Appreciation Bond portion:

<u>Fiscal Year</u>	<u>Accreted Obligation</u>	<u>Unaccreted Interest</u>	<u>Final Maturity</u>
2031	\$ 2,170,700	\$ 1,329,300	\$ 3,500,000
2032-2036	12,085,119	10,789,881	22,875,000
2037	1,730,514	2,074,486	3,805,000
Total	<u>\$ 15,986,333</u>	<u>\$ 14,193,667</u>	<u>\$ 30,180,000</u>

Total 2012, Series D obligation: \$ 97,521,333

The annual requirement to amortize the 2016 Refunding general obligation bonds payable, outstanding at June 30, 2019, is as follows:

Current Interest Bond portion:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2020	\$ 14,505,000	\$ 920,350	\$ 15,425,350
2021	10,055,000	378,875	10,433,875
2022	2,550,000	63,750	2,613,750
Total	<u>\$ 27,110,000</u>	<u>\$ 1,362,975</u>	<u>\$ 28,472,975</u>

The annual requirement to amortize the 2017 Refunding general obligation bonds payable, outstanding at June 30, 2019, is as follows:

Current Interest Bond portion:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2020	\$ 545,000	\$ 1,088,825	\$ 1,633,825
2021	640,000	1,059,200	1,699,200
2022	255,000	1,036,825	1,291,825
2023	-	1,030,450	1,030,450
2024	-	1,030,450	1,030,450
2025-2029	6,215,000	4,376,625	10,591,625
2030-2034	14,325,000	1,867,924	16,192,924
2035	2,605,000	39,075	2,644,075
Total	<u>\$ 24,585,000</u>	<u>\$ 11,529,374</u>	<u>\$ 36,114,374</u>

CLOVIS UNIFIED SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

Capital Appreciation Bond portion:

<u>Fiscal Year</u>	<u>Accreted Obligation</u>	<u>Unaccreted Interest</u>	<u>Final Maturity</u>
2033	\$ 4,234,734	\$ 2,355,266	\$ 6,590,000
2034	4,208,562	2,661,438	6,870,000
2035	4,220,874	3,009,126	7,230,000
2036	4,028,760	3,191,240	7,220,000
Total	<u>\$ 16,692,930</u>	<u>\$ 11,217,070</u>	<u>\$ 27,910,000</u>

Total 2012, Series D obligation: \$ 41,277,930

The annual requirement to amortize the 2018 Refunding general obligation bonds payable, outstanding at June 30, 2019, is as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2020	\$ 2,490,000	\$ 762,640	\$ 3,252,640
2021	1,170,000	711,386	1,881,386
2022	1,000,000	677,868	1,677,868
2023	-	662,063	662,063
2024	-	662,063	662,063
2025-2029	-	3,310,315	3,310,315
2030-2034	-	3,310,315	3,310,315
2035-2039	16,050,000	2,740,239	18,790,239
Total	<u>\$ 20,710,000</u>	<u>\$ 12,836,889</u>	<u>\$ 33,546,889</u>

Savings Results on 2018 Refunding General Obligation Bonds:

Prior Debt Service	\$ 34,920,250
Refunding Debt Service	33,748,138
Savings	<u>\$ 1,172,112</u>
Present Value of Savings at 4.36%	<u>\$ 433,093</u>

CLOVIS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

Certificates of Participation

2010 Certificates of Participation

In June 2010, the Central Valley Support Services JPA issued 2010 Certificates of Participation on behalf of the District in the amount of \$9,365,000 with interest rates ranging from 2.00 to 4.00 percent. As of June 30, 2019, the principal balance outstanding was \$1,540,058.

The certificates, in their entirety, mature through November 2021. The District's liability is as follows:

Year Ending June 30,	Principal	Interest	Total
2020	\$ 1,250,000	\$ 59,000	\$ 1,309,000
2021	290,058	25,700	315,758
Total	<u>\$ 1,540,058</u>	<u>\$ 84,700</u>	<u>\$ 1,624,758</u>

2011 Certificates of Participation

In January 2011, the Central Valley Support Services JPA issued 2011 Certificates of Participation on behalf of the District in the amount of \$4,450,000 with interest rates ranging from 2.00 to 4.50 percent. As of June 30, 2019, the principal balance outstanding was \$1,532,947.

The certificates, in their entirety, mature through November 2025. The District's liability is as follows:

Year Ending June 30,	Principal	Interest	Total
2020	\$ 285,000	\$ 132,100	\$ 417,100
2021	295,000	118,313	413,313
2022	310,000	103,188	413,188
2023	330,000	86,775	416,775
2024	312,947	69,056	382,003
Total	<u>\$ 1,532,947</u>	<u>\$ 509,432</u>	<u>\$ 2,042,379</u>

Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2019, amounted to \$2,913,852.

CLOVIS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

Capital Leases

The District has entered into agreements to lease various facilities and equipment. Such agreements are, in substance, purchases (capital leases) and are reported as capital lease obligations. The District's liability on lease agreements with options to purchase is summarized below:

Balance, July 1, 2018	\$ 1,626,065
Additions	1,500,000
Payments	1,552,516
Balance, June 30, 2019	<u>\$ 1,573,549</u>

The capital leases have minimum lease payments as follows:

Year Ending June 30,	Lease Payment
2020	\$ 1,111,818
2021	516,436
Total	<u>1,628,254</u>
Less: Amount Representing Interest	54,705
Present Value of Minimum Lease Payments	<u>\$ 1,573,549</u>

Child Development Portables

The District financed the purchase of Child Development Portables through the California Department of Education's (CDE) Child Care Facilities Revolving Fund. The agreement with the CDE includes a zero percent interest rate for the portable classrooms. During the term of the repayment, the title to the facilities shall be in the name of the State of California. Title shall pass to the District after repayment of all funds. The District bears all responsibility of maintaining the facilities and keeping the facilities free and clear of any levies, liens and encumbrances.

The loans mature in 2027 and the payments are as follows:

Year Ending June 30,	Payment
2020	\$ 126,000
2021	126,000
2022	63,000
2023	63,000
2024	63,000
2025-2027	<u>189,000</u>
Total	<u>\$ 630,000</u>

CLOVIS UNIFIED SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

Net Other Postemployment Benefit (OPEB) Liability

For the fiscal year ended June 30, 2019, the District reported net OPEB liability, deferred outflows of resources, and OPEB expense for the following plans:

OPEB Plan	Net OPEB Liability	Deferred Outflows of Resources	OPEB Expense
District Plan	\$ 357,120,975	\$ 26,532,515	\$ 15,816,471
Medicare Premium Payment (MPP) Program	2,381,187	-	(188,582)
Total	\$ 359,502,162	\$ 26,532,515	\$ 15,627,889

The details of each plan are as follows:

District Plan

Plan Administration

The District's governing board administers the Postemployment Benefits Plan (the Plan). The Plan is a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible retirees and their spouses. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Plan Membership

At June 30, 2018, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	1,136
Active employees	3,545
Total	4,681

Benefits Provided

The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the Plan. The District's governing board has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

Contributions

The benefit payment requirements of the Plan members and the District are established and may be amended by the District. The benefit payment is based on projected pay-as-you-go financing requirements as determined annually through the agreements with the District. For fiscal year 2018-2019, the District paid \$8,679,445 in benefits.

CLOVIS UNIFIED SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

Total OPEB Liability of the District

The District's total OPEB liability of \$357,120,975 was measured as of June 30, 2019, and was determined by an actuarial valuation on July 1, 2018.

Actuarial Assumptions

The total OPEB liability in the June 30, 2018, actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	3 percent, average, including inflation
Discount rate	3.13 percent, net of OPEB plan investment expense, including inflation

Healthcare Cost Trends:	<u>Medical/RX</u>	<u>Dental</u>	<u>Vision</u>
2019	5.7	4.0	3.0
2020	5.4	4.0	3.0
2021	5.1	4.0	3.0
2022+	4.9	4.0	3.0

The discount rate was based on the Bond Buyer 20-bond General Obligation Index.

Pre-retirement mortality rates were based on the RP-2014 Employee Mortality Table for Males or Females, as appropriate, without projection. Post-retirement mortality rates were based on the RP-2014 Health Annuitant Mortality Table for Males and Females, as appropriate, without projection.

The actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actual experience study for the period July 1, 2016 to June 30, 2018.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance, June 30, 2018	\$ 314,771,989
Service cost	10,492,371
Interest	11,229,316
Changes of assumptions or other inputs	29,849,079
Benefit payments	(9,221,780)
Net change in total OPEB liability	<u>42,348,986</u>
Balance, June 30, 2019	<u><u>\$ 357,120,975</u></u>

Changes in Benefit Terms - There were no changes in the benefit terms since the previous valuation.

Changes of Assumptions - The plan rate of investment return assumption was changed from 4.0 percent to 3.13 percent since last study.

