MADERA COUNTY SUPERINTENDENT OF SCHOOLS
COUNTY OF MADERA
MADERA, CALIFORNIA

AUDIT REPORT

JUNE 30, 2019

BORCHARDT, CORONA, FAETH & ZAKARIAN
Certified Public Accountants
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MADERA COUNTY SUPERINTENDENT OF SCHOOLS
AUDIT REPORT
YEAR ENDED JUNE 30, 2019

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Independent Auditor's Report

Board of Trustees
Madera County Superintendent of Schools
Madera, California

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, 2019, and the related notes to the financial statements, which collectively comprise the 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, 2019, 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.

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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, *2018-19 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 December 13, 2019, 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.

Borchardt, Corona, Faeth & Gyakarian

Fresno, California
December 13, 2019

Introductory Section

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, 2019. 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 $(19,193,611), the result of assets of $75,308,379 and Deferred Outflows of Resources of $13,532,675 less liabilities of $104,727,503 and Deferred Inflows of Resources of $3,307,162 representing a 7.02% decrease from the previous year. Cash in County Treasury compared to last year was $4,108,015 higher this year primarily due to not expending anticipated costs during the 2018-2019 year for building projects. The new Career Technical Education (CTE) Building was completed during the 2019-2020 fiscal year and we did not start the new Early Education Center Campus until July of 2019. Final costs for the CTE building and the Early Education Center will fall in the 2019-2020 fiscal year.
- Operating Grants and Contributions accounted for $33,448,968 of revenue or 53.66% of all revenues. General revenues accounted for $24,785,383 or 39.76% of total revenues of $62,332,041.
- Total assets in the General Fund were $26,476,061 at June 30, 2019. This was an increase of $8,089,539 (43.36%) over the prior year total assets of $18,656,522.
- Overall revenues in the General Fund were $42,964,456 which were greater than expenditures of $42,015,235 by $949,221.
- The Charter Schools went through a significant change during the 2018-2019 school year. The decision was made to move grades 9-12 students enrolled at MCIA to PTC and all students in kindergarten through the eighth grade to MCIA. 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. Therefore, you will see a significant drop in ADA at MCIA and a significant increase in ADA at PTC. MCIA had a drop in ADA from the prior year of 185.96 and PTC had a gain from the prior year of 157.19 ADA. The total drop in ADA for both schools was 28.77.
- 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. PERS increase by 2.53% and STRS by 1.85%. Each will continue to increase over the next four years. In addition, the pay as you go for Retiree Health Care Benefits increases by approximately $140,000 year over year. The state is providing some relief going forward by making a significant contribution to both STRS and PERS in the 2019-2020 rate that will have the benefit of not increasing at the original projected rates. None the less it will still be an increase.
- During the year we started the design phase of our new Early Childcare Program. They will be moving into what had been Pioneer Technical Center. This will provide significantly more space both inside and outside.
- We anticipated completing the new Career Technical Center Building for use during the 2018-2019 school year. However, due to an increase in steel tariffs from China our contractor was delayed in procuring materials to complete this project during this school year. It will now be completed and occupied during the 2019-2020 school year. In addition, we delayed the starting the new Early Education Center Campus by several months, but the end project will still be completed by December of 2019. The Majority of the costs expected to hit in the 2018-2019 school year will be pushed into 2019-2020.

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's 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:

- Governmental funds - 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 $(19,193,611) at June 30, 2019. See Table 1. The Superintendent of Schools' combined net position reveals a decrease of $1,258,706 (7.02%) over the previous year. Assets increased by $15,191,643 primarily due to an increase in Cash in County Treasury over last year by $4,108,015 and an increase in Accounts Receivable from last year by $8,712,554. The increase in cash was primarily related to delays in building projects specifically for the Career Technical Education Building and the Early Education Center.

Table 1
Net Position

	Governmental Activities		Total Percentage Change
	2019	2018	2019-2018
Assets:			
Cash	$ 21,982,211	$ 17,874,196	22.98%
Accounts Receivable	14,818,097	6,105,543	>100.00%
Stores Inventories	3,025	3,037	(0.40%)
Prepaid Expenses	1,323	-	N/A
Capital Assets, Net of Accumulated Depreciation	38,503,723	36,133,960	6.56%
TOTAL ASSETS	75,308,379	60,116,736	25.27%
Deferred Outflows of Resources	13,532,675	13,728,122	(1.42%)
Liabilities:			
Accounts Payable	16,314,066	7,938,864	>100.00%
Unearned Revenue	240,225	116,839	>100.00%
Long-Term Liabilities:			
Total OPEB Liability	25,516,511	23,825,178	7.10%
Net Pension Liability	41,337,583	38,155,764	8.34%
Capital Leases	347,668	1,308,502	(73.43%)
Compensated Absences	199,242	168,960	17.92%
Certificates of Participation	20,772,208	15,975,000	30.03%
TOTAL LIABILITIES	104,727,503	87,489,107	19.70%
Deferred Inflows of Resources	3,307,162	4,290,656	(22.92%)
Net Position:			
Net Investment in Capital Assets	19,078,487	18,850,458	1.21%
Restricted	2,234,024	3,266,368	(31.61%)
Unrestricted	(40,506,122)	(40,051,731)	1.13%
TOTAL NET POSITION	$ (19,193,611)	$ (17,934,905)	7.02%

Change in Net Position

Table 2 shows the Superintendent of Schools' total revenues of $62,332,041. About 26.05% of the revenue comes from LCFF Sources. Operating Grants and Contributions accounted for the majority of total revenue (53.66%).

The total cost of all programs and services was $63,590,747. The Superintendent of Schools' expenses are predominately related to educating and caring for students (56.65%). Community and ancillary services accounted for another 1.34%. Administrative activities accounted for just 11.61% 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
	2019	2018	2019-2018
Revenues:			
Program Revenues:			
Charges for Services	$ 4,097,690	$ 3,854,711	6.30%
Operating Grants and Contributions	33,448,968	32,011,070	4.49%
General Revenues:			
LCFF Sources	16,237,777	15,458,974	5.04%
Federal and State Revenues	1,417,693	1,323,175	7.14%
Local Revenues	7,129,913	4,898,421	45.56%
TOTAL REVENUES	62,332,041	57,546,351	8.32%
Expenses:			
Instruction	21,197,434	18,283,101	15.94%
Instruction-Related Services	8,435,930	6,809,870	23.88%
Pupil Services	6,391,922	5,716,724	11.81%
Ancillary Services	4,882	5,060	(3.52%)
Community Services	849,351	1,230,476	(30.97%)
Enterprise	(6,348)	16,517	>(100.00%)
General Administration	7,385,196	6,176,365	19.57%
Plant Services	3,922,960	3,688,798	6.35%
Other Outgo	14,064,374	13,061,960	7.67%
Interest on Long-Term Obligations	1,345,046	1,195,220	12.54%
TOTAL EXPENSES	63,590,747	56,184,091	13.18%
INCREASE (DECREASE IN NET POSITION	$ (1,258,706)	$ 1,362,260	>(100.00%)
BEGINNING NET POSITION	(17,934,905)	281,893	>(100.00%)
PRIOR PERIOD ADJUSTMENT	-	(19,579,058)	(100.00%)
ENDING NET POSITION	$ (19,193,611)	$(17,934,905)	7.02%

Governmental Activities

The cost of all governmental activities this year was $63,590,747.

