Cecilia A. Massetti, Ed.D.
Superintendent of Schools

Agenda Item 8.4

Board of Education Action Item
February 9, 2021

Topic:
Receive Audit Report for 2019-2020 Fiscal Year

Background:
Christina Zakarian, CPA, a partner with Borchardt, Corona, Faeth & Zakarian will present and review the Audit Report at the February 9, 2021, meeting of the County Board of Education.

The positive status reflected in this report is the result of a combined effort by all members of the organization.

Resource:
Julie DeWall
Chief Officer
Business & Administrative Services

Recommendation:
It is recommended the Board approve the Audit Report for 2019-2020 Fiscal Year.

1105 South Madera Avenue • Madera, CA 93637 • (559) 673-6051 • FAX (559) 673-5569
www.mcsos.org

MADERA COUNTY SUPERINTENDENT OF SCHOOLS
COUNTY OF MADERA
MADERA, CALIFORNIA

AUDIT REPORT

JUNE 30, 2020

BORCHARDT, CORONA, FAETH & ZAKARIAN
Certified Public Accountants
1180 E. Shaw Ave., Ste. 110
Fresno, California 93710-7809

MADERA COUNTY SUPERINTENDENT OF SCHOOLS
AUDIT REPORT
YEAR ENDED JUNE 30, 2020

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1
INTRODUCTORY SECTION	
Management's Discussion and Analysis (Required Supplementary Information)	3
FINANCIAL SECTION	
Basic Financial Statements	
Government-Wide Financial Statements:	
Statement of Net Position	10
Statement of Activities	11
Fund Financial Statements:	
Balance Sheet - Governmental Funds	12
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	14
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	15
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
Notes to the Financial Statements	18
Required Supplementary Information	
Budgetary Comparison Schedules:	
General Fund	41
Charter School Fund	42
Special Education Pass-Through Fund	43
Schedule of the Superintendent of Schools' Proportionate Share of the Net Pension Liability – California State Teachers' Retirement System (CalSTRS)	44
Schedule of Superintendent of Schools' Contributions – California State Teachers' Retirement System (CalSTRS)	45
Schedule of the Superintendent of Schools' Proportionate Share of the Net Pension Liability – California Public Employees' Retirement System (CalPERS)	46
Schedule of Superintendent of Schools' Contributions – California Public Employees' Retirement System (CalPERS)	47
Schedule of Changes in the Total OPEB Liability and Related Ratios	48
OTHER SUPPLEMENTARY INFORMATION SECTION	
Organization	49
Schedule of Average Daily Attendance	50
Schedule of Charter Schools	52
Schedule of Instructional Time - Pioneer Technical Charter School	53
Schedule of Instructional Time - Madera County Independent Academy	54
Schedule of Financial Trends and Analysis	55
Schedule of Expenditures of Federal Awards	56
Reconciliation of Annual Financial and Budget Report With Audited Financial Statements	58
OTHER 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*	59
Independent Auditor's Report on State Compliance	60
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance	62
FINDINGS AND RECOMMENDATIONS SECTION	
Schedule of Findings and Questioned Costs	64
Corrective Action Plan	66
Summary Schedule of Prior Audit Findings	67

Independent Auditor's Report

Board of Trustees
Madera County Superintendent of Schools
Madera, 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 Madera County Superintendent of Schools (the Superintendent of Schools), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Madera County Superintendent of Schools' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 Madera County Superintendent of Schools as of June 30, 2020, and the respective changes in financial position, 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, budgetary comparison information, Schedules of the Superintendent of Schools' Proportionate Share of the Net Pension Liability, Schedules of Superintendent of Schools' Pension Contributions, and Schedule of Changes in the Total OPEB Liability and Related Ratios, as listed in the table of contents 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 Madera County Superintendent of Schools' basic financial statements. The other supplementary information schedules listed in the table of contents are presented for purposes of additional analysis as required by the State's audit guide, *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel, and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is also not a required part of the basic financial statements.

The other supplementary information schedules listed in the table of contents and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information 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 other supplementary information schedules listed in the table of contents and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Governmental Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 5, 2021, on our consideration of Madera County Superintendent of Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Madera County Superintendent of Schools' 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 Madera County Superintendent of Schools' internal control over financial reporting and compliance.

Fresno, California
January 5, 2021

Introductory Section

MADERA COUNTY SUPERINTENDENT OF SCHOOLS
Management's Discussion and Analysis (MD&A)
June 30, 2020

INTRODUCTION

Our discussion and analysis of Madera County Superintendent of Schools' financial performance provides an overview of the Superintendent of Schools' financial activities for the fiscal year ended June 30, 2020. It should be read in conjunction with the Superintendent of Schools' financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The Government-wide Statement of Net Position illustrates total net position of $(14,164,213), the result of assets of $70,585,006 and Deferred Outflows of Resources of $11,909,288 less liabilities of $93,277,876 and Deferred Inflows of Resources of $3,380,631 representing a 26.20% increase from the previous year. Cash in County Treasury compared to last year was $10,270,788 lower this year primarily due to spending down COP funds for building projects and liability payments due for the MAA program and for the MCIA overpayment from the state. The new Career Technical Education (CTE) Building and the new Early Education Center Campus were substantially completed during the 2019-2020 fiscal year using the COP funds. Some final costs will fall in the 2020-2021 fiscal year.
- Operating Grants and Contributions accounted for $34,682,514 of revenue or 54.16% of all revenues. General revenues accounted for $22,765,802 or 35.55% of total revenues of $64,034,468.
- Total assets in the General Fund were $18,574,814 at June 30, 2020. This was a decrease of $7,901,247 (29.84%) over the prior year total assets of $26,476,061.
- Overall revenues in the General Fund were $42,312,994 which were less than expenditures of $44,590,735 by $2,277,741.
- The Charter Schools continued to serve students in the same grade span as the prior year with MCIA serving students through the eighth grade and PTC serving 9th-12th grade. This was primarily done to allow teachers teaching similar grades and curriculum to focus with each other on staff development, training, similar age groups for field trips, and a focus on the culture of an Elementary/Middle school and High School.
- We continue to have a difficult time hiring Special Education Teachers due to a state-wide shortage of teachers. This allowed for favorable salaries and benefits in our Special Education Programs. However, in order to perform the required duties of these positions we contracted through an outside service that cost more than salaries and benefits if they had been employed by MCSOS.
- A significant problem for all school districts is the rise in California State Retirement Benefits. The PERS rate increased by 1.66% and the STRS rate increased by 0.82%. Each will continue to increase over the next four years. In addition, the pay as you go for Retiree Health Care Benefits increase annually. The state is providing some relief going forward by making a significant contribution to both STRS and PERS in the 2020-2021 rate that will have the benefit of not increasing at the original projected rates. None the less it will still be an increase.
- On January 1, 2020 the County Office and all Madera Districts converted from using the Everest Financial System to the Escape Financial System. This was over a year in the making. Transition took a great deal of time, training and data review, but it was successfully implemented and payroll processing, accounts payable processing and all other areas seem to have converted mid-year without any glitches. We will continue to convert to use other areas of the software such as fixed assets and stores in the coming year.

OVERVIEW OF 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 three sections together provide a comprehensive overview of the Superintendent of Schools. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives:

- **Government-wide financial statements**, which comprise the first two statements, provide both short-term and long-term information about the entity's overall financial position.
- **Fund financial statements** focus on reporting the individual parts of the Superintendent of Schools' operations in more detail. The fund financial statements comprise the remaining statements.
  - **Governmental funds** statements tell how general government services were financed in the short term as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The basic financial statements are followed by a section of required supplementary information that further explains and supports the financial statements.

Government-Wide Statements

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

The two government-wide statements report the Superintendent of Schools' net position and how it has changed. Net position, the difference between the assets and liabilities, is one way to measure the Superintendent of Schools' financial health or position.

- Over time, increases or decreases in the Superintendent of Schools' net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Superintendent of Schools, one needs to consider additional non-financial factors such as changes in enrollment, changes in the property tax base, and changes in program funding by the Federal and State governments, and condition of facilities.

The government-wide financial statements of the Superintendent of Schools include government activities. Most of the Superintendent of Schools' basic services are included here, such as regular and special education, transportation, maintenance and general administration. LCFF funding and federal and state grants finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the Superintendent of Schools' most significant funds, not the Superintendent of Schools as a whole. Funds are accounting devises that the Superintendent of Schools uses to keep track of specific sources of funding and spending for particular programs. Some funds are required to be established by state law and by bond covenants. The Board of Trustees establishes other funds to control and manage money for particular purposes or to show that the Superintendent of Schools is meeting legal responsibilities for using certain revenues. The Superintendent of Schools has two kinds of funds:

- <u>Governmental funds</u> - Most of the Superintendent of Schools' 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 Superintendent of Schools' 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 government funds' statements that explains the relationship (or differences) between them.

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

The Superintendent of Schools' combined net position was $(14,164,213) at June 30, 2020. See Table 1. The Superintendent of Schools' combined net position reveals an increase of $5,029,399 (26.20%) over the previous year. Assets decreased by $4,723,373 primarily due to a decrease in Cash in County Treasury over last year by $10,270,788 and an increase in Accounts Receivable from last year by $2,412,362 along with an increase due to an additional $3,136,981 in Capital Assets being recognized. The decrease in cash was due to prior year liabilities being paid and spending down COP funds for the building projects.

Table 1
Net Position

	Governmental Activities		Total Percentage Change
	2020	2019	2020-2019
Assets:			
Cash	$ 11,711,423	$ 21,982,211	(46.72%)
Accounts Receivable	17,230,459	14,818,097	16.28%
Stores Inventories	2,420	3,025	(20.00%)
Prepaid Expenses	-	1,323	(100.00%)
Capital Assets, Net of Accumulated Depreciatioin	41,640,704	38,503,723	8.15%
TOTAL ASSETS	70,585,006	75,308,379	(6.27%)
Deferred Outflows of Resources	11,909,288	13,532,675	(12.00%)
Liabilities:			
Accounts Payable	10,332,498	16,314,067	(36.67%)
Unearned Revenue	381,915	240,225	58.98%
Long-Term Liabilities:			
Total OPEB Liability	18,780,601	25,516,511	(26.40%)
Net Pension Liability	42,901,641	41,337,583	3.78%
Capital Leases	234,831	347,668	(32.46%)
Compensated Absences	271,696	199,242	36.36%
Certificates of Participation	20,374,694	20,772,208	(1.91%)
TOTAL LIABILITIES	93,277,876	104,727,504	(10.93%)
Deferred Inflows of Resources	3,380,631	3,307,162	2.22%
Net Position:			
Net Investment in Capital Assets	21,031,179	19,078,487	10.24%
Restricted	1,369,886	2,234,024	(38.68%)
Unrestricted	(36,565,278)	(40,506,123)	(9.73%)
TOTAL NET POSITION	$ (14,164,213)	$ (19,193,612)	26.20%

Change in Net Position

Table 2 shows the Superintendent of Schools' total revenues of $64,034,468. About 26.70% of the revenue comes from LCFF Sources. Operating Grants and Contributions accounted for the majority of total revenue (54.16%).

The total cost of all programs and services was $59,005,069. The Superintendent of Schools' expenses are predominately related to educating and caring for students (53.07%). Community and ancillary services accounted for another 1.24%. Administrative activities accounted for just 11.98% of total costs. The remaining expenses were for enterprise, plant services (maintenance and operations), other outgo and interest on long-term obligations.

Table 2
Change in Net Position

	Total Activities		Total Percentage Change
	2020	2019	2020-2019
Revenues:			
Program Revenues:			
Charges for Services	$ 6,586,152	$ 4,097,690	60.73%
Operating Grants and Contributions	34,682,514	33,448,968	3.69%
General Revenues:			
LCFF Sources	17,098,774	16,237,777	5.30%
Federal and State Revenues	1,037,003	1,417,693	(26.85%)
Local Revenues	4,630,025	7,129,913	(35.06%)
TOTAL REVENUES	64,034,468	62,332,041	2.73%
Expenses:			
Instruction	19,203,840	21,197,434	(9.40%)
Instruction-Related Services	6,441,085	8,435,930	(23.65%)
Pupil Services	5,668,485	6,391,922	(11.32%)
Ancillary Services	2,173	4,882	(55.49%)
Community Services	727,645	849,351	(14.33%)
Enterprise	108,727	(6,348)	>100.00%
General Administration	7,071,216	7,385,196	(4.25%)
Plant Services	4,107,001	3,922,960	4.69%
Other Outgo	14,339,634	14,064,374	1.96%
Interest on Long-Term Obligations	1,335,263	1,345,046	(0.73%)
TOTAL EXPENSES	59,005,069	63,590,747	(7.21%)
INCREASE (DECREASE IN NET POSITION	$ 5,029,399	$ (1,258,706)	>100.00%
BEGINNING NET POSITION	(19,193,612)	(17,934,906)	(7.02%)
ENDING NET POSITION	$ (14,164,213)	$ (19,193,612)	26.20%

Governmental Activities

The cost of all governmental activities this year was $59,005,069.