CLOVIS UNIFIED SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

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

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

<u>Discount Rate</u>	<u>Total OPEB Liability</u>
1% decrease (2.13%)	\$ 430,504,347
Current discount rate (3.13%)	357,120,975
1% increase (4.13%)	299,733,487

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

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

<u>Healthcare Cost Trend Rates</u>	<u>Total OPEB Liability</u>
1% decrease (4%)	\$ 291,679,248
Current trend rate (5%)	357,120,975
1% increase (6%)	443,699,095

OPEB Expense and Deferred Outflows of Resources related to OPEB

For the year ended June 30, 2019, the District recognized OPEB expense of \$15,816,471 and the deferred outflows of resources of \$26,532,515 for changes of assumptions. The deferred outflows of resources related to changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period and will be recognized in OPEB expense as follow:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>
2019	\$ 3,316,564
2020	3,316,564
2021	3,316,564
2022	3,316,564
2022	3,316,564
Thereafter	9,949,695
Total	<u>\$ 26,532,515</u>

CLOVIS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

Medicare Premium Payment (MPP) Program

Plan Description

The Medicare Premium Payment (MPP) Program is administered by the California State Teachers' Retirement System (CalSTRS). The MPP Program is a cost-sharing multiple-employer other postemployment benefit plan (OPEB) established pursuant to Chapter 1032, Statutes 2000 (SB 1435). CalSTRS administers the MPP Program through the Teachers' Health Benefits Fund (THBF).

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2017 annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Benefits Provided

The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the State Teachers Retirement Plan (STRP) Defined Benefit (DB) Program who were retired or began receiving a disability allowance prior to July 1, 2012 and were not eligible for premium free Medicare Part A. The payments are made directly to the Centers for Medicare and Medicaid Services (CMS) on a monthly basis.

The MPP Program is closed to new entrants as members who retire after July 1, 2012, are not eligible for coverage under the MPP Program.

The MPP Program is funded on a pay-as-you go basis from a portion of monthly District benefit payments. In accordance with California *Education Code* Section 25930, benefit payments that would otherwise be credited to the DB Program each month are instead credited to the MPP Program to fund monthly program and administrative costs. Total redirections to the MPP Program are monitored to ensure that total incurred costs do not exceed the amount initially identified as the cost of the program.

Net OPEB Liability and OPEB Expense

At June 30, 2019, the District reported a liability of \$2,381,187 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2018 and June 30, 2017, respectively, was 0.6221 percent and 0.6108 percent, resulting in a net increase in the proportionate share of 0.0113 percent.

For the year ended June 30, 2019, the District recognized OPEB expense of \$(188,582).

CLOVIS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

Actuarial Methods and Assumptions

The June 30, 2018 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2017, and rolling forward the total OPEB liability to June 30, 2018, using the assumptions listed in the following table:

Measurement Date	June 30, 2018	June 30, 2017
Valuation Date	June 30, 2017	June 30, 2016
Experience Study	July 1, 2010 through June 30, 2015	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	3.87%	3.58%
Medicare Part A Premium Cost Trend Rate	3.70%	3.70%
Medicare Part B Premium Cost Trend Rate	4.10%	4.10%

For the valuation as of June 30, 2017, 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 our members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

Assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 459 or an average of 0.27 percent of the potentially eligible population (171,593).

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2018, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2018 is 3.87 percent. The MPP Program is funded on a pay-as-you-go basis as described in Note 1, and under the pay-as-you-go method, the OPEB Plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 3.87 percent, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2018, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate increased 0.29 percent from 3.58 percent as of June 30, 2017.

CLOVIS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

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

<u>Discount Rate</u>	<u>Net OPEB Liability</u>
1% decrease (2.87%)	\$ 2,633,714
Current discount rate (3.87%)	2,381,187
1% increase (4.87%)	2,153,176

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Medicare Costs Trend Rates

The following presents the District's proportionate share of the net OPEB liability calculated using the current Medicare costs trend rates, as well as what the net OPEB liability would be if it were calculated using Medicare costs trend rates that are one percent lower or higher than the current rates:

<u>Medicare Costs Trend Rate</u>	<u>Net OPEB Liability</u>
1% decrease (2.7% Part A and 3.1% Part B)	\$ 2,171,404
Current medicare costs trend rate (3.7% Part A and 4.1% Part B)	2,381,187
1% increase (4.7% Part A and 5.1% Part B)	2,606,808

CLOVIS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 11 - FUND BALANCES

Fund balances are composed of the following elements:

	General Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total
Nonspendable				
Revolving cash	\$ 144,000	\$ -	\$ 3,500	\$ 147,500
Stores inventories	1,653,039	-	271,627	1,924,666
Prepaid expenditures	155,000	-	256,400	411,400
Total Nonspendable	<u>1,952,039</u>	<u>-</u>	<u>531,527</u>	<u>2,483,566</u>
Restricted				
Legally restricted programs	3,307,015	-	26,580	3,333,595
Food service programs	-	-	7,935,389	7,935,389
Capital projects	-	-	31,553,231	31,553,231
Debt service	-	39,015,301	1,098,267	40,113,568
Child development programs	-	-	432,130	432,130
Total Restricted	<u>3,307,015</u>	<u>39,015,301</u>	<u>41,045,597</u>	<u>83,367,913</u>
Committed				
Deferred maintenance projects	-	-	79,863	79,863
Adult education program	-	-	4,500,251	4,500,251
Total Committed	<u>-</u>	<u>-</u>	<u>4,580,114</u>	<u>4,580,114</u>
Assigned				
Fee-based program carryovers	756,338	-	-	756,338
Mandated claims audit reserve	898,143	-	-	898,143
CNG Station	141,672	-	-	141,672
Textbooks	5,028,675	-	-	5,028,675
LCAP carryover	2,441,465	-	-	2,441,465
Professional development	331,658	-	-	331,658
Grants (Residency, Local Solutions)	661,871	-	-	661,871
Site carryover	898,071	-	-	898,071
Citi-Kids (future capital)	1,251,091	-	-	1,251,091
Student computer refresh	4,505,577	-	-	4,505,577
District-wide technology needs	210,032	-	-	210,032
Mandated athletic standards	199,154	-	-	199,154
Facility standards	120,008	-	-	120,008
Charter school future program growth	-	-	4,904,885	4,904,885
Child development future program growth	-	-	2,387,355	2,387,355
Capital projects	-	-	3,132,025	3,132,025
Total Assigned	<u>17,443,755</u>	<u>-</u>	<u>10,424,265</u>	<u>27,868,020</u>
Unassigned	<u>92,721,804</u>	<u>-</u>	<u>-</u>	<u>92,721,804</u>
Total	<u>\$ 115,424,613</u>	<u>\$ 39,015,301</u>	<u>\$ 56,581,503</u>	<u>\$ 211,021,417</u>

CLOVIS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 12 - RISK MANAGEMENT

Workers' Compensation, Short-Term Disability, and Employee Medical Benefits

The District is self-insured for workers' compensation, short-term disability, health, vision and dental programs. The District accounts for and finances its uninsured risks of loss in the Self Insurance Fund. The District provides coverage for up to a maximum of \$275,000 for each workers' compensation claim and up to \$450,000 for each health insurance claim. The District purchases commercial insurance for claims in excess of coverage provided by the General Fund and Self Insurance Fund and for all other risks of loss.

All funds of the District, which reflect salary costs, participate in the program and make payments to the Self Insurance Fund based on actuarial estimates of the amounts needed to pay prior and current year claims. The claims liability of \$11,576,331 reported in the Self Insurance Fund at June 30, 2019, is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. This amount also consists of a reserved for health and welfare claims based on an actuary study of estimated losses.

Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2019, the District contracted with the Schools Excess Liability Fund (SELF) and the Alliance of Schools for Cooperative Insurance Programs (ASCIP) for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Claims Liabilities

The District records an estimated liability for indemnity torts and other claims against the District. Claims liabilities are based on estimates of the ultimate cost of reported claims (including future claim adjustment expenses) and an estimate for claims incurred, but not reported based on historical experience.

CLOVIS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

Unpaid Claims Liabilities

The District establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represent the changes in approximate aggregate liabilities for the District from July 1, 2017 to June 30, 2019:

	Workers' Compensation/ Health and Welfare
Liability Balance, July 1, 2017	\$ 20,279,535
Claims and changes in estimates	73,319,973
Claims payments - workers compensation	2,097,100
Claims payments - health and welfare	62,104,869
Liability Balance, June 30, 2018	<u>29,397,539</u>
Claims and changes in estimates	70,514,128
Claims payments - workers compensation	2,042,977
Claims payments - health and welfare	64,973,370
Liability Balance, June 30, 2019	<u><u>\$ 32,895,320</u></u>
Health and welfare claims liability and reserve	\$ 16,918,833
Workers' compensation claims liability and reserve	15,976,487
Total Liability Balance, June 30, 2019	<u><u>\$ 32,895,320</u></u>

NOTE 13 - EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic employees are members of the California State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS).

For the fiscal year ended June 30, 2019, the District reported net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Collective Net Pension Liability	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Pension Expense
CalSTRS	\$ 318,541,616	\$ 96,257,262	\$ 22,976,208	\$ 40,235,537
CalPERS	149,586,205	43,184,762	350,947	31,096,439
Total	<u><u>\$ 468,127,821</u></u>	<u><u>\$ 139,442,024</u></u>	<u><u>\$ 23,327,155</u></u>	<u><u>\$ 71,331,976</u></u>

CLOVIS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

The District contributes to the State Teachers Retirement Plan (STRP) administered by the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2017, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Benefits Provided

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age, and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service.

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program, and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor of the STRP and obligor of the trust. In addition, the state is both an employer and nonemployer contributing entity to the STRP.

The District contributes exclusively to the STRP Defined Benefit Program, thus disclosures are not included for the other plans.