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	
	2019	2018	2019	2018
Instruction	$ 21,197,434	$ 18,283,101	$ 11,225,347	$ 7,989,987
Instruction-Related Services	8,435,930	6,809,870	4,665,161	3,271,290
Pupil Services	6,391,922	5,716,724	3,218,450	2,714,568
Ancillary Services	4,882	5,060	2,630	3,010
Community Services	849,351	1,230,476	207,493	271,428
Enterprise	(6,348)	16,517	13,923	26,769
General Administration	7,385,196	6,176,365	3,737,734	2,810,916
Plant Services	3,922,960	3,688,798	736,784	1,655,985
Other Outgo	14,064,374	13,061,960	891,521	379,137
Interest on Long-Term Obligations	1,345,046	1,195,220	1,345,046	1,195,220
TOTAL	$ 63,590,747	$ 56,184,091	$ 26,044,089	$ 20,318,310

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 $20,437,186, which is an increase of $4,347,387 from last year's ending fund balance of $16,089,799.

Table 4
Governmental Funds Balances and Activity

	Balances and Activity			
	July 1, 2018	Revenues & Other Sources	Expenditures & Other Uses	June 30, 2019
General	$ 8,404,516	$ 47,922,090	$ 43,190,224	$ 13,136,382
Charter School	3,852,579	4,790,094	5,637,379	3,005,294
Special Education Pass-Through	11,413	13,172,853	13,160,767	23,499
Child Development	-	2,431,637	2,431,637	-
Deferred Maintenance	1,888	33	-	1,921
Forest Reserve	-	167,583	167,583	-
Special Reserve Fund for Post-Employment Benefits	3,762,731	449,685	-	4,212,416
County School Facilities	56,672	1,002	-	57,674
Total	$ 16,089,799	$ 68,934,977	$ 64,587,590	$ 20,437,186

Several factors contributed to the increase in fund balances. The most significant reason for the increase in fund balances is in the General Fund where we did not expend the COP for Building projects due to delays in receiving materials and a statewide shortage of portable buildings, which delayed the start of the Early Education Center. Our Charter Schools funds decreased for two reasons; the building of the Career Technical Facility and a decrease in ADA of 28.77. The Special Revenue Fund for Post-Employment Benefits increased due to 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 10, 2019. 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 $6,559,120 over the original budget primarily due to an increase in Federal Revenues for Medi-Cal Administrative Services, Special Education Revenues, and Forest Funds. In addition, Other Local Revenue increased significantly for the Early Childcare Programs, which is due to the growth in numbers of children entering the program. A significant factor was the release of Medi-Cal Funds for back casting that the state had held onto for several years as they worked through the new funding formulas for random moments versus the old funding formulas.

Salaries and Benefits - increased by $81,559 due to additional hires and an increase in cola for all employees which was partially offset in the special education area where we had unfilled positions due to the difficulty of hiring hard to fill positions.

Other non-personnel expenditures – increased by $4,442,151 due to contracting difficult positions with outside agencies, the progress costs for the new Career Technical Education Building, and design costs made the new Early Education Center's new campus.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2019, the Superintendent of Schools had invested $38,503,723 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
	2019	2018	2019-2018
Land	$ 1,353,422	$ 1,353,422	0.00%
Buildings	40,794,546	40,166,346	1.56%
Land Improvements	974,628	974,628	0.00%
Equipment	4,373,940	4,321,719	1.21%
Work in Progress	3,735,653	977,488	>100.00%
Total at Historical Cost	51,232,189	47,793,603	7.19%
Total Accumulated Depreciation	(12,728,466)	(11,659,643)	9.17%
NET CAPITAL ASSETS	$ 38,503,723	$ 36,133,960	6.56%

The Superintendent of Schools' fiscal year 2019-20 budget projects spending approximately $4,400,000 for capital projects, primarily for completion of the Career Technical Center Building and the Early Education Center's new facility.

Long Term Debt

At year end, the Superintendent of Schools had $88,173,212 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
	2019	2018	2019-2018
Net Pension Liability	$ 41,337,583	$ 38,155,764	8.34%
Total OPEB Liability	25,516,511	23,825,178	7.10%
Certificates of Participation	20,772,208	15,975,000	30.03%
Capital Leases	347,668	1,308,502	(73.43%)
Compensated Absences	199,242	168,960	17.92%
TOTAL LONG-TERM DEBT	$ 88,173,212	$ 79,433,404	11.00%

The large increase in long-term debt is primarily due to the issuance of a COP and increases in the Net Pension Liability and Total OPEB Liability.

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:

- 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. 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 Training.
- While the increase to employer contribution rates for employee, retirement programs, over time, could be a significant impact to the County Superintendent of Schools financial position as rates are anticipated to continue to increase in the coming years. The overall impact is approximately $1,300,000 over the next three years. This does take into consideration the recent buy down of both PERS and STRS in the Governors 2019-2020 budget. Governor Newsom's first state budget gives directly to CalPERS an extra $3 billion on top of the State's $6.2 billion required contribution for the 2019-2020 budget year, and CalSTRS an extra $1.1 billion above the state's required $3.3 billion contribution. The impact over the next three decades is expected to save school districts billions of dollars.

- The Economy continues to be strong. State revenues are better than expected. The budget package for the state assumes $143.8 billion in General Fund revenues and transfers in 2019-2020, a 4 percent increase over revised 2018-2019 estimates. All together, the state's three largest General Fund taxes—the personal income tax (PIT), sales and use tax, and corporation tax—are projected to increase 3 percent.
- While many economists are projecting a modest recession to eventually hit, it is generally thought that with the Rainy Day Fund California will come out of the recession okay.
- 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 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 Steve Carney or Julie DeWall at (559) 673-6051 ext. 6295.

Financial Section

MADERA COUNTY SUPERINTENDENT OF SCHOOLS

STATEMENT OF NET POSITION

JUNE 30, 2019

	Governmental Activities
ASSETS:	
Cash in County Treasury	$ 21,980,081
Cash in Revolving Fund	2,130
Accounts Receivable	14,818,097
Stores Inventories	3,025
Prepaid Expenses	1,323
Capital Assets:	
Land	1,353,422
Land Improvements, Net	576,529
Buildings, Net	31,179,861
Equipment, Net	1,658,258
Work in Progress	3,735,653
Total Assets	75,308,379
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred Expenses	1,540,549
Deferred Outflows of Resources - Pensions	11,992,126
Total Deferred Outflows of Resources	13,532,675
LIABILITIES:	
Accounts Payable	16,314,066
Unearned Revenue	240,225
Noncurrent Liabilities:	
Net Pension Liability	41,337,583
Total OPEB Liability	25,516,511
Due within one year	709,594
Due in more than one year	20,609,524
Total Liabilities	104,727,503
DEFERRED INFLOWS OF RESOURCES:	
Deferred Inflows of Resources - Pensions	3,307,162
Total Deferred Inflows of Resources	3,307,162
NET POSITION:	
Net Investment in Capital Assets	19,078,487
Restricted For:	
Federal and State Programs	2,176,350
Capital Projects	57,674
Unrestricted	(40,506,122)
Total Net Position	$ (19,193,611)

The accompanying notes are an integral part of this statement.