Table 3 represents the cost of the Superintendent of Schools' functions as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was not funded by charges for services, operating grants and capital grants and contributions.

Table 3
Net Cost of Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2020	2019	2020	2019
Instruction	$ 19,203,840	$ 21,197,434	$ 7,633,755	$ 11,225,347
Instruction-Related Services	6,441,085	8,435,930	2,697,761	4,665,161
Pupil Services	5,668,485	6,391,922	2,559,837	3,218,450
Ancillary Services	2,173	4,882	2,173	2,630
Community Services	727,645	849,351	112,895	207,493
Enterprise	108,727	(6,348)	67,479	13,923
General Administration	7,071,216	7,385,196	2,904,121	3,737,734
Plant Services	4,107,001	3,922,960	135,066	736,784
Other Outgo	14,339,634	14,064,374	288,053	891,521
Interest on Long-Term Obligations	1,335,263	1,345,046	1,335,263	1,345,046
TOTAL	$ 59,005,069	$ 63,590,747	$ 17,736,403	$ 26,044,089

FINANCIAL ANALYSIS OF THE SUPERINTENDENT OF SCHOOLS FUNDS

Governmental Fund and Budgetary Highlights

The financial position of the Superintendent of Schools as a whole is reflected in its governmental funds. As the Superintendent of Schools completed the year, its governmental funds reported a combined fund balance of $18,411,586, which is a decrease of $2,025,600 from last year's ending fund balance of $20,437,186 (See Table 4).

Table 4
Governmental Funds Balances and Activity

	Balances and Activity			
	July 1, 2019	Revenues & Other Sources	Expenditures & Other Uses	June 30, 2020
General	$ 13,936,405	$ 42,274,286	$ 44,990,735	$ 11,219,956
Charter School	3,005,294	5,039,218	4,805,677	3,238,835
Special Education Pass-Through	23,499	14,051,581	14,060,153	14,927
Child Development	-	2,616,227	2,616,227	-
Deferred Maintenance	1,921	35	-	1,956
Forest Reserve	-	174,201	174,201	-
Special Reserve Fund for Post-Employment Benefits	3,412,393	464,803	-	3,877,196
County School Facilities	57,674	1,042	-	58,716
Total	$ 20,437,186	$ 64,621,393	$ 66,646,993	$ 18,411,586

Several factors contributed to the decrease in fund balances. The most significant reason for the decrease in fund balances is in the General Fund where we spent the remaining COP funds for building projects. Our Charter Schools funds increased due to ADA changes. The Special Revenue Fund for Post-Employment Benefits increased due to transfer of funding for our anticipation of rising health care benefits and trying to reserve monies that can be used to reduce the increase in the next few years.

General Fund Budgetary Highlights

Over the course of the year, the Superintendent of Schools revises its annual budget to reflect unexpected changes in revenues and expenditures. The final amendment to the budget was approved September 8, 2020. A schedule of the Superintendent of Schools' original and final budget amounts compared with actual revenues and expenses is provided in the supplemental section of the audited financial report.

The primary factors for the variation between original and final budget amounts are as follows:

Revenues – increased by $1,937,596 over the original budget primarily due to an increase in Revenues for Medi-Cal Administrative Services, Special Education, Juvenile Hall Local Control and Accountability Funds, and Differentiated Assistance Funds

Salaries and Benefits - decreased by $841,558 due to unfilled positions due to the difficulty of hiring hard to fill positions.

Other non-personnel expenditures – increased by $3,479,036 due to contracting difficult positions with outside agencies and construction costs for the Early Education Center's new campus.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2020, the Superintendent of Schools had invested $41,640,704 in a broad range of capital assets, including land, buildings and improvements, work in progress, equipment and vehicles. See Table 5. More detailed information about the Superintendent of Schools' capital assets is presented in the notes to the financial statements.

Table 5
Capital Assets

	Governmental Activities		Percentage of Change
	2020	2019	2020-2019
Land	$ 1,353,422	$ 1,353,422	0.00%
Buildings	45,444,099	40,794,546	11.40%
Land Improvements	994,803	974,628	2.07%
Equipment	4,371,789	4,373,940	(0.05%)
Work in Progress	3,593,862	3,735,653	(3.80%)
Total at Historical Cost	55,757,975	51,232,189	8.83%
Total Accumulated Depreciation	(14,117,271)	(12,728,466)	10.91%
NET CAPITAL ASSETS	$ 41,640,704	$ 38,503,723	8.15%

The Superintendent of Schools' fiscal year 2020-21 budget shows a large reduction in expenditures for capital projects since the building projects were completed or substantially completed during the 2019-20 year and the Work in Progress of $3,593,862 will be moved into a capital asset for this year.

Long Term Debt

At year end, the Superintendent of Schools had $82,563,463 in debt, as shown in Table 6. More detailed information about the Superintendent of Schools' debt is presented in the notes to the financial statements.

Table 6
Long-Term Debt

	Governmental Activities		Percentage of Change
	2020	2019	2020-2019
Net Pension Liability	$ 42,901,641	$ 41,337,583	3.78%
Total OPEB Liability	18,780,601	25,516,511	(26.40%)
Certificates of Participation	20,374,694	20,772,208	(1.91%)
Capital Leases	234,831	347,668	(32.46%)
Compensated Absences	271,696	199,242	36.36%
TOTAL LONG-TERM DEBT	$ 82,563,463	$ 88,173,212	(6.36%)

The decrease in long term debt is mainly due to the reduction of the OPEB Liability based on the new actuarial study done for the year and annual payments made on the debt.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

At the time these financial statements were prepared and audited, the Superintendent of Schools was aware of several circumstances that could affect its future financial health:

- In March 2020 schools were closed for in-person instruction due to the COVID-19 pandemic and all students converted to distance learning. This has turned the world upside down and caused tremendous modifications for most student's, teacher's and staff's lives. It has been an extreme challenge to implement on the technological side with adding one to one devices and hot spots for all students, setting up teachers with devices for remote teaching, and making sure we have the right internet services and structure for remote learning. Additional federal funding was received to cover most of the upfront costs, but many of the expenses are on-going such as hot-spot service, IPAD and Laptop insurance, and services such as Zoom and Web-Ex.

  Teachers have had to adjust their teaching style, lesson plans and how they take attendance and track progress of students. The unknowns of when in-person instruction will return, what it will look like, and how it will be paid for still linger in the background. Additional costs of the testing and personal protective equipment (PPE) will need to be increasingly budgeted as we return to in-person instruction at some point in the future.

  MCSOS has established virtual weekly meetings with groups for District Superintendents, District CBOs and District Human Resource Officers to review the quickly changing information including - new legislative and regulatory requirements, new reporting, allowable uses for funding and constant estimated funding changes.

- The uncertainty of federal and state funding can have a profound impact on the financial health of the Superintendent of Schools. The Local Control Funding Formula is now fully implemented which was two years earlier than planned. Our only expected increase to state revenues is now COLA if funded in the future. We do have a bill back in place for special education to our districts; this will offset rising costs in this area and limit our liability for running special education programs for district students. We will continue to see an increase in direct services in our county for Differentiated Assistance and Local Control Accountability Plan Training.
- As employer contribution rates for employee retirement programs continue to increase these increases could be a significant impact to the County Superintendent of Schools' financial position as the rates are anticipated to continue to increase dramatically in the coming years. The overall impact is estimated to be $830,000 over the next three years.
- The economy continues to be riddled with impacts of the pandemic. Labor conditions at the state and national level are making gains, but well below their pre-pandemic levels. California imports and exports are both down on a year-to-date basis as well as compared to the same period last year. Despite this sobering data, the state's General Fund is encountering robust revenues, which continue to outperform June 2020 budget estimates. All together, the state's three largest General Fund taxes—the personal income tax (PIT), sales and use tax, and corporation tax—are all above budget estimates.
- Madera County Superintendent of Schools is fully funded for the LCFF. New monies will typically come in the form of COLA, which is projected to be very low or nonexistent for the next three years.

CONTACTING THE SUPERINTENDENT OF SCHOOLS FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents, participants, investors and creditors with a general overview of the Superintendent of Schools finances and to demonstrate the Superintendent of Schools accountability for the money it receives. If you have questions about this report, or need additional financial information, contact Julie DeWall at (559) 673-6051 ext. 6295.

Financial Section

MADERA COUNTY SUPERINTENDENT OF SCHOOLS

STATEMENT OF NET POSITION

JUNE 30, 2020

	Governmental Activities
ASSETS:	
Cash in County Treasury	$ 11,709,293
Cash in Revolving Fund	2,130
Accounts Receivable	17,230,459
Stores Inventories	2,420
Capital Assets:	
Land	1,353,422
Land Improvements, Net	557,217
Buildings, Net	34,833,809
Equipment, Net	1,302,394
Work in Progress	3,593,862
Total Assets	70,585,006
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred Expenses	924,329
Deferred Outflows of Resources - Pensions	10,984,959
Total Deferred Outflows of Resources	11,909,288
LIABILITIES:	
Accounts Payable	10,332,498
Unearned Revenue	381,915
Noncurrent Liabilities:	
Net Pension Liability	42,901,641
Total OPEB Liability	18,780,601
Due within one year	808,219
Due in more than one year	20,073,002
Total Liabilities	93,277,876
DEFERRED INFLOWS OF RESOURCES:	
Deferred Inflows of Resources - Pensions	3,380,631
Total Deferred Inflows of Resources	3,380,631
NET POSITION:	
Net Investment in Capital Assets	21,031,179
Restricted For:	
Federal and State Programs	1,311,170
Capital Projects	58,716
Unrestricted	(36,565,278)
Total Net Position	$ (14,164,213)

The accompanying notes are an integral part of this statement.

MADERA COUNTY SUPERINTENDENT OF SCHOOLS

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
PRIMARY GOVERNMENT:				
Governmental Activities:				
Instruction	$ 19,203,840	$ 2,732,776	$ 8,837,309	$ (7,633,755)
Instruction-Related Services	6,441,085	926,745	2,816,579	(2,697,761)
Pupil Services	5,668,485	814,253	2,294,395	(2,559,837)
Ancillary Services	2,173	--	--	(2,173)
Community Services	727,645	51,316	563,434	(112,895)
Enterprise	108,727	11,155	30,093	(67,479)
General Administration	7,071,216	1,067,052	3,100,043	(2,904,121)
Plant Services	4,107,001	982,855	2,989,080	(135,066)
Other Outgo	14,339,634	--	14,051,581	(288,053)
Interest on Long-Term Obligations	1,335,263	--	--	(1,335,263)
Total Governmental Activities	59,005,069	6,586,152	34,682,514	(17,736,403)
Total Primary Government	$ 59,005,069	$ 6,586,152	$ 34,682,514	(17,736,403)

General Revenues:	
LCFF Sources	17,098,774
Federal Revenues	859,677
State Revenues	177,326
Local Revenues	4,630,025
Total General Revenues	22,765,802
Change in Net Position	5,029,399
Net Position - Beginning	(19,193,612)
Net Position - Ending	$ (14,164,213)

The accompanying notes are an integral part of this statement.

MADERA COUNTY SUPERINTENDENT OF SCHOOLS

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2020

	General Fund	Charter School Fund
ASSETS:		
Cash in County Treasury	$ 9,318,906	$ 2,243,824
Cash in Revolving Fund	2,130	--
Accounts Receivable	9,229,262	867,597
Due from Other Funds	22,096	407,824
Stores Inventories	2,420	--
Total Assets	18,574,814	3,519,245
LIABILITIES AND FUND BALANCE:		
Liabilities:		
Accounts Payable	$ 2,785,537	$ 215,646
Due to Other Funds	407,824	--
Unearned Revenue	282,345	64,764
Total Liabilities	3,475,706	280,410
Fund Balance:		
Nonspendable Fund Balances:		
Revolving Cash	2,130	--
Stores Inventories	2,420	--
Restricted Fund Balances	3,032,595	174,023
Committed Fund Balances	1,956	--
Assigned Fund Balances	4,701,829	3,064,812
Unassigned:		
Reserve for Economic Uncertainty	1,337,722	--
Other Unassigned	6,020,456	--
Total Fund Balance	15,099,108	3,238,835
Total Liabilities and Fund Balances	$ 18,574,814	$ 3,519,245

The accompanying notes are an integral part of this statement.