CLOVIS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

The STRP provisions and benefits in effect at June 30, 2019, are summarized as follows:

	<u>STRP Defined Benefit Program</u>	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	16.28%	16.28%
Required state contribution rate	9.828%	9.828%

Contributions

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2019, are presented above and the District's total contributions were \$31,357,995.

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

At June 30, 2019, 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:

Total net pension liability, including State share:

District's proportionate share of net pension liability	\$ 318,541,616
State's proportionate share of the net pension liability associated with the District	<u>182,379,973</u>
Total	<u><u>\$ 500,921,589</u></u>

The net pension liability was measured as of June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2018 and June 30, 2017, respectively was 0.3466 percent and 0.3374 percent, resulting in a net increase in the proportionate share of 0.0092 percent.

CLOVIS UNIFIED SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

For the year ended June 30, 2019, the District recognized pension expense of \$40,235,537. In addition, the District recognized pension expense and revenue of \$21,425,534 for support provided by the State. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Combined Deferred Outflows of Resources	Combined Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 31,357,995	\$ -
Net change in proportionate share of net pension liability	14,425,184	6,083,350
Difference between projected and actual earnings on pension plan investments	-	12,265,864
Differences between expected and actual experience in the measurement of the total pension liability	987,785	4,626,994
Changes of assumptions	49,486,298	-
Total	<u>\$ 96,257,262</u>	<u>\$ 22,976,208</u>

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

The deferred inflows of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Inflows of Resources
2020	\$ 2,663,265
2021	(1,932,535)
2022	(10,290,582)
2023	(2,706,012)
Total	<u>\$ (12,265,864)</u>

CLOVIS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is seven years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2020	\$ 10,965,567
2021	10,965,567
2022	10,965,566
2023	9,090,422
2024	11,209,128
Thereafter	992,673
Total	<u>\$ 54,188,923</u>

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2017, and rolling forward the total pension liability to June 30, 2018. The financial reporting actuarial valuation as of June 30, 2017, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2017
Measurement date	June 30, 2018
Experience study	July 1, 2010 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

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

CLOVIS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance-PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2018, are summarized in the following table:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global equity	47%	6.30%
Fixed income	12%	0.30%
Real estate	13%	5.20%
Private equity	13%	9.30%
Absolute Return/Risk Mitigating Strategies	9%	2.90%
Inflation sensitive	4%	3.80%
Cash/liquidity	2%	-1.00%

Discount Rate

The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. 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 occurred midyear. Based on these 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 total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% decrease (6.10%)	\$ 466,626,192
Current discount rate (7.10%)	318,541,616
1% increase (8.10%)	195,765,133

CLOVIS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

California Public Employees Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the School Employer Pool (SEP) under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2017, annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/forms-publications>.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2019, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	18.062%	18.062%

CLOVIS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2019, are presented above and the total District contributions were \$14,479,421.

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

As of June 30, 2019, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$149,586,205. The net pension liability was measured as of June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2018 and June 30, 2017, respectively was 0.5610 percent and 0.5487 percent, resulting in a net increase in the proportionate share of 0.0123 percent.

For the year ended June 30, 2019, the District recognized pension expense of \$31,096,439. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Combined Deferred Outflows of Resources	Combined Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 14,479,421	\$ -
Net change in proportionate share of net pension liability	2,736,553	350,947
Difference between projected and actual earnings on pension plan investments	1,226,942	-
Differences between expected and actual experience in the measurement of the total pension liability	9,806,323	-
Changes of assumptions	14,935,523	-
Total	<u>\$ 43,184,762</u>	<u>\$ 350,947</u>

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

CLOVIS UNIFIED SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

The deferred outflows of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources
2020	\$ 4,462,660
2021	1,067,207
2022	(3,420,002)
2023	(882,923)
Total	<u>\$ 1,226,942</u>

The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 4.0 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2020	\$ 11,740,760
2021	11,573,706
2022	3,812,986
Total	<u>\$ 27,127,452</u>

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2017, and rolling forward the total pension liability to June 30, 2018. The financial reporting actuarial valuation as of June 30, 2017, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2017
Measurement date	June 30, 2018
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and service

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries 90 percent of scale MP-2016.

CLOVIS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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 returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first ten 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. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	50%	5.98%
Fixed income	28%	2.62%
Inflation assets	0%	1.81%
Private equity	8%	7.23%
Real assets	13%	4.93%
Liquidity	1%	-0.92%

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool 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 total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net Pension Liability
1% decrease (6.15%)	\$ 217,790,361
Current discount rate (7.15%)	149,586,205
1% increase (8.15%)	93,001,094

CLOVIS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

Accumulation Program for Part-Time and Limited-Service Employees Plan (APPLE)

Plan Description

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by social security or an alternative plan. The District has elected to use the Accumulation Program for Part-time and Limited-service Employees (APPLE) Plan as its alternative plan.

The APPLE program applies to all part-time employees working less than 20 hours per week and are not eligible for CalPERS or CalSTRS retirement programs. This includes all part-time classified and certificated employees working less than 20 hours, as well as substitute employees.

Employees are eligible for plan benefits upon termination with the District and have the option of rolling over their benefit into an individual retirement account or receiving a direct payment. Those with account balances of less than \$3,500 and who do not indicate which alternative they choose will receive a direct distribution from the plan.

Funding Policy

Participants in APPLE are required to contribute 3.75 percent of gross salary to APPLE. The District is required to contribute 3.75 percent of gross salary expenditures to APPLE. The District's contributions to APPLE for the fiscal year ending June 30, 2019, 2018, 2017 were \$749,547, \$758,111, and \$763,990, respectively.

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of \$16,847,283 (9.828 percent of annual payroll). Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Senate Bill 90 (Chapter 33, Statutes of 2019), which was signed by the Governor on June 27, 2019, appropriated for an additional 2018-2019 contribution on behalf of school employers of \$2.246 billion for CalSTRS and \$904 million for CalPERS. A proportionate share of these contributions has been recorded in these financial statements. On behalf payments related to these additional contributions have been excluded from the calculation of available reserves and have not been included in the budgeted amounts reported in the *General Fund - Budgetary Comparison Schedule*.

CLOVIS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

NOTE 14 - COMMITMENTS AND CONTINGENCIES

Grants

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2019.

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2019.

Operating Leases

The District has entered into various operating leases for equipment with lease terms in excess of one year. All of these agreements contain purchase options. All agreements contain a termination clause providing for cancellation after a specified number of days written notice to lessors, but it is unlikely that the District will cancel any of the agreements prior to the expiration date.

Construction Commitments

As of June 30, 2019, the District had the following commitments with respect to the unfinished capital projects:

Location	Description	Remaining Construction Commitment	Expected Date of Completion
Jefferson Elementary School	Modernization	\$ 895,152	August 2019
Cole Elementary School	Modernization	1,380,597	October 2019
Fort Washington Elementary School	Modernization	478,942	September 2019
Young Elementary School	New School	16,676,618	July 2020
Various	Portables	911,857	August 2019
Total		<u>\$ 20,343,166</u>	

CLOVIS UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 15 - PARTICIPATION IN JOINT POWERS AUTHORITIES

The District is a member of the Schools Excess Liability Fund (SELF), Alliance of Schools for Cooperative Insurance Programs (ASCIP), Central Valley Support Services (CVSS), Education Technology, and the Center for Advanced Research & Technology (CART) joint powers authorities (JPAs). The District pays an annual premium to ASCIP for its property liability coverage. Payments for services received from JPAs are paid to CVSS and CART. The relationships between the District and the JPAs are such that they are not component units of the District for financial reporting purposes.

These entities have budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, fund transactions between the entities and the District are included in these statements. Audited financial statements are generally available from the respective entities.

One designee for each district votes for a 16 member Board of Directors for SELF.

During the year ended June 30, 2019, the District made a payment of \$380,636 to SELF for liability insurance coverage.

Eleven voting members of the ASCIP Executive Committee appointed by the member districts.

During the year ended June 30, 2019, the District made payments of \$2,390,606 to ASCIP for property and liability insurance coverage and \$958,637 for workers' compensation insurance coverage.

One designee and one alternate from each founding member district votes for a five member Board of Directors for the Education Technology JPA.

During the year ended June 30, 2019, the District made a payment of \$10,000 to the Education Technology JPA for founding members fees.

The Governing Board of CVSS shall consist of a District representative appointed by the Superintendent and a member of the operations staff of each educational agency holding membership in CVSS selected by that agency, and the Treasurer of CVSS.

The Governing Board of CART is comprised of representatives from the member public educational agencies and related associations.

During the year ended June 30, 2019, the District made payments of \$933,967 to CART for the financing and operation of a joint technical center for high school age students.