MADERA COUNTY SUPERINTENDENT OF SCHOOLS

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

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	$ 21,197,434	$ 1,749,415	$ 8,222,672	$ (11,225,347)
Instruction-Related Services	8,435,930	622,475	3,148,294	(4,665,161)
Pupil Services	6,391,922	552,628	2,620,844	(3,218,450)
Ancillary Services	4,882	405	1,847	(2,630)
Community Services	849,351	44,900	596,958	(207,493)
Enterprise	(6,348)	(3,646)	(16,625)	(13,923)
General Administration	7,385,196	617,618	3,029,844	(3,737,734)
Plant Services	3,922,960	513,895	2,672,281	(736,784)
Other Outgo	14,064,374	--	13,172,853	(891,521)
Interest on Long-Term Obligations	1,345,046	--	--	(1,345,046)
Total Governmental Activities	63,590,747	4,097,690	33,448,968	(26,044,089)
Total Primary Government	$ 63,590,747	$ 4,097,690	$ 33,448,968	(26,044,089)

General Revenues:	
LCFF Sources	16,237,777
Federal Revenues	1,087,167
State Revenues	330,526
Local Revenues	7,129,913
Total General Revenues	24,785,383
Change in Net Position	(1,258,706)
Net Position - Beginning	(17,934,905)
Net Position - Ending	$ (19,193,611)

The accompanying notes are an integral part of this statement.

MADERA COUNTY SUPERINTENDENT OF SCHOOLS

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2019

	General Fund	Charter School Fund
ASSETS:		
Cash in County Treasury	$ 17,901,274	$ 3,813,070
Cash in Revolving Fund	2,130	--
Accounts Receivable	8,241,707	323,383
Due from Other Funds	326,602	466,395
Stores Inventories	3,025	--
Prepaid Expenditures	1,323	--
Total Assets	26,476,061	4,602,848
LIABILITIES AND FUND BALANCE:		
Liabilities:		
Accounts Payable	$ 8,510,167	$ 1,185,476
Due to Other Funds	466,395	325,857
Unearned Revenue	148,780	86,221
Total Liabilities	9,125,342	1,597,554
Fund Balance:		
Nonspendable Fund Balances:		
Revolving Cash	2,130	--
Stores Inventories	3,025	--
Prepaid Items	1,323	--
Restricted Fund Balances	4,225,516	181,328
Committed Fund Balances	1,921	--
Assigned Fund Balances	7,996,849	2,823,966
Unassigned:		
Reserve for Economic Uncertainty	1,241,625	--
Other Unassigned	3,878,330	--
Total Fund Balance	17,350,719	3,005,294
Total Liabilities and Fund Balances	$ 26,476,061	$ 4,602,848

The accompanying notes are an integral part of this statement.

Special Education Pass-Through	Other Governmental Funds	Total Governmental Funds
$ 351,530	$ (85,793)	$ 21,980,081
--	--	2,130
5,982,453	270,554	14,818,097
--	--	792,997
--	--	3,025
--	--	1,323
6,333,983	184,761	37,597,653
$ 6,310,484	$ 121,118	$ 16,127,245
--	745	792,997
--	5,224	240,225
6,310,484	127,087	17,160,467
--	--	2,130
--	--	3,025
--	--	1,323
23,499	57,674	4,488,017
--	--	1,921
--	--	10,820,815
--	--	1,241,625
--	--	3,878,330
23,499	57,674	20,437,186
$ 6,333,983	$ 184,761	$ 37,597,653

MADERA COUNTY SUPERINTENDENT OF SCHOOLS

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

Total fund balances - governmental funds balance sheet	$ 20,437,186
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.	38,503,723
Payables for capital leases which are not due in the current period are not reported in the funds.	(347,668)
Payables for notes which are not due in the current period are not reported in the funds.	(20,772,208)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(199,242)
Other long-term liabilities which are not due and payable in the current period are not reported in the funds.	(186,821)
Other long-term assets are not available to pay for current period expenditures and are deferred in the funds.	1,540,549
Recognition of the Superintendent of Schools's proportionate share of the net pension liability is not reported in the funds.	(41,337,583)
Deferred Resource Inflows related to the pension plans are not reported in the funds.	(3,307,162)
Deferred Resource Outflows related to the pension plans are not reported in the funds.	11,992,126
Recognition of the Superintendent of Schools's proportionate share of the net OPEB liability is not reported in the funds.	(25,516,511)
Net position of governmental activities - Statement of Net Position	$ (19,193,611)

The accompanying notes are an integral part of this statement.

MADERA COUNTY SUPERINTENDENT OF SCHOOLS

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

	General Fund	Charter School Fund
Revenues:		
LCFF Sources:		
State Apportionment or State Aid	$ 3,257,919	$ 2,715,750
Education Protection Account Funds	17,762	723,809
Local Sources	8,999,014	523,523
Federal Revenue	6,317,828	28,007
Other State Revenue	11,154,054	602,165
Other Local Revenue	13,217,879	196,840
Total Revenues	42,964,456	4,790,094
Expenditures:		
Current:		
Instruction	16,727,180	2,605,473
Instruction - Related Services	6,409,214	1,009,446
Pupil Services	5,363,903	374,414
Ancillary Services	4,551	--
Community Services	378,944	--
Enterprise	(39,572)	--
General Administration	6,356,785	297,583
Plant Services	2,321,414	567,034
Other Outgo	97,379	663,789
Capital Outlay	3,319,861	119,640
Debt Service:		
Principal	370,845	--
Interest	704,731	--
Total Expenditures	42,015,235	5,637,379
Excess (Deficiency) of Revenues Over (Under) Expenditures	949,221	(847,285)
Other Financing Sources (Uses):		
Transfers In	25,144	--
Transfers Out	--	--
Other Sources	4,982,208	--
Other Uses	(774,989)	--
Total Other Financing Sources (Uses)	4,232,363	--
Net Change in Fund Balance	5,181,584	(847,285)
Fund Balance, July 1	12,169,135	3,852,579
Fund Balance, June 30	$ 17,350,719	$ 3,005,294

The accompanying notes are an integral part of this statement.