Special Education Pass-Through	Other Governmental Funds	Total Governmental Funds
$ 86,046	$ 60,517	$ 11,709,293
--	--	2,130
7,047,770	85,830	17,230,459
--	--	429,920
--	--	2,420
7,133,816	146,347	29,374,222
$ 7,118,889	$ 30,729	$ 10,150,801
--	22,096	429,920
--	34,806	381,915
7,118,889	87,631	10,962,636
--	--	2,130
--	--	2,420
14,927	58,716	3,280,261
--	--	1,956
--	--	7,766,641
--	--	1,337,722
--	--	6,020,456
14,927	58,716	18,411,586
$ 7,133,816	$ 146,347	$ 29,374,222

MADERA COUNTY SUPERINTENDENT OF SCHOOLS

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2020

Total fund balances - governmental funds balance sheet	$	18,411,586
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not reported in the funds.		41,640,704
Payables for capital leases which are not due in the current period are not reported in the funds.		(234,831)
Payables for bond interest which are not due in the current period are not reported in the funds.		(181,697)
Payables for notes which are not due in the current period are not reported in the funds.		(20,374,694)
Payables for compensated absences which are not due in the current period are not reported in the funds.		(271,696)
Other long-term assets are not available to pay for current period expenditures and are deferred in the funds.		924,329
Recognition of the Superintendent of Schools's proportionate share of the net pension liability is not reported in the funds.		(42,901,641)
Deferred Resource Inflows related to the pension plans are not reported in the funds.		(3,380,631)
Deferred Resource Outflows related to the pension plans are not reported in the funds.		10,984,959
Recognition of the Superintendent of Schools's proportionate share of the net OPEB liability is not reported in the funds.		(18,780,601)
Net position of governmental activities - Statement of Net Position	$	(14,164,213)

MADERA COUNTY SUPERINTENDENT OF SCHOOLS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	General Fund	Charter School Fund
Revenues:		
LCFF Sources:		
State Apportionment or State Aid	$ 3,284,648	$ 3,568,521
Education Protection Account Funds	19,150	299,114
Local Sources	9,365,832	561,509
Federal Revenue	5,920,522	123,100
Other State Revenue	10,425,655	343,441
Other Local Revenue	13,297,187	143,533
Total Revenues	42,312,994	5,039,218
Expenditures:		
Current:		
Instruction	17,219,700	2,627,867
Instruction - Related Services	6,245,302	872,924
Pupil Services	5,533,577	367,677
Ancillary Services	2,173	--
Community Services	321,522	--
Enterprise	(30,847)	--
General Administration	7,232,893	74,272
Plant Services	2,446,037	663,662
Other Outgo	14,207	117,203
Capital Outlay	4,371,653	82,072
Debt Service:		
Principal	510,351	--
Interest	724,167	--
Total Expenditures	44,590,735	4,805,677
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,277,741)	233,541
Other Financing Sources (Uses):		
Transfers In	26,130	--
Transfers Out	--	--
Total Other Financing Sources (Uses)	26,130	--
Net Change in Fund Balance	(2,251,611)	233,541
Fund Balance, July 1	17,350,719	3,005,294
Fund Balance, June 30	$ 15,099,108	$ 3,238,835

The accompanying notes are an integral part of this statement.

Special Education Pass-Through	Other Governmental Funds	Total Governmental Funds
$ --	$ --	$ 6,853,169
--	--	318,264
--	--	9,927,341
6,089,225	394,232	12,527,079
7,962,356	2,371,997	21,103,449
--	25,241	13,465,961
14,051,581	2,791,470	64,195,263
--	1,388,790	21,236,357
--	234,216	7,352,442
--	61,760	5,963,014
--	--	2,173
--	440,055	761,577
--	--	(30,847)
--	221,308	7,528,473
--	270,098	3,379,797
14,060,153	148,071	14,339,634
--	--	4,453,725
--	--	510,351
--	--	724,167
14,060,153	2,764,298	66,220,863
(8,572)	27,172	(2,025,600)
--	--	26,130
--	(26,130)	(26,130)
--	(26,130)	--
(8,572)	1,042	(2,025,600)
23,499	57,674	20,437,186
$ 14,927	$ 58,716	$ 18,411,586

MADERA COUNTY SUPERINTENDENT OF SCHOOLS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Net change in fund balances - total governmental funds	$	(2,025,600)
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:		
Capital outlays are not reported as expenses in the SOA.		4,574,304
The depreciation of capital assets used in governmental activities is not reported in the funds.		(1,437,323)
Expenses not requiring the use of current financial resources are not reported as expenditures in the funds.		(616,220)
Repayment of capital lease principal is an expenditure in the funds but is not an expense in the SOA.		112,837
Repayment of loan principal is an expenditure in the funds but is not an expense in the SOA.		397,514
(Increase) decrease in accrued interest from beginning of period to end of period.		5,124
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.		(72,454)
Implementing GASB 68 required certain expenditures to be de-expended and recorded as DRO.		4,419,869
Pension expense relating to GASB 68 is recorded in the SOA but not in the funds.		(7,064,562)
OPEB expense relating to GASB 75 is recorded in the SOA but not in the funds.		6,735,910
Change in net position of governmental activities - Statement of Activities	$	5,029,399

The accompanying notes are an integral part of this statement.

A. Summary of Significant Accounting Policies

The Superintendent of Schools accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's *California School Accounting Manual*. The accounting policies of the Superintendent of Schools conform to accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

1. Reporting Entity

The Superintendent of Schools' combined financial statements include the accounts of all its operations. The Superintendent of Schools evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the Superintendent of Schools reporting entity, as set forth in GASB Statement No. 14 (as amended), *The Financial Reporting Entity*, include whether:

- $ the organization is legally separate organization (can sue and be sued in its name) for which the primary government is financially accountable.
- $ the Superintendent of Schools holds the corporate powers of the organization
- $ the Superintendent of Schools appoints a voting majority of the organization's board
- $ the Superintendent of Schools is able to impose its will on the organization
- $ the organization has the potential to impose a financial benefit/burden on the Superintendent of Schools
- $ there is fiscal dependency by the organization on the Superintendent of Schools

The Superintendent of Schools also evaluated each legally separate, tax-exempt organization whose resources are used principally to provide support to the Superintendent of Schools to determine if its omission from the reporting entity would result in financial statements which are misleading or incomplete. GASB Statement No. 14 requires inclusion of such an organization as a component unit when: 1) The economic resources received or held by the organization are entirely or almost entirely for the direct benefit of the Superintendent of Schools, its component units or its constituents; and 2) The Superintendent of Schools or its component units is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the organization; and 3) Such economic resources are significant to the Superintendent of Schools.

Based on these criteria, the Superintendent of Schools has no component units. Additionally, the Superintendent of Schools is not a component unit of any other reporting entity as defined by the GASB Statement.

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-Wide Statements: The statement of net position and the statement of activities include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Superintendent of Schools governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The Superintendent of Schools does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) 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, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Superintendent of Schools' funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

The Superintendent of Schools reports the following major governmental funds:

General Fund. This is the Superintendent of Schools' primary operating fund. It is used to account for and report all financial resources not accounted for and reported for in another fund.

Charter School Fund. This fund is used to separately report the activities of charter schools not included in the General Fund.

Special Education Pass-Through Fund. This fund is used by the Administrative Unit (the Superintendent of Schools) of a multi-LEA Special Education Local Plan Area (SELPA) to account for Special Education revenue passed through to other member LEAs.

The Superintendent of Schools reports the following non-major governmental funds:

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The following special revenue funds are utilized by the Superintendent of Schools:

$ The Child Development Fund is used to account separately for Federal, State and local revenues to operate Child Development Programs.

$ The Forest Reserve Fund exists primarily to account separately for federal forest reserve monies received by county offices of education for distribution to school districts and community college districts.

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays including the acquisition or construction of capital facilities and other capital assets. The Superintendent of Schools maintains the following capital projects funds:

- County School Facilities Fund. This fund was established to receive apportionments from the State School Facilities Fund authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants.

b. Measurement Focus, Basis of Accounting

Government-Wide Fund Financial Statements: This financial statement is reported using the economic resources measurement focus. It is reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Superintendent of Schools gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Superintendent of Schools considers all revenues reported in the governmental funds to be available if the revenues are collected within one year after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When the Superintendent of Schools incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the Superintendent of Schools policy to use restricted resources first, then unrestricted resources.

3. Encumbrances

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

4. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all government funds. By state law, the Superintendent of Schools Board of Trustees must adopt a final budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The Superintendent of Schools Board of Trustees satisfied these requirements.

These budgets are revised by the Superintendent of Schools' Board of Trustees and Superintendent of Schools Superintendent during the year to give consideration to unanticipated income and expenditures.

Formal budgetary integration was employed as a management control device during the year for all budgeted funds. The Superintendent of Schools employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object code.

5. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balances

a. Deposits and Investments

Cash balances held in banks and in revolving funds are insured up to $250,000 by the Federal Depository Insurance Corporation. All cash held by the financial institutions is fully insured or collateralized.

In accordance with Education Code Section 41001, the Superintendent of Schools maintains substantially all of its cash in the Madera County Treasury. The County pools these funds with those of other entities in the County and invests the cash. These pooled funds are carried at cost, which approximates market value. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

The County is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et seq. The funds maintained by the County are either secured by federal depository insurance or are collateralized.

Information regarding the amount of dollars invested in derivatives with Madera County Treasury was not available.

b. Stores Inventories and Prepaid Expenditures

Inventories are recorded using the purchases method in that the cost is recorded as an expenditure at the time individual inventory items are purchased. Inventories are valued at average cost and consist of expendable supplies held for consumption. Reported inventories are equally offset by a fund balance reserve, which indicates that these amounts are not "available for appropriation and expenditure" even though they are a component of net current assets.

The Superintendent of Schools has the option of reporting an expenditure in governmental funds for prepaid items either when purchased or during the benefitting period. The Superintendent of Schools has chosen to report the expenditure during the benefitting period.

c. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of $5,000 is used.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Buildings	25 - 50
Land Improvements	20
Vehicles	2 - 15
Office Equipment	3 - 15
Computer Equipment	3 - 15

d. Receivable and Payable Balances

The Superintendent of Schools has provided detail of the receivable balances in Note F. The Superintendent of Schools believes that sufficient detail of payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates the payable balances.

There are no significant receivables which are not scheduled for collection within one year of year end.

e. Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as liabilities of the Superintendent of Schools. The liability, if any, is recognized in the noncurrent liabilities - due within one year.

A percentage of Accumulated Sick Leave benefits are recognized as liabilities of the Superintendent of Schools. The Superintendent of Schools' policy is to record sick leave as an operating expense in the period taken and a percentage of the unused portion depending on length of service will vest and be payable upon retirement.

f. Unearned Revenue

Cash received for federal and state special projects and programs is recognized as revenue to the extent that qualified expenditures have been incurred. Unearned revenue is recorded to the extent cash received on specific projects and programs exceed qualified expenditures.

g. Long-Term Obligation

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts as well as issuance costs are deferred and amortized over the life of the bonds using the effective-interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental funds recognize bond premiums and discounts as well as bond issuance costs, during the current period. The face amount of the debt issued, premiums, or discounts is reported as other financial sources/uses. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from actual debt proceeds are reported as debt service expenditures.

h. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefitting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position.

i. Property Taxes

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on December 10 and April 10. Unsecured property taxes are payable in one installment on or before August 31. The County of Madera bills and collects the taxes for the Superintendent of Schools.

j. Deferred Outflows/Inflows of Resources

Deferred outflows of resources is a consumption of net assets or position that is applicable to a future reporting period. Deferred inflows of resources is an acquisition of net assets or net position that is applicable to a future reporting period. Deferred outflows of resources and deferred inflows of resources are recorded in accordance with GASB Statement numbers 63 and 65.

k. Fund Balances

Fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Governmental fund balance is classified as non-spendable, restricted, committed, assigned or unassigned. Following are descriptions of fund classifications used by the Superintendent of Schools:

Non-spendable fund balance includes items that cannot be spent. This includes activity that is not in a spendable form (inventories, prepaid amounts, long-term portion of loans/notes receivable, or property held for resale unless the proceeds are restricted, committed, or assigned) and activity that is legally or contractually required to remain intact, such as a principal balance in a permanent fund.