REQUIRED SUPPLEMENTARY INFORMATION

CLOVIS UNIFIED SCHOOL DISTRICT

**GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts			Variances -
	Original	Final	Actual	Favorable
				(Unfavorable)
				Final
				to Actual
REVENUES				
Local Control Funding Formula	\$ 375,300,523	\$ 377,019,505	\$ 377,019,505	\$ -
Federal sources	15,828,407	20,288,418	20,288,418	-
Other State sources	67,363,446	68,120,374	85,436,107	17,315,733
Other local sources	14,154,763	20,020,899	20,020,899	-
Total Revenues	472,647,139	485,449,196	502,764,929	17,315,733
EXPENDITURES				
Current				
Certificated salaries	189,160,328	192,766,579	192,766,579	-
Classified salaries	76,670,703	80,290,308	80,290,308	-
Employee benefits	125,165,453	129,441,670	146,757,403	(17,315,733)
Books and supplies	30,810,999	22,555,496	22,555,496	-
Services and operating expenditures	29,484,454	30,519,913	30,519,913	-
Other outgo	(451,790)	(381,771)	(381,771)	-
Capital outlay	1,056,245	3,486,662	3,486,662	-
Debt service - principal	1,611,103	1,552,516	1,552,516	-
Debt service - interest	25,890	33,724	33,724	-
Total Expenditures	453,533,385	460,265,097	477,580,830	(17,315,733)
Excess of Revenues Over Expenditures	19,113,754	25,184,099	25,184,099	-
Other Financing Sources/(Uses)				
Transfers in	1,306,000	2,229,339	2,229,339	-
Other sources	1,500,000	1,500,000	1,500,000	-
Transfers out	(7,854,336)	(7,854,336)	(7,854,336)	-
Net Financing Sources/(Uses)	(5,048,336)	(4,124,997)	(4,124,997)	-
NET CHANGE IN FUND BALANCES	14,065,418	21,059,102	21,059,102	-
Fund Balance -Beginning	94,365,511	94,365,511	94,365,511	-
Fund Balance - Ending	\$ 108,430,929	\$ 115,424,613	\$ 115,424,613	\$ -

¹ On behalf payments of \$17,315,731 relating to Senate Bill 90 (Chapter 33, Statutes of 2019) are included in the actual revenues and expenditures but have not been included in the budgeted amounts.

See accompanying note to required supplementary information.

CLOVIS UNIFIED SCHOOL DISTRICT

**SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY
AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>2019</u>	<u>2018</u>
Total OPEB Liability		
Service cost	\$ 10,492,371	\$ 10,186,768
Interest	11,229,316	10,741,686
Changes of assumptions	29,849,079	-
Benefit payments	<u>(9,221,780)</u>	<u>(5,725,349)</u>
Net change in total OPEB liability	42,348,986	15,203,105
Total OPEB liability - beginning	<u>314,771,989</u>	<u>299,568,884</u>
Total OPEB liability - ending	<u><u>\$ 357,120,975</u></u>	<u><u>\$ 314,771,989</u></u>
Covered payroll	<u>N/A¹</u>	<u>N/A¹</u>
District's total OPEB liability as a percentage of covered payroll	<u>N/A¹</u>	<u>N/A¹</u>

¹ The District's OPEB Plan is not administered through a trust and contributions are not made based on a measure of pay. Therefore, no measure of payroll is presented.

Note: In the future, as data becomes available, ten years of information will be presented.

See accompanying note to required supplementary information.

CLOVIS UNIFIED SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY - MPP PROGRAM FOR THE YEAR ENDED JUNE 30, 2019

Year ended June 30,	<u>2019</u>	<u>2018</u>
District's proportion of the net OPEB liability	0.6221%	0.6108%
District's proportionate share of the net OPEB liability	\$ 2,381,187	\$ 2,569,769
District's covered-employee payroll	N/A ¹	N/A ¹
District's proportionate share of the net OPEB liability as a percentage of it's covered-employee payroll	N/A ¹	N/A ¹
Plan fiduciary net position as a percentage of the total OPEB liability	-0.40%	0.01%

¹ As of June 30, 2012, active members are no longer eligible for future enrollment in the MPP Program; therefore, the covered payroll disclosure is not applicable.

Note: In the future, as data becomes available, ten years of information will be presented.

See accompanying note to required supplementary information.

CLOVIS UNIFIED SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY FOR THE YEAR ENDED JUNE 30, 2019

	<u>2019</u>	<u>2018</u>
CalSTRS		
District's proportion of the net pension liability (asset)	<u>0.3466%</u>	<u>0.3374%</u>
District's proportionate share of the net pension liability	\$ 318,541,616	\$ 312,018,523
State's proportionate share of the net pension liability associated with the District	<u>182,379,973</u>	<u>184,587,522</u>
Total	<u>\$ 500,921,589</u>	<u>\$ 496,606,045</u>
District's covered - employee payroll	<u>\$ 188,468,233</u>	<u>\$ 182,374,682</u>
District's proportionate share of the net pension liability as a percentage of its covered - employee payroll	<u>169.02%</u>	<u>171.09%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>71%</u>	<u>69%</u>
CalPERS		
District's proportion of the net pension liability	<u>0.5610%</u>	<u>0.5487%</u>
District's proportionate share of the net pension liability	<u>\$ 149,586,205</u>	<u>\$ 130,998,817</u>
District's covered - employee payroll	<u>\$ 74,208,963</u>	<u>\$ 70,034,469</u>
District's proportionate share of the net pension liability as a percentage of its covered - employee payroll	<u>201.57%</u>	<u>187.05%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>71%</u>	<u>72%</u>

Note: In the future, as data becomes available, ten years of information will be presented.

See accompanying note to required supplementary information.

<u>2017</u>	<u>2016</u>
<u>0.3363%</u>	<u>0.3507%</u>
\$ 271,983,817	\$ 236,088,495
<u>154,835,535</u>	<u>124,864,788</u>
<u>\$ 426,819,352</u>	<u>\$ 360,953,283</u>
<u>\$ 171,698,993</u>	<u>\$ 163,040,743</u>
<u>158.41%</u>	<u>144.80%</u>
<u>70%</u>	<u>74%</u>
<u>0.5366%</u>	<u>0.5465%</u>
<u>\$ 105,981,422</u>	<u>\$ 80,561,650</u>
<u>\$ 64,365,730</u>	<u>\$ 60,511,656</u>
<u>164.66%</u>	<u>133.13%</u>
<u>74%</u>	<u>79%</u>

CLOVIS UNIFIED SCHOOL DISTRICT

**SCHEDULE OF DISTRICT CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>2019</u>	<u>2018</u>
CalSTRS		
Contractually required contribution	\$ 31,357,995	\$ 27,195,966
Contributions in relation to the contractually required contribution	<u>31,357,995</u>	<u>27,195,966</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered - employee payroll	<u>\$ 192,616,677</u>	<u>\$ 188,468,233</u>
Contributions as a percentage of covered - employee payroll	<u>16.28%</u>	<u>14.43%</u>
CalPERS		
Contractually required contribution	\$ 14,479,421	\$ 11,525,394
Contributions in relation to the contractually required contribution	<u>14,479,421</u>	<u>11,525,394</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered - employee payroll	<u>\$ 80,165,104</u>	<u>\$ 74,208,963</u>
Contributions as a percentage of covered - employee payroll	<u>18.062%</u>	<u>15.531%</u>

Note : In the future, as data becomes available, ten years of information will be presented.

See accompanying note to required supplementary information.

<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 22,942,735	\$ 18,423,302	\$ 14,478,017
<u>22,942,735</u>	<u>18,423,302</u>	<u>14,478,017</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 182,374,682	\$ 171,698,993	\$ 163,040,743
<u>12.58%</u>	<u>10.73%</u>	<u>8.88%</u>
\$ 9,726,387	\$ 7,625,408	\$ 7,122,827
<u>9,726,387</u>	<u>7,625,408</u>	<u>7,122,827</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 70,034,469	\$ 64,365,730	\$ 60,511,656
<u>13.888%</u>	<u>11.847%</u>	<u>11.771%</u>

CLOVIS UNIFIED SCHOOL DISTRICT

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2019

NOTE 1 - PURPOSE OF SCHEDULES

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 State of America as prescribed by the Governmental Accounting Standards Board and provisions of the California *Education Code*. The governing board is required to hold a public hearing and adopt an operating budget no later than July 1 of each year. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for.

This schedule presents information for the original and final budgets and actual results of operations, as well as the variances from the final budget to actual results of operations.

At June 30, 2019, the District's General Fund exceeded the budgeted amount in total as follows by \$17,315,733 due to the SB 90 additional on behalf contributions by the State to the CalSTRS and CalPERS pensions that were unknown at the time the budget was adopted.

Schedule of Changes in the District's OPEB Liability and Related Ratios

This schedule presents information on the District's changes in the OPEB liability, including beginning and ending balances, and the OPEB liability. In the future, as data becomes available, ten years of information will be presented.

Changes in Benefit Terms - There were no changes in the benefit terms since the previous valuation.

Changes of Assumptions - The plan rate of investment return assumption was changed from 4.0 percent to 3.13 percent since the last study.

Schedule of the District's Proportionate Share of the Net OPEB Liability - MPP Program

This schedule presents information on the District's proportionate share of the net OPEB Liability - MPP Program and the plans' fiduciary net position. In the future, as data becomes available, ten years of information will be presented.

Changes in Benefit Terms - There were no changes in the benefit terms since the previous valuation.

Changes of Assumptions - The plan rate of investment return assumption was changed from 3.58 percent to 3.87 percent since the previous valuation.

CLOVIS UNIFIED SCHOOL DISTRICT

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2019

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

This schedule presents information on the District's proportionate share of the net pension liability (NPL), the plans' fiduciary net position and, when applicable, the State's proportionate share of the NPL associated with the District. In the future, as data becomes available, ten years of information will be presented.

Changes in Benefit Terms - There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.

Changes of Assumptions - There were no changes in economic assumptions for either the CalSTRS or CalPERS plans from the previous valuations.

Schedule of District Contributions

This schedule presents information on the District's required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution. In the future, as data becomes available, ten years of information will be presented.