Special Education Pass-Through	Other Governmental Funds	Total Governmental Funds
$ --	$ --	$ 5,973,669
--	--	741,571
--	--	9,522,537
5,982,453	331,876	12,660,164
7,190,400	2,220,603	21,167,222
--	47,743	13,462,462
13,172,853	2,600,222	63,527,625
--	1,212,354	20,545,007
--	223,816	7,642,476
--	67,264	5,805,581
--	--	4,551
--	439,155	818,099
--	--	(39,572)
--	202,912	6,857,280
--	286,136	3,174,584
13,160,767	142,439	14,064,374
--	--	3,439,501
--	--	370,845
--	--	704,731
13,160,767	2,574,076	63,387,457
12,086	26,146	140,168
--	--	25,144
--	(25,144)	(25,144)
--	--	4,982,208
--	--	(774,989)
--	(25,144)	4,207,219
12,086	1,002	4,347,387
11,413	56,672	16,089,799
$ 23,499	$ 57,674	$ 20,437,186

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, 2019

Net change in fund balances - total governmental funds	$	4,347,387
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:		
Capital outlays are not reported as expenses in the SOA.		3,748,447
The depreciation of capital assets used in governmental activities is not reported in the funds.		(1,362,288)
Trade-in or disposal of capital assets decrease net position in the SOA but not in the funds.		(16,396)
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.		960,834
Repayment of loan principal is an expenditure in the funds but is not an expense in the SOA.		185,000
(Increase) decrease in accrued interest from beginning of period to end of period.		(24,095)
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.		(30,282)
Proceeds of long-term debt is recognized as other financial resources in the funds but not revenue in the SOA.		(4,982,208)
Implementing GASB 68 required certain expenditures to be de-expended and recorded as DRO.		3,942,526
Pension expense relating to GASB 68 is recorded in the SOA but not in the funds.		(5,720,078)
OPEB expense relating to GASB 75 is recorded in the SOA but not in the funds.		(1,691,333)
Change in net position of governmental activities - Statement of Activities	$	(1,258,706)

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. Change in Accounting Policies

The Superintendent of Schools has adopted accounting policies compliant with new pronouncements issued by the Governmental Accounting Standards Board (GASB) that are effective for the fiscal year ended June 30, 2019. Those newly implemented pronouncements are as follows:

GASB Statement No. 83 – Certain Asset Retirement Obligations

This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgements, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgements. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation, or acquiring a tangible capital asset that has an existing ARO.

The District has implemented the provisions of this Statement as of June 30, 2019.

GASB Statement No. 88 – Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements

The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established.

This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

The District has implemented the provisions of the Statement as of June 30, 2019.

b. 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.

c. 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, 2017
Measurement Date (MD)	June 30, 2018
Measurement Period (MP)	July 1, 2017 to June 30, 2018

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 School's 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, 2019, expenditures exceeded appropriations in individual funds as follows:

Appropriations Category	Excess Expenditures
General Fund:	
Employee Benefits	$601,010
Services And Other Operating Expenditures	1,631
Debt Service:	
Interest	25,109
Charter School Fund:	
Employee Benefits	95,615

The Superintendent of Schools' General Fund and Charter School Fund incurred additional expenditures related to Employee Benefits for the increase in the STRS On-Behalf. The General Fund incurred additional expenditures related to Services and Other Operating Expenditures and Debt Service-Interest for the reclassification of interest paid during the refinance of the capital lease.

D. Cash and Investments

Summary of Cash and Investments

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

Statement of Net Position:	
Governmental Activities:	
Cash in County Treasury	$21,980,081
Cash on Hand (Revolving Fund)	2,130
Grand Total Cash and Investments	$21,982,211

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

Cash on Hand (Revolving Fund)	$ 2,130
Deposits with County Treasury	21,980,081
Total Cash and Investments	$ 21,982,211

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 $21,980,081 as of June 30, 2019). 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, 2019, as provided by the pool sponsor, was $21,991,767. 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, 2019 were as follows:

	Uncategorized	Total
Cash in County Treasury (Investments in county treasury)	$ 21,980,081	$ 21,980,081

F. Accounts Receivable

Accounts receivable as of June 30, 2019, consist of the following:

	General Fund	Charter School Fund	Special Education Pass-Through	Other Governmental Funds	Total
Apportionment	$ 59,515	$ 207,022	$ -	$ -	$ 266,537
Federal Government:					
Federal Programs	4,128,223	22,029	5,982,453	35,925	10,168,630
State Government:					
Categorical Aid Programs	623,821	52,977	-	234,629	911,427
Lottery	39,600	40,997	-	-	80,597
Total State Government	663,421	93,974	-	234,629	992,024
Local Government:					
Other	3,353,357	358	-	-	3,353,715
Interest	279	-	-	-	279
Miscellaneous	36,912	-	-	-	36,912
Totals	$ 8,241,707	$ 323,383	$ 5,982,453	$ 270,554	$ 14,818,097

G. Capital Assets

Capital asset activity for the period ended June 30, 2019, 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	977,488	3,386,365	628,200	3,735,653
Total capital assets not being depreciated	2,330,910	3,386,365	628,200	5,089,075
Capital assets being depreciated:				
Buildings	40,166,346	628,200	-	40,794,546
Land Improvements	974,628	-	-	974,628
Equipment	4,321,719	362,082	309,861	4,373,940
Total capital assets being depreciated	45,462,693	990,282	309,861	46,143,114
Less accumulated depreciation for:				
Buildings	8,676,726	937,959	-	9,614,685
Land Improvements	359,117	38,982	-	398,099
Equipment	2,623,800	385,347	293,465	2,715,682
Total accumulated depreciation	11,659,643	1,362,288	293,465	12,728,466
Total capital assets being depreciated, net	33,803,050	(372,006)	16,396	33,414,648
Governmental activities capital assets, net	$ 36,133,960	$3,014,359	$ 644,596	$38,503,723

Depreciation was charged to functions as follows:

Instruction	$ 73,787
Instruction-Related Services	24,128
Pupil Services	183,580
Ancillary Services	331
Enterprise	33,224
General Administration	57,762
Plant Services	989,476
	$ 1,362,288

H. Interfund Balances and Activities

1. Due To and From Other Funds

Balances due to and due from other funds at June 30, 2019, consisted of the following:

Due To Other Fund	Due From Other Fund	Amount	Purpose
Charter School Fund	General Fund	$325,857	To correct miscellaneous expenditures, to charge attendance supervision, to record salaries, and to move IT service and internet
Forest Reserve Fund	General Fund	745	Transfer interest from fund.
General Fund	Charter School Fund	466,395	To transfer Charter Type C student revenue for 2018/19, correct prior year Charter Type C student revenue, correct indirect costs, correct expenditure to proper fund and update fiscal oversight fee.
		$792,997	

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, 2019, consisted of the following:

Transfers Out From	Transfers In To	Amount	Reason
Forest Reserve Fund	General Fund	$ 25,144	Transfer of Forest Reserve Funds to General Fund for Forest Reserve Allocation.
		$ 25,144	

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, 2019, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Compensated Absences	$ 168,960	$ 30,282	$ -	$ 199,242	$ 199,242
Direct Borrowings:					
Certificates of Participation	15,975,000	4,982,208	185,000	20,772,208	397,514
Capital Leases	1,308,502	-	960,834	347,668	112,838
Totals	$ 17,452,462	$ 5,012,490	$ 1,145,834	$ 21,319,118	$ 709,594

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 $16,200,00 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, 2019, the principal balance outstanding on the refunded certificate was $13,920,000

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, 2019 was $1,540,549.