Restricted fund balance includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

Committed fund balance includes amounts that can be used only for the specific purposes pursuant to constraints imposed by a formal action of the Board, the Superintendent of Schools' highest level of decision-making authority. This formal action is the Board's resolution or majority vote.

Assigned fund balance includes amounts that are constrained by the Superintendent of Schools' intent to be used for a specific purpose, but are neither restricted nor committed. For governmental funds, other than the general fund, this is the residual amount within the fund that is not restricted or committed. Assignments of fund balance are created by the Chief Business Official of the Madera County Superintendent of Schools pursuant to authorization established by Board Policy 3122.

Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it may be necessary to report a negative unassigned fund balance.

When expenditures/expenses are incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) resources are available, it is the Superintendent of Schools general policy to use restricted resources first. When expenditures/expenses are incurred for purposes for which unrestricted (committed, assigned, and unassigned) resources are available, and amount in any of these unrestricted classifications could be used, it is the Superintendent of Schools' general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

Consistent with the Criteria and Standards for fiscal solvency adopted by the State Board of Education, the Superintendent of Schools maintains a Reserve for Economic Uncertainties to safeguard the Superintendent of Schools' financial stability. The minimum recommended reserve for an Superintendent of Schools of this size is a minimum of three percent of budgeted general fund expenditures and other financing uses. The Superintendent of Schools' policy is to maintain the reserve at three percent.

I. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the CalPERS Schools Pool Cost-Sharing Multiple-Employer Plan (CalPERS Plan) and CalSTRS Schools Pool Cost-Sharing Multiple Employer Plan (CalSTRS Plan) and additions to/deductions from the CalPERS Plan and CalSTRS Plan's fiduciary net positions have been determined on the same basis as they are reported by the CalPERS Financial Office and CalSTRS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined time frames. For this report, the following time frames are used:

Valuation Date (VD)	June 30, 2018
Measurement Date (MD)	June 30, 2019
Measurement Period (MP)	July 1, 2018 to June 30, 2019

m. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the Superintendent of Schools' single-employer defined benefit OPEB Plan ("the Plan") have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

n. Use of Estimates

The preparation of 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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

Violation	Action Taken
None reported	Not applicable

2. Deficit Fund Balance or Fund Net Position of Individual Funds

Following are funds having deficit fund balances or fund net position at year end, if any, along with remarks which address such deficits:

Fund Name	Deficit Amount	Remarks
None reported	Not applicable	Not applicable

C. Excess of Expenditures over Appropriations

As of June 30, 2020, expenditures exceeded appropriations in individual funds as follows:

Appropriations Category	Excess Expenditures
General Fund:	
Employee Benefits	$5,463
Debt Service:	
Interest	625

The Superintendent of Schools' General Fund incurred additional expenditures related to Employee Benefits and incurred additional expenditures related to Debt Service-Interest for the reclassification of interest paid during the year.

D. Cash and Investments

Summary of Cash and Investments

Cash and investments at June 30, 2020 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Governmental Activities:	
Cash in County Treasury	$11,709,293
Cash on Hand (Revolving Fund)	2,130
Grand Total Cash and Investments	$11,711,423

Cash and investments as of June 30, 2020 consist of the following:

Cash on Hand (Revolving Fund)	$ 2,130
Deposits with County Treasury	11,709,293
Total Cash and Investments	$ 11,711,423

Cash in County Treasury

In accordance with Education Code Section 41001, the Superintendent of Schools maintains substantially all of its cash in the Madera County Treasury as part of the common investment pool (the Superintendent of Schools' portion was $11,709,293 as of June 30, 2020). The Superintendent of Schools is considered to be an involuntary participant in an external investment pool. The fair value of the Superintendent of Schools' portion of this pool as of June 30, 2020, as provided by the pool sponsor, was $11,742,281. Assumptions made in determining the fair value of the Superintendent of Schools' pooled investment portfolios are available from the County Treasurer. The County is restricted by Government Code Section 53635 pursuant to Section 53601 to invest in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. The amount recorded on these financial statements is the balance available for withdrawal based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

Cash in Banks and in Revolving Fund

Cash balances held in financial institutions including cash in banks and in the revolving fund ($2,130) are insured up to $250,000 by the Federal Depository Insurance Coporation (FDIC). All cash held by the financial institution is fully insured or collateralized.

Investment Accounting Policy

The Superintendent of Schools is required by GASB Statement No. 31 to disclose its policy for determining which investments, if any, are reported at amortized cost. The Superintendent of Schools general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

The Superintendent of Schools' investments in external investment pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. The Superintendent of Schools' investment policy does not contain any specific provisions intended to limit the Superintendent of Schools' exposure to interest rate risk, credit risk, and concentration of credit risk.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

Concentration of Credit Risk

The investment policy of the Superintendent of Schools contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. The Superintendent of Schools has no investments.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the Superintendent of Schools investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provisions for deposits: 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% of the total amount deposited by the public agencies.

None of the Superintendent of Schools' deposits with financial institutions are in excess of federal depository insurance limits.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government code and the Superintendent of Schools investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools.

Disclosures Relating to 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.

E. Fair Value

The Superintendent of Schools categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy is based on the valuation inputs used to measure as asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets.

Level 2 – Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical of similar assets in markets that are not active, or other inputs that are observable, either directly or indirectly.

Level 3 – Unobservable inputs should be developed using the best information available under the circumstances, which might include the Superintendent of Schools own data. The Superintendent of Schools should adjust that data if reasonable available information indicates that other market participants would use different data or certain circumstances specific to the Superintendent of Schools are not available to other market participants.

Uncategorized – Cash in County Treasury (Investments in county treasury) in the Madera County Treasury Investment Pool are not measured using the input levels above because the Superintendent of Schools 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.

The Superintendent of Schools fair value measurements at June 30, 2020 were as follows:

	Uncategorized	Total
Cash in County Treasury (Investments in county treasury)	$ 11,709,293	$ 11,709,293

F. Accounts Receivable

Accounts receivable as of June 30, 2020, consist of the following:

	General Fund	Charter School Fund	Special Education Pass-Through	Other Governmental Funds	Total
Apportionment	$ 471,894	$ 722,800	$ -	$ -	$ 1,194,694
Federal Government:					
Federal Programs	4,607,436	52,287	6,089,225	79,778	10,828,726
State Government:					
Categorical Aid Programs	1,000,029	52,977	947,696	-	2,000,702
Lottery	38,030	29,885	-	-	67,915
Other	-	-	10,849	-	10,849
Total State Government	1,038,059	82,862	958,545	-	2,079,466
Local Government:					
Other	3,084,402	9,149	-	-	3,093,551
Interest	239	-	-	-	239
Miscellaneous	27,232	499	-	6,052	33,783
Totals	$ 9,229,262	$ 867,597	$ 7,047,770	$ 85,830	$ 17,230,459

G. Capital Assets

Capital asset activity for the period ended June 30, 2020, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 1,353,422	$ -	$ -	$ 1,353,422
Work in progress	3,735,653	4,504,160	4,645,951	3,593,862
Total capital assets not being depreciated	5,089,075	4,504,160	4,645,951	4,947,284
Capital assets being depreciated:				
Buildings	40,794,546	4,649,553	-	45,444,099
Land Improvements	974,628	20,175	-	994,803
Equipment	4,373,940	46,367	48,518	4,371,789
Total capital assets being depreciated	46,143,114	4,716,095	48,518	50,810,691
Less accumulated depreciation for:				
Buildings	9,614,685	995,605	-	10,610,290
Land Improvements	398,099	39,487	-	437,586
Equipment	2,715,682	402,231	48,518	3,069,395
Total accumulated depreciation	12,728,466	1,437,323	48,518	14,117,271
Total capital assets being depreciated, ne	33,414,648	3,278,772	-	36,693,420
Governmental activities capital assets, net	$ 38,503,723	$ 7,782,932	$4,645,951	$ 41,640,704

Depreciation was charged to functions as follows:

Instruction	$ 73,979
Instruction-Related Services	25,762
Pupil Services	198,433
Enterprise	33,224
General Administration	58,664
Plant Services	1,047,261
	$ 1,437,323

H. Interfund Balances and Activities

1. Due To and From Other Funds

Balances due to and due from other funds at June 30, 2020, consisted of the following:

Due To Other Fund	Due From Other Fund	Amount	Purpose
General Fund	Charter School Fund	$ 407,824	To transfer Charter Type C student apportionment revenue to proper fund and correct indirect costs.
Child Development Fund	General Fund	22,096	To repay contribution to program.
		$ 429,920	

All amounts due are scheduled to be repaid within one year.

2. Transfers To and From Other Funds

Transfers in to and out from other funds at June 30, 2020, consisted of the following:

Transfers Out From	Transfers In To	Amount	Reason
Forest Reserve Fund	General Fund	$ 26,130	Transfer of Forest Reserve Funds to General Fund for Forest Reserve Allocation.
		$ 26,130	

I. Long-Term Obligations

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the period ended June 30, 2020, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Compensated Absences	$ 199,242	$ 72,454	$ -	$ 271,696	$ 271,696
Direct Borrowings:					
Certificates of Participation	20,772,208	-	397,514	20,374,694	420,661
Capital Leases	347,668	-	112,837	234,831	115,862
Totals	$ 21,319,118	$ 72,454	$ 510,351	$ 20,881,221	$ 808,219

The funds typically used to liquidate Other Long-Term Liabilities in the past are as follows:

Liability	Activity Type	Fund
Compensated absences	Governmental	General

2. Certificates of Participation

On November 1, 2016 the County issued $16,200,000 in certificates of participation with interest rates ranging between 2.00% and 4.00% to prepay the $14,215,000 of its outstanding 2011 certificates of participation and pay the costs incurred in connection with the execution and delivery of the certificates. The County deposited the net proceeds along with the cash with fiscal agent balance of the 2011 certificates of participation in an irrevocable trust to provide for all future debt service on the refunded 2011 certificates. As a result, the 2011 certificates of participation is considered defeased and the County has removed the liability from its accounts. At June 30, 2020, the principal balance outstanding on the refunded certificate was $13,780,000.

On the Government-Wide statements, the defeasance of the certificates of participation resulted in a deferred outflow of resources of $3,081,099 and is being amortized as a component of interest expense over the life of the old certificates. The unamortized balance at June 30, 2020 was $924,329.

On August 1, 2018 the Superintendent of Schools issued $4,982,208 in certificates of participation with interest rates at 3.775% to (1) refinance the Capital Lease Obligation entered into in October of 2014 for the acquisition of the Early Education Center used for the Preschool Program, and (2) to finance a portion of the costs of construction of the Career and Technical Education Facility, and the acquisition and relocation of portable classrooms for Early Childhood Education use, and pay the costs incurred in connection with the execution and delivery of the certificates.

The outstanding certificates of participation debt of the Superintendent of Schools as of June 30, 2020, are:

Date of Issue	Interest Rate%	Maturity Date	Original Issue	Outstanding July 1, 2019	Issued Current Year	Redeemed Current Year	Outstanding June 30, 2020
2016	2.00-4.00	2042	$ 16,200,000	$ 15,790,000	$ -	$ 195,000	$ 15,595,000
2018	3.775%	2039	4,982,208	4,982,208	-	202,514	4,779,694
			$ 21,182,208	$ 20,772,208	$ -	$ 397,514	$ 20,374,694

The certificates mature as follows:

2016 Certificates of Participation

Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2021	$ 210,000	$ 525,381	$ 735,381
2022	230,000	520,981	750,981
2023	380,000	511,081	891,081
2024	410,000	495,281	905,281
2025	445,000	478,181	923,181
2026-2030	2,795,000	2,086,106	4,881,106
2031-2035	3,820,000	1,543,169	5,363,169
2036-2040	4,940,000	845,422	5,785,422
2041-2042	2,365,000	83,913	2,448,913
Totals	$15,595,000	$7,089,515	$22,684,515

2018 Certificates of Participation

Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2021	$ 210,661	$ 176,040	$ 386,701
2022	218,615	168,086	386,701
2023	226,869	159,831	386,700
2024	235,027	151,674	386,701
2025	244,312	142,388	386,700
2026-2030	1,366,840	566,663	1,933,503
2031-2035	1,167,933	327,748	1,495,681
2036-2040	1,109,437	87,113	1,196,550
Totals	$ 4,779,694	$ 1,779,543	$ 6,559,237

During the year, the Superintendent of Schools made payments on Certificates of Participation of $1,112,362, including interest of $714,848.