SUPPLEMENTARY INFORMATION

CLOVIS UNIFIED SCHOOL DISTRICT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019**

Federal Grantor/Pass-Through Grantor/Program	Federal Catalog Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Indian Education	84.060	N/A	\$ 119,494
Pell Grant	84.063	N/A	481,659
Passed Through California Department of Education:			
Adult Education			
Basic	84.002A	14508	158,078
Secondary Education	84.002	13978	296,450
English Literacy and Civics Education	84.002A	14109	25,403
Title I, Part A, Basic	84.010	14329	8,099,744
ESEA: ESSA School Improvement (CSI)	84.010	15438	8,564
Title I, Part C, Migrant	84.011	14326	63,893
Title II, Part A, Supporting Effective Instruction	84.367	14341	1,580,453
Title III, English Language Acquisition - Limited English Proficient	84.365	14346	282,836
Title III, English Language Acquisition - Immigrant Education	84.365	15146	59,547
ESSA, Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	227,790
Title IV, Part B, 21st Century Community Learning Centers Program	84.186	14347	120,439
Special Education Cluster			
Special Education, Part B Basic Local Assistance	84.027	13379	6,888,037
Special Education, Part B, Preschool Grants	84.173	13430	115,415
Special Education, Part B, Alternative Dispute Resolution	84.173A	13007	15,865
Special Education, Part B, Mental Health Allocation	84.027A	14468	478,788
Special Education, Part B, Preschool Staff Development	84.173A	13431	1,937
Subtotal Special Education Cluster			<u>7,500,042</u>
Special Education, Part C, Early Intervention	84.181	24314	81,623
Carl D. Perkins Career and Technical Education, Secondary 131	84.048	14894	247,573
Improvement Act of 2006 Rural Community Equipment Grants	84.048	15295	29,464
Workability II, Transitions Partnership	84.126	10006	156,608
Subtotal U.S. Department of Education			<u>19,539,660</u>

N/A - Not applicable

See accompanying note to supplementary information.

CLOVIS UNIFIED SCHOOL DISTRICT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2019**

Federal Grantor/Pass-Through Grantor/Program	Federal Catalog Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through California Department of Education:			
Child Nutrition Cluster			
National School Lunch	10.555	13391	\$ 7,609,450
Basic Breakfast	10.553	13525	54,627
Especially Needy Breakfast	10.553	13526	1,922,982
Meals Supplements - Snack	10.555	13391	165,506
Summer Food Program	10.559	13004	120,817
Food Distribution - Commodities	10.555	13391	1,142,450
Subtotal Child Nutrition Cluster			<u>11,015,832</u>
Subtotal U.S. Department of Agriculture			<u>11,015,832</u>
U.S. DEPARTMENT OF DEFENSE			
Air Force Junior ROTC	12.357	N/A	<u>65,431</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed Through California Department of Health Care Services:			
Medicaid Cluster			
Medi-Cal Administrative Activities	93.778	10060	857,036
Medi-Cal Billing Option	93.778	10013	817,344
Subtotal Medicaid Cluster			<u>1,674,380</u>
Subtotal U.S. Department of Health and Human Services			<u>1,674,380</u>
Total Federal Programs			<u><u>\$ 32,295,303</u></u>

N/A - Not applicable

See accompanying note to supplementary information.

CLOVIS UNIFIED SCHOOL DISTRICT

LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE JUNE 30, 2019

ORGANIZATION

The Clovis Unified School District was established in 1960 and consists of an area comprising approximately 198 square miles. The District operates thirty-three elementary schools, five intermediate schools, five high schools, three alternative education schools, one adult school, the Clovis Online Charter School, and the Center for Advanced Research and Technology as a joint high school with Fresno Unified School District. There were no boundary changes during the year.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Brian D. Heryford	President	2020
Christopher Casado	Vice-President	2020
Steven G. Fogg, M.D.	Clerk	2020
Susan K. Hatmaker	Member	2022
Ginny L. Hovsepian	Member	2020
Elizabeth Sandoval	Member	2022
Tiffany Stoker Madsen	Member	2022

ADMINISTRATION

Eimear O'Farrell, Ed.D.	Superintendent
Don Ulrich, Ed. D.	Deputy Superintendent
Michael Johnston	Associate Superintendent, Administrative Services
Barry Jager	Associate Superintendent, Human Resources and Employee Relations
Norm Anderson	Associate Superintendent, School Leadership
Susan Rutledge	Assistant Superintendent, Business Services
Denise Cariaga	Director of Budget & Finance

See accompanying note to supplementary information.

CLOVIS UNIFIED SCHOOL DISTRICT

**SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2019**

	Second Period Report	Annual Report
CLOVIS UNIFIED SCHOOL DISTRICT		
Regular ADA		
Transitional kindergarten through third	12,685.27	12,685.82
Fourth through sixth	9,390.18	9,379.71
Seventh and eighth	6,592.21	6,572.70
Ninth through twelfth	12,385.28	12,257.83
Total Regular ADA	<u>41,052.94</u>	<u>40,896.06</u>
Extended Year Special Education		
Transitional kindergarten through third	12.16	12.16
Fourth through sixth	8.16	8.16
Seventh and eighth	2.38	2.38
Ninth through twelfth	11.74	11.74
Total Extended Year Special Education	<u>34.44</u>	<u>34.44</u>
Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	0.34	0.46
Fourth through sixth	3.83	3.89
Seventh and eighth	4.21	4.14
Ninth through twelfth	8.44	8.07
Total Special Education, Nonpublic, Nonsectarian Schools	<u>16.82</u>	<u>16.56</u>
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	-	0.14
Fourth through sixth	-	0.31
Seventh and eighth	-	0.08
Ninth through twelfth	0.90	1.32
Total Extended Year Special Education, Nonpublic, Nonsectarian Schools	<u>0.90</u>	<u>1.85</u>
Community Day School		
Fourth through sixth	5.66	5.56
Seventh and eighth	16.94	16.43
Ninth through twelfth	38.63	37.58
Total Community Day School	<u>61.23</u>	<u>59.57</u>
Total ADA	<u>41,166.33</u>	<u>41,008.48</u>
CLOVIS ONLINE CHARTER SCHOOL		
Regular ADA		
Seventh and eighth	57.14	61.21
Ninth through twelfth	383.24	385.07
Total ADA (Non-Classroom Based)	<u>440.38</u>	<u>446.28</u>

See accompanying note to supplementary information.

CLOVIS UNIFIED SCHOOL DISTRICT

**SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2019**

<u>Grade Level</u>	<u>1986-1987 Minutes Requirement</u>	<u>2018-2019 Actual Minutes</u>	<u>Number of Days Traditional Calendar</u>	<u>Status</u>
Kindergarten	36,000	36,045	180	Complied
Grades 1 - 3	50,400			
Grade 1		56,475	180	Complied
Grade 2		56,475	180	Complied
Grade 3		56,475	180	Complied
Grades 4 - 8	54,000			
Grade 4		56,475	180	Complied
Grade 5		56,475	180	Complied
Grade 6		56,475	180	Complied
Grade 7		62,749	181	Complied
Grade 8		62,749	181	Complied
Grades 9 - 12	64,800			
Grade 9		65,242	181	Complied
Grade 10		65,242	181	Complied
Grade 11		65,242	181	Complied
Grade 12		65,242	181	Complied

See accompanying note to supplementary information.

CLOVIS UNIFIED SCHOOL DISTRICT

**RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2019.

See accompanying note to supplementary information.

CLOVIS UNIFIED SCHOOL DISTRICT

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2019

	(Budget) 2020 ¹	2019	2018	2017
GENERAL FUND				
Revenues	\$ 480,615,747	\$ 502,764,929	\$ 446,961,685	\$ 436,410,534
Other sources and transfers in	1,731,000	3,729,339	2,875,483	3,301,979
Total Revenues	<u>482,346,747</u>	<u>506,494,268</u>	<u>449,837,168</u>	<u>439,712,513</u>
Expenditures	478,575,254	477,580,830	438,461,876	418,089,356
Other uses and transfers out	7,847,980	7,854,336	8,737,534	11,537,347
Total Expenditures and Other Uses	<u>486,423,234</u>	<u>485,435,166</u>	<u>447,199,410</u>	<u>429,626,703</u>
INCREASE/(DECREASE) IN FUND BALANCE	<u>\$ (4,076,487)</u>	<u>\$ 21,059,102</u>	<u>\$ 2,637,758</u>	<u>\$ 10,085,810</u>
ENDING FUND BALANCE	<u>\$ 111,348,126</u>	<u>\$ 115,424,613</u>	<u>\$ 94,365,511</u>	<u>\$ 91,727,753</u>
AVAILABLE RESERVES ²	<u>\$ 99,958,825</u>	<u>\$ 92,721,804</u>	<u>\$ 86,425,899</u>	<u>\$ 75,872,392</u>
AVAILABLE RESERVES AS A PERCENTAGE OF TOTAL OUTGO ⁴	<u>20.5%</u>	<u>19.8%</u>	<u>19.3%</u>	<u>17.7%</u>
LONG-TERM OBLIGATIONS ³	<u>Not Available</u>	<u>\$ 844,168,472</u>	<u>\$ 818,590,757</u>	<u>\$ 812,010,638</u>
AVERAGE DAILY ATTENDANCE AT P-2	<u>41,489</u>	<u>41,166</u>	<u>41,005</u>	<u>40,723</u>

The General Fund balance has increased by \$23,696,860 over the past two years. The fiscal year 2019-2020 budget projects a decrease of \$4,076,487 (3.53 percent). For a district this size, the State recommends available reserves of at least 2.0 percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in each of the past three years but anticipates incurring an operating deficit during the 2019-2020 fiscal year. Total long-term obligations have increased by \$32,157,834 over the past two years due to the issuance of bonds for facilities additions and improvements, and increases in the District's other postemployment benefits obligations.