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, 2019, are:

Date of Issue	Interest Rate%	Maturity Date	Original Issue	Outstanding July 1, 2018	Issued Current Year	Redeemed Current Year	Outstanding June 30, 2019
2016	2.00-4.00	2042	$ 16,200,000	$ 15,975,000	$ -	$ 185,000	$ 15,790,000
2018	3.775%	2039	4,982,208	-	4,982,208	-	4,982,208
			$ 21,182,208	$ 15,975,000	$ 4,982,208	$ 185,000	$ 20,772,208

The certificates mature as follows:

Certificates of Participation

2016 Certificates of Participation

Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2020	$ 195,000	$ 529,431	$ 724,431
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
2025-2029	2,600,000	2,190,806	4,790,806
2030-2034	3,615,000	1,656,228	5,271,228
2035-2039	4,695,000	1,004,675	5,699,675
2040-2042	3,455,000	185,081	3,640,081
Totals	$ 15,790,000	$7,618,945	$ 23,408,945

2018 Certificates of Participation

Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2020	$ 202,514	$ 184,187	$ 386,701
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
2025-2029	1,317,084	616,418	1,933,502
2030-2034	1,210,160	373,085	1,583,245
2035-2039	1,361,278	134,408	1,495,686
Totals	$ 4,982,208	$ 1,963,729	$ 6,945,937

During the year, the Superintendent of Schools made payments on Certificates of Participation of $839,423, including interest of $654,423.

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%. The Superintendent of Schools also leases two buildings valued at $113,333 at a 0% interest rate under agreements that provided for title to pass upon expiration of the lease period. The prior capital lease for the Early Education Center with a balance of $774,989 was refinanced with the new COP issuance as described in Note 2 above. Future minimum lease payments are as follows:

Year Ended June 30,	Lease Payments
2020	$ 122,156
2021	122,156
2022	122,156
Total Minimum Lease Payments	$ 366,468
Amount Representing Interest	(18,800)
Present Value of Net Minimum Lease Payments	$ 347,668

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 $211,045, of which $25,200 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
2020	$ 39,530
2021	38,797
2022	33,833
Total	$ 112,160

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

The Superintendent of Schools paid $36,736 for these leases during the year ended June 30, 2019.

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	$ 3,412,393	$ -
Early Education Projects	1,694,640	-
LCAP Oversight	180,260	-
Differentiated Assistance	343,399	-
EEC Project Commitments	2,366,157	-
Charter Schools	-	2,823,966
Total Assigned	$ 7,996,849	$ 2,823,966
Committed for Deferred Maintenance	$ 1,921	$ -

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, 2018 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, 2019, 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 18.062% of annual payroll. Superintendent of Schools contributions to the pension plan were $2,038,181 for the year ended June 30, 2019, and equal 100% of the required contributions for the year.

d. Contributions – CalSTRS

For the year ended June 30, 2019, 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 16.28% 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 $1,904,345 for the year ended June 30, 2019, and equal 100% of the required contributions for the year.

e. On Behalf Payments

The State of California makes contributions to CalSTRS and CalPERS on behalf of the Superintendent of Schools. For the year ended June 30, 2019 the State contributed $1,853,012 on behalf of the Superintendent of Schools to CalSTRS and $711,628 on behalf of the Superintendent of Schools to CalPERS. The contributions made by the State included amounts resulting from Senate Bill (SB) 90 which appropriated for an additional 2018-19 contribution on behalf of school employers of $2.246 billion for CalSTRS and $904 million for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures.

Accordingly, these amounts have been recorded on these financial statements.

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

As of June 30, 2019, 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
District's proportionate share of the net pension liability	$ 20,348,519	$ 20,989,064	$ 41,337,583
State's proportionate share of the net pension liability associated with the District	11,650,536	-	11,650,536
Total	$ 31,999,055	$ 20,989,064	$ 52,988,119

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, 2018, 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, 2017 rolled forward to June 30, 2018 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, 2017 and 2018 was as follows:

	CalSTRS	CalPERS
Proportion - June 30, 2017	0.021327%	0.077213%
Proportion - June 30, 2018	0.022140%	0.078719%
Change - Increase (Decrease)	0.000813%	0.001506%

For the year ended June 30, 2019, the Superintendent of Schools recognized pension expense of $7,089,134 and revenue of $1,369,056 for support provided by the State. At June 30, 2019, 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	$ 3,942,526	$ -
Differences between actual and expected experience	1,439,066	295,573
Change in assumptions	5,256,863	-
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	1,181,514	2,228,042
Net difference between projected and actual earnings on plan investments	172,157	783,547
Total	$ 11,992,126	$ 3,307,162

$3,942,526 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, 2020. 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	
2020	$ (2,333,683)
2021	(1,818,495)
2022	193,061
2023	(25,766)
2024	(668,790)
Thereafter	(88,765)
Total	$ (4,742,438)

a. Actuarial Assumptions

The total pension liabilities in the June 30, 2017 actuarial valuations were determined using the following actuarial assumptions:

	CalSTRS		CalPERS	
Valuation Date	June 30, 2017		June 30, 2017	
Measurement Date	June 30, 2018		June 30, 2018	
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%		2.75%	
Projected Salary Increase	0.50-6.40%	(1)	3.10-9.00%	(1)
Investment Rate of Return	7.10%	(2)	7.15%	(2)
Mortality	0.073-22.86%	(3)	0.466-32.536%	(3)

(1) Depending on age, service and type of employment
(2) Net of pension plan investment expenses, including inflation
(3) RP2000 series tables adjusted to fit CalSTRS/CalPERS specific experience

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 expe0cted 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%	6.30%
Fixed Income	12.00%	30.00%
Real Estate	13.00%	5.20%
Private Equity	13.00%	9.30%
Risk Mitigating Strategies	9.00%	2.90%
Inflation Sensitive	4.00%	3.80%
Cash/Liquidity	2.00%	-1.00%
	100.00%	

* 20-year geometric average used for long term expected real rate of return

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:

1% Decrease	6.10%	6.15%
Net Pension Liability	$ 29,808,199	$ 30,559,073
Current Discount Rate	7.10%	7.15%
Net Pension Liability	$ 20,348,519	$ 20,989,064
1% Increase	8.10%	8.15%
Net Pension Liability	$ 12,505,526	$ 13,049,371

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, 2019, 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	14
Total Number of participants	81

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 required contribution is based on projected pay-as-you-go financing requirements. For the fiscal year ended June 30, 2019, the Superintendent of Schools contributed $819,814 to the Plan, of which $819,814 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 $25,516,511 was measured as of June 30, 2019 and was determined by an actuarial valuation date of July 1, 2017.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2017 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	3.13 percent
Healthcare Cost Trend Rates	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, 2017 valuation were based on a review of plan experience and best estimate of future plan experience.

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, 2018	$23,825,178
(Valuation Date of July 1, 2017)	
Changes for the year:	
Service cost	91,094
Interest	849,144
Benefit payments	(742,945)
Changes of Assumptions	1,494,040
Net changes	1,691,333
Balance at June 30, 2019	$25,516,511
(Measurement Date of June 30, 2019)	

The discount rate of 3.13% for fiscal year ended June 30, 2019 decreased by 0.49% from the discount rate of 3.62% in the prior measurement period of June 30, 2018. There were no other changes in benefit terms or assumptions and other inputs for the fiscal year ended June 30, 2019.