3. Capital Leases

In September 2015 the Superintendent of Schools entered into a lease agreement for $789,233 to finance the purchase of a fleet of buses for the Special Education Program at an interest rate of 2.68%. Future minimum lease payments are as follows:

Year Ended June 30,	Lease Payments
2021	$ 122,156
2022	122,156
Total Minimum Lease Payments	$ 244,312
Amount Representing Interest	9,481
Present Value of Net Minimum Lease Payments	$ 234,831

The Superintendent of Schools received $122,156 in sublease revenue for the bus lease from Member Districts and will continue to receive sublease rental revenue on this lease for the remaining term of the lease. The Superintendent of Schools will not pay any contingent rentals associated with this lease.

During the year, the Superintendent of Schools made payments on the capital lease of $122,156, of which $9,319 represents interest.

J. Commitments Under Noncapitalized Leases

The Superintendent of Schools has entered into various leases for a postage printer and copiers with lease terms in excess of one year. The agreements do not contain a purchase option. The agreements contain a termination clause providing for cancellation after a specified number of days written notice to lessors, but it is unlikely that the Superintendent of Schools will cancel any of the agreements prior to the expiration date. Future minimum lease payments under these agreements are as follows:

Year Ended June 30,	Lease Payments
2021	$ 38,797
2022	33,833
Total	$ 72,630

The Superintendent of Schools will receive no sublease rental revenues nor pay any contingent rentals for these properties.

The Superintendent of Schools paid $39,760 for these leases during the year ended June 30, 2020.

K. Detail of Fund Balance Classifications

Details of assigned and committed Fund Balances are as follows:

	General Fund	Charter School Fund
Assigned for:		
Post-Employment Benefits	$ 3,877,196	$ -
LCAP Oversight	113,843	-
Differentiated Assistance	710,790	-
Charter Schools	-	3,064,812
Total Assigned	$ 4,701,829	$ 3,064,812
Committed for Deferred Maintenance	$ 1,956	$ -

L. Joint Ventures (Joint Powers Agreements)

The Superintendent of Schools participates in joint ventures under joint powers agreements (JPAs) with the Self-Insured Schools of California I, and the Self-Insured Schools of California II. The relationship between the Superintendent of Schools and the JPAs is such that none of the JPAs is a component unit of the Superintendent of Schools for financial reporting purposes.

Condensed audited financial information for the above JPAs (the most current information available) can be obtained through each respective authority.

Self-Insured Schools of California I (SISC I)

SISC I arrange for and provide workers' compensation insurance for its members. SISC I is governed by a Board consisting of a representative from each member. The Board controls the operations of SISC I, including the selection of management and approval of operating budgets, independent of any influence by the members beyond their representation on the Board. Each member pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to their participation in SISC I.

Self-Insured Schools of California II (SISC II)

SISC II arranges for and provides property and liability insurance for its members. SISC II is governed by a Board consisting of a representative from each member. The Board controls the operations of SISC II, including the selection of management and approval of operating budgets, independent of any influence by the members beyond their representation on the Board. Each member pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to their participation in SISC II.

Self-Insured Schools of California III (SISC III)

SISC III arranges for and provides health, dental and vision insurance for its members. SISC III is governed by a Board consisting of a representative from each member district. The Board controls the operations of SISC III, including the selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the Board. Each member pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to their participation in SISC III.

M. Pension Plans

1. General Information About the Pension Plans

a. Plan Descriptions

Qualified employees are covered under cost-sharing multiple-employer defined benefit pension plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and Local Government resolution. Support by the State for the CalSTRS plan is such that the plan has a special funding situation as defined by GASB Statement No. 68. CalSTRS and CalPERS issue publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on their respective websites.

b. Benefits Provided

CalSTRS and CalPERS provide service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 62 for normal benefits or at age 55 with statutorily reduced benefits. Employees hired prior to January 1, 2013 are eligible to retire at age 60 for normal benefits or at age 55 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. All members are eligible for death benefits after one year of total service.

The Plans' provisions and benefits for the measurement period ending June 30, 2019 are summarized as follows:

	CalSTRS		CalPERS	
	Before	After	Before	After
Hire Date	Jan. 1, 2013	Jan. 1, 2013	Jan. 1, 2013	Jan. 1, 2013
Benefit Formula	2% at 60	2% at 62	2% at 55	2% at 62
Benefit Vesting Schedule	5 Years	5 Years	5 Years	5 Years
Benefit Payments	Monthly for Life	Monthly for Life	Monthly for Life	Monthly for Life
Retirement Age	55-60	55-62	50-62	52-67
Monthly benefits, as a % of eligible compensation	1.1 - 2.4%	1.0 - 2.4%*	1.1 - 2.5%	1.0 - 2.5%

* Amounts are limited to 120% of Social Security Wage Base.

c. Contributions – CalPERS

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. The CalPERS Board retains the authority to amend contribution rates. The total plan contributions are determined through 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 employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the year ended June 30, 2020, employees hired prior to January 1, 2013 contributed 7.00%, employees hired on or after January 1, 2013 contributed 7.00% of annual pay, and the employer's contribution rate is 19.721% of annual payroll. Superintendent of Schools contributions to the pension plan were $2,330,946 for the year ended June 30, 2020, and equal 100% of the required contributions for the year.

d. Contributions – CalSTRS

For the year ended June 30, 2020, Section 22950 of the California Education code requires CalSTRS 2% at 60 and 2% at 62 members to contribute monthly to the system 10.25% and 10.205% of the creditable compensation, respectively, upon which members' contributions under this part are based. In addition, the employer required rates established by the CalSTRS Board have been established at 17.10% of creditable compensation. Rates are defined in Section 22950.5 through measurement period ending June 30, 2021. Beginning in the fiscal year 2021-22 and for each year thereafter, the CalSTRS Board has the authority to increase or decrease percentages paid specific to reflect the contribution required to eliminate by June 30, 2046, the remaining unfunded actuarial obligation with respect to service credited to members before July 1, 2014, as determined by the Board based upon a recommendation from its actuary. Superintendent of Schools contributions to the pension plan were $2,088,923 for the year ended June 30, 2020, and equal 100% of the required contributions for the year.

e. On Behalf Payments

Consistent with Section 22955.1 of the California Education Code, the State of California makes contributions to CalSTRS on behalf of employees working for the Superintendent of Schools. For the year ended June 30, 2020, the State contributed $1,471,424 on behalf of the Superintendent of Schools to CalSTRS. The contributions made by the State included amounts resulting from Senate Bill (SB) 90 which appropriated for an additional 2019-20 contribution on behalf of school employers of $1.1 billion for CalSTRS. 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.

2. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2020, the Superintendent of Schools reported net pension liabilities for its proportionate shares of the net pension liability of each plan. The CalSTRS net pension liability reflects a reduction for State pension support provided to the Superintendent of Schools. The amount recognized by the Superintendent of Schools as its proportionate share of the net pension liability of each plan, the related CalSTRS State support, and the total portion of the net pension liability that is associated with the Superintendent of Schools is as follows:

	CalSTRS	CalPERS	Total
Superintendent of Schools' proportionate share of the net pension liability	$ 19,334,054	$ 23,567,587	$ 42,901,641
State's proportionate share of the net pension liability associated with the Superintendent of Schools	10,548,102	-	10,548,102
Total	$ 29,882,156	$ 23,567,587	$ 53,449,743

The Superintendent of Schools' net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plan is measured as of June 30, 2019, and the total pension liability for each Plan used to calculate the net pension liability was determined by the actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. The Superintendent of Schools' proportion of the net pension liability was based on a projection of the Superintendent of Schools' long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The Superintendent of Schools' proportionate share of the net pension liability for each Plan as of June 30, 2018 and 2019 was as follows:

	CalSTRS	CalPERS
Proportion - June 30, 2018	0.022140%	0.078719%
Proportion - June 30, 2019	0.021407%	0.080865%
Change - Increase (Decrease)	(0.000733%)	0.002146%

For the year ended June 30, 2020, the Superintendent of Schools recognized pension expense of $8,375,191 and revenue of $1,310,629 for support provided by the State. At June 30, 2020, the Superintendent of Schools reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 4,419,869	$ -
Differences between actual and expected experience	1,760,761	544,811
Change in assumptions	3,567,225	-
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	1,237,104	1,872,472
Net difference between projected and actual earnings on plan investments	-	963,348
Total	$ 10,984,959	$ 3,380,631

$4,419,869 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	
2021	$ (2,203,115)
2022	(164,286)
2023	(363,041)
2024	(650,357)
2025	145,478
Thereafter	50,862
Total	$ (3,184,459)

a. Actuarial Assumptions

The total pension liabilities in the June 30, 2018 actuarial valuations were determined using the following actuarial assumptions:

	CalSTRS		CalPERS	
Valuation Date	June 30, 2018		June 30, 2018	
Measurement Date	June 30, 2019		June 30, 2019	
Actuarial Cost Method	Entry Age - Normal Cost Method		Entry Age - Normal Cost Method	
Actuarial Assumptions:				
Discount Rate	7.10%		7.15%	
Inflation	2.75%		2.50%	
Payroll Growth	3.50%		(4)	
Post Retirement Benefit Increase	(1)		(5)	
Investment Rate of Return	7.10%	(2)	7.15%	(2)
Mortality	(3)		(6)	

(1) CalSTRS post retirement benefit increases assumed at 2% simple for DB (annually) maintaining 85% purchasing power level for DB. Increases are not applicable for DBS/CBB.
(2) Net of pension plan investment expenses, including inflation.
(3) CalSTRS projects mortality by setting the projection scale equal to 110% of the ultimate improvements factor from the Mortality Improvements Scale (MP-2016) table issued by the Society of Actuaries.

(4) Wage growth is a component of inflation for CalPERS assumptions.
(5) CalPERS post retirement benefit increases assumes 2.00% until PPPA floor on purchasing power applies, 2.50% thereafter.
(6) CalPERS mortality table was developed based on CalPERS specific data. The table includes 15 years of mortality improvement using the Society of Actuaries 90% of scale MP-2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

b. Discount Rate

The discount rate used to measure the total pension liability was 7.10% for CalSTRS and 7.15% for CalPERS. The projection of cash flows used to determine the discount rate assumed that contributions from plan members, employers, and state contributing agencies will be made at statutory contribution rates. To determine whether the Superintendent of Schools' bond rate should be used in the calculation of a discount rate for each plan, CalSTRS and CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current discount rates are adequate and the use of the Superintendent of Schools' bond rate calculation is not necessary for either plan. The stress test results are presented in a detailed report that can be obtained from CalSTRS and CalPERS websites.

According to Paragraph 30 of GASB Statement No. 68, the long-term discount rate should be determined without reduction for pension plan administrative expenses. The investment return assumption used in the accounting valuations is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalSTRS and CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalSTRS and CalPERS are scheduled to review all actuarial assumptions as part of their regular Asset Liability Management (ALM) review cycle. The last ALM completed by CalSTRS was conducted in 2015. CalSTRS is in process of completing the next ALM and expects to complete the process by November 2019. CalPERS completed their ALM in 2018 with new policies in effect on July 1, 2018. Both CalSTRS and CalPERS conduct new ALM's every four years.

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

In determining the long-term expected rate of return, CalSTRS and 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 10 years) and long-term (11-60 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 single equivalent expected return and arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest quarter of one percent.

The tables below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

CalPERS

Asset Class	Assumed Asset Allocation	Real Return (Years 1-10)(1)	Real Return (Years 11+)(2)
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	-	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	-	-0.92%
	100.00%		

(1) An expected inflation of 2.0% used for this period
(2) An expected inflation of 2.92% used for this period

CalSTRS

Asset Class	Assumed Asset Allocation	Long-Term* Expected Real Rate of Return
Global Equity	47.00%	4.80%
Fixed Income	12.00%	1.30%
Real Estate	13.00%	3.60%
Private Equity	13.00%	6.30%
Risk Mitigating Strategies	9.00%	1.80%
Inflation Sensitive	4.00%	3.30%
Cash/Liquidity	2.00%	-0.40%
	100.00%	

* 20-year average

c. Sensitivity to Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following represents the Superintendent of Schools' proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the Superintendent of Schools proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	CalSTRS	CalPERS
1% Decrease	6.10%	6.15%
Net Pension Liability	$ 28,790,006	$ 33,971,127
Current Discount Rate	7.10%	7.15%
Net Pension Liability	$ 19,334,054	$ 23,567,587
1% Increase	8.10%	8.15%
Net Pension Liability	$ 11,493,268	$ 14,937,132

d. Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalSTRS and CalPERS financial reports.