Average daily attendance has increased by 443 over the past two years. Additional growth of 323 ADA is anticipated during fiscal year 2019-2020.

¹ Budget 2020 is included for analytical purposes only and has not been subjected to audit.

² Available reserves consist of all unassigned fund balances including all amounts reserved for economic uncertainties contained within the General Fund.

³ Long-term obligations as of June 30, 2017, were restated due to the implementation of GASB Statement No. 75.

⁴ On behalf payments of \$17,315,733 relating to Senate Bill 90 (Chapter 33, Statutes of 2019) have been excluded from the calculation of available reserves for the fiscal year ending June 30, 2019.

See accompanying note to supplementary information.

CLOVIS UNIFIED SCHOOL DISTRICT

**SCHEDULE OF CHARTER SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2019**

<u>Name of Charter School</u>	<u>Included in Audit Report</u>
Clovis Online School (Charter School Number 1006)	Yes

See accompanying note to supplementary information.

CLOVIS UNIFIED SCHOOL DISTRICT

**NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2019**

	Charter School Fund	Adult Education Fund	Child Development Fund
ASSETS			
Deposits and investments	\$ 4,335,949	\$ 3,460,170	\$ 2,508,949
Receivables	74,300	826,257	508,899
Due from other funds	521,512	231,097	-
Prepaid expenses	222,300	34,100	-
Stores inventories	-	53,849	-
Total Assets	\$ 5,154,061	\$ 4,605,473	\$ 3,017,848
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 296	\$ 13,773	\$ 51,313
Due to other funds	-	-	147,050
Total Liabilities	296	13,773	198,363
Fund Balances:			
Nonspendable	222,300	91,449	-
Restricted	26,580	-	432,130
Committed	-	4,500,251	-
Assigned	4,904,885	-	2,387,355
Total Fund Balances	5,153,765	4,591,700	2,819,485
Total Liabilities and Fund Balances	\$ 5,154,061	\$ 4,605,473	\$ 3,017,848

See accompanying note to supplementary information.

Cafeteria Fund	Deferred Maintenance Fund	Building Fund	Capital Facilities Fund	County School Facilities Fund
\$ 6,924,810	\$ 620,894	\$ 8,300,773	\$ 15,605,693	\$ 9,343,146
1,567,719	11,411	49,436	67,400	77,269
-	200,000	20,648	-	-
-	-	-	-	-
217,778	-	-	-	-
<u>\$ 8,710,307</u>	<u>\$ 832,305</u>	<u>\$ 8,370,857</u>	<u>\$ 15,673,093</u>	<u>\$ 9,420,415</u>
\$ 405,389	\$ 752,442	\$ 898,919	\$ 337,207	\$ 338,943
151,751	-	-	336,065	-
<u>557,140</u>	<u>752,442</u>	<u>898,919</u>	<u>673,272</u>	<u>338,943</u>
217,778	-	-	-	-
7,935,389	-	7,471,938	14,999,821	9,081,472
-	79,863	-	-	-
-	-	-	-	-
<u>8,153,167</u>	<u>79,863</u>	<u>7,471,938</u>	<u>14,999,821</u>	<u>9,081,472</u>
<u>\$ 8,710,307</u>	<u>\$ 832,305</u>	<u>\$ 8,370,857</u>	<u>\$ 15,673,093</u>	<u>\$ 9,420,415</u>

CLOVIS UNIFIED SCHOOL DISTRICT

**NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2019**

	Special Reserve Capital Outlay Fund	Central Valley School Districts Financing Corporation Fund	Total Non-Major Governmental Funds
ASSETS			
Deposits and investments	\$ 3,124,938	\$ 1,092,221	\$ 55,317,543
Receivables	21,878	6,046	3,210,615
Due from other funds	40,289	-	1,013,546
Prepaid expenses	-	-	256,400
Stores inventories	-	-	271,627
Total Assets	\$ 3,187,105	\$ 1,098,267	\$ 60,069,731
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 55,080	\$ -	\$ 2,853,362
Due to other funds	-	-	634,866
Total Liabilities	55,080	-	3,488,228
Fund Balances:			
Nonspendable	-	-	531,527
Restricted	-	1,098,267	41,045,597
Committed	-	-	4,580,114
Assigned	3,132,025	-	10,424,265
Total Fund Balances	3,132,025	1,098,267	56,581,503
Total Liabilities and Fund Balances	\$ 3,187,105	\$ 1,098,267	\$ 60,069,731

See accompanying note to supplementary information.

CLOVIS UNIFIED SCHOOL DISTRICT

**NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2019**

	Charter School Fund	Adult Education Fund
REVENUES		
Local Control Funding Formula	\$ 4,276,820	\$ -
Federal sources	-	991,054
Other State sources	441,074	2,557,319
Other local sources	134,695	1,951,539
Total Revenues	4,852,589	5,499,912
EXPENDITURES		
Current		
Instruction	2,275,866	3,187,390
Instruction-related activities:		
Supervision of instruction	1,828	659,652
Instructional library, media, and technology	70,658	286,428
School site administration	440,116	1,589,961
Pupil services:		
Food services	-	-
All other pupil services	402,238	323,540
Administration:		
All other administration	94,083	100,124
Plant services	47,304	369,376
Facility acquisition and construction	-	2,925
Debt service		
Principal	-	-
Interest and other	-	-
Total Expenditures	3,332,093	6,519,396
Excess (Deficiency) of Revenues Over Expenditures	1,520,496	(1,019,484)
Other Financing Sources and Uses		
Transfers in	-	846,880
Transfers out	(212,963)	-
Net Other Financing Sources and Uses	(212,963)	846,880
NET CHANGE IN FUND BALANCES	1,307,533	(172,604)
Fund Balance - Beginning	3,846,232	4,764,304
Fund Balance - Ending	\$ 5,153,765	\$ 4,591,700

See accompanying note to supplementary information.

Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Building Fund	Capital Facilities Fund
\$ -	\$ -	\$ -	\$ -	\$ -
-	11,015,831	-	-	-
4,806,183	728,447	-	-	-
8,517,151	4,298,066	51,612	2,177,551	18,135,427
<u>13,323,334</u>	<u>16,042,344</u>	<u>51,612</u>	<u>2,177,551</u>	<u>18,135,427</u>
10,406,589	-	-	-	-
1,632,421	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	14,962,411	-	-	-
136,109	-	-	-	-
555,337	586,041	-	-	-
32,321	-	2,153,458	1,436,368	1,571,358
34,189	-	678,798	7,236,056	10,063,095
126,000	-	-	1,480,000	-
-	-	-	256,206	-
<u>12,922,966</u>	<u>15,548,452</u>	<u>2,832,256</u>	<u>10,408,630</u>	<u>11,634,453</u>
<u>400,368</u>	<u>493,892</u>	<u>(2,780,644)</u>	<u>(8,231,079)</u>	<u>6,500,974</u>
-	-	4,300,000	3,612,545	-
-	-	(1,700,000)	-	(8,836,000)
-	-	2,600,000	3,612,545	(8,836,000)
<u>400,368</u>	<u>493,892</u>	<u>(180,644)</u>	<u>(4,618,534)</u>	<u>(2,335,026)</u>
<u>2,419,117</u>	<u>7,659,275</u>	<u>260,507</u>	<u>12,090,472</u>	<u>17,334,847</u>
<u>\$ 2,819,485</u>	<u>\$ 8,153,167</u>	<u>\$ 79,863</u>	<u>\$ 7,471,938</u>	<u>\$ 14,999,821</u>

CLOVIS UNIFIED SCHOOL DISTRICT

**NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2019**

	County School Facilities Fund	Special Reserve Capital Outlay Fund
REVENUES		
Local Control Funding Formula	\$ -	\$ -
Federal sources	-	-
Other State sources	16,833,786	-
Other local sources	140,400	1,138,717
Total Revenues	16,974,186	1,138,717
EXPENDITURES		
Current		
Instruction	-	-
Instruction-related activities:		
Supervision of instruction	-	-
Instructional library, media, and technology	-	-
School site administration	-	-
Pupil services:		
Food services	-	-
All other pupil services	-	-
Administration:		
All other administration	-	-
Plant services	4,858	715,383
Facility acquisition and construction	17,695,475	874,408
Debt service		
Principal	-	-
Interest and other	-	-
Total Expenditures	17,700,333	1,589,791
Excess (Deficiency) of Revenues Over Expenditures	(726,147)	(451,074)
Other Financing Sources and Uses		
Transfers in	8,500,000	2,687,963
Transfers out	(180,089)	(3,393,339)
Net Other Financing Sources and Uses	8,319,911	(705,376)
NET CHANGE IN FUND BALANCES	7,593,764	(1,156,450)
Fund Balance - Beginning	1,487,708	4,288,475
Fund Balance - Ending	\$ 9,081,472	\$ 3,132,025

See accompanying note to supplementary information.