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	2.13%
Total OPEB Liability	$ 29,050,890
Current discount rate	3.13%
Total OPEB Liability	$ 25,516,511
1% increase	4.13%
Total OPEB Liability	$ 22,608,939

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	4.00%
Total OPEB Liability	$22,267,529
Current healthcare cost trend rate	5.00%
Total OPEB Liability	$25,516,511
1% increase	6.00%
Total OPEB Liability	$29,426,285

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

For the fiscal year ended June 30, 2019, the Superintendent of Schools recognized OPEB expense of $2,434,278. As of fiscal year ended June 30, 2019, 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.

Work-in-Progress

The Superintendent of Schools has the following commitments related to work-in-progress contracts:

	Contracts Authorized	Expended to June 30, 2019	Committed
CTE Building	$ 3,320,733	$ 3,318,541	$ 2,192
EEC - New Buildings/Remodel	3,825,311	363,067	3,462,244
	$ 7,146,044	$ 3,681,608	$ 3,464,436
Other Project Costs		54,045	
Work in Progress		$ 3,735,653	

P. Litigation

The Superintendent of Schools is involved in litigation. In the opinion of management, the disposition of litigation pending will not have a material effect on the financial statements.

Required Supplementary Information

MADERA COUNTY SUPERINTENDENT OF SCHOOLS

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

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
LCFF Sources:				
State Apportionment or State Aid	$ 2,534,526	$ 3,257,919	$ 3,257,919	$ --
Education Protection Account Funds	230,381	17,762	17,762	--
Local Sources	8,274,208	8,999,014	8,999,014	--
Federal Revenue	5,336,427	6,317,828	6,317,828	--
Other State Revenue	9,939,713	10,553,044	11,154,054	601,010
Other Local Revenue	9,488,973	13,217,781	13,217,879	98
Total Revenues	35,804,228	42,363,348	42,964,456	601,108
Expenditures:				
Current:				
Certificated Salaries	11,089,360	10,558,765	10,558,765	--
Classified Salaries	9,633,843	10,039,876	10,039,876	--
Employee Benefits	9,617,462	9,823,583	10,424,593	(601,010)
Books And Supplies	960,806	988,766	988,685	81
Services And Other Operating Expenditures	4,724,542	5,830,121	5,831,752	(1,631)
Direct Support/Indirect Costs	(201,212)	(223,873)	(223,873)	--
Capital Outlay	93,900	3,319,861	3,319,861	--
Debt Service:				
Principal	370,846	370,845	370,845	--
Interest	574,409	679,622	704,731	(25,109)
Total Expenditures	36,863,956	41,387,566	42,015,235	(627,669)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,059,728)	975,782	949,221	(26,561)
Other Financing Sources (Uses):				
Transfers In	--	25,144	25,144	--
Transfers Out	(108,056)	--	--	--
Other Sources	--	4,180,479	4,982,208	801,729
Other Uses	--	--	(774,989)	(774,989)
Total Other Financing Sources (Uses)	(108,056)	4,205,623	4,232,363	26,740
Net Change in Fund Balance	(1,167,784)	5,181,405	5,181,584	179
Fund Balance, July 1	12,169,135	12,169,135	12,169,135	--
Fund Balance, June 30	$ 11,001,351	$ 17,350,540	$ 17,350,719	$ 179

MADERA COUNTY SUPERINTENDENT OF SCHOOLS

CHARTER SCHOOL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
LCFF Sources:				
State Apportionment or State Aid	$ 2,834,977	$ 2,715,750	$ 2,715,750	$ --
Education Protection Account Funds	836,683	723,809	723,809	--
Local Sources	535,946	523,523	523,523	--
Federal Revenue	6,046	28,007	28,007	--
Other State Revenue	518,053	506,551	602,165	95,614
Other Local Revenue	149,820	196,839	196,840	1
Total Revenues	4,881,525	4,694,479	4,790,094	95,615
Expenditures:				
Current:				
Certificated Salaries	2,014,099	1,809,195	1,809,195	--
Classified Salaries	525,633	438,363	438,363	--
Employee Benefits	1,257,766	1,057,909	1,153,524	(95,615)
Books And Supplies	191,233	161,417	161,266	151
Services And Other Operating Expenditures	883,420	1,270,640	1,270,640	--
Other Outgo	--	663,789	663,789	--
Direct Support/Indirect Costs	19,599	20,962	20,962	--
Capital Outlay	50,000	119,640	119,640	--
Total Expenditures	4,941,750	5,541,915	5,637,379	(95,464)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(60,225)	(847,436)	(847,285)	151
Other Financing Sources (Uses):				
Total Other Financing Sources (Uses)	--	--	--	--
Net Change in Fund Balance	(60,225)	(847,436)	(847,285)	151
Fund Balance, July 1	3,852,579	3,852,579	3,852,579	--
Fund Balance, June 30	$ 3,792,354	$ 3,005,143	$ 3,005,294	$ 151

MADERA COUNTY SUPERINTENDENT OF SCHOOLS

SPECIAL EDUCATION PASS-THROUGH FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Federal Revenue	$ 5,319,805	$ 5,982,453	$ 5,982,453	$ --
Other State Revenue	6,973,576	7,190,400	7,190,400	--
Total Revenues	12,293,381	13,172,853	13,172,853	--
Expenditures:				
Other Outgo	12,293,381	13,160,767	13,160,767	--
Total Expenditures	12,293,381	13,160,767	13,160,767	--
Excess (Deficiency) of Revenues Over (Under) Expenditures	--	12,086	12,086	--
Other Financing Sources (Uses):				
Total Other Financing Sources (Uses)	--	--	--	--
Net Change in Fund Balance	--	12,086	12,086	--
Fund Balance, July 1	11,413	11,413	11,413	--
Fund Balance, June 30	$ 11,413	$ 23,499	$ 23,499	$ --

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
District's proportion of the net pension liability (asset)	0.023507%	0.024838%	0.021922%	0.021327%	0.022140%
District's proportionate share of the net pension liability (asset)	$ 13,736,627	$ 16,721,998	$ 17,730,614	$ 19,722,963	$ 20,348,519
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
Total	$ 22,031,479	$ 25,566,068	$ 27,825,822	$ 31,390,996	$ 31,999,055
District's covered-employee payroll	$ 10,854,996	$ 10,991,115	$ 11,104,944	$ 11,462,234	$ 11,693,511
District's 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%
Plan fiduciary net position as a percentage of the total pension liability	76.52%	74.02%	70.04%	69.46%	70.99%

* 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
Contractually required contribution	$ 976,228	$ 1,191,658	$ 1,441,949	$ 1,686,993	$ 1,904,345
Contributions in relation to the contractually required contributions	(976,228)	(1,191,658)	(1,441,949)	(1,686,993)	(1,904,345)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 10,991,115	$ 11,104,944	$ 11,462,234	$ 11,693,511	$ 11,694,517
Contributions as a percentage of covered-employee payroll	8.88%	10.73%	12.58%	14.43%	16.28%

* 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
District's proportion of the net pension liability (asset)	0.092456%	0.090474%	0.081744%	0.077213%	0.078719%
District's proportionate share of the net pension liability (asset)	$ 10,496,032	$ 13,336,029	$ 16,144,477	$ 18,432,801	$ 20,989,064
District's covered-employee payroll	$ 9,631,599	$ 10,043,307	$ 9,798,829	$ 9,860,837	$ 10,385,628
District's 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%
Plan fiduciary net position as a percentage of the total pension liability	83.38%	79.43%	73.90%	71.87%	70.85%