N. Post-Employment Benefits Other than Pension Benefits

1. General Information about the OPEB Plan

Plan Description

The Superintendent of Schools provides life-time post-employment health care benefits to eligible employees who retire from the Superintendent of Schools on or after attaining the minimum age of 50 under the PERS or age 55 with at least 20 years of service under the STRS. Employees hired prior to 1979-80 fiscal year are not subject to the 20 year service requirement. Employees hired on or after April 15, 1990 are not eligible to receive health care benefits. The plan is a single-employer defined benefit OPEB plan administered by the Superintendent of Schools' board of directors. Authority to establish and amend the benefit terms and financing requirements lies with the Superintendent of Schools' board of directors. No assets are accumulated in a trust that meets the criteria in paragraph 4 of the GASB 75 statement.

Employees Covered by Benefit Terms

As of June 30, 2020, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	67
Inactive Employees Entitled to But Not Yet Receiving Benefits	-
Participating Active Employees	10
Total Number of participants	77

Contributions

The contribution requirements of OPEB Plan members and the Superintendent of Schools are established and may be amended through negotiations between the Superintendent of Schools and the respective bargaining units. The voluntary contribution is based on projected pay-as-you-go financing requirements. For the fiscal year ended June 30, 2020, the Superintendent of Schools contributed $826,916 to the Plan, of which $826,916 was used for current premiums.

An actuarially determined contribution was not calculated for OPEB for the fiscal year, therefore a 10-year schedule is not presented in the required supplementary information.

2. Total OPEB Liability

The Superintendent of Schools' total OPEB liability of $18,780,601 was measured as of June 30, 2020 and was determined by an actuarial valuation date of July 1, 2019.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Inflation	3.00	percent
Salary Increases	3.00	percent, average, including inflation
Discount Rate	2.45	percent
Healthcare Cost Trend Rates	5.90	percent decreasing to 5.00 percent

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

The actuarial assumptions used on the July 1, 2019 valuation were based on a review of plan experience during the period of July 1, 2017 to June 30, 2019.

Discount Rate

The discount rate was based on the Bond Buyer 20-bond General Obligation Index. It was assumed that contributions would be sufficient to fully fund the obligation over a period not to exceed 30 years.

3. Changes in Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2019	$25,516,511
(Valuation Date of July 1, 2017)	
Changes for the year:	
Service cost	30,401
Interest on Total OPEB Liability	540,193
Expected Investment Income	-
Administrative Expenses	-
Employee Contributions	-
Employee Contributions to Trust	-
Employer Contributions as Benefit Payments	-
Actual Benefit Payments from Trust	-
Actual Benefit Payments from Employer	(737,859)
Experience (Gains)/Losses from Expected Minus Actual Benefit Payments	-
Expected Balance at June 30, 2020	25,349,246
Experience (Gains)/Losses	(5,947,780)
Changes in Assumptions	(620,865)
Changes in Benefit Terms	-
Investment Gains/(Losses)	-
Other	-
Net changes	(6,735,910)
Balance at June 30, 2020	$18,780,601
(Measurement Date of June 30, 2020)	

The discount rate of 2.45% for fiscal year ended June 30, 2020 decreased by 0.68% from the discount rate of 3.13% in the prior measurement period of June 30, 2019. There was also a decrease of $304,849 from population experience (terminations, retirements, and mortality) different than expected, a decrease of $4,966,366 from changes in health care premiums different than expected, and a decrease of $1,678,480 from a change in healthcare trend rate.

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

The following presents the total OPEB liability of the Authority if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

	District's OPEB Plan
1% decrease	1.45%
Total OPEB Liability	$ 21,108,683
Current discount rate	2.45%
Total OPEB Liability	$ 18,780,601
1% increase	3.45%
Total OPEB Liability	$ 16,845,014

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

The following presents the total OPEB liability of the Superintendent of Schools if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	District's OPEB Plan	
1% decrease	4.90%	decreasing to 4.00%
Total OPEB Liability	$ 16,684,482	
Current healthcare cost trend rate	5.90%	decreasing to 5.00%
Total OPEB Liability	$ 18,780,601	
1% increase	6.90%	decreasing to 6.00%
Total OPEB Liability	$ 21,261,734	

4. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related OPEB

For the fiscal year ended June 30, 2020, the Superintendent of Schools recognized OPEB expense of $(5,998,051). As of fiscal year ended June 30, 2020, the Superintendent of Schools did not report deferred outflows of resources and deferred inflows of resources related to OPEB.

O. Commitments and Contingencies

State and Federal Allowances, Awards and Grants

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

P. Subsequent Events

Subsequent to year-end, the Superintendent of Schools has been negatively impacted by the effects of the global coronavirus (COVID-19) pandemic. The pandemic has adversely affected public education, workforces, economies, and financial markets globally, potentially leading to an economic downturn. The Superintendent of Schools is closely monitoring its operations, liquidity, and capital resources and is working to minimize the current and future impact of this unprecedented situation. As of the issuance date of these financial statements, the full impact to the Superintendent of Schools' financial position is not known beyond increased cash flow monitoring due to state apportionment deferrals.

Required Supplementary Information

MADERA COUNTY SUPERINTENDENT OF SCHOOLS

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
LCFF Sources:				
State Apportionment or State Aid	$ 2,947,902	$ 3,284,648	$ 3,284,648	$ --
Education Protection Account Funds	30,936	19,150	19,150	--
Local Sources	8,702,718	9,365,832	9,365,832	--
Federal Revenue	6,261,709	5,920,453	5,920,522	69
Other State Revenue	9,988,335	10,398,845	10,425,655	26,810
Other Local Revenue	12,411,363	13,291,631	13,297,187	5,556
Total Revenues	40,342,963	42,280,559	42,312,994	32,435
Expenditures:				
Current:				
Certificated Salaries	11,423,935	10,830,941	10,830,941	--
Classified Salaries	10,687,291	10,522,709	10,522,709	--
Employee Benefits	10,095,401	10,011,419	10,016,882	(5,463)
Books And Supplies	1,035,907	753,166	753,156	10
Services And Other Operating Expenditures	5,374,444	7,414,584	7,080,810	333,774
Other Outgo	--	14,207	14,207	--
Direct Support/Indirect Costs	(252,603)	(234,141)	(234,141)	--
Capital Outlay	2,712,515	4,400,254	4,371,653	28,601
Debt Service:				
Principal	507,407	510,976	510,351	625
Interest	725,882	723,542	724,167	(625)
Total Expenditures	42,310,179	44,947,657	44,590,735	356,922
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,967,216)	(2,667,098)	(2,277,741)	389,357
Other Financing Sources (Uses):				
Transfers In	--	26,130	26,130	--
Transfers Out	(14,235)	(22,096)	--	22,096
Total Other Financing Sources (Uses)	(14,235)	4,034	26,130	22,096
Net Change in Fund Balance	(1,981,451)	(2,663,064)	(2,251,611)	411,453
Fund Balance, July 1	17,350,719	17,350,719	17,350,719	--
Fund Balance, June 30	$ 15,369,268	$ 14,687,655	$ 15,099,108	$ 411,453

MADERA COUNTY SUPERINTENDENT OF SCHOOLS

CHARTER SCHOOL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
LCFF Sources:				
State Apportionment or State Aid	$ 3,281,732	$ 3,477,192	$ 3,568,521	$ 91,329
Education Protection Account Funds	555,858	299,114	299,114	--
Local Sources	583,491	561,509	561,509	--
Federal Revenue	233,672	123,100	123,100	--
Other State Revenue	358,371	386,126	343,441	(42,685)
Other Local Revenue	150,737	143,533	143,533	--
Total Revenues	5,163,861	4,990,574	5,039,218	48,644
Expenditures:				
Current:				
Certificated Salaries	2,003,245	1,913,305	1,913,305	--
Classified Salaries	454,498	428,233	428,233	--
Employee Benefits	1,204,921	1,171,440	1,167,357	4,083
Books And Supplies	195,336	245,947	245,947	--
Services And Other Operating Expenditures	1,027,420	838,727	838,727	--
Other Outgo	--	117,203	117,203	--
Direct Support/Indirect Costs	29,313	12,833	12,833	--
Capital Outlay	50,000	82,072	82,072	--
Total Expenditures	4,964,733	4,809,760	4,805,677	4,083
Excess (Deficiency) of Revenues Over (Under) Expenditures	199,128	180,814	233,541	52,727
Other Financing Sources (Uses):				
Total Other Financing Sources (Uses)	--	--	--	--
Net Change in Fund Balance	199,128	180,814	233,541	52,727
Fund Balance, July 1	3,005,294	3,005,294	3,005,294	--
Fund Balance, June 30	$ 3,204,422	$ 3,186,108	$ 3,238,835	$ 52,727

MADERA COUNTY SUPERINTENDENT OF SCHOOLS

SPECIAL EDUCATION PASS-THROUGH FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Federal Revenue	$ 5,502,904	$ 6,089,225	$ 6,089,225	$ --
Other State Revenue	6,794,441	7,962,356	7,962,356	--
Total Revenues	12,297,345	14,051,581	14,051,581	--
Expenditures:				
Other Outgo	12,297,345	14,060,153	14,060,153	--
Total Expenditures	12,297,345	14,060,153	14,060,153	--
Excess (Deficiency) of Revenues Over (Under) Expenditures	--	(8,572)	(8,572)	--
Other Financing Sources (Uses):				
Total Other Financing Sources (Uses)	--	--	--	--
Net Change in Fund Balance	--	(8,572)	(8,572)	--
Fund Balance, July 1	23,499	23,499	23,499	--
Fund Balance, June 30	$ 23,499	$ 14,927	$ 14,927	$ --

MADERA COUNTY SUPERINTENDENT OF SCHOOLS
SCHEDULE OF THE SUPERINTENDENT OF SCHOOLS' PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS*

	Fiscal Years**					
	2015	2016	2017	2018	2019	2020
Superintendent of Schools' proportion of the net pension liability (asset)	0.023507%	0.024838%	0.021922%	0.021327%	0.022140%	0.021407%
Superintendent of Schools' proportionate share of the net pension liability (asset)	$13,736,627	$16,721,998	$17,730,614	$19,722,963	$20,348,519	$19,334,054
State's proportinate share of the net pension liability (asset) associated with the District	8,294,852	8,844,070	10,095,208	11,668,033	11,650,536	10,548,102
Total	$22,031,479	$25,566,068	$27,825,822	$31,390,996	$31,999,055	$29,882,156
Superintendent of Schools' covered-employee payroll	$10,854,996	$10,991,115	$11,104,944	$11,462,234	$11,693,511	$11,694,517
Superintendent of Schools' proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	126.55%	152.14%	159.66%	172.07%	174.02%	165.33%
Plan fiduciary net position as a percentage of the total pension liability	76.52%	74.02%	70.04%	69.46%	70.99%	72.56%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

** Information presented is for the fiscal year ended on the measurement date of the net pension liability.

MADERA COUNTY SUPERINTENDENT OF SCHOOLS
SCHEDULE OF THE SUPERINTENDENT OF SCHOOLS' CONTRIBUTIONS
CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS*

	Fiscal Years					
	2015	2016	2017	2018	2019	2020
Contractually required contribution	$ 976,228	$ 1,191,658	$ 1,441,949	$ 1,686,993	$ 1,904,345	$ 2,088,923
Contributions in relation to the contractually required contributions	(976,228)	(1,191,658)	(1,441,949)	(1,686,993)	(1,904,345)	(2,088,923)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Superintendent of Schools' covered-employee payroll	$10,991,115	$11,104,944	$11,462,234	$11,693,511	$11,694,517	$12,215,685
Contributions as a percentage of covered-employee payroll	8.88%	10.73%	12.58%	14.43%	16.28%	17.10%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

MADERA COUNTY SUPERINTENDENT OF SCHOOLS
SCHEDULE OF THE SUPERINTENDENT OF SCHOOLS' PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS*

	Fiscal Years**					
	2015	2016	2017	2018	2019	2020
Superintendent of Schools' proportion of the net pension liability (asset)	0.092456%	0.090474%	0.081744%	0.077213%	0.078719%	0.080865%
Superintendent of Schools' proportionate share of the net pension liability (asset)	$10,496,032	$13,336,029	$16,144,477	$18,432,801	$20,989,064	$23,567,587
Superintendent of Schools' covered-employee payroll	$ 9,631,599	$10,043,307	$ 9,798,829	$ 9,860,837	$10,385,628	$11,284,522
Superintendent of Schools' proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	108.97%	132.79%	164.76%	186.93%	202.10%	208.85%
Plan fiduciary net position as a percentage of the total pension liability	83.38%	79.43%	73.90%	71.87%	70.85%	70.05%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