Central Valley School Districts Financing Corporation Fund	Total Non-Major Governmental Funds
\$ -	\$ 4,276,820
-	12,006,885
-	25,366,809
22,972	36,568,130
<u>22,972</u>	<u>78,218,644</u>
-	15,869,845
-	2,293,901
-	357,086
-	2,030,077
-	14,962,411
-	861,887
-	1,335,585
-	6,330,426
-	36,584,946
-	1,606,000
-	256,206
-	82,488,370
<u>22,972</u>	<u>(4,269,726)</u>
-	19,947,388
-	(14,322,391)
-	5,624,997
22,972	1,355,271
1,075,295	55,226,232
<u>\$ 1,098,267</u>	<u>\$ 56,581,503</u>

CLOVIS UNIFIED SCHOOL DISTRICT

**AGENCY FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2019**

	Warrant/ Pass-Through Fund	Associated Student Body Funds	Total
ASSETS			
Cash in county treasury	\$ 276,700	\$ 2,296,259	\$ 2,572,959
Accounts receivable	57,601	-	57,601
Total Assets	\$ 334,301	\$ 2,296,259	\$ 2,630,560
LIABILITIES			
Due to student groups/other agencies	\$ 334,301	\$ 2,296,259	\$ 2,630,560
Total Liabilities	\$ 334,301	\$ 2,296,259	\$ 2,630,560

See accompanying note to supplementary information.

CLOVIS UNIFIED SCHOOL DISTRICT

**AGENCY FUNDS
COMBINING STATEMENT OF ASSETS AND LIABILITIES
STUDENT BODY FUNDS
JUNE 30, 2019**

	<u>High Schools</u>	<u>Intermediate Schools</u>	<u>Elementary Schools</u>	<u>Total</u>
ASSETS				
Cash on hand and in banks	<u>\$ 1,307,522</u>	<u>\$ 308,276</u>	<u>\$ 680,461</u>	<u>\$ 2,296,259</u>
LIABILITIES				
Due to student groups				
Club accounts	\$ 626,103	\$ 84,532	\$ -	\$ 710,635
General ASB accounts	<u>681,419</u>	<u>223,744</u>	<u>680,461</u>	<u>1,585,624</u>
Total due to student groups	<u>\$ 1,307,522</u>	<u>\$ 308,276</u>	<u>\$ 680,461</u>	<u>\$ 2,296,259</u>

See accompanying note to supplementary information.

CLOVIS UNIFIED SCHOOL DISTRICT

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES FOR
HIGH SCHOOL AND INTERMEDIATE SCHOOL STUDENT BODY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2019</u>
HIGH SCHOOLS				
ASSETS				
Cash on Hand and in Banks	\$ 1,201,979	\$ 4,206,522	\$ 4,100,979	\$ 1,307,522
LIABILITIES				
Due to Student Groups				
Club Accounts	\$ 588,848	\$ 1,128,434	\$ 1,091,179	\$ 626,103
General ASB Accounts	613,131	3,078,088	3,009,800	681,419
Total Due to Student Groups	<u>\$ 1,201,979</u>	<u>\$ 4,206,522</u>	<u>\$ 4,100,979</u>	<u>\$ 1,307,522</u>
INTERMEDIATE SCHOOLS				
ASSETS				
Cash on Hand and in Banks	\$ 298,374	\$ 721,551	\$ 711,649	\$ 308,276
LIABILITIES				
Due to Student Groups				
Club Accounts	\$ 75,585	\$ 198,500	\$ 189,553	\$ 84,532
General ASB Accounts	222,789	523,051	522,096	223,744
Total Due to Student Groups	<u>\$ 298,374</u>	<u>\$ 721,551</u>	<u>\$ 711,649</u>	<u>\$ 308,276</u>
TOTALS				
ASSETS				
Cash on Hand and in Banks	\$ 1,500,353	\$ 4,928,073	\$ 4,812,628	\$ 1,615,798
LIABILITIES				
Due to Student Groups				
Club Accounts	\$ 664,433	\$ 1,326,934	\$ 1,280,732	\$ 710,635
General ASB Accounts	835,920	3,601,139	3,531,896	905,163
Total Due to Student Groups	<u>\$ 1,500,353</u>	<u>\$ 4,928,073</u>	<u>\$ 4,812,628</u>	<u>\$ 1,615,798</u>

See accompanying note to supplementary information.

CLOVIS UNIFIED SCHOOL DISTRICT

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
STUDENT BODY FUNDS
HIGH SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2019</u>
Buchanan High School				
ASSETS				
Cash on Hand and in Banks	\$ 287,545	\$ 806,460	\$ 843,612	\$ 250,393
LIABILITIES				
Due to Student Groups				
Club Accounts	\$ 116,118	\$ 124,664	\$ 132,513	\$ 108,269
General ASB Accounts	171,427	681,796	711,099	142,124
Total Due to Student Groups	<u>\$ 287,545</u>	<u>\$ 806,460</u>	<u>\$ 843,612</u>	<u>\$ 250,393</u>
Clovis High School				
ASSETS				
Cash on Hand and in Banks	\$ 312,683	\$ 839,746	\$ 816,527	\$ 335,902
LIABILITIES				
Due to Student Groups				
Club Accounts	\$ 138,802	\$ 216,497	\$ 190,042	\$ 165,257
General ASB Accounts	173,881	623,249	626,485	170,645
Total Due to Student Groups	<u>\$ 312,683</u>	<u>\$ 839,746</u>	<u>\$ 816,527</u>	<u>\$ 335,902</u>
Clovis East High School				
ASSETS				
Cash on Hand and in Banks	\$ 196,638	\$ 513,171	\$ 504,336	\$ 205,473
LIABILITIES				
Due to Student Groups				
Club Accounts	\$ 90,072	\$ 184,036	\$ 178,818	\$ 95,290
General ASB Accounts	106,566	329,135	325,518	110,183
Total Due to Student Groups	<u>\$ 196,638</u>	<u>\$ 513,171</u>	<u>\$ 504,336</u>	<u>\$ 205,473</u>

See accompanying note to supplementary information.

CLOVIS UNIFIED SCHOOL DISTRICT

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
STUDENT BODY FUNDS
HIGH SCHOOLS, Continued
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2019</u>
Clovis North High School				
ASSETS				
Cash on Hand and in Banks	\$ 296,624	\$ 1,378,235	\$ 1,279,052	\$ 395,807
LIABILITIES				
Due to Student Groups				
Club Accounts	\$ 136,015	\$ 463,745	\$ 469,741	\$ 130,019
General ASB Accounts	160,609	914,490	809,311	265,788
Total Due to Student Groups	<u>\$ 296,624</u>	<u>\$ 1,378,235</u>	<u>\$ 1,279,052</u>	<u>\$ 395,807</u>
Clovis West High School				
ASSETS				
Cash on Hand and in Banks	\$ 89,024	\$ 659,635	\$ 649,810	\$ 98,849
LIABILITIES				
Due to Student Groups				
Club Accounts	\$ 107,841	\$ 139,492	\$ 120,065	\$ 127,268
General ASB Accounts	(18,817)	520,143	529,745	(28,419)
Total Due to Student Groups	<u>\$ 89,024</u>	<u>\$ 659,635</u>	<u>\$ 649,810</u>	<u>\$ 98,849</u>
Gateway Continuation School				
ASSETS				
Cash on Hand and in Banks	\$ 19,465	\$ 9,275	\$ 7,642	\$ 21,098
LIABILITIES				
Due to Student Groups				
General ASB Accounts	<u>\$ 19,465</u>	<u>\$ 9,275</u>	<u>\$ 7,642</u>	<u>\$ 21,098</u>

See accompanying note to supplementary information.

CLOVIS UNIFIED SCHOOL DISTRICT

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
STUDENT BODY FUNDS
HIGH SCHOOLS, Continued
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2019</u>
Totals				
ASSETS				
Cash on Hand and in Banks	\$ 1,201,979	\$ 4,206,522	\$ 4,100,979	\$ 1,307,522
LIABILITIES				
Due to Student Groups				
Club Accounts	\$ 588,848	\$ 1,128,434	\$ 1,091,179	\$ 626,103
General ASB Accounts	613,131	3,078,088	3,009,800	681,419
Total Due to Student Groups	<u>\$ 1,201,979</u>	<u>\$ 4,206,522</u>	<u>\$ 4,100,979</u>	<u>\$ 1,307,522</u>

See accompanying note to supplementary information.

CLOVIS UNIFIED SCHOOL DISTRICT

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
STUDENT BODY FUNDS
INTERMEDIATE SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2019**

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
Alta Sierra Intermediate School				
ASSETS				
Cash on Hand and in Banks	\$ 81,123	\$ 242,896	\$ 229,047	\$ 94,972
LIABILITIES				
Due to Student Groups				
Club Accounts	\$ 22,796	\$ 41,519	\$ 44,755	\$ 19,560
General ASB Accounts	58,327	201,377	184,292	75,412
Total Due to Student Groups	\$ 81,123	\$ 242,896	\$ 229,047	\$ 94,972
C. Todd Clark Intermediate School				
ASSETS				
Cash on Hand and in Banks	\$ 53,053	\$ 183,853	\$ 197,524	\$ 39,382
LIABILITIES				
Due to Student Groups				
Club Accounts	\$ (1,699)	\$ 56,470	\$ 51,122	\$ 3,649
General ASB Accounts	54,752	127,383	146,402	35,733
Total Due to Student Groups	\$ 53,053	\$ 183,853	\$ 197,524	\$ 39,382
Kastner Intermediate School				
ASSETS				
Cash on Hand and in Banks	\$ 89,114	\$ 167,403	\$ 156,262	\$ 100,255
LIABILITIES				
Due to Student Groups				
Club Accounts	\$ 28,607	\$ 84,108	\$ 71,614	\$ 41,101
General ASB Accounts	60,507	83,295	84,648	59,154
Total Due to Student Groups	\$ 89,114	\$ 167,403	\$ 156,262	\$ 100,255

See accompanying note to supplementary information.