* 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
Contractually required contribution	$ 1,180,935	$ 1,160,871	$ 1,369,473	$ 1,613,039	$ 2,038,181
Contributions in relation to the contractually required contribution	(1,180,935)	(1,160,871)	(1,369,473)	(1,613,039)	(2,038,181)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 10,043,307	$ 9,798,829	$ 9,860,837	$ 10,385,628	$ 11,284,522
Contributions as a percentage of covered-employee payroll	11.758%	11.847%	13.888%	15.531%	18.062%

* 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
Total OPEB Liability		
Service Cost	$ 104,004	$ 91,094
Interest	780,096	849,144
Changes of assumptions	(1,544,617)	1,494,040
Benefit payments	(868,338)	(742,945)
Net change in total OPEB liability	(1,528,855)	1,691,333
Total OPEB liability - beginning	25,354,033	23,825,178
Total OPEB liability - ending	$ 23,825,178	$ 25,516,511
Covered-employee payroll	$ 1,217,376	$ 1,105,732
Total OPEB liability as a percentage of covered-employee payroll	1957.09%	2307.66%

*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	November 2022
Cathie Bustos	Vice-President	November 2020
Joe Vived	Member	November 2022
Grant Sturm	Member	November 2020
Bobby Thatcher	Member	November 2020
Nancy Prosperi	Member	November 2020
Alfred Soares, Jr.	Member	November 2022

Administration

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

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

Steve Carney
Chief Business and Administrative Services Officer Since July 1, 2015

MADERA COUNTY SUPERINTENDENT OF SCHOOLS
SCHEDULE OF AVERAGE DAILY ATTENDANCE
YEAR ENDED JUNE 30, 2019

	*Second Period Report	*Annual Report
District Funded County Programs		
TK/K-3:		
County Community Schools	0	0
Special Education - Special Day Class	62	62
Extended Year Special Education - Nonpublic, Nonsectarian Schools	4	4
TK/K-3 Totals	66	66
Grades 4-6:		
County Community Schools	0	0
Special Education - Special Day Class	48	49
Extended Year Special Education - Nonpublic, Nonsectarian Schools	3	3
Grades 4-6 Totals	51	52
Grades 7 and 8:		
County Community Schools	0	0
Special Education - Special Day Class	37	37
Extended Year Special Education - Nonpublic, Nonsectarian Schools	2	2
Grades 7 and 8 Totals	39	39
Grades 9-12:		
County Community Schools	0	0
Special Education - Special Day Class	129	128
Extended Year Special Education - Nonpublic, Nonsectarian Schools	7	7
Grades 9-12 Totals	136	135
Total District Funded County Programs	292	292
County Superintendent of Schools		
Elementary:		
Juvenile Halls, Homes and Camp	2	3
Probation Referred, On Probation or Parole, Expelled	0	0
Elementary Totals	2	3
High School:		
Juvenile Halls, Homes and Camp	50	52
Probation Referred, On Probation or Parole, Expelled	0	0
High School Totals	50	52
Total County Superintendent of Schools	52	55
Pioneer Technical Center Charter School:		
Charter Funded County Programs		
Grades 4-6:		
County Community Schools - Classroom-Based	0	0
County Community Schools - Non Classroom-Based	6	6
Grades 4-6 Totals	6	6
Grades 7 and 8:		
County Community Schools - Classroom-Based	0	0
County Community Schools - Non Classroom-Based	3	3
Grades 7 and 8 Totals	3	3
Grades 9-12:		
County Community Schools - Classroom-Based	0	0
County Community Schools - Non Classroom-Based	266	246
Grades 9-12 Totals	266	246
Total Charter Funded County Programs	275	255

MADERA COUNTY SUPERINTENDENT OF SCHOOLS
SCHEDULE OF AVERAGE DAILY ATTENDANCE (CONTINUED)
YEAR ENDED JUNE 30, 2019

	*Second Period Report	*Annual Report
County Superintendent of Schools Charter School		
Elementary:		
Probation Referred, On Probation or Parole, Expelled Classroom Based	0	0
Probation Referred, On Probation or Parole, Expelled Non Classroom Based	1	1
Elementary Totals	1	1
High School:		
Probation Referred, On Probation or Parole, Expelled Classroom Based	0	0
Probation Referred, On Probation or Parole, Expelled Non Classroom Based	26	23
High School Totals	26	23
Total County Superintendent of Schools Charter School	27	24
Total Pioneer Technical Center Charter School	302	279
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	10
TK/K-3 Totals	11	10
Grades 4 - 6:		
County Community Schools - Classroom Based	0	0
County Community Schools - Non Classroom Based	15	14
Grades 4 - 6 Totals	15	14
Grades 7 and 8:		
County Community Schools - Classroom Based	0	0
County Community Schools - Non Classroom Based	33	33
Grades 7 and 8 Totals	33	33
Total Charter Funded County Programs	59	57
County Superintendent of Schools Charter School		
Elementary:		
Probation Referred, On Probation or Parole, Expelled Non Classroom Based	1	1
High School:		
Probation Referred, On Probation or Parole, Expelled Non Classroom Based	0	0
Total County Superintendent of Schools Charter School	1	1
Total Madera County Independent Academy Charter School	60	58
ADA Totals	706	684

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, 2019

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, 2019

Grade Level	Ed. Code 47612 Minutes Requirement	2018-19 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Grade 4	54,000	*	180	N/A	In Compliance
Grade 5	54,000	*	180	N/A	In Compliance
Grade 6	54,000	*	180	N/A	In Compliance
Grade 7	54,000	*	180	N/A	In Compliance
Grade 8	54,000	*	180	N/A	In Compliance
Grade 9	64,800	*	180	N/A	In Compliance
Grade 10	64,800	*	180	N/A	In Compliance
Grade 11	64,800	*	180	N/A	In Compliance
Grade 12	64,800	*	180	N/A	In Compliance

*There was no classroom based average daily attendance reported during 2018-19. 100% of the ADA reported reflects independent study.

School districts and charter schools must maintain their instructional minutes as defined in Education code section 46201 or 46207, as applicable. This schedule is required of all districts, including basic aid districts. As of June 30, 2019 the Charter School had not met its target funding. This schedule presents information on the amount of instructional time offered by the School and whether the School complied with the provisions of Education Code Sections 46201 through 46206.

MADERA COUNTY SUPERINTENDENT OF SCHOOLS
MADERA COUNTY INDEPENDENT ACADEMY
SCHEDULE OF INSTRUCTIONAL TIME
YEAR ENDED JUNE 30, 2019

Grade Level	Ed.Code 47612 Minutes Requirement	2018-19 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Grade 1	50,400	*	180	N/A	In Compliance
Grade 2	50,400	*	180	N/A	In Compliance
Grade 3	50,400	*	180	N/A	In Compliance
Grade 4	54,000	*	180	N/A	In Compliance
Grade 5	54,000	*	180	N/A	In Compliance
Grade 6	54,000	*	180	N/A	In Compliance
Grade 7	54,000	*	180	N/A	In Compliance
Grade 8	54,000	*	180	N/A	In Compliance

*There was no classroom-based average daily attendance reported during 2018-19. 100% of the ADA reported reflects independent study.