** Information presented is for the fiscal year ended on the measurement date of the net pension liability.

MADERA COUNTY SUPERINTENDENT OF SCHOOLS
SCHEDULE OF THE SUPERINTENDENT OF SCHOOLS' CONTRIBUTIONS
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS*

	Fiscal Years					
	2015	2016	2017	2018	2019	2020
Contractually required contribution	$ 1,180,935	$ 1,160,871	$ 1,369,473	$ 1,613,039	$ 2,038,181	$ 2,330,946
Contributions in relation to the contractually required contribution	(1,180,935)	(1,160,871)	(1,369,473)	(1,613,039)	(2,038,181)	(2,330,946)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Superintendent of Schools' covered-employee payroll	$10,043,307	$ 9,798,829	$ 9,860,837	$10,385,628	$11,284,522	$11,819,812
Contributions as a percentage of covered-employee payroll	11.758%	11.847%	13.888%	15.531%	18.062%	19.721%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

MADERA COUNTY SUPERINTENDENT OF SCHOOLS
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS*

	Fiscal Year**		
	2018	2019	2020
Total OPEB Liability			
Service Cost	$ 104,004	$ 91,094	$ 30,401
Interest on Total OPEB Liability	780,096	849,144	540,193
Difference between expected and actual experience	-	-	(5,947,780)
Changes of assumptions	(1,544,617)	1,494,040	(620,865)
Benefit payments	(868,338)	(742,945)	(737,859)
Net change in total OPEB liability	(1,528,855)	1,691,333	(6,735,910)
Total OPEB liability - beginning	25,354,033	23,825,178	25,516,511
Total OPEB liability - ending	$ 23,825,178	$ 25,516,511	$ 18,780,601
Covered-employee payroll	$ 1,217,376	$ 1,105,732	$ 839,053
Total OPEB liability as a percentage of covered-employee payroll	1957.09%	2307.66%	2238.31%

*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

**Information presented is for the fiscal year ended on the measurement date of the Total OPEB liability.

Supplementary Information Section

#

The Superintendent of Schools was established on May 16, 1893 and is comprised of an area of 2,147 square miles located in Madera County. There were no changes in the boundaries of the Superintendent of Schools during the current year. The Superintendent of Schools is currently operating special education, early childhood education, alternative education that is a court school program, a charter high school offering vocational classes, and an independent study charter academy. The Superintendent of Schools also provides business and educational support to nine districts located within Madera County and service and support to LEAs within a six county region. The Superintendent of Schools is the Administrative Unit (AU) for the two-county Madera-Mariposa Special Education Local Plan Area (SELPA).

Board of Trustees

Name	Office	Term Expires
Sara Wilkins	President	Resigned June 25, 2020
Alfred Soares, Jr.	Vice-President	November 2022
Joe Vived	Member	November 2022
Grant Sturm	Member	November 2020
Bobby Thatcher	Member	November 2020
Nancy Prosperi	Member	November 2020
Cathie Bustos	Member	November 2020

Administration

Cecilia A. Massetti, Ed.D.
County Superintendent Since January 1, 2011

Dianna Marsh
Associate Superintendent Ed. Services Since July 1, 2015

Julie Dewall
Chief Business and Administrative Services Officer Since January 1, 2020

MADERA COUNTY SUPERINTENDENT OF SCHOOLS
SCHEDULE OF AVERAGE DAILY ATTENDANCE
YEAR ENDED JUNE 30, 2020

	*Second Period Report	*Annual Report
District Funded County Programs		
TK/K-3:		
Special Education - Special Day Class	68	68
Extended Year Special Education - Nonpublic, Nonsectarian Schools	4	4
TK/K-3 Totals	72	72
Grades 4-6:		
Special Education - Special Day Class	51	51
Extended Year Special Education - Nonpublic, Nonsectarian Schools	3	3
Grades 4-6 Totals	54	54
Grades 7 and 8:		
Special Education - Special Day Class	38	38
Extended Year Special Education - Nonpublic, Nonsectarian Schools	2	2
Grades 7 and 8 Totals	40	40
Grades 9-12:		
Special Education - Special Day Class	132	132
Extended Year Special Education - Nonpublic, Nonsectarian Schools	7	7
Grades 9-12 Totals	139	139
Total District Funded County Programs	305	305
County Superintendent of Schools		
Elementary:		
Juvenile Halls, Homes and Camp	1	2
Elementary Totals	1	2
High School:		
Juvenile Halls, Homes and Camp	54	69
High School Totals	54	69
Total County Superintendent of Schools	55	71
Pioneer Technical Center Charter School:		
Charter Funded County Programs		
Grades 7 and 8:		
County Community Schools - Classroom-Based	0	0
County Community Schools - Non Classroom-Based	8	8
Grades 7 and 8 Totals	8	8
Grades 9-12:		
County Community Schools - Classroom-Based	0	0
County Community Schools - Non Classroom-Based	258	252
Grades 9-12 Totals	258	252
Total Charter Funded County Programs	266	260
County Superintendent of Schools Charter School		
High School:		
Probation Referred, On Probation or Parole, Expelled Classroom Based	0	0
Probation Referred, On Probation or Parole, Expelled Non Classroom Based	24	24
High School Totals	24	24
Total County Superintendent of Schools Charter School	24	24
Total Pioneer Technical Center Charter School	290	284

MADERA COUNTY SUPERINTENDENT OF SCHOOLS
SCHEDULE OF AVERAGE DAILY ATTENDANCE (CONTINUED)
YEAR ENDED JUNE 30, 2020

	*Second Period Report	*Annual Report
Madera County Independent Academy Charter School		
Charter Funded County Programs		
TK/K-3:		
County Community Schools - Classroom Based	0	0
County Community Schools - Non Classroom Based	11	11
TK/K-3 Totals	11	11
Grades 4 - 6:		
County Community Schools - Classroom Based	0	0
County Community Schools - Non Classroom Based	11	11
Grades 4 - 6 Totals	11	11
Grades 7 and 8:		
County Community Schools - Classroom Based	0	0
County Community Schools - Non Classroom Based	37	36
Grades 7 and 8 Totals	37	36
Total Charter Funded County Programs	59	58
County Superintendent of Schools Charter School		
Elementary:		
Probation Referred, On Probation or Parole, Expelled		
Non Classroom Based	2	2
Total County Superintendent of Schools Charter School	2	2
Total Madera County Independent Academy Charter School	61	60
ADA Totals	711	720

Average daily attendance is a measurement of the number of pupils attending classes of the Superintendent of Schools. 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.

*The average daily attendance above is the original and audited amounts, since the Superintendent of Schools did not have findings that impact Second Period or Annual Reports average daily attendance.

MADERA COUNTY SUPERINTENDENT OF SCHOOLS
SCHEDULE OF CHARTER SCHOOLS
YEAR ENDED JUNE 30, 2020

Charter Schools Chartered by Superintendent of Schools	Charter School Number	Included/Not Included
Pioneer Technical Center	0460	Included
Madera County Independent Academy	1001	Included

MADERA COUNTY SUPERINTENDENT OF SCHOOLS
PIONEER TECHNICAL CHARTER SCHOOL
SCHEDULE OF INSTRUCTIONAL TIME
YEAR ENDED JUNE 30, 2020

Grade Level	Ed. Code 47612 Minutes Requirement	2019-20** Actual Minutes	Number of Days Traditional Calendar	Number of Days Credited by COVID-19 School Closure Certification Traditional Calendar	Total Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Grade 7	54,000	*	128	52	180	N/A	In Compliance
Grade 8	54,000	*	128	52	180	N/A	In Compliance
Grade 9	64,800	*	128	52	180	N/A	In Compliance
Grade 10	64,800	*	128	52	180	N/A	In Compliance
Grade 11	64,800	*	128	52	180	N/A	In Compliance
Grade 12	64,800	*	128	52	180	N/A	In Compliance

*There was no classroom based average daily attendance reported during 2019-20. 100% of the ADA reported reflects independent study.

School districts and charter schools must maintain their instructional minutes as defined in Education Code Section 46207. This schedule is required of all districts, including basic aid districts.

This schedule presents information on the amount of instruction time offered by the District and whether the District complied with the provisions of Education Code Sections 46200 through 46207.

**The County Superintendent of Schools properly submitted to the State Superintendent of Public Instruction (SSPI) a COVID-19 School Closure Certification for the days that they were closed due to COVID-19. This column includes a credit for the planned instructional minutes that were scheduled to be offered per the Superintendent of Schools' bell schedules and calendars that were in effect prior to the COVID-19 closure, but where not actually offered due to the COVID-19 school closure.

MADERA COUNTY SUPERINTENDENT OF SCHOOLS
MADERA COUNTY INDEPENDENT ACADEMY
SCHEDULE OF INSTRUCTIONAL TIME
YEAR ENDED JUNE 30, 2020

Grade Level	Ed.Code 47612 Minutes Requirement	2019-20** Actual Minutes	Number of Days Traditional Calendar	Number of Days Credited by COVID-19 School Closure Certification Traditional Calendar	Total Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
TK/Kindergarten	36,000	*	128	52	180	N/A	In Compliance
Grade 1	50,400	*	128	52	180	N/A	In Compliance
Grade 2	50,400	*	128	52	180	N/A	In Compliance
Grade 3	50,400	*	128	52	180	N/A	In Compliance
Grade 4	54,000	*	128	52	180	N/A	In Compliance
Grade 5	54,000	*	128	52	180	N/A	In Compliance
Grade 6	54,000	*	128	52	180	N/A	In Compliance
Grade 7	54,000	*	128	52	180	N/A	In Compliance
Grade 8	54,000	*	128	52	180	N/A	In Compliance

*There was no classroom based average daily attendance reported during 2019-20. 100% of the ADA reported reflects independent study.

School districts and charter schools must maintain their instructional minutes as defined in Education Code Section 46207. This schedule is required of all districts, including basic aid districts.

This schedule presents information on the amount of instruction time offered by the District and whether the District complied with the provisions of Education Code Sections 46200 through 46207.

**The Superintendent of Schools properly submitted to the State Superintendent of Public Instruction (SSPI) a COVID-19 School Closure Certification for the days that they were closed due to COVID-19. This column includes a credit for the planned instructional minutes that were scheduled to be offered per the Superintendent of Schools' bell schedules and calendars that were in effect prior to the COVID-19 closure, but where not actually offered due to the COVID-19 school closure.

MADERA COUNTY SUPERINTENDENT OF SCHOOLS
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
YEAR ENDED JUNE 30, 2020

General Fund [2]	(Budget)[1] 2021	2020	2019	2018
Revenues and Other Financial Sources	$ 43,622,271	$ 42,339,124	$ 47,971,808	$ 37,142,473
Expenditures	40,957,338	44,590,735	42,015,235	36,327,511
Other Uses and Transfers Out	518,775	-	774,989	122
Total Outgo	41,476,113	44,590,735	42,790,224	36,327,633
Change in Fund Balance (Deficit)	2,146,158	(2,251,611)	5,181,584	814,840
Ending Fund Balance	$ 17,245,266	$ 15,099,108	$ 17,350,719	$ 12,169,135
Available Reserves[3]	$ 7,647,498	$ 7,358,178	$ 5,119,955	$ 3,940,309
Available Reserves as a Percentage of Total Outgo	18.44%	16.50%	11.97%	10.85%
Total Long-Term Debt	$ 81,755,244	$ 82,563,463	$ 88,173,212	$ 79,433,404
Average daily attendance	360	360	344	352

(1) Budget 2021 is included for analytical purposes only and has not been subjected to audit.
(2) The Deferred Maintenance Fund and The Special Reserve Fund for Post-Employment Benefits have been included due to their consolidation into the General Fund.
(3) Available reserves consist of all unassigned fund balance and all funds reserved for economic uncertainties contained within the General Fund.

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

The General Fund balance has increased by $2,929,973 over the past two years. The fiscal year 2020-21 budget projects an increase of $2,146,158 (14.21%). For a Superintendent of Schools of this size, the state recommends available reserves of at least 3% of total General Fund expenditures, transfers out, and other uses (total outgo).

The Superintendent of Schools has incurred an operating deficit in one of the past three years, but does anticipate incurring an operating deficit during the 2020-21 fiscal year. Total long-term debt has increased by $3,130,059 over the past two years. This increase is a result of the Superintendent of Schools issuing a COP in 2018-19.