CLOVIS UNIFIED SCHOOL DISTRICT

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
STUDENT BODY FUNDS
INTERMEDIATE SCHOOLS, Continued
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2019</u>
Reyburn Intermediate School				
ASSETS				
Cash on Hand and in Banks	\$ 75,084	\$ 127,399	\$ 128,816	\$ 73,667
LIABILITIES				
Due to Student Groups				
Club Accounts	\$ 25,792	\$ 16,403	\$ 22,062	\$ 20,133
General ASB Accounts	49,292	110,996	106,754	53,534
Total Due to Student Groups	<u>\$ 75,084</u>	<u>\$ 127,399</u>	<u>\$ 128,816</u>	<u>\$ 73,667</u>
Totals				
ASSETS				
Cash on Hand and in Banks	\$ 298,374	\$ 721,551	\$ 711,649	\$ 308,276
LIABILITIES				
Due to Student Groups				
Club Accounts	\$ 75,585	\$ 198,500	\$ 189,553	\$ 84,532
General ASB Accounts	222,789	523,051	522,096	223,744
Total Due to Student Groups	<u>\$ 298,374</u>	<u>\$ 721,551</u>	<u>\$ 711,649</u>	<u>\$ 308,276</u>

See accompanying note to supplementary information.

CLOVIS UNIFIED SCHOOL DISTRICT

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
STUDENT BODY FUNDS
ELEMENTARY SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2019**

ELEMENTARY SCHOOL	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
Boris	\$ 6,215	\$ 73,563	\$ 77,216	\$ 2,562
Bud Rank	9,801	87,328	90,832	6,297
Cedarwood	21,476	107,134	117,613	10,997
Century	16,442	82,849	84,318	14,973
Clovis Elementary	24,137	81,088	82,251	22,974
Cole	21,115	95,364	96,818	19,661
Copper Hills	16,999	82,740	87,730	12,009
Dry Creek	6,820	120,389	120,223	6,986
Fancher Creek	29,195	98,258	100,427	27,026
Fort Washington	4,938	63,938	60,545	8,331
Freedom	27,191	116,201	114,041	29,351
Fugman	64,431	150,307	137,032	77,706
Garfield	9,240	116,183	110,631	14,792
Gettysburg	31,693	89,451	86,048	35,096
Jefferson	14,848	76,241	74,642	16,447
Liberty	10,587	74,289	69,424	15,452
Lincoln	18,484	57,474	63,743	12,215
Maple Creek	24,886	50,175	57,676	17,385
Mickey Cox	15,908	64,935	64,055	16,788
Miramonte	16,026	64,787	66,141	14,672
Mountain View	39,809	97,849	108,579	29,079
Nelson	10,860	83,298	83,914	10,244
Oraze	41,698	100,063	91,729	50,032
Pinedale	2,107	33,174	31,337	3,944
Reagan	4,060	107,189	99,549	11,700
Red Bank	53,325	166,001	160,359	58,967
Riverview	34,698	118,916	108,275	45,339
Sierra Vista	9,280	31,229	35,021	5,488
Tarpey	17,106	89,688	97,434	9,360
Temperance-Kutner	30,590	82,071	81,928	30,733
Valley Oak	13,030	64,046	66,096	10,980
Weldon	13,527	83,322	85,306	11,543
Woods	21,536	118,484	118,688	21,332
Total	\$ 682,058	\$ 2,928,024	\$ 2,929,621	\$ 680,461

See accompanying note to supplementary information.

CLOVIS UNIFIED SCHOOL DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2019

NOTE 1 - PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. The District has not elected to use the ten percent de minimis cost rate as covered in Section 200.414 Indirect (F&A) costs of the Uniform Guidance.

Local Education Agency Organization Structure

This schedule provides information about the District's boundaries and schools operated, members of the governing board, and members of the administration.

Schedule of Average Daily Attendance (ADA)

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

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 46200 through 46206.

Districts must maintain their instructional minutes at the 1986-1987 requirements as required by *Education Code* Section 46201.

Reconciliation of Annual Financial and Budget Report With Audited Financial Statements

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

Schedule of Financial Trends and Analysis

This schedule discloses the District's financial trends by displaying past years' data along with current year budget information. These financial trend disclosures are used to evaluate the District's ability to continue as a going concern for a reasonable period of time.

CLOVIS UNIFIED SCHOOL DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2019

Non-Major Governmental Funds - Combining Balance Sheet and Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

The Non-Major Governmental Funds Combining Balance Sheet and Combining Statement of Revenues, Expenditures and Changes in Fund Balances is included to provide information regarding the individual funds that have been included in the Non-Major Governmental Funds column on the Governmental Funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances.

Agency Funds - Combining Balance Sheet and Statement of Changes in Assets and Liabilities

For each school site with an Associated Student Body (ASB), this schedule discloses the school site's individual ASB account balance. The total reported reconciles to the amount reported on the Fiduciary Funds - Statement of Net Position.

INDEPENDENT AUDITOR'S REPORTS



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

Governing Board
Clovis Unified School District
Clovis, 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 Clovis Unified School District (the District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Clovis Unified School District's basic financial statements, and have issued our report thereon dated December 4, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Clovis Unified School District's internal control over financial reporting (internal control) to determine the 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 Clovis Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Clovis 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 District's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Clovis 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 determination of financial statement amounts. 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.

A handwritten signature in cursive script that reads "Eide Sully LLP".

Fresno, California
December 4, 2019



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

Governing Board
Clovis Unified School District
Clovis, California

Report on Compliance for Each Major Federal Program

We have audited Clovis Unified School District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Clovis Unified School District's major Federal programs for the year ended June 30, 2019. Clovis 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 the 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 Clovis 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 Clovis 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 Clovis Unified School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Clovis 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, 2019.

Report on Internal Control over Compliance

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

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

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

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

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Fresno, California
December 4, 2019



INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Governing Board
Clovis Unified School District
Clovis, California

Report on State Compliance

We have audited Clovis Unified School District's (the District) compliance with the types of compliance requirements as identified in the *2018-2019 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* that could have a direct and material effect on each of the Clovis Unified School District's State government programs as noted below for the year ended June 30, 2019.

Management's Responsibility

Management is responsible for compliance with the requirements of State laws, regulations, and the terms and conditions of its State awards applicable to its State programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of the Clovis Unified School District's State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit 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 *2018-2019 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. These standards 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 the applicable government programs noted below. An audit includes examining, on a test basis, evidence about Clovis 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 opinions. Our audit does not provide a legal determination of Clovis Unified School District's compliance with those requirements.

Unmodified Opinion

In our opinion, Clovis Unified School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the government programs noted below that were audited for the year ended June 30, 2019.

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

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

We did not perform procedures for Independent Study because the independent study ADA was under the level that requires testing.

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

The District does not have any Juvenile Court Schools; therefore, we did not perform procedures related to Juvenile Court Schools.

The District does not have any Middle or Early College High Schools; therefore, we did not perform procedures related to Middle or Early College High Schools.

We did not perform Apprenticeship: Related and Supplemental Instruction procedures because the program is not offered by the District.

We did not perform District of Choice procedures because the program is not offered by the District.

The District does not offer a Before School Education and Safety Program; therefore, we did not perform procedures related to the Before School Education and Safety Program.

The District does not offer an Independent Study - Course Based program; therefore, we did not perform any procedures related to the Independent Study - Course Based Program.

We did not perform procedures for the Charter Schools Mode of Instruction or Annual Instruction Minutes Classroom-Based because the District's charter school is entirely non-classroom based.

Additionally, we did not perform procedures for the Charter School Facility Grant Program because the District did not receive funding for this program.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Fresno, California
December 4, 2019

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

CLOVIS UNIFIED SCHOOL DISTRICT

**SUMMARY OF AUDITOR'S RESULTS
FOR THE YEAR ENDED JUNE 30, 2019**

FINANCIAL STATEMENTS

Type of auditor's report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness identified?	<u>No</u>
Significant deficiency identified?	<u>None reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

Internal control over major Federal programs:	
Material weakness identified?	<u>No</u>
Significant deficiency identified?	<u>None reported</u>
Type of auditor's report issued on compliance for major Federal programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Section 200.516(a) of the Uniform Guidance?	<u>No</u>
Identification of major Federal programs:	

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>10.553, 10.555, 10.559</u>	<u>Child Nutrition Cluster</u>
<u>84.367</u>	<u>Title II, Part A, Supporting Effective Instruction</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 968,859</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

STATE AWARDS

Type of auditor's report issued on compliance for programs:	<u>Unmodified</u>
---	-------------------

CLOVIS UNIFIED SCHOOL DISTRICT

**FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019**

None reported.

CLOVIS UNIFIED SCHOOL DISTRICT

**FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019**

None reported.

CLOVIS UNIFIED SCHOOL DISTRICT

**STATE AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019**

None reported.

CLOVIS UNIFIED SCHOOL DISTRICT

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019**

There were no audit findings reported in the prior year's Schedule of Findings and Questioned Costs.