School districts and charter schools must maintain their instructional minutes as defined in Education code section 46201 or 46207, as applicable. This schedule is required of all districts, including basic aid districts. As of June 30, 2019 the Academy had not yet met its target funding. This schedule presents information on the amount of instructional time offered by the Academy and whether the Academy complied with the provisions of Education Code Sections 46201 through 46206.

MADERA COUNTY SUPERINTENDENT OF SCHOOLS
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
YEAR ENDED JUNE 30, 2019

General Fund [2]	(Budget)[1] 2020	2019	2018	2017
Revenues and Other Financial Sources	$ 42,224,259	$ 47,971,808	$ 37,142,473	$ 52,033,893
Expenditures	45,841,469	42,015,235	36,327,511	33,800,755
Other Uses and Transfers Out	410,539	774,989	122	17,380,963
Total Outgo	46,252,008	42,790,224	36,327,633	51,181,718
Change in Fund Balance (Deficit)	(4,027,749)	5,181,584	814,840	852,175
Ending Fund Balance	$ 13,322,970	$ 17,350,719	$ 12,169,135	$ 11,354,295
Available Reserves[3]	$ 6,803,833	$ 5,119,955	$ 3,940,309	$ 1,942,944
Available Reserves as a Percentage of Total Outgo	14.71%	11.97%	10.85%	3.80%
Total Long-Term Debt	$ 87,463,618	$ 88,173,212	$ 79,433,404	$ 57,538,644
Average daily attendance	344	344	352	371

(1) Budget 2020 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 $5,996,424 over the past two years. The fiscal year 2019-20 budget projects a decrease of $4,027,749 (23.21%). 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 not incurred an operating deficit in the past three years, but does anticipate incurring an operating deficit during the 2019-20 fiscal year. Total long-term debt has increased by $30,634,568 over the past two years. This increase is a result of the Superintendent of Schools adopting GASB Statement No. 75 in 2017-18 thus recognizing an increase in the related OPEB liability, issuing a COP and increase in the Net Pension Liability.

Average daily attendance has decreased by 27 ADA over the past two years. No change in ADA is anticipated during fiscal year 2019-20.

MADERA COUNTY SUPERINTENDENT OF SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2019

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	$ 180,588
Medi-Cal Administrative Activities (MAA)	93.778	10060	242,861
Subtotal - Medicaid Cluster			423,449
Passed Through California Department of Education			
CCDF Cluster:			
Child Development: Local Planning Councils	93.575	13946	55,896
Child Development: Quality Improvement Activities	93.575	14092	50,549
Child Development: Quality Improvement Activities	93.575	14130	34,431
Child Development: Quality Improvement Activities - CRET	93.575	14990	23,417
Subtotal - CCDF Cluster			164,293
Total passed through CDE			164,293
Total U.S. Department of Health and Human Services			587,742
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	267,640
ESSA: Title I, Local Delinquent Programs, Part D	84.010	14357	321,418
ESSA: Title I, Basic School Support	84.010	14416	170,526
ESSA: School Improvement Funding for COE's	84.010	15439	9,882
Subtotal			769,466
Special Education (IDEA) Cluster:			
IDEA: Basic Local Assistance Entitlement, Part B	84.027	13379	3,712,506
IDEA: Basic Local Assistance Entitlement, Part B (Pass Thru)	84.027	13379	5,982,453
IDEA: Alternate Dispute Resolution	84.027A	13007	15,865
IDEA: Mental Health Allocation Plan, Part B	84.027A	15197	369,093
IDEA: Preschool Grants, Part B	84.173	13430	153,596
Subtotal - Special Education (IDEA) Cluster			10,233,513
IDEA: Early Intervention Grants, Part C	84.181	23761	35,989
ESSA: Education for Homeless Children and Youth	84.196	14332	74,733
ESSA: Title II, Part A, Supporting Effective Instruction	84.367	14341	48,484
Total passed through CDE			48,484
Total U.S. Department of Education			11,162,185
U.S. Department of Agriculture:			
Passed through Madera County Superintendent of Schools:			
Forest Service Schools and Roads Cluster:			
Forest Reserve Funds	10.665	10044	25,144
Forest Reserve Funds (Pass Thru)	10.665	10044	142,439
Subtotal - Forest Service Schools and Roads Cluster			167,583
Total U.S. Department of Agriculture			167,583
Total Expenditures of Federal Awards			$ 11,917,510

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, 2019. 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	$ 11,917,510
Medi-Cal Billing Option funds received in 2018-19	246,519
Medi-Cal Billing Option funds spent in 2018-19	(180,588)
Medi-Cal Administrative Activities funds received in 2018-19	919,584
Medi-Cal Administrative Activities funds spent in 2018-19	(242,861)
Federal Revenue Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	$ 12,660,164

MADERA COUNTY SUPERINTENDENT OF SCHOOLS
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET
REPORT WITH AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

	Noncurrent Liabilities
June 30, 2019 Annual Financial and Budget Report (SACS) - Form Debt	$ 83,300,119
Adjustments and Reclassifications:	
Increase (Decrease) in Total Liabilities:	
Capital Leases Payable	(59)
Net Pension Liability	3,181,819
Total OPEB Liability	1,691,333
Net Adjustments and Reclassifications	4,873,093
June 30, 2019 Noncurrent Liabilities	$ 88,173,212

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, 2019, 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 December 13, 2019.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Borchardt, Corona, Faeth
& Gyakarian

Fresno, California
December 13, 2019

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 *2018-19 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, 2019.

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, *2018-19 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 "N/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, 2019.

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, *2018-19 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 2019-001. 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.

Borchardt, Corona, Faeth & Gyakarian

Fresno, California
December 13, 2019

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, 2019. 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, 2019.

Report on Internal Control Over Compliance

Management of Madera County Superintendent of Schools District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered 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.

Borchardt, Corona, Faeth
& Bakarian

Fresno, California
December 13, 2019

Findings and Recommendations Section

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

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

2019 – 001 *State Compliance – Teacher Misassignments* #71000

Criteria or Specific Requirement

Education Code Section 44253.3, 44253.4 or 44253.10

Condition

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.

Effect

One teacher was assigned to a position that he or she was not authorized.

Cause

The Superintendent of Schools overlooked the need for a Cultural Language and Academic Development (CLAD) authorization for this one teacher.

Questioned Costs

None

Identification of Repeat Finding

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

Recommendation

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.

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, 2019

State Award Finding and Questioned Costs

Finding Identification

2019 – 001 *State Compliance – Teacher Misassignments* #71000

Name of contact person: Kristen Andersen

Corrective Action: Applied for an Emergency CLAD Permit with the Commission on Teacher Credentialing (Currently Pending). Temporary County Certificates issued by Madera County Superintendent of Schools.

Proposed Completion Date: Completed August 8, 2019.

MADERA COUNTY SUPERINTENDENT OF SCHOOLS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2019

There were no prior year findings.