Average daily attendance has increased by eight ADA over the past two years. No change in ADA is anticipated during fiscal year 2020-21.

MADERA COUNTY SUPERINTENDENT OF SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2020

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services:			
Direct Programs :			
Medicaid Cluster:			
Medi-Cal Billing Option	93.778	10013	$ 274,054
Medi-Cal Administrative Activities (MAA)	93.778	10060	29,286
Subtotal - Medicaid Cluster			303,340
Passed Through California Department of Education			
CCDF Cluster:			
Child Development: Local Planning Councils	93.575	13946	76,228
Child Development: Quality Improvement Activities	93.575	14092	55,760
Child Development: Quality Improvement Activities	93.575	14130	32,029
Child Development: Quality Improvement Activities	93.575	14871	32,594
Child Development: Quality Improvement Activities - CRET	93.575	14990	23,420
Subtotal - CCDF Cluster			220,031
Total passed through CDE			220,031
Total U.S. Department of Health and Human Services			523,371
U.S. Department of Education:			
Passed through California Department of Education (CDE):			
ESSA: Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	126,681
ESSA: Title I, Part D, Local Delinquent Programs	84.010	14357	264,267
ESSA: School Improvement Funding for LEAs	84.010	15438	187,688
ESSA: School Improvement Funding for COEs	84.010	15439	75,724
Subtotal			654,360
Special Education (IDEA) Cluster:			
IDEA: Basic Local Assistance Entitlement, Part B	84.027	13379	3,933,913
IDEA: Basic Local Assistance Entitlement, Part B (Pass Thru)	84.027	13379	6,089,225
IDEA: Alternate Dispute Resolution	84.027A	13007	9,559
IDEA: Mental Health Allocation Plan, Part B	84.027A	15197	373,805
IDEA: Preschool Grants, Part B	84.173	13430	154,319
IDEA: Preschool Staff Development	84.173A	13431	1,508
Subtotal - Special Education (IDEA) Cluster			10,562,329
IDEA: Early Intervention Grants, Part C	84.181	23761	35,989
ESSA: Education for Homeless Children and Youth	84.196	14332	40,620
ESSA: Title II, Part A, Supporting Effective Instruction	84.367	14341	23,361
ESSA: Title II, Part A, 21st Century California School Leadership Academy	84.367	15664	1,656
Subtotal			25,017
ESSA: Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	14,901
Total passed through CDE			11,333,216
Total U.S. Department of Education			11,333,216
U.S. Department of Agriculture:			
Passed through Madera County Superintendent of Schools:			
Forest Service Schools and Roads Cluster:			
Forest Reserve Funds	10.665	10044	26,130
Forest Reserve Funds (Pass Thru)	10.665	10044	148,071
Subtotal - Forest Service Schools and Roads Cluster			174,201
Total U.S. Department of Agriculture			174,201
Total Expenditures of Federal Awards			$ 12,030,788

The accompanying notes are an integral part of this schedule.

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Madera County Superintendent of Schools under programs of the federal government for the year ended June 30, 2020. The information in this schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Superintendent of Schools, it is not intended to and does not present the financial position or changes in financial position of the Superintendent of Schools.

Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards,* wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

The Superintendent of Schools has elected not to use the 10-percent de minimis indirect cost rate as allowable under the Uniform Guidance.

Reconciliation of Expenditures

Reconciliation of expenditures per schedule of federal grant activity with the federal revenue reported on the Superintendent of Schools Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds follows:

Schedule of Expenditures of Federal Awards	$ 12,030,788
Medi-Cal Billing Option funds received in 2019-20	114,154
Medi-Cal Billing Option funds spent in 2019-20	(274,054)
Medi-Cal Administrative Activities funds received in 2019-20	685,476
Medi-Cal Administrative Activities funds spent in 2019-20	(29,286)
Rounding	1
Federal Revenue Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	$ 12,527,079

MADERA COUNTY SUPERINTENDENT OF SCHOOLS
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET
REPORT WITH AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

	General Fund	Charter School Fund	Other Governmental Funds
June 30, 2020 Annual Financial and Budget Report (SACS) - Form Debt	$ 15,077,012	$ 3,186,110	$ 58,716
Adjustments and Reclassifications:			
Increase (Decrease) the fund balance:			
Accounts Receivable Understatement	-	88,225	-
Due from Other Funds Understatement	22,096	-	-
Accounts Payable Overstatement (Understatement)	-	(35,500)	22,096
Due to Other Funds (Understatement)	-	-	(22,096)
Net Adjustments and Reclassifications	22,096	52,725	-
June 30, 2020 , Audited Financial Statement Fund Balance	$ 15,099,108	$ 3,238,835	$ 58,716

	Noncurrent Liabilities
June 30, 2020 Annual Financial and Budget Report (SACS) - Form Debt	$ 84,288,551
Adjustments and Reclassifications:	
Increase (Decrease) in Total Liabilities:	
Capital Leases Payable	(60)
Net Pension Liability	4,745,877
Total OPEB Liability	(6,470,905)
Net Adjustments and Reclassifications	(1,725,088)
June 30, 2020 Noncurrent Liabilities	$ 82,563,463

This schedule provides the information necessary to reconcile the fund balances of all funds and the total long-term liabilities as reported on the annual financial and budget report to the audited financial statements. Funds that required no adjustment are not presented.

Other 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*

Board of Trustees
Madera County Superintendent of Schools
Madera, 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 Madera County Superintendent of Schools, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Madera County Superintendent of Schools' basic financial statements, and have issued our report thereon dated January 5, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Madera County Superintendent of Schools' internal control over financial reporting (internal control) as a basis for designing 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 Madera County Superintendent of Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of Madera County Superintendent of Schools' internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Fresno, California
January 5, 2021 #

#

Independent Auditor's Report on State Compliance

Board of Trustees
Madera County Superintendent of Schools
Madera, California

Report on State Compliance

We have audited Madera County Superintendent of Schools', (the Superintendent of Schools') compliance with the types of compliance requirements described in the *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* published by the California Education Audit Appeals Panel that could have a direct and material effect on each of the Superintendent of Schools' state programs identified below for the fiscal year ended June 30, 2020.

Management's Responsibility for State Compliance

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Superintendent of Schools' state 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 State's audit guide, *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* published by the California Education Audit Appeals Panel. Those standards and audit guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the state programs noted below occurred. An audit includes examining, on a test basis, evidence about the Superintendent of Schools 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. Our audit does not provide a legal determination of the Superintendent of Schools compliance with those requirements.

In connection with the audit referred to above, we selected and tested transactions and records to determine the Superintendent of Schools compliance with the state laws and regulations applicable to the following items:#

Compliance Requirements	Procedures in Audit Guide Performed?
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS:	
Attendance Accounting:	
Attendance Reporting	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	N/A
Independent Study	N/A
Continuation Education	N/A
Instructional Time:	
School Districts	N/A
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	N/A
Classroom Teacher Salaries	N/A
Early Retirement Incentive	N/A
GANN Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Yes

#

	Procedures in Audit Guide Performed?
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS:	
Middle or Early College High Schools	N/A
K-3 Grade Span Adjustment	N/A
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	N/A
Comprehensive School Safety Plan	Yes
District of Choice	N/A
SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS:	
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program:	
After School	N/A
Before School	N/A
General Requirements	N/A
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	N/A
CHARTER SCHOOLS:	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study	Yes
Determination of Funding for Nonclassroom-Based Instruction	Yes
Annual Instructional Minutes - Classroom Based	Yes
Charter School Facility Grant Program	N/A

The term AN/A@ is used above to mean either the Superintendent of Schools did not offer the program during the current fiscal year or the program applies to a different type of local education agency.

Opinion on State Compliance

In our opinion, Madera County Superintendent of Schools 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 state programs for the year ended June 30, 2020.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance with the above requirements, which are required to be reported in accordance with the State's audit guide, *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the California Education Audit Appeals Panel and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2020-001. Our opinion on state compliance is not modified with respect to these matters.

Madera County Superintendent of Schools' response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs and corrective action plan. Madera County Superintendent of Schools' response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Fresno, California
January 5, 2021

#

Independent Auditor's Report on Compliance for Each Major Federal Program
and on Internal Control over Compliance Required by the Uniform Guidance

Board of Trustees
Madera County Superintendent of Schools
Madera, California

Report on Compliance for Each Major Federal Program

We have audited Madera County Superintendent of Schools' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Madera County Superintendent of Schools' major federal programs for the year ended June 30, 2020. Madera County Superintendent of Schools' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Madera County Superintendent of Schools' 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 Madera County Superintendent of Schools' 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 Madera County Superintendent of Schools' compliance.

Opinion on Each Major Federal Program

In our opinion, Madera County Superintendent of Schools complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of Madera County Superintendent of Schools 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 Madera County Superintendent of Schools' 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 our 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 Madera County Superintendent of Schools' internal control over compliance.

#

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

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

Fresno, California
January 5, 2021#

#

Findings and Recommendations Section

#

#

MADERA COUNTY SUPERINTENDENT OF SCHOOLS
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020

Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued:	**Unmodified**		
Internal control over financial reporting:			
Material weakness (es) identified?	_____ Yes	___X___ No	
Significant deficiency (ies) identified not considered to be material weakness (es)	_____ Yes	___X___ None reported	
Noncompliance material to financial statements noted?	_____ Yes	___X___ No	

2. Federal Awards

Internal control over major programs:			
Material weakness (es) identified?	_____ Yes	___X___ No	
Significant deficiency (ies) identified not considered to be material weakness (es)	_____ Yes	___X___ None reported	
Type of auditor's report issued on compliance for major programs:	**Unmodified**		
Any audit findings disclosed that are required to be reported in accordance with Title 2 CFR 200.516(a)?	_____ Yes	___X___ No	

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.027, 84.027A, 84.173	Special Education (IDEA) Cluster
84.010	ESSA: Title I, Part A, Basic Grants Low-Income and Neglected
84.010	ESSA: Title I, Local Delinquent Programs Part D
84.010	ESSA: School Improvement Funding

Dollar threshold used to distinguish between Type A and Type B programs	$750,000		
Auditee qualified as low-risk Auditee?	___X___ Yes	_____ No	

3. State Awards

Internal control over state programs:			
Material weakness (es) identified?	_____ Yes	___X___ No	
Significant deficiency (ies) identified not considered to be material weakness (es)	_____ Yes	___X___ None reported	
Type of auditor's report issued on compliance for state programs:	**Unmodified**		

State Award Finding and Questioned Costs

Finding Identification

2020 – 001 *State Compliance – California Clean Energy Jobs Act* #40000

Criteria or Specific Requirement

California Energy Commission's "Proposition 39: California Clean Energy Jobs Act – Program Implementation Guidelines"

Condition

An LEA should submit to the California Energy Commission a final completion report of its project expenditures within 15 months of completion. The Superintendent of Schools completed the Enterprise Secondary School project on June 19, 2018 so the deadline for the final report was September 19, 2019. However, the District's external energy manager filed the final report on May 27, 2020.

Effect

By not filing the report on time, the Superintendent of Schools is out of compliance with the Proposition 39 guidelines.

Cause

The external energy manager was short staffed and was not able to submit the report on time.

Questioned Costs

None

Identification of Repeat Finding

This audit finding is not a repeat of a finding in the immediately prior audit.

Recommendation

We recommend the Superintendent of Schools monitor program requirements when contracting with external agencies and ensure the timely filing of future completion reports.

Views of responsible officials and planned corrective actions

The Superintendent of Schools agrees with this finding. Please refer to the corrective action within the Findings and Recommendations Section.

#

MADERA COUNTY SUPERINTENDENT OF SCHOOLS
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2020

State Award Finding and Questioned Costs

Finding Identification

2020 – 001 *State Compliance – California Clean Energy Jobs Act* #40000

Name of contact person: Opie Riar

Corrective Action: The Superintendent of Schools will follow up with vendor to ensure future completion reports are submitted within 15 months of completion date.

Proposed Completion Date: Immediate changes to be made, current reports to be completed by 07/30/2021.

#

MADERA COUNTY SUPERINTENDENT OF SCHOOLS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2020

1. **Finding/Recommendation**

While performing procedures to view credentials for teachers selected for attendance testing, we noted one teacher was assigned to teach a class in which more than 20 percent of the pupils were English learners and was not properly authorized to instruct limited English proficient pupils.

It was recommended that the Superintendent of Schools should monitor and review teacher credentials, to ensure that all teachers at the Superintendent of Schools are properly teaching positions that are consistent with the authorization of his/her certification.

Current Status

Implemented

District Explanation if Not Implemented

Not Applicable